



PALMDALE WATER DISTRICT
A CENTURY OF SERVICE

BOARD OF DIRECTORS

ROBERT E. ALVARADO
Division 1

DON WILSON
Division 2

MARCO HENRIQUEZ
Division 3

KATHY MAC LAREN
Division 4

VINCENT DINO
Division 5

DENNIS D. LaMOREAUX
General Manager

ALESHIRE & WYNDER LLP
Attorneys

April 3, 2019

**AGENDA FOR REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF THE PALMDALE WATER DISTRICT
to be held at the District's office at 2029 East Avenue Q, Palmdale
MONDAY, April 8, 2019
6:00 p.m.**

NOTES: To comply with the Americans with Disabilities Act, to participate in any Board meeting please contact Dawn Deans at 661-947-4111 x1003 at least 48 hours prior to a Board meeting to inform us of your needs and to determine if accommodation is feasible.

Additionally, an interpreter will be made available to assist the public in making **comments** under Agenda Item No. 4 and any action items where public input is offered during the meeting if requested at least 48 hours before the meeting. Please call Dawn Deans at 661-947-4111 x1003 with your request. (PWD Rules and Regulations Section 4.03.1 (c))

Adicionalmente, un intérprete estará disponible para ayudar al público a hacer **comentarios** bajo la sección No. 4 en la agenda y cualquier elemento de acción donde se ofrece comentarios al público durante la reunión, siempre y cuando se solicite con 48 horas de anticipación de la junta directiva. Por favor de llamar Dawn Deans al 661-947-4111 x1003 con su solicitud. (PWD reglas y reglamentos sección 4.03.1 (c))

Agenda item materials, as well as materials related to agenda items submitted after distribution of the agenda packets, are available for public review at the District's office located at 2029 East Avenue Q, Palmdale (Government Code Section 54957.5). Please call Dawn Deans at 661-947-4111 x1003 for public review of materials.

PUBLIC COMMENT GUIDELINES: The prescribed time limit per speaker is three-minutes. Please refrain from public displays or outbursts such as unsolicited applause, comments, or cheering. Any disruptive activities that substantially interfere with the ability of the District to carry out its meeting will not be permitted, and offenders will be requested to leave the meeting. (PWD Rules and Regulations, Appendix DD, Sec. IV.A.)

Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance to take action on any item.

- 1) Pledge of Allegiance/Moment of Silence.
- 2) Roll Call.
- 3) Adoption of Agenda.



- 4) Public comments for non-agenda items.
- 5) Presentations:
 - 5.1) Status of Palmdale Ditch. (Director Alvarado/Facilities Manager Bligh)
- 6) Action Items - Consent Calendar (The public shall have an opportunity to comment on any action item on the Consent Calendar as the Consent Calendar is considered collectively by the Board of Directors prior to action being taken.)
 - 6.1) Approval of minutes of regular meeting held March 25, 2019.
 - 6.2) Payment of bills for April 8, 2019.
- 7) Action Items - Action Calendar (The public shall have an opportunity to comment on any action item as each item is considered by the Board of Directors prior to action being taken.)
 - 7.1) Consideration and possible action on award of contract for Consulting Services for Water Rate Analysis, Water Rate Structure Modifications, and Multi-Year Water Rate Plan and Proposition 218 Process and Public Hearing Support. (\$97,595.00 – Budgeted – Budget Item No. 1-02-5070-007, Consultants – Finance Manager Williams)
 - 7.2) Consideration and possible action on authorization of the following conferences, seminars, and training sessions for Board and staff attendance within budget amounts previously approved in the 2019 Budget:
 - a) Special Districts Summit/West to be held May 30, 2019 in Anaheim.
- 8) Information Items:
 - 8.1) Reports of Directors:
 - a) Meetings/General Report.
 - b) Standing Committee/Assignment Reports (Chair):
 - 1) None.
 - 8.2) Report of General Manager.
 - 8.3) Report of General Counsel.
- 9) Adjournment.



DENNIS D. LaMOREAUX,
General Manager

DDL/dd



PALMDALE WATER DISTRICT
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2019 Palmdale Ditch Maintenance, Repairs & GCL Test Installation

Chris Bligh
Facilities Manager
April 8, 2019



2019 Palmdale Ditch Maintenance Goals

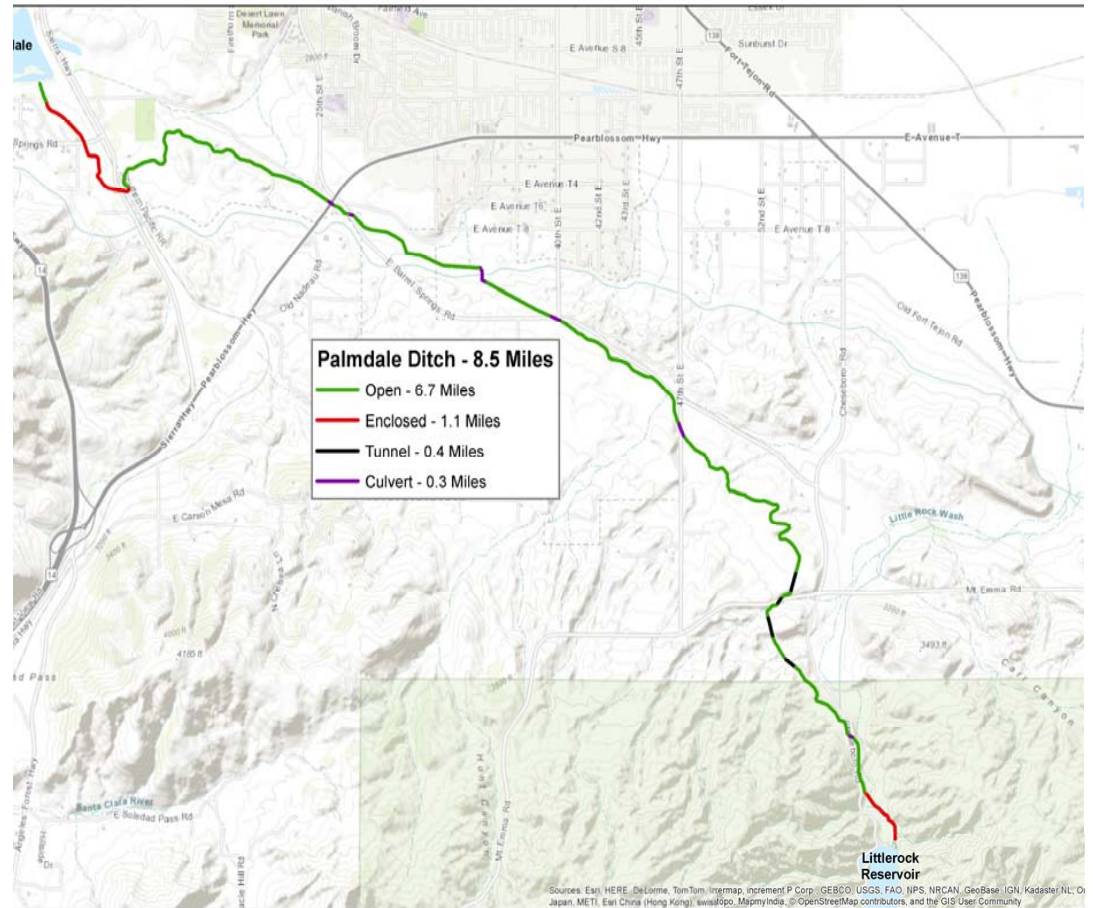
- ☐ Annual debris removal, prior to flow from LRD to Lake Palmdale
- ☐ Small section-widely scattered concrete replacement
- ☐ Large panel concrete replacement
- ☐ Geosynthetic clay liner test area installation



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Palmdale Ditch 8.5 Miles

- Open Channel – 6.7 Miles
- Pipeline – 1.1 Mile
- Tunnels – 0.4 Miles
- Culverts – Road Under Crossings - 0.3 Miles



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Debris Removal



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Debris removal, from light to heavy



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Final Results



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Concrete Repairs



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Bagged mix for small areas - Concrete truck & pump for large areas



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Small section replacement procedure.



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Small finished sections: Approximately 250 sq. ft.



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Preparation for larger concrete pours.



PALMDALE WATER DISTRICT
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Pumping larger panels



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Finished large sections: Approximately 1,300 sq. ft.



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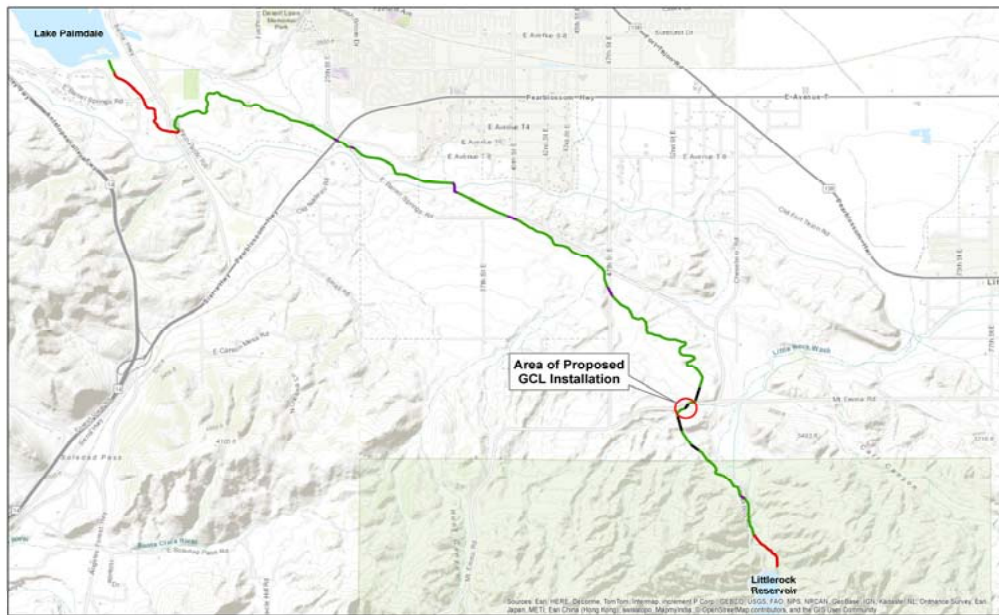
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Geosynthetic Clay Liner Test Installation (GCL)



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The area of installation of the Geosynthetic Clay Liner, or GCL is approximately 170 linear ft.



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High water loss area for test



Average water loss over the 8.5 miles of water travel is approximately 30%



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Final Goal Achieved

April 1st 2019



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QUESTIONS?



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Canada's leader of complete geosynthetic solutions



terrafix[®]

geosynthetics inc.

Bentofix[®]

Thermal lock geosynthetic clay liners

terrafix[®]
geosynthetics inc.

To view our complete product line visit us at www.terrafixgeo.com

terrafix[®] Thern

geosynthetics inc.

Bentofix[®] Thermal Lock Geosynthetic Clay Liners (GCLs) are needle-punched reinforced composites which combine two durable geotextile outer layers with a uniform core of natural sodium bentonite clay to form a hydraulic barrier.

The sodium bentonite clay utilized in Bentofix[®] Thermal Lock GCL is a naturally occurring clay mineral that swells as water enters between its clay platelets. When hydrated under confinement, the bentonite swells to form a low permeability clay layer with the equivalent hydraulic protection of several feet of compacted clay.

Bentofix[®] GCLs are produced by distributing a uniform layer of the sodium bentonite between two geotextiles. Fibers from the non-woven geotextile are then needle-punched through the layer of bentonite and incorporated into the other geotextile (either a woven or a non-woven). This process results in a strong mechanical bond between the fabrics. A proprietary heat treating process - the Thermal Lock process - is then used to modify and more permanently lock the needle-punched fibres into place. Properties include increased internal shear resistance and long term creep resistance.



Superior GCL Performance

Since the late 1980s, GCLs have been specified and used by design engineers, contractors, agencies, and owners as an alternative to soil barriers in various applications.

The growing interest in these products stems from the unique properties and advantages they offer. They are very effective as a hydraulic barrier even under high gradient conditions; they are easy to install; more robust against installation stresses and can withstand elongation as well as settlement stresses without significant impact on hydraulic performance.

The wide range of GCL uses include landfill caps and base liner applications, dams, canals, ponds, rivers and lakes, and even waterproofing of buildings and similar structures. Numerous laboratory studies have shown the excellent performance capable with natural sodium bentonite GCLs.



Multi-Functional

By needle-punching fibres through the sodium bentonite clay layer, a completely uniform, reinforced GCL is produced - with shear strength and stability advantages important to any application, such as:

- Golf course ponds.
- Stormwater management ponds.
- Recreational ponds.
- Landfill cap closures / base liner.
- Dams/dikes.
- Vertical trench cutoff Barrier.
- Groundwater protection cover.
- Environmental protection barrier under roads and railways.
- Secondary containment for above ground tanks.

Thermal Lock Clay Liners



Efficient

Bentofix® Thermal Lock GCLs represent a cost effective solution, which is both simple and economical. To install, a core bar is inserted through the core, and the roll is suspended from a spreader bar. Ease of installation using a spreader bar allows the contractor to roll out the Bentofix® rolls with a minimal amount of labour. Please contact our technical team for detailed installation recommendations.

One truckload of GCL can carry over 6,000 m² compared to a truckload of native clay which will only cover an area of 40 m² (based on a 50 cm compacted clay layer).

Conclusion

Simple, cost-effective installation techniques make Bentofix® Thermal Lock GCL a practical alternative to a compacted clay liner or other lining systems. GCLs do not require an experienced installation contractor and can be installed by a local general contractor. Site supervision is offered by either your local geosynthetic representative and/or provided by our technical staff.



Bentofix®

Thermal Lock Clay Liners

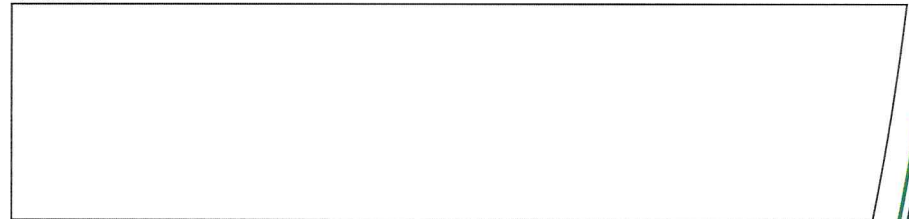
- The industry's only Thermal Lock Geosynthetic Clay Liner
- The industry's only Scrim-Reinforced Geosynthetic Clay Liner
- The only Canadian made Geosynthetic Clay Liner
- Now available as a geomembrane

Features and Benefits

As a replacement for thick clay liners or as a replacement to geomembranes, whether as part of a composite liner or as a stand-alone liner, GCLs offer several advantages:

- Installation is relatively simple, requiring unrolling and lapping of adjacent panels, as opposed to the placement, compaction, and detailed testing of multiple lifts of clay materials comprising a clay liner.
- Due to the significantly reduced thickness, GCL's either require less excavation to develop a given containment volume, or consume a significantly reduced portion of the available containment volume.
- No welding or seaming required.
- Due to the simplified installation process, it is possible to place the covering layer immediately upon placement of the GCL, whereas multi-lift clay layers could take several days or weeks to install, during which time the liner is susceptible to the elements, especially precipitation and freezing temperatures, which can usually lead to considerable rework or repair.
- No additional protective layers such as additional textiles are required for GCLs due to its self healing characteristics, whereas other geomembranes will require protective layers such as thick textiles to avoid punctures.

DISTRIBUTED BY



The information contained herein has been compiled by Bentofix® Technologies, Inc. and is, to the best of knowledge, true and accurate. All suggestions and recommendations are offered without guarantee. Final determination of suitability for use based on any information provided is the sole responsibility of the user. There is no implied or expressed warranty of merchantability or fitness of the product for the contemplated use. Bentofix® is a registered trademark of Naue Fasertechnik, GmbH.

Thermal lock geosynthetic clay liners. Made in Canada 

terrafix®
geosynthetics inc.

455 Horner Avenue
Toronto, Ontario • M8W 4W9

Telephone (416) 674-0363
Fax (416) 674-1159

Sept 2010 • 1446

The Use of Bentofix® in Dams

Power Dam Sainte-Marguerite, Quebec, Canada

BENTOFIX®

The following example illustrates a project using a needlepunched geosynthetic clay liner (GCL) as a stand-alone sealing barrier for a retention dam built for Sainte-Marguerite hydroelectric dam.

The construction took place during the winter and a GCL was used due to lack of natural sealing material with a low hydraulic conductivity.

The Sainte-Marguerite dam (90 km north of Sept-Iles) is a structure built up to a height of 20 m (from the riverbed) of which the imperviousness is assured by a Bentofix® Geosynthetic Clay Liner (natural sodium bentonite sandwiched between two non-woven geotextiles and needlepunched together).

The cross-section of the dam is:

- Foundation made of a 20 cm thick layer of coarse sand compacted by means of explosives and dynamic compaction.
- Water tight trench with a maximum depth of 65 m, built by means of a "jet grout" high energy injection through 20 m compacted sand, 40 m coarse sediments lying underneath and 5 m into the rock
- Sealing with Bentofix®.
- A 1 m protection backfill in two layers, comprising sand, gravel and stones covers the Bentofix®.

Extract from Geoglobe No. 6, 1999
By Yousef Hammamji, ing., M.ing.
Hydro-Quebec Hydraulics and Geotechnical Division

Year of construction: 1999

City / Country: Sainte-Marguerite, Quebec, Canada

Installed products:

Bentofix® NW (B4000)

5.000 [sqm]



Bentofix® cross-section used in Dam Sainte-Marguerite



Cross-section of dam Sainte-Marguerite

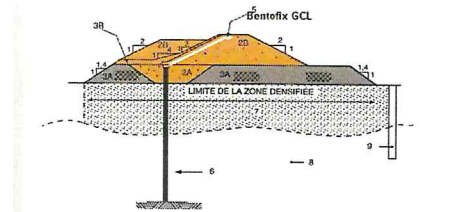


Fig. 3 : coupe transversale de la construction retenue du ponton Sainte-Marguerite

Légende

- | | |
|--|---|
| 2A Mélange Sable et gravier, déversé et densifié | 6 Coupure étanche : injection à haute énergie - jet grout |
| 2B Mélange Sable et gravier compacté | 7 Sable fin |
| 3A Enrochement déversé | 8 Alluvions grossières |
| 3B Enrochement compacté | 9 Puits de pompage |
| 5 Géocomposite bentonitique pour l'étanchéité (GB) | |

Soil placement on Bentofix®

CASE HISTORY: FLY ASH CAP, NOVA SCOTIA POWER LINED WITH A GEOSYNTHETIC CLAY LINER (GCL), BENTOFIX GEOMEMBRANE CNSL.

Photo courtesy of Nova Scotia Power.

BACKGROUND: Faced with finding an alternative to clay, Nova Scotia (NS) Power selected a Geosynthetic Clay Liner (GCL), to close their fly ash containment cell during the summer of 2004. The challenge was to find a liner which would meet or exceed the properties of a compacted clay liner (CCL), but to find a liner that could be installed by a local general contractor without the help of outside labour forces. Bentofix Geomembrane CNSL not only provided NS Power with a material that provided a low permeability of 5×10^{-13} cm/sec but also provided NS Power to close an area of 100,000 sq.m. within a month compared to 20,000 sq.m. done the previous year with a compacted clay liner. Each truckload of Bentofix provided 6,474 sq.m. of material compared to over 160 truckloads of clay to cover this same area (based on a 50cm thick clay / 40 sq.m. per truckload). Arrow Construction with the help of their supplier, Terrafix Geosynthetics, provided initial assistance to satisfy both the owner, NS Power, and the contractor, with a proper quality control and assurance (QA/QC) procedure, but also provided the equipment (two spreader bars) to increase the installation time.

Since the late 1980s, GCLs have been specified and used by design engineers, agencies and owners as an alternative to soil barriers in various applications. For further information on GCLs to close your landfill and/or other lining applications such as ponds please contact your local Arrow representative in Atlantic Canada or visit www.bentofix.com

P A L M D A L E W A T E R D I S T R I C T
B O A R D M E M O R A N D U M

DATE: ☐ April 2, 2019

April 8, 2019

TO: ☐ BOARD OF DIRECTORS

Board Meeting ☐

FROM: ☐ Mr. Michael Williams, Finance Manager/CFO

VIA: ☐ Mr. Dennis D. LaMoreaux, General Manager

RE: ☐ ***AGENDA ITEM NO. 7.1 – CONSIDERATION AND POSSIBLE ACTION ON AWARD OF CONTRACT FOR CONSULTING SERVICES FOR WATER RATE ANALYSIS, WATER RATE STRUCTURE MODIFICATIONS, AND MULTI-YEAR WATER RATE PLAN AND PROPOSITION 218 PROCESS AND PUBLIC HEARING SUPPORT. (\$97,595.00 – BUDGETED – BUDGET ITEM NO. 1-02-5070-007, CONSULTANTS – FINANCE MANAGER WILLIAMS)***

Recommendation:

Staff recommends that the Board of Directors award a contract to Robert D. Niehaus, Inc. (RDN) for consulting services for the Water Rate Analysis, Water Rate Structure Modifications, and Multi-Year Water Rate Plan and Proposition 218 Process and Public Outreach Support in the not-to-exceed amount of \$97,595.

Alternative Options:

The Board can reject all proposals and request staff issue a new Request for Proposal (RFP) or the Board can select from the other two proposals submitted.

Impact of Taking No Action:

The impact from no action could result in not having a Cost of Service rate structure for the calendar years 2020 through 2024.

Background:

The District issued an RFP for the Water Rate Analysis, Water Rate Structure Modifications, and Multi-Year Water Rate Plan and Proposition 218 Process and Public Outreach Support on February 19, 2019. The distribution list included ten consulting firms. The RFP instructed participants to submit their RFP by 5:00 PM on March 14, 2019. Three proposals were received.

The proposals were evaluated by the General Manager, Assistant General Manager, Finance Manager, and Public Relations Director. The proposal was evaluated in five areas:

BOARD OF DIRECTORS
PALMDALE WATER DISTRICT

VIA: Mr. Dennis D. LaMoreaux, General Manager

April 2, 2019

- Experience and qualifications of personnel for Proposition 218 compliant water budget rate analysis and support.
- Consultant's approach and compliance with proposal requirements.
- Consultant's past record of performance on similar projects, efforts related to project management, cost control, work quality, and schedule conformance.
- Consultant's debt of staff resources available.
- Other

Of the three proposals received and evaluated, two were close to equal in the overall evaluation. However, staff is recommending RDN based on a couple of areas evaluated.

The Managing Director and the Project Manager for RDN have a combined 49 years' experience with the firm and a total 74 years' experience in the field. One key personnel on their team is Mr. Tom Ash. Mr. Ash is a preeminent water-budget rate expert in the state and helped develop the first water-budget rate structure in the state. Palmdale Water District has worked with Mr. Ash in the past as an independent consultant when the District implemented its first water-budget rate structure.

Another area of evaluation in which RDN was evaluated favorably was the consultant's past record of performance. The proposal contained recent letters of recommendation from other agencies and testimonials to the quality of work from agencies like Palmdale Water District.

Finally, RDN's proposal is within the amount budgeted for the complete project including full Proposition 218 process and public outreach support. The District budgeted \$100,000 for the project. RDN's proposal is \$97,595 with \$40,895 of that amount for the Proposition 218 process. Although that portion of the proposal is handled by a sub-contracting firm, it is flexible and can be scaled down to meet our specific needs so that the District pays for only time and material used.

Strategic Plan Initiative/Mission Statement:

This item is under Strategic Initiative No. 4 – Financial Health and Stability
This item directly relates to the District's Mission Statement.

Budget:

This project is under Budget Item No. 1-02-5070-007 Consultants.

Supporting Documents:

- Request for Proposal
- Addendum No. 1
- Proposal from RDN
- Proposal from Raftelis
- Proposal from Bartle Wells

February 19, 2019



PALMDALE WATER DISTRICT

REQUEST FOR PROPOSALS

FOR

CONSULTING SERVICES FOR

WATER RATE ANALYSIS, WATER RATE STRUCTURE MODIFICATIONS,

AND MULTI-YEAR WATER RATE PLAN

AND

PROPOSITION 218 PROCESS AND PUBLIC HEARING SUPPORT

Proposals Due: March 14, 2019; 5:00 PM

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- II. Project Descriptions**
- III. Scopes of Work**
- IV. Project Schedule**
- V. Submittal Requirements**
- VI. Selection Process**
- VII. Standard Professional Services Agreement**
- VIII. Special Conditions**
- IX. Questions**

Attachment A: RFP Mailing List

Attachment B: Professional Services Agreement

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**REQUEST FOR PROPOSALS FOR CONSULTING SERVICES FOR
WATER BUDGET RATE STRUCTURE MODIFICATIONS, WATER RATE
ANALYSIS AND MULTI-YEAR RATE PLAN AND PROPOSITION 218
PROCESS AND PUBLIC HEARING SUPPORT**

I. Introduction

Palmdale Water District (District) is seeking proposals from qualified firms to perform a water rate analysis, water budget rate structure modifications, and recommend a multi-year water rate plan. It is also requesting proposals to include assistance with public hearing support during the Proposition 218 process.

The District is a California Irrigation District formed by a vote of the people in 1918 under Division 11 of the California Water Code. Its water system service area is located within the southern Antelope Valley, approximately 60 miles north of downtown Los Angeles. The District currently provides potable water to a population of approximately 115,000 people and has approximately 27,600 service connections. The District owns and operates a 35-mgd conventional surface water treatment plant. The current surface water sources are the East Branch of the California Aqueduct as well as local water from Littlerock Reservoir. Currently, both surface water sources supply water to Lake Palmdale, which acts as a forebay to the water treatment plant. The District also owns and operates groundwater wells. The production ratio within the District is currently 60% surface water and 40% groundwater.

This RFP describes the Project, the required scopes of services, the minimum information that must be included in the Proposal(s), and the selection process. Failure to submit the Proposal(s) in accordance with the procedures outlined may be cause for disqualification. Upon receiving this RFP, please acknowledge receipt by contacting Mr. Michael Williams via e-mail (mawilliams@palmdalewater.org). Please provide the correct contact information for your firm/team to ensure prompt communication of addenda or notification of other changes. The District contact information is provided at the end of this RFP in Section IX: Questions.

II. Project Description

On May 13, 2009, the Board conducted a hearing in accordance with Proposition 218 and adopted a resolution approving a new water budget rate structure and recommended rates through 2014. The change to the multi-tiered water budget rate structure in 2009 took effect shortly after adoption and resulted in significant rate changes. The water rate structure includes a fixed meter charge and commodity rates that are billed to customers based on the amount of water they use. Under the water budget rate structure, each customer is allotted a certain amount of water that the customer may use during the billing period. If the customer uses more than the

allotted amount, then the customer pays the commodity rate at increasing tiered amounts. Customers are allotted water based on their customer class. Single-family residential customers' allocations are based upon the number of occupants, parcel size, weather (i.e., evapotranspiration) and irrigation-related factors. Multi-family residential and commercial/industrial customers' allocations are based upon a three-year historical average for the month. Irrigation customers' allocations are based upon evapotranspiration and irrigation-related factors.

On September 17, 2014, the Board adopted an updated rate study and multi-year rate plan that was completed August 21, 2014. The rate study restructured the tiers in that Tier 1 is the essential allocation and Tier 2 is the efficient allocation with additional tiers 3 through 6 for non-efficient usage. The rate study also included a drought surcharge and a 9-month historical averaging for commercial customer class. That adopted rate plan recommended 5.5% rate increases for calendar years 2015 through 2019. Subsequent to the adopted rate plan, the District approved rate increases of 2.5% for calendar year 2015, 4.0% for calendar year 2016, and 4.25% for calendar years 2017 through 2019.

The table below shows the District's water consumption by customer class in 2018 for general information.

WATER CONSUMPTION BY CUSTOMER CLASS (2018, Active Accounts)

Type of Customer	Accounts	Percent of Total Accounts	Volume in Acre Feet	Percent of Total Volume
Single-Family	25,129	94.13%	11,355	67.71%
Multi-Family	544	2.04%	1,408	8.40%
Commercial/Industrial	616	2.31%	1,049	6.26%
Fire Service	132	0.49%	1,904	11.36%
Irrigation	235	0.88%	986	5.88%
Construction	19	0.07%	24	0.14%
Other	20	0.07%	43	0.25%
TOTAL:	26,695	100.00%	16,770	100.00%

The background summarized above leads the District to seek proposal(s) for completing an updated, Proposition 218 compliant financial analysis and multi-year water rate plan and support for the outreach effort associated with the process.

III. Scopes of Work

Water Rate Analysis and Multi-year Rate Plan

The 2014 five-year water budget rate plan ended with the 2019 water rate setting. A new Proposition 218 compliant water rate analysis is needed to develop a new five-year water budget rate plan. The analysis should include the following as a minimum:

- 1) ☐ Anticipated operations and maintenance costs;
- 2) ☐ Infrastructure and asset needs;
- 3) ☐ Compliance with existing bond covenants;
- 4) ☐ Justification for any recommended difference in tier setting amongst customer classes, and;
- 5) ☐ Anticipated future water source costs.

Additionally, the District would like to evaluate whether a modified or new water budget rate plan is necessary or more reasonable given the District's operations, costs and future needs. Factors the District believes will be relevant to such determination include:

- 1) ☐ Optimization of the fixed operating cost percentage covered by monthly meter charges;
- 2) ☐ A sub-allocation tier and pricing equal to only the indoor allocation for single-family residential customers;
- 3) ☐ A variance process for single-family residential customers to adjust the 50% factor of landscaping versus lot area;
- 4) ☐ Historic allocation calculations in multi-family customer class to allow for minimum allocation equal to the indoor allocation;
- 5) ☐ An allocation methodology for the commercial/industrial customer class to account for large variances in historical water use;
- 6) ☐ A fully functional drought factor to provide funding for short-term, dry-year water market prices;
- 7) ☐ The possibility of providing for pass-through costs;
- 8) ☐ Use of a five-year running average to annually establish the Water Quality Fee (currently \$0.11 per unit of water); and
- 9) ☐ The current policy of establishing the Elevation Booster Surcharge using a five-year running average of actual costs.

Additional deliverables for the Project are:

- 1) ☐ Establish a timeline for completing the analysis report;

- 2) ☐ Coordination with the outreach effort; and
- 3) ☐ Provide an easy to use electronic rate model for the District's use in future budgeting and rate setting.

Proposition 218 Process Public Hearing Support

The District is looking for a cost-effective, creative approach to communicating with and educating its customers. It is important to cover all facets of a budget-tiered rate structure. The District believes considerable focus should be placed on the water rate structure's foundational principals – equitable water budgets that meet customer specific water needs while rewarding efficient water use with lower costs and funding water waste costs through higher priced tiers. The District's staff will seek Board approval through the public hearing process in mid-year of 2019 with an anticipated effective date of January 1, 2020.

The selected consultant for this aspect of the Project is expected to work in conjunction with the District's Public Affairs Department in developing the outreach campaign and all collateral components for the budget-tiered rate structure to be implemented. It is expected that the consultant will help coordinate all facets of a strategic outreach campaign, specifically tailored to each water-use sector (single-family, landscape, commercial/industrial, etc.) and track the impact of the outreach campaign. The consultant is expected to assist with the overall effort. The selected consultant will be required to schedule, coordinate and facilitate all stakeholder meetings; coordinate the development of outreach letters, presentation materials, informational brochures, and informational web content; as well as attend meetings at the District office with senior staff and select meetings of the Board of Directors. The District is looking for a proven expert with specific experience with water budget rates and all current State of California noticing requirements.

The proposal should include specific details and clearly address all of the following tasks:

- 1) ☐ Develop the strategic planning forum with the District Management Team;
- 2) ☐ Develop a strategic methodology/communication plan to reach customers, stakeholders, and Board Members;
- 3) ☐ Develop a multi-faceted campaign, including multi-tiered rate structure support materials (website content, presentation materials, posters, informational brochures, etc.) with a strategic timeline based upon the overall Project schedule;
- 4) ☐ Assure compliance with Proposition 218 noticing;
- 5) ☐ Provide overall Outreach Management:
 - Facilitate trainings and meetings with the District staff
 - Facilitate and record all community and stakeholder meetings
 - Ensure progress of deliverables and schedule.

While this described scope of work is brief, it is intended solely to serve as an example. Consultants are encouraged to reply in any way they deem necessary to show a uniqueness of approach; knowledge of the District service area and customer base; and a complete understanding of the complex issues associated with the continued use of a water budget rate structure. Consultants are further encouraged to describe how they would assist the District in accomplishing a successful customer outreach campaign that paves a favorable perception of the agency out into the future.

IV. Project Schedule

The following dates reflect the anticipated schedule for soliciting proposals, selecting the Consultant, and awarding the contract for the work requested in this RFP:

- ☐ February 18, 2019 - Solicit Proposals
- ☐ March 14, 2019 - Proposals Due
- ☐ Review Proposals
- ☐ April 8, 2019 - Award Contract
- ☐ June 2019 – Board presentation of study
- ☐ June 2019 – Surveys/Focus Groups
- ☐ July 2019 – Set Public Hearing
- ☐ August 2019 – Community Workshops
- ☐ September 23, 2019 – Public Hearing (Tentative)
- ☐ January 1, 2020 – Implement Updated Multi-Year Water Budget Rate Plan

The District reserves the right to conduct interviews with the Consultants to help with the selection process.

V. Submittal Requirements

- ☐ **Basic Qualifications:** Provide basic data relative to firm's size, history, personnel, special expertise and general credits. Individual resumes, awards, associations, etc. may be included.
- ☐ **Specific Qualifications:** List the team expected to accomplish this work. Describe who will perform the various tasks, the amount of their involvement and responsibilities, and give their qualifications. Provide a list of at least (5) projects, with brief descriptions, which show ability to complete projects of this scope.
- ☐ **Approach to Project:** Include a statement of your approach to this specific project, including project understanding and scope of work.

- ☐ **Past Performance:** Submit reference letters from prior clients or client representatives. Letters from projects listed in “Specific Qualifications” are preferable.
- ☐ **Project Fee and Schedule:** Submit a project fee in a not-to-exceed amount as well as a project schedule. Include a cost breakdown with an allocation of hours for the specified tasks.
- ☐ **Data Requirements:** Submit the anticipated time frame and data fields needed to complete the scope of work consistent with the submitted proposal.
- ☐ **Professional Services Agreement:** Submit two executed copies of the attached Professional Services Agreement with appropriate exhibits.

To assist evaluation, it is desirable to format the proposal similar to the heading listed above. The proposal should be clear and to the point. **Submit 5 hard copies** of the proposal in addition to an electronic copy.

VI. Selection Process

The following areas of evaluation will be used:

AREA OF EVALUATION	TOTAL AVAILABLE POINTS
Experience and qualifications of personnel for Proposition 218 compliant water budget rate analysis and support	35
Consultant’s approach and compliance with proposal requirements.	25
Consultant’s past record of performance on similar projects, efforts related to project management, cost control, work quality, and schedule conformance.	15
Consultant’s depth of staff resources available for insuring project tasks are completed on time.	15
Other	10
Total =	100

The District reserves the right to reject any or all proposals, and to waive any informality or minor irregularity in any proposal.

VII. Standard Professional Services Agreement

The Consultant selected for the Project shall be expected to execute the Districts' Standard Professional Services Agreement (included as Attachment B). The selected Consultant shall execute the final agreement within five working days from the Notice of Award.

VIII. Special Conditions

- ☐ **District's Contractual Rights:** The District reserves the right to cancel, in part or entirely, the Request for Proposals, including but not limited to, selection schedule, submittal date, and submitting requirements.
- ☐ **Disclaimer of Right of Contract:** This RFP does not commit the District to award a contract or to defray any costs incurred in the preparation of the Proposal pursuant to this RFP.
- ☐ **Costs for Developing Proposal:** Costs for developing proposals are the responsibility of the proposing firms. The District shall not be responsible for any costs associated with the development of proposals.

IX. Questions

Questions regarding this RFP shall be sent to Mr. Michael Williams, Finance Manager via e-mail at mawilliams@palmdalewater.org. Questions concerning this RFP and project will only be answered in writing; questions requiring clarifications or additional information will be addressed in an addendum to this RFP.

Michael Williams
Finance Manager
Palmdale Water District
2029 East Avenue Q
Palmdale, CA 93550
p. (661) 456-1047
f. (661) 947-8604
mawilliams@palmdalewater.org

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ATTACHMENT A

RFP Mailing List

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Mailing List

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1889 Alcatraz Avenue
Berkeley, CA 94703
P (510) 653-3399
F (510) 653-3769
ddove@bartlewells.com

Black & Veatch Corporation
ATTN: Ann Bui, Director
B & V Management Consulting
800 Wilshire Blvd., Suite 600
Los Angeles, CA 90017
P (949) 302-6017
F (213) 312-3399
BuiAT@BV.com

Carollo Engineers
ATTN: Tom West, P.E. Vice President
11620 Wilshire Boulevard, 9th Floor
Los Angeles, CA 90025
P (213) 500-9911
F (213) 947-1317
twest@carollo.com

Raftelis Financial Consultants
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boomhouwer@cdmsmith.com

□

NBS
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San Francisco, CA 94102
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Sacramento, California 95818-4346
P (916) 444-9622
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□

Public Financial Management
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San Francisco, CA 94111
P (415) 982-5544
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ATTN: Clayton Tuckfield
2549 Eastbluff Dr. 2549 Ste 450B
Newport Beach, CA 92660
P (949) 760-9454
ctuckfield@tuckfieldassociates.com

□

□

Robert D. Niehaus, Inc.
ATTN: Debbie Castanha
140 East Carrillo Street
Santa Barbara, CA 93101
P (805) 962-0611
debbie@rdniehaus.com

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ATTACHMENT B

Sample Agreement

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PROFESSIONAL SERVICES AGREEMENT

between

PALMDALE WATER DISTRICT

and

for the

This PROFESSIONAL SERVICES AGREEMENT, hereinafter referred to as "Agreement," is made and entered into this _____ day of _____, _____, by and between Palmdale Water District, a public corporation organized and existing under the provisions of the California Water Code, hereinafter referred to as "District," and _____, a _____ [INSERT TYPE OF ENTITY, e.g., California corporation], hereinafter referred to as "Consultant."

Whereas, the District requires professional _____ and _____ services in conjunction with _____.

Whereas, the Consultant has demonstrated expertise in various aspects of _____ and _____ and is qualified to provide the professional services required by District.

Whereas, the District and Consultant desire to enter into a contract for the provision of professional services for the _____ as delineated in the Scope of Work attached hereto as Exhibit A, subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the promises and covenants hereinafter contained, it is mutually agreed as follows:

1.0 SERVICES OF CONSULTANT

1.1 ☐ Scope of Services. In compliance with all of the terms and conditions of this Agreement, Consultant shall perform the work or services set forth in the "Scope of Services" attached hereto as Exhibit "A" and incorporated herein by reference. Consultant warrants that all work or services set forth in the Scope of Services will be performed in a competent, professional and satisfactory manner. Additional terms and conditions of this Agreement, if any, which are made a part hereof are set forth in the "Special Requirements" attached hereto as Exhibit "B" and incorporated herein by this reference. In the event of a conflict between the provisions of Exhibit "B" and any other provisions of this Agreement, the provisions of Exhibit "B" shall govern.

1.2 ☐ Compliance With Law. All work and services rendered hereunder shall be provided in accordance with all ordinances, resolutions, statutes, rules and regulations of the District and any federal, state or local governmental agency of competent jurisdiction.

1.3□ Licenses, Permits, Fees and Assessments. Consultant shall obtain, at its sole cost and expense, such licenses, permits and approvals as may be required by law for the performance of the services required by this Agreement.

2.0 COMPENSATION

2.1□ Contract Sum. For the services rendered pursuant to this Agreement, Consultant shall be compensated in accordance with the "Schedule of Compensation" attached hereto as Exhibit "C" and incorporated herein by this reference, but not exceeding the maximum contract amount of _____ dollars (\$_____) ("Contract Sum").

2.2□ Method of Payment. Provided that Consultant is not in default under the terms of this Agreement, Consultant shall be paid_____.

3.0 COORDINATION OF WORK

3.1□ Representative of Consultant. _____ is hereby designated as being the representative of Consultant authorized to act on its behalf with respect to the work or services specified herein and make all decisions in connection therewith.

3.2□ Contract Officer. The District's District Manager is hereby designated as being the representative of the District authorized to act in its behalf with respect to the work and services specified herein and make all decisions in connection therewith ("Contract Officer"). The District may designate another Contract Officer by providing written notice to Consultant.

3.3□ Prohibition Against Subcontracting or Assignment. Consultant shall not contract with any entity to perform in whole or in part the work or services required hereunder without the express written approval of the District. Neither this Agreement nor any interest herein may be assigned or transferred, voluntarily or by operation of law, without the prior written approval of District. Any such prohibited assignment or transfer shall be void.

3.4□ Independent Contractor. Neither the District nor any of its employees shall have any control over the manner, mode or means by which Consultant, its agents or employees, perform the services required herein, except as otherwise set forth on Exhibit "A". Consultant shall perform all services required herein as an independent contractor of District and shall remain under only such obligations as are consistent with that role. Consultant shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of District.

4.0 INSURANCE AND INDEMNIFICATION

4.1□ Insurance. Consultant shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to District, during the entire term of this Agreement including any extension thereof, the following policies of insurance:

- (a.) Commercial General Liability Insurance. A policy of commercial general liability insurance using Insurance Services Office "Commercial General Liability" policy form CG 00 01, with an edition date prior to 2004, or the exact equivalent. Coverage for an additional insured shall not be limited to its

vicarious liability. Defense costs must be paid in addition to limits. Limits shall be no less than \$1,000,000.00 per occurrence for all covered losses and no less than \$2,000,000.00 general aggregate.

- (b.) Workers' Compensation Insurance. A policy of workers' compensation insurance on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than \$1,000,000.00 per accident for all covered losses.
- (c.) Automotive Insurance. A policy of comprehensive automobile liability insurance written on a per occurrence basis in an amount not less than \$1,000,000.00 per accident, combined single limit. Said policy shall include coverage for owned, non-owned, leased and hired cars.
- (d.) Professional Liability or Error and Omissions Insurance. A policy of _____ insurance in an amount not less than \$1,000,000.00 per claim with respect to loss arising from the actions of Consultant performing professional services hereunder on behalf of the District.

All of the above policies of insurance shall be primary insurance and shall name the District, its officers, employees and agents as additional insureds. The insurer shall waive all rights of subrogation and contribution it may have against the District, its officers, officials, employees, agents, representatives, and volunteers, and their respective insurers. Moreover, the insurance policy must specify that where the primary insured does not satisfy the self-insured retention, any additional insured may satisfy the self-insured retention in order to assure coverage as an "additional insured." All of said policies of insurance shall be endorsed to:

Consultant agrees that the provisions of this Section 4.1 shall not be construed as limiting in any way the extent to which Consultant may be held responsible for the payment of damages to any persons or property resulting from Consultant's activities or the activities of any person or persons for which Consultant is otherwise responsible.

The insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Senior Risk Management Analyst of the District due to unique circumstances.

In the event that the Consultant is authorized to subcontract any portion of the work or services provided pursuant to this Agreement, the contract between the Consultant and such subcontractor shall require the subcontractor to maintain the same policies of insurance that the Consultant is required to maintain pursuant to this Section 4.1.

4.2 ☐ Indemnification.

- (a.) Indemnity for Professional Liability. When the law establishes a professional standard of care for Consultant's services, to the fullest extent permitted by law, Consultant shall indemnify, defend and hold harmless District and the District's

Parties from and against any and all losses, liabilities, damages, costs and expenses, including attorneys' fees and costs to the extent same are caused in whole or in part by any negligent or wrongful act, error or omission of Consultant, its officers, agents, employees or subcontractors (or any entity or individual for which Consultant shall bear legal liability) in the performance of professional services under this Agreement.

- (b.) Indemnity for Other Than Professional Liability. Other than in the performance of professional services and to the full extent permitted by law, Consultant shall indemnify, defend and hold harmless District and District's Parties from and against any liability (including liability for claims, suits, actions, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorneys' fees and costs, court costs, defense costs and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Consultant or by any individual or entity for which Consultant is legally liable, including but not limited to officers, agents, employees or subcontractors of Consultant.

5.0 TERM

5.1 ☐ Term. Unless earlier terminated in accordance with Section 5.2 below, this Agreement shall continue in full force and effect until_____.

5.2 ☐ Termination Prior to Expiration of Term. Either party may terminate this Agreement at any time, with or without cause, upon thirty days' written notice to the other party. Upon receipt of the notice of termination, the Consultant shall immediately cease all work or services hereunder except as may be specifically approved by the Contract Officer. In the event of termination by the District, Consultant shall be entitled to compensation for all services rendered prior to the effectiveness of the notice of termination and for such additional services specifically authorized by the Contract Officer and District shall be entitled to reimbursement for any compensation paid in excess of the services rendered.

6.0 MISCELLANEOUS

6.1 ☐ Covenant Against Discrimination. Consultant covenants that, by and for itself, its heirs, executors, assigns and all persons claiming under or through it, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the performance of this Agreement. Consultant shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, marital status, national origin or ancestry.

6.2 ☐ Non-Liability of District Officers and Employees. No officer or employee of the District shall be personally liable to the Consultant, or any successor in interest, in the event of any default or breach by the District or for any amount which may become due to the Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.

6.3□ Conflict of Interest. No officer or employee of the District shall have any financial interest in this Agreement nor shall any such officer or employee participate in any decision relating to the Agreement which affects his financial interest or the financial interest of any corporation, partnership or association in which he is, directly or indirectly, interested, in violation of any state statute or regulation. The Consultant warrants that it has not paid or given and will not pay or give any third party any money or other consideration for obtaining this Agreement. When requested by the Contract Officer, prior to the District's execution of this Agreement, Consultant shall provide the District with an executed statement of economic interest.

6.4□ Notice. Any notice or other communication either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail, in the case of the District, to the District's General Manager and to the attention of the Contract Officer, Palmdale Water District, 2029 E. Avenue Q Street, Palmdale, California 93550, and in the case of the Consultant, to the person at the address designated on the execution page of this Agreement.

6.5□ Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

6.6□ Integration Amendment. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and that this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by a writing signed by both parties.

6.7□ Severability. In the event that part of this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining portions of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

6.8□ Waiver. No delay or omission in the exercise of any right or remedy by a nondefaulting party on any default shall impair such right or remedy or be construed as a waiver. A party's consent to or approval of any act by the other party requiring the party's consent or approval shall not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

6.9□ Attorneys' Fees. If either party to this Agreement is required to initiate, defend or made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, shall be entitled to reasonable attorneys' fees, whether or not the matter proceeds to judgment.

6.10□ Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is

formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound.

6.11 Warranty & Representation of Non-Collusion. No official, officer, or employee of District has any financial interest, direct or indirect, in this Agreement, nor shall any official, officer, or employee of District participate in any decision relating to this Agreement which may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of “financial interest” shall be consistent with State law and shall not include interests found to be “remote” or “noninterests” pursuant to Government Code Sections 1091 or 1091.5. Consultant warrants and represents that it has not paid or given, and will not pay or give, to any third party including, but not limited to, any official, officer, or employee of the District, any money, consideration, or other thing of value as a result or consequence of obtaining or being awarded any agreement. Consultant further warrants and represents that (s)he/it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any official, officer, or employee of the District, as a result of consequence of obtaining or being awarded any agreement. Consultant is aware of and understands that any such act(s), omission(s) or other conduct resulting in the payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

Consultant shall procure, at its expense, all permits required by governmental authorities and shall comply with all applicable local, state and federal regulations and statutes including Cal-OSHA requirements.

6.12 Prevailing Wages. Consultant shall comply with Labor Code Section 1775. In accordance with said Section 1775, the Consultant shall forfeit as a penalty to the District, a penalty in such amount as the Labor Commissioner shall determine for each calendar day or portion thereof for each worker paid less than the stipulated prevailing rates for such work or craft in which such worker is employed for any work done under this Agreement by them or by any sub-consultant under them in violation of the provisions of the Labor Code and, in particular, Labor Code Sections 1770 to 1780, inclusive. In addition to said penalty and pursuant to said Section 1775, the difference between such stipulated prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the stipulated prevailing wage rate shall be paid to each worker by the Consultant.

6.13 Ownership of Documents. District will make available to Consultant such materials from its files as may be required by Consultant to perform these services. Such materials shall remain the property of the District while in Consultant’s possession. Upon termination of the Agreement or completion of work under the Agreement, Consultant shall turn over to the District any District property or materials in its possession and any calculations, notes, reports, electronic files or other materials prepared by Consultant in the performance of these services.

District may utilize any material prepared or work performed by Consultant in any manner, which District deems proper without additional compensation to Consultant. Consultant shall have no responsibility or liability for any revisions, changes or corrections made by District

or any use or reuse pursuant to this paragraph unless Consultant accepts such responsibility in writing.

Consultant shall not make public information releases or otherwise publish any information obtained or produced by it as a result of, or in connection with, the performance of services under the Agreement without prior written consent of the District.

Consultant shall not publish or use any advertising, sales promotion or publicity in matters relating to services, equipment, products, reports, and material furnished by Consultant in which District's name is used or its identity is implied without prior written approval by the District.

6.14 ☐ Jurisdiction and Venue. The validity, interpretation, and performance of this Agreement shall be controlled by and construed under the laws of the State of California. The parties hereto do hereby consent to the jurisdiction of the Superior Court of California, Los Angeles County, or the United States District Court for the Central District of California in the event any dispute arises in conjunction herewith.

6.15 ☐ Authority. The signatories to this Agreement represent that they have the authority to execute this Agreement.

The parties hereto have caused this Agreement to be duly executed by its authorized officers.

Date: _____ Date: _____

Consultant's Authorized Initials _____

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the date first written above.

PALMDALE WATER DISTRICT,

Dennis D. LaMoreaux, General Manager

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

General Counsel

CONSULTANT:

[INSERT COMPANY NAME HERE]

By: _____
Name: [INSERT]
Title: [INSERT]

By: _____
Name: [INSERT]
Title: [INSERT]

Address: [INSERT ADDRESS HERE]
[INSERT DISTRICT, STATE, ZIP]

[END OF SIGNATURES]

Exhibit "A"

SCOPE OF SERVICES

Exhibit "B"

SPECIAL REQUIREMENTS

Exhibit "C"

SCHEDULE OF COMPENSATION

ADDENDUM No. 1

REQUEST FOR PROPOSALS FOR CONSULTING SERVICES FOR WATER BUDGET RATE STRUCTURE MODIFICATIONS, WATER RATE ANALYSIS AND MULTI-YEAR RATE PLAN AND PROPOSITION 218 PROCESS AND PUBLIC HEARING SUPPORT

Questions and clarifications:

Rate Study

Question:

- What is the level of engagement between the consultant and Board at the start of the project? For example, does the consultant work with the Board to set policy objectives?

Response:

- None

Public Outreach

Question:

- Budget
 - Does the District have a budget for Public Outreach?

Response:

- The District has allocated enough funding for Public Outreach.

Question:

- Survey clarification
 - What is the main survey purpose?
 - Would this be an online survey?
 - How many focus groups do you anticipate?
 - Will the consultant be responsible for all logistical planning of the survey/focus groups, including recruitment and location arrangements?
 - Given the short timeframe for the project, a pre and post survey of customers would be difficult and costly. Does the District have a preferred method to track the impact that it has used previously?

Response:

- The District will be conducting the Survey in-house

Question:

- Stakeholder Meetings and Community Workshops
 - How many stakeholder meetings are anticipated?
 - Are stakeholder meetings the same as community meetings anticipated in August of the timeline?
 - How many community workshops are anticipated?
 - Will the consultant be responsible for all logistical planning of the community workshops, including recruitment and location arrangements?

Response:

- The District is planning to hold one meeting/workshop for the AV Leaders and two workshops for the community.
- Yes, stakeholders and community meetings are the same.
- The PWD Public Affairs team will take the lead in the logistical planning of the community workshops, including recruitment and location arrangements. The consultant will serve a supporting role.

Question:

- Additional Services
 - Is the District seeking graphic design and printing services?

Response:

- The District may need some graphic design assistance.



PALMDALE WATER DISTRICT
A CENTURY OF SERVICE

CONSULTING SERVICE FOR

Water Rate Analysis

Water Rate Structure Modifications

Multi-Year Water Rate Plan

Proposition 218 Process

Public Outreach Support

March 14, 2019



March 14, 2019

Dennis D. LaMoreaux
General Manager
Palmdale Water District
2029 East Avenue Q
Palmdale, CA 93550

Subject: Proposal to Provide Consulting Services for Water Rate Analysis, Water Rate Structure Modifications, Multi-Year Water Rate Plan and Proposition 218 Process Public Outreach Support

Dear Mr. LaMoreaux,

Robert D. Niehaus, Inc. (RDN) is pleased to submit our proposal to provide professional consulting services to conduct the Palmdale Water District's 2019 Water Rate Study and Proposition 218 Public Outreach Support. RDN staff have completed over 500 projects with economic, financial, and market analysis experience across California and worldwide since the firm's founding in 1983. We have consulted for numerous water agencies and are committed to helping the District achieve its objectives and goals for the Study with value-added benefits. These benefits include:

- **Experience working with independent agencies throughout California through our partnership with the California Rural Water Association (CRWA)** – We have supported numerous water systems in the Mojave Desert Region to ensure rate equitability and revenue stability. Our team will be dedicated to supporting the District achieve its goals during and after the study – this is what sets us apart.
- **Engaging customers to increase satisfaction** – RDN designs a sustainable rate structure that is simple and easy for customers to understand. When customers understand clearly why and how they are paying for their services, it will dramatically increase their satisfaction.
- **Comprehensive understanding of California regulations and legislations on water rates** – Our team consults with legal professionals and regularly researches state and federal court cases affecting California rates. We are well-versed with Proposition 218 and SB X7-7, as well as new state legislation (AB1668, SB606, and SB555).

For this assignment, we are proud to partner with consultant Tom Ash, a Water-Budget Rate expert. Tom is also an advisor to the California Department of Water Resources and the State Water Resources Control Board on the details of water budgets and efficiency regulation roll-out. Having drafted portions of the water efficiency concept for the State, Tom is intimately familiar with the authorization of new efficiency target allocations (water budgets) across the State, which we will integrate into our outreach approach to garner public support of the District's water-budget rates.

For the Proposition 218 Process Public Hearing Support, we are proud to partner with CV Strategies to develop a multi-faceted public outreach campaign, community workshops, staff training, rate hearing support, and the Proposition 218 notice. CV Strategies has performed more Proposition 218 public outreach projects for water budget rates than any other public relations firm in Southern California. In

addition to the primary tasks outlined in this proposal, CV Strategies' services can be tailored to Palmdale Water District's needs for supplemental support.

Our past and current client's best represent our performance and quality of work. We encourage you to contact the references included in this proposal. Please coordinate with Ichiko Kido, Program Manager/Sr. Financial Analyst, (805) 962-0611, Ichiko@RDNiehaus.com, if you would like to discuss our proposal, which is valid for a 90-day period. We look forward to a successful, collaborative, and productive partnership with the District.

Respectfully submitted,

Robert D. Niehaus, Ph.D.
Managing Director/Principal Economist

Ichiko Kido, MBA
Program Manager/Sr. Financial Analysis

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APPENDIX43

SECTION 1. BASIC QUALIFICATIONS

High-level firm overviews for RDN and our subconsultant CV Strategies are provided below.

RDN Firm Overview

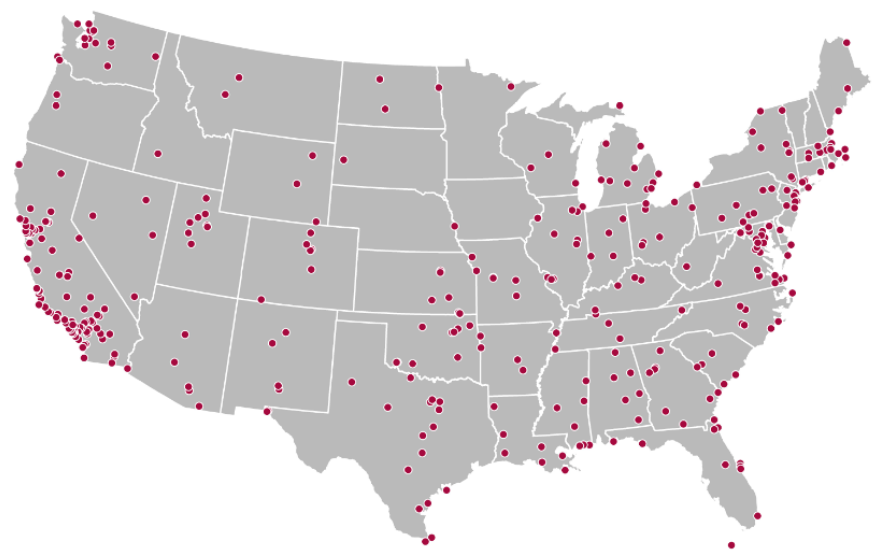
Robert D. Niehaus, Inc. is a professional economic consulting firm, headquartered in Santa Barbara, CA, that delivers solutions to California utilities, State/Local entities, Federal agencies, and the Department of Defense. RDN operates with uncompromising honesty and integrity and is passionately committed to our customers’ missions. We constantly seek process improvements and innovations to achieve beneficial results for our clients.

RDN BY THE NUMBERS

- \$4M Annual Revenue/24 Employees
- 700+ Projects accomplished Worldwide
- 48/50 States served
- 35+ Years Consulting for Utility Systems
- One Expert Water-Budget Team

RDN has provided consulting services for water, wastewater, stormwater, land development, housing, and energy projects throughout California and worldwide since the firm’s founding in 1983. Our staff have completed over 700 projects with economic, financial, and market analysis experience. Our proposed Project Team has considerable experience in water-budget rate analyses, regional economic impact assessments, cost-benefit evaluations, data management, public relations support, and econometric modeling and forecasting of water demand. We are also familiar with the Mojave Desert region and its unique water demands, having worked closely with Mariana Ranchos County Water District (2018 Water Rate Study); Apple Valley Foothill County Water District (2018 Water Rate Study); Daggett Community Services District (2018 Water Rate Study); Sheep Creek Water Company (2019 Water Rate Study); and Thunderbird County Water District (2019 Water Rate Study).

Figure 1. RDN’s Continental United States Experience



Subconsultant CV Strategies Firm Overview

CV Strategies is a communications and community engagement firm that leverages expertise, influence and instincts to enhance the ways public agencies tell their stories. Founded in 2007 by former television news director Erin Gilhuly, CV Strategies corporation helps clients blend media, messaging and audiences to connect with communities and drive support on the issues that matter. CV Strategies' staff of 12 is made up of former journalists, news executives and designers who use their storytelling skills to provide value to clients.

The firm is currently involved in active, ongoing communications initiatives with more than 70 public agencies throughout California. Our strategists provide support on issues as diverse as branding, strategic planning, crisis communications, public education campaign architecture, and tactical outreach implementation. Our extensive experience makes us adept at crafting effective messaging for organizations with varying stories to tell.

The firm has performed comprehensive strategic communications plans for water industry, energy and government clients across California. With offices in Palm Desert, Los Angeles, and Sacramento, our team members leverage their diverse expertise, contacts, and skill sets to support clients across the state. Our firm is deadline-oriented and driven to deliver updates and results that identify measurable targets and achieve progress throughout a project's scope.

We craft plans with a diverse set of tactics that help clients meet their communications objectives with a wide variety of audiences. Our team works to develop innovative solutions to unique outreach challenges. Through planning, research and strategic facilitation, we create cohesive outreach campaigns that generate community awareness and foster support. Continuously educating customers is a part of building a bank of goodwill and credibility with stakeholders. To build the most effective outreach program possible, our consultants collaborate with staff, elected officials and key players. We evaluate past shortcomings and also leverage past success. CV Strategies unites these strategic elements into a tactical framework that reflects the organization's vision and ensures the achievement of communication goals.

Figure 2. The CV Strategies Nexus



WE KNOW PUBLIC AGENCIES. With over 70 current public agency clients across the state, CV Strategies consultants have an intimate knowledge of municipalities and special districts, and are well versed in the tactics that enhance customer engagement and messaging success.



WE UNDERSTAND CALIFORNIA. An extensive portfolio of strategic communication initiatives for public sector and renewable energy clients throughout the state has fostered a deep understanding of the issues that impact California communities.



WE ARE SKILLED STORYTELLERS. Our backgrounds in journalism, advertising, design, video and digital production have honed keen storytelling instincts that help create dynamic visuals and compelling copy.



WE THINK BIG. Our professionals are experienced in gathering and analyzing information in pursuit of a comprehensive and holistic strategic approach. The guidance and counsel we provide is engineered out of an in-depth understanding of client nuance and need.



WE DO ALL OUR WORK IN HOUSE. CV Strategies offers a full suite of in-house creative services – concepting, copywriting, design, web production, photography, videography, social and digital media. This combined-services approach improves control of costs and deadlines, while close interaction between designers, copywriters and account coordinators results in deliverables that are cohesive, targeted, and harmonious.

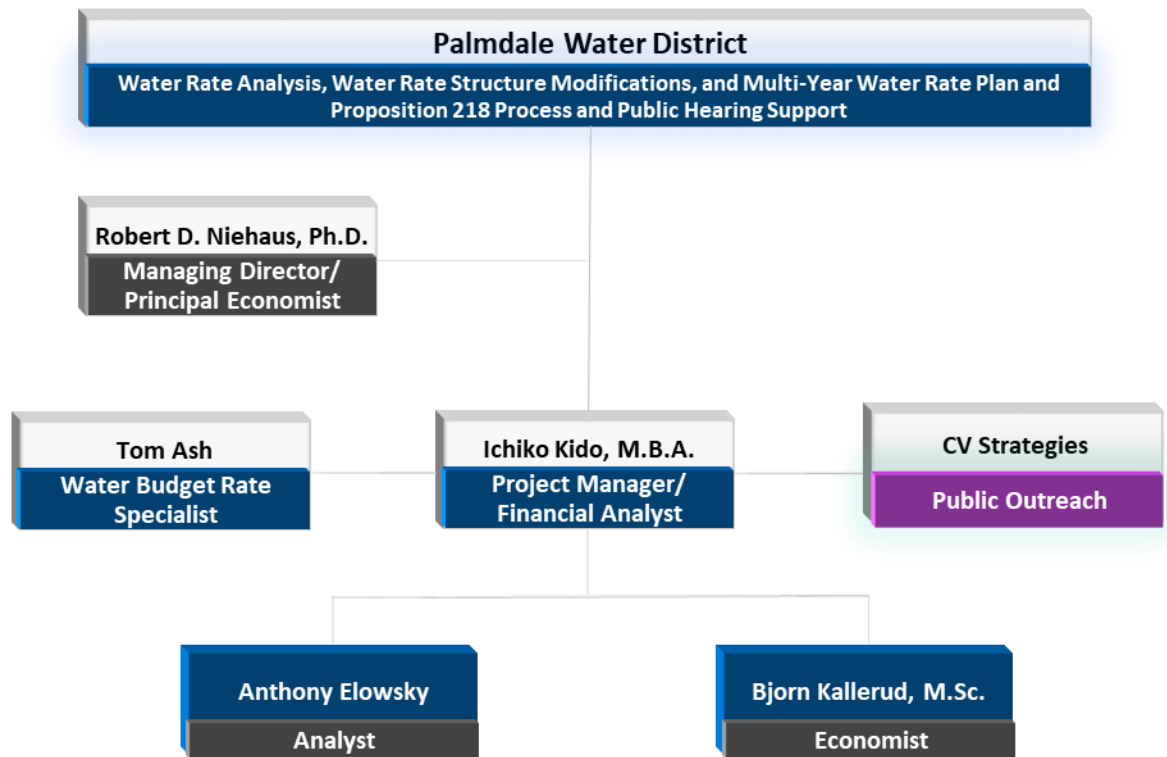
SECTION 2. SPECIFIC QUALIFICATIONS

Brief resumes for all team members are provided on the following pages, as well as each member’s proposed project role. Full resumes for select team member are attached to the Appendix.

Project Team

RDN employs a team approach to water-budget rate studies, led by our Principal Economist, Dr. Robert Niehaus, Project Manager, Ichiko Kido, and our Water-Budget Rate Expert, Tom Ash. Our subconsultant, CV Strategies (Erin Gilhuly and Tara Bravo), will provide leading support for public outreach and Proposition 218 efforts.

Figure 3. Team RDN Project Organization, Key Personnel



Robert Niehaus, Ph.D., Principal Economist/Senior Review

Project Role and Responsibilities:

Dr. Robert Niehaus' will oversee all aspects of the rate-making process. Dr. Niehaus will be responsible for assuring timely, high-quality, within-budget performance and the District's complete satisfaction with all efforts on this project. Additionally, he will review all deliverables for accuracy and economic rigor, primarily the Rate Study Report (Task 5). Dr. Niehaus will lead major internal project meetings and work closely with the Project Manager, Ichiko Kido, throughout this project.

Experience and Qualifications:

Dr. Niehaus has 45 years of experience (35 with the firm) and has served as Managing Director for hundreds of comparable water and resource projects. Projects include water rate studies for Ventura River Water District and Moulton Niguel Water District; analyses of water agency budgets; water demand forecasting; water rate elasticity estimates; basin-wide planning studies; economics of water supply development; local-area economic and demographic forecasting; and impact analysis throughout Southern California. Dr. Niehaus reviewed scores of water and wastewater rate and cost-of-service analyses for Carpinteria Valley Water District to comply with Proposition 218, the San Juan Capistrano ruling on proportionality applied to tiered rates, other California legal and regulatory requirements as applied to water and wastewater rate setting, and comparison to other agency rate structures. Dr. Niehaus received his Ph.D. in Economics from the University of Maryland.

Ichiko Kido, MBA, Project Manager/Financial Analyst

Project Role and Responsibilities:

Ms. Ichiko Kido's will oversee all aspects of the rate-making process on a day-to-day basis. Ms. Kido will be the primary point of contact between RDN and the District. Additionally, she will present the study findings to District staff and concerned constituency. Ms. Kido will lead the team of RND analysts in Data Collection (Task 1.3), Financial Planning & Revenue Requirements (Task 2), the Cost-of-Service Analysis (Task 3), Rate Design (Task 4), the Rate Study Report (Task 5), and Proposition 218 Support (Task 6). Ms. Kido will develop and maintain the rate model which is used for Financial Planning and Rate Design. While working with District staff, Ms. Kido will help develop capital funding strategies and reserve policies which will be funded during rate-setting.

Experience and Qualifications:

Ichiko Kido has 29 years of experience (14 with the firm) and has served as Project Manager for more than a dozen water and wastewater rate studies and over 70 rate comparison studies throughout California. She has extensive experience in water agency financial analysis, COS analysis, rate design, and applied economic research. She has built customized Rate models to help agencies be compliant with required laws and regulations and to meet their short- and long-term financial goals. She has also analyzed the revenue and cost structures of hundreds of public and private water agencies statewide.

Ms. Kido currently serves as the Project Manager for five water rate studies: Apple Valley View Mutual Water Company, Thunderbird County Water District, Patterson County Water District (currently providing Proposition 218 support), Apple Valley Heights County Water District, and Orosi Public Utility District; and a comparative rate analysis for an investor-owned utility company through a law firm in Los Angeles,

California. Ms. Kido received her M.B.A. from the Martin V. Smith School of Business and Economics, California State University Channel Islands.

Tom Ash, Water-Budget Expert

Project Role and Responsibilities:

Tom's role, as the preeminent water budget rate expert in the State, is to review the current PWD rate design including tiers, tier break points (widths), efficiency standards, fixed and variable rate cost recovery for revenue stability. Any recommendations will closely link PWD rates to new State efficiency regulations, Proposition 218, and a transparent narrative for customers.

Tom will be the key point of connection for working with subconsultant CV Strategies and the District's Customer Service and Conservation staff to ensure they are up-to-date on potential changes to the rate structure, State regulations, reviewing the agencies variance program and policies, and that all levels of the District are aware of State regulations that drive the need for local water use efficiency.

Experience and Qualifications:

Tom helped develop and implement the 1st water budget rate structure at the Irvine Ranch Water District in 1991. This rate structure solved the District revenue loss problems during the 1987-1992 drought, and increased water use efficiency district-wide while improving customer satisfaction to 85%.

Tom was asked to advise Palmdale Water District on rates in 2007 by district officials in response to (1) DWR allocation cut-backs and the need to conserve water, and (2) significant revenue losses PWD was experiencing due to lower water sales. The on-set of the recession in 2007, coupled with drought and water restrictions, created a perfect storm in terms of revenue and conservation. Palmdale Water District successfully navigated that storm with Tom assisting the District and their rate consultant on the design and testing of the new rate philosophy. The result was stable and sufficient revenue and significant water use reductions.

While Tom has spent the majority of his 30 year career as a water agency staff member, he has assisted over a dozen agencies with the implementation of water budget rates. Every agency who adopted water budget rates has experienced the same type of economic, conservation, and public relations success as the first water-budget rate design in 1991.

Erin, Gilhuly, Public Outreach Director

Project Role and Responsibilities:

Ms. Erin Gilhuly will oversee CV Strategies in the completion of all Public Outreach and Proposition 218 Support (Task 6). Ms. Gilhuly's primary responsibilities include facilitating and developing a strategic outreach plan for the District (Task 6.1). Additionally, Ms. Gilhuly will lead the CV Strategies team in all forms of communication dissemination, including targeted messages that engage stakeholders in the strategic planning process and ultimate buy-in (Task 6.3, 6.4, and 6.5). Ms. Gilhuly will guide the Board of Directors and Executive Staff through media and spokesperson training, providing unparalleled insider feedback (Task 6.6).

Experience and Qualifications:

An Emmy award-winning journalist with over 25 years in the communications industry, Erin Gilhuly is the President and Founder of CV Strategies, a Southern California strategic communications and public engagement firm serving corporate, government and non-profit clients.

Erin has led the communications and public affairs support team and overseen graphics development for myriad cities, water districts, and nonprofit organizations across the state for more than a decade. As a master trainer and talented mediator, she has provided guidance to numerous government agencies through the strategic planning process, leading workshops and providing key messaging strategies to gain positive public perception. Her insights into the minds of reporters and editors are often one step ahead of the story of the day, offering a highly valuable service that is difficult to match.

Tara Bravo, Public Outreach Manager

Project Role and Responsibilities:

Ms. Tara Bravo will provide media services and technical support for all CV Strategies deliverable content. Ms. Bravo will head the development of the Proposition 218 Notice (Task 6.3). All deliverable outreach materials including: strategic plans, newsletters, postcards, brochures, reports, data sheets, letterhead, and business cards will be designed and executed by Ms. Bravo (Task 6.2 and 6.5). Ms. Bravo will also update the District website if necessary (Task 6.2). Ms. Bravo oversees any optional tasks proposed by CV Strategies; such as, a Rate Study Presentation, Translation Services, Media Outreach, and Social Media Strategy which the District chooses to utilize.

Experience and Qualifications:

Tara has been key in translating highly technical information into visual materials that are accessible and compelling. She has served as the architect of multiple, complex strategic outreach efforts that included enhanced website design and development and brand implementation. Her knack for designing public engagement material has created award-winning collateral and user-friendly government documents.

In addition to running her own graphic design business for seven years, Tara Bravo has managed marketing teams, coordinated sales campaigns, developed relationships with vendors and built new ones with clients before joining CV Strategies in 2010.

Anthony Elowsky, Analyst

Project Role and Responsibilities:

Mr. Anthony Elowsky's experience is integral to data collection and management throughout the rate study process. Mr. Elowsky will organize and analyze all District data, which is then input into the rate model for the purpose of financial planning and the cost-of-service analysis. During the rate design and reporting phase (Task 4 and 5), Mr. Elowsky will work closely with Ms. Ichiko Kido to ensure data accuracy. Additionally, Mr. Elowsky will draft the sections of the Rate Study Report (Task 5) pertaining to the specific data that he analyzes.

Experience and Qualifications:

Anthony Elowsky has three years' experience with RDN and has provided technical support for a wide range of projects including water rate studies, housing market analyses, and regional economic modeling. Additionally, Anthony has conducted comparative water rate analyses and compiled and analyzed data on water rates and financial information for more than 100 purveyors throughout California. He has worked closely with Ms. Kido to accomplish multiple water and wastewater rate studies for the California Rural Water Association. Mr. Elowsky is currently designing rates and modeling a COS analysis for Sheep Creek Water Company.

Mr. Elowsky is proficient in visualizing customer billing records using R – a statistical programming language that conducts analyses in seconds once the data are cleaned. He has also worked on multiple customer facing applications. Mr. Elowsky has produced over 30 executive reports detailing analysis of water rates, housing markets, and economic structures of homeless populations in Los Angeles.

Bjorn Kallerud, Economist

Project Role and Responsibilities:

Mr. Bjorn Kallerud's will employ econometric modelling on possible use scenarios and develop revenue and expense projections. During the data collection phase (Task 1), Mr. Kallerud will direct District staff on methods of data formatting to ensure usage and spending projections are accurate. During the rate design and reporting phase (Task 4 and 5), Mr. Kallerud also will work closely with Ms. Ichiko Kido to ensure data accuracy. Additionally, Mr. Kallerud will draft the sections of the Rate Study Report (Task 5) pertaining to the specific data that he analyzes.

Experience and Qualifications:

Bjorn Kallerud specializes in data science and econometric modeling of regional market dynamics. Mr. Kallerud employs a combination of R, Python, and command-line interface tools to investigate, clean, visualize, and model data. Mr. Kallerud has projected population and water demand for multiple rate studies for the California Rural Water Agency. His econometric modeling is integral to creating detailed long-term financial evaluations.

Mr. Kallerud is currently modeling customer use projections for Orosi Public Utilities District and Apple Valley View Mutual Water Company, as well as modeling the economic impacts of droughts in the Ojai Valley. He received his M.Sc. in Economics from the Stockholm School of Economics.

Example Projects

Team RDN's financial, economic, and public outreach expertise provides us with a unique ability to conduct the District's water rate study and Proposition 218 outreach support assignment. A sample of our past and current projects with similar engagements are highlights below.

California Rural Water Association (CRWA)

Contact: Dustin Hardwick, Director of Resource Development
Email: dhardwick@calruralwater.org
Phone: 760-920-0842
1234 North Market Boulevard, Sacramento, CA 95834

Job Description: RDN commenced a long-term contractual relationship with the CRWA to conduct a series of water and wastewater rate studies for their client agencies. In association with the CRWA, RDN performs studies for underserved communities throughout the state of California, serving dozens of rural agencies annually.

Mariana Ranchos County Water District (MRCWD) Cost of Service and Rate Setting Study

Contact: James Hansen, General Manager
Email: gm@mrcwd.org
Phone: 760-247-9405
9600 Manzanita Street, Apple Valley, CA 93208

Project Description: MRCWD recently retained RDN to develop a cost-of-service and rate design analysis. RDN completed a long-term financial plan and water rate study designed to fund the District's rising costs to supply water in addition to the District's capital improvement plans. MRCWD's general manager expressed concerns about proposition 218 compliance in the District's current tiered rates. Additionally, according to the GM, all District customers were billed the same rate regardless of their meter size. To simplify MRCWD's rate structure and make it easier for customers to understand, RDN reduced the number of tiers and created a nexus between tiers and costs.

Apple Valley Heights County Water District (AVHCWD) Cost of Service and Rate Setting Study

Contact: Daniel Smith, General Manager
danavhcwd@yahoo.com
Voice: 760-247-1101
9429 Cerra Vista Street, Apple Valley, CA 92308

Project Description: AVHCWD engaged RDN to conduct a comprehensive water rate study, which contained a long-term financial plan designed to increase revenues to fund operations and bolster reserves to a sufficient level. A detailed analysis of AVHCWD's revenues by RDN showed that their current revenues were below the amount necessary to reach their reserve and operating targets. RDN recommended rates which were tied to customer costs and included three tiers and differential fixed charges based on meter size. Along with the three-tiered rate structure produced for the District, RDN also developed a financial plan which allows for unforeseen capital expenditures associated with the repair and replacement of the transmission and distribution system.

Patterson Tract Community Services District Rate Setting Study with Prop 218 Support

Contact: Linda Lee, General Manager
pattersontract@gmail.com
Voice: 559-734-2965
32653 Lincoln Road, Visalia, CA 93291

Project Description: Patterson CSD contracted RDN to complete a water system cost-of-service, rate design analysis, and Proposition 218 support. After a detailed analysis of District revenues and expenses, RDN developed a rate structure which was both equitable and recovered necessary expenses over a 5-year financial plan. Patterson CSD was billing customers with multiple meters at a rate which was far beyond their actual service requirements as defined by the AWWA M1 Manual. RDN produced rates to fairly bill these customers without placing an undue burden on other customers within the system. RDN is currently assisting the District in the Proposition 218 process for the successful implementation of these rates and to promote greater customer understanding of the billing process.

Ventura River Water District (VRWD) Cost of Service and Rate Setting Study with Prop 218 Support

Contact: Bert Rapp, P.E., General Manager
bert@venturariverwd.com
Voice: 805-646-3403
409 Old Baldwin Road, Ojai, CA 93023

Job Description: VRWD engaged RDN to conduct a rate study to meet Proposition 218 requirements and other state regulations. The District implemented a Water Budget Program, establishing an individualized customer water budget to promote water use efficiency. RDN provided full support in the Proposition 218 process. The proposed rates were adopted and implemented on April 1, 2018.

Carpinteria Valley Water District (CVWD) Cost of Service and Rate Setting Study with Prop 218 Support

Contact: Robert McDonald, General Manager
bob@cvwed.net
Voice: 805-684-2816
1301 Santa Ynez Avenue, Carpinteria, CA 93013

Job Description: This analysis involved application of customer-level data into our rate-setting model and presenting various rate structure options for CVWD staff and leadership to choose from to ensure future revenue and supply source stability. Rate options presented to CVWD were aimed to minimize rate shock on the District's large agricultural contingent (and customer base in general) to the extent allowable by best utility business practices and local and state legal mandates.

SECTION 3. APPROACH TO PROJECT

This section presents our project understanding and a draft scope of work to accomplish the District's assignment. RDN will work with the District to finalize the scope of services, schedule, and objectives of the study upon contract award.

Palmdale Water District (PWD) Background

Palmdale Water District (District; PWD) is in the southern Antelope Valley in Los Angeles County and includes the central and southern portions of the City of Palmdale, as well as adjacent unincorporated areas of the County. The District was established in 1918 as the Palmdale Irrigation District to supply irrigation water to approximately 4,500 acres of agricultural customers. As populations grew in the Antelope Valley, the District experienced increased demand for domestic water, most notably in the 1950's with the activation of Air Force Plant 42 and increased use of Edwards Air Force Base. Today, the District serves approximately 115,000 people and 27,600 connections with a service area of approximately 187 square miles, supplying single- and multi-family residential, irrigation, commercial/industrial, fire service and other (construction) customer classes.

PWD maintains over 400 miles of pipeline, multiple well sites, booster pumping stations, and water storage tanks, which together have over 50 million gallons of capacity according to the 2015 Urban Water Management Plan. The District's water supply consists of 60% surface water and 40% groundwater. Surface water is stored in the Littlerock Reservoir (3,500-acre feet capacity) and Lake Palmdale (4,100-acre feet capacity) and treated by a 35-mgd water treatment plant. PWD receives an annual entitlement of 21,300-acre feet from the State Water Project, which is funded by property taxes and separate transportation costs. The District's service area slopes upward from 2,600 feet to 3,800 feet above sea level toward the San Gabriel Mountains and is divided into four elevation zones: B and A1-A3. Customers in elevation zones A1-A3 pay an elevation booster surcharge to recover additional pumping costs.

Project Understanding

We understand that the District requires a robust review and update of its water-budget rate structure and rate plan, as well as public relations and Proposition 218 support. PWD's service area and water demand are expected to double over the next 25 years, underscoring the District's goals to promote water use efficiency, conservation, and equity across all customer classes. The District last adopted rate changes in 2014, updating a 2009 water-budget rate structure that established a level of "efficient use" for individual customers defined by each customer's class.

Since the 2014 rates were established, costs have escalated, long-term water supply source stability issues have continued, and new State efficiency regulations have multiplied (AB 1668, SB 606). Therefore, the District would like to evaluate whether a modified or new water-budget rate plan is necessary given the District's current and future operations, costs, and needs.

Meeting the District's challenges requires an experienced water-budget rate consultant with a proven track record of success on similar projects. Team RDN has the water-budget experience, technical acumen, and public relations expertise to accomplish the tasks required to meet the District's goals.

Project Approach & Scope of Services

RDN follows industry best practices, standards, and principles of cost-of-service ratemaking embodied in the American Water Works Association (AWWA) *Manual M1, Principles of Water Rates, Fees, and Charges*. In coordination with District staff, our approach employs an interactive decision-making process to identify objectives and rate-setting goals and to build consensus for recommended rate adjustments. Our proposal includes at least six meetings and presentations to ensure District understanding and satisfaction, as well as ratepayer support.

Our proposed scope of services is summarized below:

Task 1. Project Initiation – identify the District’s goals and objectives of the study; review existing rates, methodologies, and customer data; and establish project management and quality control procedures.

Task 2. Financial Planning – develop a financial plan that a) meets the District’s revenue requirements, b) anticipates O&M and future water source costs, c) funds capital improvement and infrastructure needs, d) maintains a healthy debt coverage in compliance with existing bond covenants, and e) ensures adequate reserves in line with industry best standards.

Task 3. Cost of Service – conduct a Proposition 218-compliant Cost of Service analysis that allocates the costs of providing water service to each customer class commensurate with their service requirements.

Task 4. Rate Design – evaluate the existing water budget rates, allocations, and usage data and compare to similar water systems. Design rates which a) fully fund operating and capital expenses, b) ensure revenue stability through optimized fixed costs, c) promote water use efficiency, d) reflect demand characteristics of each customer class, and e) comply with Proposition 218 and other legal/policy requirements.

Task 5. Administrative Report – draft report to document the objectives, assumptions, methodologies, recommendations, ratepayer impacts, and rate comparison surveys with plentiful graphs and figures for visual support. This report will educate ratepayers about proposed changes and serve as the administrative record.

Task 6. Public Outreach – in consultation with CV Strategies, build trust and consensus for potential rate increases through proven Proposition 218 implementation strategies. Ensure ratepayers understand the justification for rate increases through public meetings and the Proposition 218 rate notice. Deliver additional optional support as requested.

Scope of Work

Our proposed scope of work is detailed below for District review and consideration.

Task 1. Project Initiation & Data Collection

Task 1.1. Project Management

RDN incorporates best practices from the Project Management Institute's (PMI) Project Management Body of Knowledge (PMBOK) to establish processes that guide management procedures. Our management approach is based on transparency, open communications, and collaboration during contract start-up and throughout execution. Through our internal due diligence, we affirm that our proposed Project Team will not change during this engagement and that we have sufficient staff available to meet the project deadlines outlined in the RFP.

Table 1. RDN's Project Management Approach

Initiating	Processes performed to define a new project or a new phase of an existing project by obtaining authorization to start the project or phase
Planning	Processes required to establish the scope of the project, refine the objectives, and define the course of action required to attain the objectives that the project was undertaken to achieve
Executing	Processes performed to complete the work defined in the project management plan to satisfy the project specifications
Monitoring and Controlling	Processes required to track, review, and regulate the progress and performance of the project, identify any areas in which changes to the plan are required, and initiate the corresponding changes
Closing	Processes performed to finalize all activities across all Process Groups to formally close the project or phase

For a project to be considered a success, all work must be completed on schedule, within budget, and error free. Our proposed Project Manager, Ms. Ichiko Kido, will prepare a Project Management Plan (PMP) to document all information necessary to execute a successful project. The PMP is an internal document that serves as a roadmap for the project team, defining project goals and objectives, scope of work, deliverables, budget, schedule, administrative procedures, and filing requirements.

Task 1.2. Quality Assurance

Our systematic quality assurance process ensures that all RDN work performed on this project will be accurate, precise, and of the highest quality. RDN's Principal Economist, Dr. Robert Niehaus, will lead major internal project meetings and work closely with the Project Manager, Ichiko Kido, throughout this project. Dr. Niehaus' primary responsibility is to review all deliverables for consistency, accuracy, and validity, as well as ensuring sound rate-making principles in line with industry best practices. Ms. Kido reviews every model, analysis, and report, working closely with each Analyst and Economist to ensure comprehensive, accurate results.

We also employ the principle of Kaizen, where our Economists and Analysts are encouraged to make continuous innovations, empowering our data-driven team to suggest process improvements that

translate into superior results. Our goal is to set the industry benchmark for excellence in the rate-setting services we provide to our clients.

Task 1.3. Kickoff Meeting & Data Collection

In advance of the project kickoff meeting, RDN will submit a detailed data request outlined in Section 6 of this proposal. RDN will review the information on PWD’s water system, finances, water budget rates, allocations and surcharges, customer classes and their usage patterns, capital programs, and all debt covenants and legal agreements. RDN will also analyze the District’s projected revenues, operating expenses, reserve policies, and debt service requirements. The objective is to develop a comprehensive understanding of the District’s finances to ensure a productive kickoff meeting focused on the District’s goals and basic assumptions to be used in the analysis.

The kickoff meeting will accomplish the following:

- ☐ Identify District staff who will participate in the project and determine roles and responsibilities
- ☐ Establish the project scope, schedule, budget, and deliverables
- ☐ Review key District data including billing procedures, water budget allocations, and customer usage data
- ☐ Discuss the primary goals and objectives of the study
- ☐ Discuss water-budget pricing objectives to include:
 - ☐ Revenue stability through optimized fixed charges
 - ☐ Water use efficiency promotion and reduced peak demand
 - ☐ Justified water budget allocation methodologies for all customer classes
 - ☐ Potential drought surcharges or pass-through costs
 - ☐ The Water Quality Fee and Elevation Booster Surcharge
 - ☐ Minimized customer impact and understanding

Table 2. Task 1. Project Initiation and Data Collection Deliverables

Meetings	▪☐On-site kickoff meeting / weekly progress meetings via GoToMeeting
RDN Deliverables	▪☐Data request ▪☐Kickoff meeting agenda ▪☐Project schedule, budget, goals
District Deliverables	▪☐Response to data request ▪☐Attend kickoff meeting and provide input

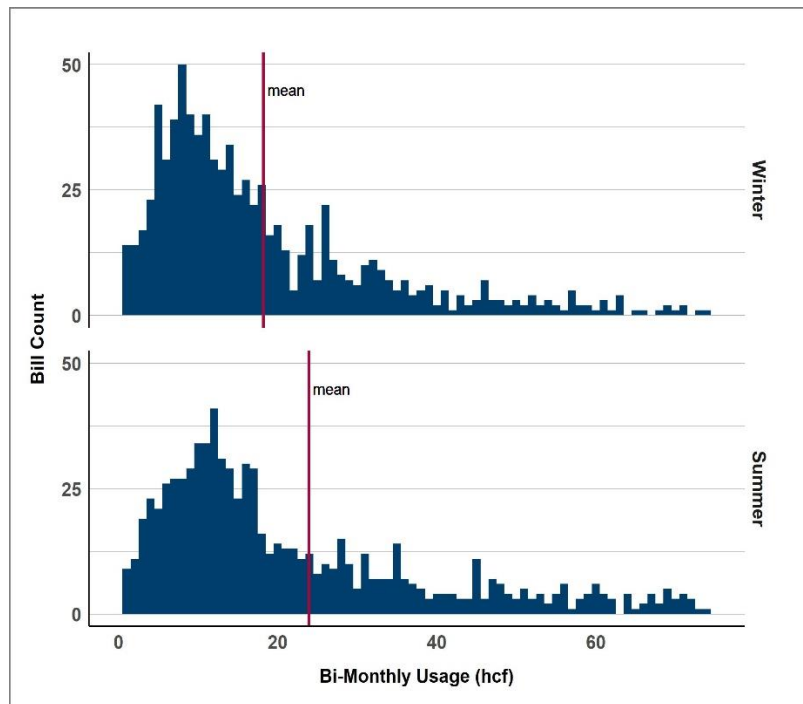
Task 2. Financial Planning & Revenue Requirements

We will develop a financial plan to determine the revenue required to sufficiently fund the District's operating and capital programs and to ensure long-term financial stability.

Task 2.1. Demand Projections/Revenue Analysis

Water consumption patterns are influenced by price signals and other factors such as weather/rainfall and State mandated conservation programs. As economic consultants, our staff are particularly adept at forecasting water demand. We will evaluate historical water consumption patterns, District growth trends to project future water consumption, and the elasticity of customer demand in response to various rate increase scenarios.

Figure 4. Example of Historical Mean Usage by Number of Bills



Task 2.2. Capital Funding

RDN will examine the age and condition of the water system with District staff to evaluate whether the current level of capital spending is sufficient to keep pace with system asset depreciation. We will prioritize the District's capital improvement program and, if warranted, evaluate the amount and timing of debt or alternative borrowing methods to fund capital needs (pay-as-you-go cash funding, State grants/loans, bonds, and bank loans).

Task 2.3. Reserve Policies

RDN will review the District's current reserve policies and reserve levels to recommend appropriate reserve balances consistent with the District's financial goals and risk tolerance. Adequate reserves are crucial to achieving financial stability when faced with unanticipated operating or capital needs.

Task 2.4. Cash Flow Analysis

Revenue requirements and capital funding needs will be used to develop cash flow projections summarizing the financial position of the water system over the next five years. This analysis will project revenues, expenses, and net balances to estimate the annual rate increases needed to fund the revenue requirements, debt obligations, and reserve fund targets. Working with District input on future changes to O&M or water supply costs, we will review historical cost trends to develop operating and capital cost escalation factors. At District discretion, we can also develop sensitivity analyses to further evaluate fluctuations in capital programs, water supply costs, and demand.

Task 2.5. Revenue Requirements

Revenue requirements are computed for the study period by adding all expenses identified through financial planning and offsetting the total amount by non-operating revenues and other operating revenues. This computation allows for the extraction of the sole portion of revenue requirements that need to be recovered from the District’s water rates collected from monthly billing of customers.

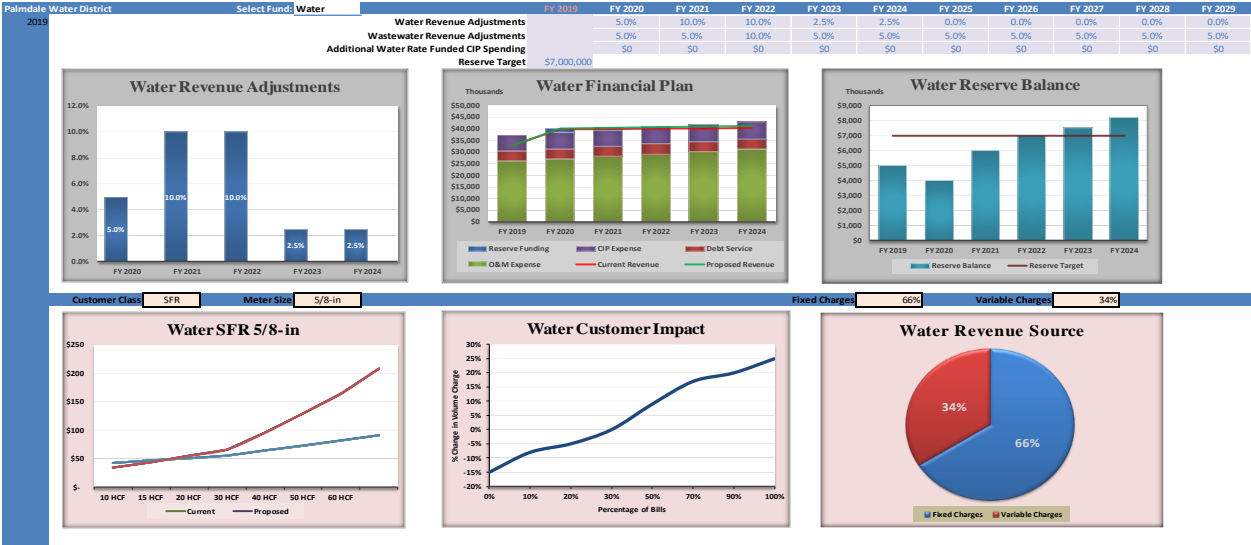
Task 2.6. User-Friendly Financial Model

The financial plan will be developed in an easy-to-use Microsoft Excel format designed to allow District staff to conduct sensitivity scenarios by testing various assumptions through an interactive dashboard. RDN will train District staff on the model to track financial results and to make data-driven decisions.

Table 3. Task 2. Financial Planning Deliverables

Meetings	<div> Weekly progress meetings via GoToMeetings </div>
RDN Deliverables	<div> Draft user-friendly financial planning model in Excel and training </div>
District Deliverables	<div> Financial information and input </div>

Figure 5. Task 2 Example Financial Planning Dashboard



Task 3. Cost of Service (COS) Analysis

Once revenue requirements are outlined, RDN allocates costs among the customers commensurate with their service requirements. The COS analysis determines what cost differences exist between different classes of customers through the process of functionalization and cost allocation. The proportionate allocation of costs to various customer classes considers not only the relative quantity of water used by each class but also the peak rate at which water is consumed. RDN allocates costs appropriately so that each customer pays proportionately to offset higher costs associated with their requirements.

Task 3.1. Identifying customer classes

RDN evaluates the District’s customer classifications and provides recommendations for necessary changes. The cost of providing service is determined for groups or classes of customers that have similar service characteristics and demand patterns. Assigning costs accurately to classes of customers based on their service requirements is critical in designing Proposition 218 compliant rates.

Task 3.2. Functionalize Costs

The District’s system is composed of various facilities that serve a particular function. RDN allocates revenue requirements to functions that provide specific services. Next, we functionalize costs into water service functions (water supply, treatment, storage, pumping, transmission, administration, and overhead), which are then allocated to cost components (such as capacity, commodity, and conservation costs). Facilities are designed and operated to meet the average-day and peak demands as well as other customer-related requirements.

Task 3.3. Allocate Costs

The next step of a COS analysis is to allocate identified functionalized costs to peaking and non-peaking parameters. Key factors in this COS allocation include specific geographic characteristics of the District’s service area and the usage pattern of each customer class. This analysis permits the District to adhere to the general principle of cost proportionality (particularly relevant under Prop. 218), under which the rates paid by customer classes are directly proportional to the costs each class imposes on the District as a whole. The cost of serving customers depends on the total volume of water used and the rate of use or peak demand requirements.

As a final step of the COS analysis, all costs are summed for each customer class to determine the cost of service to be recovered from each. The revenue requirements are offset by non-operating revenues and other operating revenues – these are the rate revenue requirements.

Table 4. Task 3. Cost of Service Deliverables

Meetings	▪☐Weekly progress meetings via GoToMeeting
RDN Deliverables	▪☐COS analysis in Excel
District Deliverables	▪☐COS analysis feedback

Task 4. Rate Design

RDN will develop a water-budget rate model and recommend water budget rates for District review. The objective is to evaluate whether a new or modified water-budget rate plan is necessary or more reasonable given the District's operations, costs, and needs defined in the financial planning and cost of service analyses.

Task 4.1. Assess & Update Allocation Methodology

We will perform a comprehensive review of the PWD's current water-budget rate structure and customer classifications to assess the advantages and disadvantages of the existing water system. This will include an evaluation of the current indoor and outdoor water allocations for single family residential customers. We will also evaluate multi-family and commercial customers' current rate structure in which allocations for each tier were determined based on their historical usage. Irrigation customer's water budget is based on the size of the land – we will explore if there are other factors to be considered such as type of plants or area of impervious surfaces. The Water Quality Fee and Elevation Booster Surcharge will also be evaluated, as well as possible pass-through charges. Our independent review will determine whether the existing rates optimize fixed and variable rate recovery, promote water use efficiency, and deliver equity among all customer classes. RDN will then recommend appropriate adjustments to each methodology to further align with District objectives.

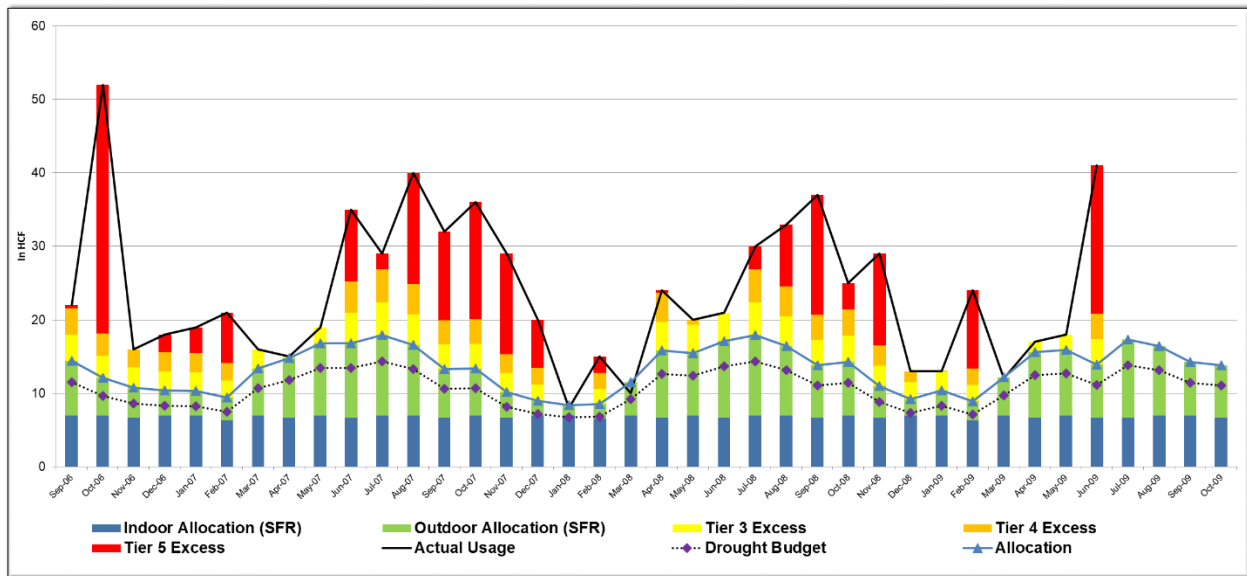
Task 4.2. Develop Water Budget Alternatives

Based on our review of the existing rate structure and the COS analysis, RDN will identify if the existing water-budget rate structures should be modified by incorporating different methodology to set efficient levels of water allocation for individual customers. We will discuss the pros and cons of varying rate structure options and their impacts on customer bills. Throughout the study, we will seek significant District input on recommended rate structure modifications.

Task 4.3. Evaluate Drought Surcharge

Some of the District's fixed costs are recovered through variable charges, which can result in lost revenue for fixed expenses during mandatory water-use cutbacks. The District also incurs increased costs during mandatory conservation which include enforcing State mandated water use restrictions. RDN will evaluate the impacts of different levels of required cutbacks in water demand (e.g. 20%, 30%, and 40%) during times of drought using our water budget calculator. The calculator will be used to compute demand projections under any level of demand reduction scenarios. The revenue recovered from drought surcharges may be from fixed charges, volumetric rates, or a combination of both. With District input, RDN will develop a fully functioning drought factor to provide funding for short-term, dry-year water market prices.

Figure 6. Example of RDN Water Budget Calculator, Hypothetical Customer's Water Budget vs. Restricted Water Allocation under Drought Condition



Task 4.4. Single Family Variance Process

The original PWD water-budget rate structure was developed prior to advances in aerial data technologies that can now efficiently measure residential landscapes. The State is currently funding such technologies as part of new State water efficiency legislation. These data will be available to agencies in 2021. Although the data will likely not be available for this study, RDN will request the California Department of Water Resources prioritize the PWD's residential parcels to encourage water use efficiency.

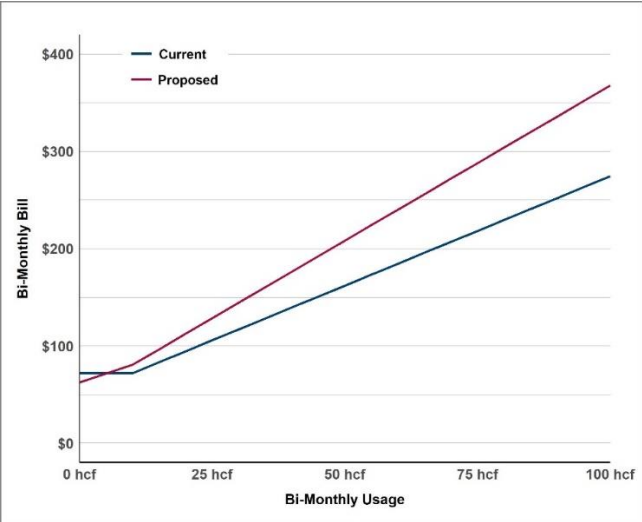
If the District would like to ensure aerial single-family landscaping data is available in time for this study, the District may consider retaining an aerial imagery firm such as Eagle Aerial. RDN recently partnered with Eagle Aerial to capture parcel-by-parcel landscaping data for the Ventura River Water District to establish outdoor water allocations. The advantage to this approach is precise data reflecting actual irrigable areas which translates into reduced variance program requests and customer service expenses.

RDN will also recommend an updated process for administering variance requests. For instance, the District may create an interactive online request form where residential customers may input and upload information to apply for an increased water budget. Supplementing the current variance application with an online form will reduce customer service expenses incurred with manual data tracking.

Task 4.5. Develop Rates & Evaluate Impacts

RDN will develop rates that will a) fully recover operating and capital expenses, b) equitably spread costs among customer classes, and c) promote water use efficiency. We will conduct extensive bill impact studies by customer class and by monthly usage. We utilize a statistic programming language called "R" to observe bill impacts on individual customers and produce bill impact analyses.

Figure 7. Example of Bill Impact Analysis by Usage



Task 4.6. Comparison Survey

We will prepare a rate comparison survey with up to ten comparable agencies to benchmark the PWD’s current and proposed water rates. We will request District input on agencies to include in the survey and ultimately summarize the results for public outreach, presentations, and the rate study report.

Table 5. Task 4. Rate Design Deliverables

Meetings	<div><input type="checkbox"/> Weekly progress meetings via GoToMeeting</div> <div><input type="checkbox"/> On-site staff meeting/ rate presentation to the Board</div>
RDN Deliverables	<div><input type="checkbox"/> Rate model in Excel</div> <div><input type="checkbox"/> Evaluation of Drought Surcharge</div> <div><input type="checkbox"/> Bill Impact Study</div> <div><input type="checkbox"/> Comparison survey</div>
District Deliverables	<div><input type="checkbox"/> Policy goals and objectives for rates</div> <div><input type="checkbox"/> Provide input</div>

Task 5. Rate Study Report

The draft rate study report will summarize study objectives, assumptions, and methodologies, as well as proposed rate structure adjustments, impacts on each customer class, and the rate comparison survey. This includes discussions on the financial plan, revenue requirements, cost of service, and rate setting, in addition to an overview of the District’s service area, operation and capital expenses, and Capital Improvement Plan. We will incorporate District feedback into the final report and clearly demonstrate the nexus between costs and recommended rates in simple terms to fulfill Proposition 218 requirements.

Table 6. Task 5. Rate Study Report Deliverables

Meetings	<div><input type="checkbox"/> Up to one webinar</div>
RDN Deliverables	<div><input type="checkbox"/> Draft and final reports in Word</div>
District Deliverables	<div><input type="checkbox"/> Comments, responses, and recommendations to draft report</div>

Task 6. Proposition 218 Process and Public Outreach Support

The scope of work for this task reflects an optimal multi-faceted outreach campaign for Proposition 218 messaging and support. The RDN team will present the study results at the Proposition 218 Public Hearing. The CV strategies team will assist District staff in developing an outreach campaign, materials, and the Proposition 218 Notice. CV Strategies will also facilitate District staff training, community workshops, and the Proposition 218 Rate Hearing. We have included specific tasks in response to the RFP below, as well as optional tasks the District may choose to select. The appendix to this proposal includes CV Strategies example projects, client references, experience, and key project team information.

Task 6.1. Outreach Management

Using all sources of input and knowledge of industry best practices, develop a rates outreach plan and strategic planning forum for Palmdale Water District in collaboration with District management. Specific recommended strategies and communications tools, as well as a timeline will be included in the plan in an effort to engage all target audiences.

Task 6.2. Multi-Faceted Outreach Campaign

Develop Outreach Materials

Develop targeted outreach materials as determined by the rates outreach plan. Targeted methodologies may include, but are not be limited to, FAQs, newsletters, bill inserts, mailers, brochures, flyers and advertising. Our preliminary fee proposal includes one outreach material. Additional outreach materials may be ordered in according to our optional fee proposal.

Update Website

Work with staff to ensure that all materials and messages are up to date on the District's website and other online sources. Ensure Proposition 218 notices and all legal requirements are posted in a timely manner.

Task 6.3. Proposition 218 Notice

Work with District staff and its legal counsel to prepare the required compliance documents including the Proposition Task 218 Notice. Use clear, simple language and visual messaging for easy understanding. Ensure the document includes all required language, including translated copy, if determined necessary. Prepare the document in advance of the District's directive, in order to reach ratepayers in the required timeframe prior to the public hearing. Work with vendors, including printers and mail house, to ensure all ratepayers receive the document before the required 45-day window prior to the public hearing.

Task 6.4. Community Workshops

Provide opportunities for transparent, two-way communication with all interested groups and individuals. Plan and coordinate all events, public meetings, and community forums related to rates outreach. Prepare presentations and/or take-away materials. Plan for and respond to public inquiries. Record meeting minutes.

Task 6.5. Rate Hearing Support

RDN will present the study results to District stakeholders and customers and address public questions and comments at the Proposition 218 Public Hearing.

CV Strategies will also attend the Public Hearing and develop a visual presentation in clear language with supporting handouts to inform the public of rates, infrastructure and other important nuances relating to the District's proposed rate changes. Draft script and prepare Board, as needed.

Task 6.6. Training

District Staff Training

With District staff, determine the best spokespeople to represent Palmdale Water District regarding proposed rate changes. Provide spokespeople with talking points and training. Provide other key staff and Board members with talking points so they are prepared in the event of community inquiries.

Provide Customer Service Training

Develop and facilitate customer service training so staff members are prepared for customer questions. Create FAQ packets to have consistent responses at hand for frontline staff. Ensure staff knows how to satisfy customer questions outside their realm of training. Prepare management with information to support internal awareness as well as stakeholders that demand specific information.

Task 6.7. Optional Tasks

To provide flexibility in the District's outreach campaign, optional tasks are recommended below.

1. Develop Outreach Materials

Develop additional targeted outreach materials such as FAQs, newsletters, bill inserts, mailers, brochures, flyers and advertising.

2. Rate Study Presentation

The CV Strategies team will assist staff in developing a visual presentation and related handouts about water delivery, the value of water, infrastructure and other important nuances specific to the District's recent rate study. Assist with staff reports and other materials, as needed.

3. Translation & Interpretation Services

Provide Spanish translation for all rates outreach collateral. Offer interpreter for community workshops.

4. Bill Estimator

Create bill estimator based on formula input to provide ratepayers with a resource to gauge rate change impacts.

5. Media Outreach

Through the planning process, CV Strategies will determine the best strategies for engagement with local media. Items may include press releases, Op-Eds, video clips and letters to the editor. Proactive media outreach will be preferred, with various materials and responses written in anticipation of media response to the District's actions.

6. Social Media Strategy

Tap in to social media to share information about potential rate changes and the value of water. This plan includes social media posts to deliver key messages, as well as monitoring to identify and correct any misinformation shared online.

7. Shadow Billing

Working with staff, update bills. Include call-out messaging on the bills to clearly identify the changes that ratepayers can expect in the future.

8. Video Production

Collaborate with staff on topics for at least three video projects. Throughout the pre- production process, the team will clarify the message, write and revise scripts, determine video length, create a shot list and build production schedule. To minimize expenses, CV Strategies will schedule production days into a compact schedule. This also offers more options for additional video acquisition if needed to ensure high-quality videos.

SECTION 4. PAST PERFORMANCE

With over 90 percent of our work resulting from repeat business, RDN prides itself in continuing relationships that we have developed from over three decades of consulting. In the following pages, we have provided client reference letters, as well as client testimonials below. We invite you to contact our references to verify our quality of service on similar engagements.

Client References

“With RDN as the primary rate study economists teamed with Tom Ash, who developed the first water budget rate structure with IRWD, and who also had a hand in advising the State on the new efficiency legislation, I believe they are uniquely qualified to work with the Palmdale Water District to develop a rate structure that can be used well into the future.”

Johnathan Cruz, Manager of Financial Planning, Moulton Niguel Water District

“New State water use efficiency legislation, Making Water Conservation a California Way of Life, employs the very same allocation methodology that Tom recommended to us seven years before this legislation was passed into law in 2018. This foresight has enabled Western to prepare customers for a water efficiency future, improved conservation programs from a dedicated revenue source built into the rate structure, and fully met the letter and intent of Proposition 218. Western is proud of how our rate structure provides equity across customers, educates customers with every bill, and has helped us meet financial goals even as demand has decreased.”

Kevin Mascaro, Director of Finance, Western Municipal Water District

“Ichiko was a pleasure to work with. She was responsive and professional in all communications and made sure that we were a priority. Ichiko consistently engaged with our team to ensure all deliverables met our needs. Additionally, her analytical and communication skills conveyed complex information simply. Ichiko and RDN’s willingness to make themselves available to us on our schedule separates them from many others in the field and has ensured our future business.”

Denise Kruger, Senior Vice President, Golden State Water Company



ESTABLISHED 1890

CITY OF VACAVILLE

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707-449-5100

RON ROWLETT
Mayor

DILENNA HARRIS
Vice Mayor

NOLAN SULLIVAN
Councilmember

MITCH MASHBURN
Councilmember

RAYMOND BEATY
Councilmember

February 25, 2019

Re: Water Rate Study Consultant Team Recommendation

Dear Palmdale Water District,

In 2008, as Assistant General Manager of Palmdale Water District, I was part of the team that managed a rate study and implementation. As you recall, the scenario at the time was that the District was required to reduce demand. The District had used a traditional tiered rate structure, was already seeing declining revenues and faced more revenue loss with new demand reduction requirements. Our search for rate consulting led to responses from the usual rate consultants. The conventional rate designs, we discovered, were contributing to our revenue/conservation dilemma. We reached out to Tom Ash for overall guidance and to work specifically with the agency consultant and staff. Tom had guided the design and implementation of the first water budget rate implementation at an agency in California.

After staff consideration, the District did implement a "water budget" rate structure. With each billing cycle we saw less and less water waste across customers, reduced runoff in streets, yet our cost recovery accurately and significantly improved. We were able to meet the DWR demand reduction requirements, and our revenues stabilized and reserves recovered.

As the former General Manager of the Chino Basin Desalter Authority, I have watched two of our local cities and a number of regional agencies move to water budget rates with resounding financial and public relations success. Our watershed agency, SAWPA, produced a video on why agencies should consider changing their rate structures to meet agency and customer expectations, as well as be positioned to adapt to new State efficiency regulations. This short video can be seen at https://www.youtube.com/watch?v=mZdol_5qdaQ.

I can highly recommend Tom Ash and RDN as a consultant team to Palmdale Water District for your rate study work. Tom is one of preeminent experts on water rates in California.

Sincerely,

Curtis Paxton
Director of Utilities



California

Rural Water Association

March 4, 2019

To: Palmdale Water District

From: Dustin Hardwick, California Rural Water Association

Subject: Reference letter for RDN Rate Consulting for the 2019 Water Rate Study

It is my pleasure to recommend RDN to perform a water rate study for the Palmdale Water District. CRWA is currently engaged with RDN to perform rate studies under the CRWA's Proposition 1 Rate Study Program and Specialized Utilities Services Program (SUSP). In the past year, RDN has completed eight rate studies in the Mojave area for the CRWA, which include studies for Apple Valley Foothill County Water District, Daggett Community Services District, Mariana Ranchos County Water District, and Sheep Creek Water Company. RDN is currently tasked to accomplish five additional water and wastewater rate studies for the CRWA.

RDN is a highly skilled group of economists and analysts who understand the nuances of California water rates, Proposition 218, and will take great pride in ensuring the financial details for Palmdale Water District are accurate. RDN approaches each project with an acute understanding that every community is unique and has different needs. They are particularly adept at producing sustainable water rates for utilities in the Mojave area, demonstrating deep understanding of this specific region. RDN's rate studies employ a cost-of-service approach and are designed to maintain long-term revenue stability while being fair and equitable to all customers. RDN's deliverables are consistent, informative, and timely. Additionally, RDN communicates with our client utilities effectively to produce tailored results.

CRWA Agency reviews are extremely positive for RDN's rate study performance. RDN is exceptionally well-researched and produces well-designed rates models that are dynamic enough to serve CRWA member agencies well into the future. Moreover, RDN has demonstrated incredible flexibility meeting our evolving needs and unexpected changes in priorities, sometimes on short notice. Working with RDN has proven to be extremely beneficial to the CRWA and to our member agencies, and I fully endorse their team to accomplish your rate study needs.

Please do not hesitate to contact me if you have any questions about our programs or RDN's support in our ongoing success.

Sincerely,

A handwritten signature in black ink that reads "Dustin Hardwick".

Dustin Hardwick

Deputy Director, California Rural Water Association



1234 North Market Boulevard | Sacramento, CA 95834
toll-free: 800.833.0322 | phone: 916.553.4900
fax: 916.553.4904 | www.calruralwater.org

SECTION 5. PROJECT FEE AND SCHEDULE

Preliminary Fee Proposal

Table 7 presents our preliminary not-to-exceed cost estimate. RDN and CV Strategies have estimated the level of effort required to complete the tasks identified in the RFP. Our estimated not-to-exceed cost for development of the Water Rate Study and Multi-Year Rate Plan and Proposition 218 Support and Public Outreach, including estimated direct expenses, is \$97,595.

Table 7. Preliminary Fee Proposal

Tasks	Robert D. Niehaus, Inc.					CV Strategies	Total	Total
	Niehaus	Kido	Ash	Kallerud	Elowsky	Gilhuly/Bravo	Hours	Cost
TASK 1. PROJECT INITIATION AND DATA COLLECTION	20	29	-	15	15	-	79	\$12,570
1. Project Management	10	14	-	-	-	-	24	\$4,970
2. Quality Assurance	10	5	-	5	5	-	25	\$4,400
3. Kickoff Meeting & Data Collection	-	10	-	10	10	-	30	\$3,200
TASK 2. FINANCIAL PLANNING & REVENUE REQUIREMENTS	3	37	1	42	40	-	123	\$13,485
1. Demand Projections/Revenue Analysis	1	1	-	16	5	-	23	\$2,250
2. Capital Funding	-	10	-	2	4	-	16	\$2,030
3. Reserve Policies	1	8	-	4	5	-	18	\$2,255
4. Cash Flow Analysis	-	6	-	8	8	-	22	\$2,250
5. Revenue Requirements	-	8	-	4	2	-	14	\$1,750
6. User-Friendly Financial Model	1	4	1	8	16	-	30	\$2,950
TASK 3. COST OF SERVICE (COS) ANALYSIS	2	21	-	10	10	-	43	\$5,465
1. Identify Customer Classes	2	5	-	6	2	-	15	\$2,025
2. Functionalize Costs	-	8	-	2	4	-	14	\$1,720
3. Allocate Costs	-	8	-	2	4	-	14	\$1,720
TASK 4. RATE DESIGN	9	45	20	31	27	-	132	\$16,910
1. Assess & Update Allocation Methodology	2	8	6	6	4	-	26	\$3,420
2. Develop Water Budget Alternatives	4	10	2	8	4	-	28	\$3,950
3. Evaluate Drought Surcharge	-	6	2	4	2	-	14	\$1,700
4. Single Family Variance Process	-	2	2	1	6	-	11	\$1,110
5. Develop Rates and Evaluate Impacts	3	18	8	10	1	-	40	\$5,645
6. Comparison Survey	-	1	-	2	10	-	13	\$1,085
TASK 5. RATE STUDY REPORT	2	16	1	10	16	-	45	\$5,270
TASK 6. PROP. 218 PROCESS & PUBLIC OUTREACH SUPPORT	-	28	11	-	-	201	240	\$40,895
1. Outreach Management	-	8	-	-	-	13	21	\$3,515
2. Multi-Faceted Outreach Campaign	-	-	4	-	-	21	25	\$4,195
3. Proposition 218 Notice	-	6	-	-	-	31	37	\$6,430
4. Community Workshops	-	-	-	-	-	78	78	\$13,650
5. Rate Hearing Support	-	14	7	-	-	14	35	\$5,580
6. Training	-	-	-	-	-	43	43	\$7,525
ESTIMATED RDN EXPENSES								\$3,000
TOTAL HOURS	36	176	33	108	108	201	662	
HOURLY RATE	\$280	\$155	\$130	\$90	\$75	\$175		
TOTAL PROJECT COSTS	\$10,080	\$27,280	\$4,290	\$9,720	\$8,100	\$35,125		\$97,595
	RDN TOTAL \$62,470			CV STRATEGIES \$35,125				

Optional Tasks	Robert D. Niehaus, Inc.					CV Strategies	Total	Total
	Niehaus	Kido	Ash	Kallerud	Elowsky	Gilhuly/Bravo	Hours	Cost
OPTIONAL. PROP. 218 OUTREACH SUPPORT	-	-	-	-	-	171	171	\$29,925
1. Additional Outreach Materials (per piece)	-	-	-	-	-	17	17	\$2,975
2. Rate Study Presentation	-	-	-	-	-	20	20	\$3,500
3. Translation & Interpretation Services	-	-	-	-	-	40	40	\$7,000
4. Bill Estimator	-	-	-	-	-	31	31	\$5,425
5. Media Outreach	-	-	-	-	-	9	9	\$1,575
6. Social Media Strategy	-	-	-	-	-	9	9	\$1,575
7. Shadow Billing	-	-	-	-	-	2	2	\$350
8. Video Production	-	-	-	-	-	43	43	\$7,525
TOTAL HOURS	-	-	-	-	-	171	171	
HOURLY RATE	\$280	\$155	\$130	\$90	\$75	\$175		
TOTAL OPTIONAL COSTS	\$0	\$0	\$0	\$0	\$0	\$29,925		\$29,925
	RDN TOTAL \$0			CV STRATEGIES \$29,925				

Preliminary Project Schedule

Table 8 presents a preliminary draft schedule for completing the project with a target rate implementation date of January 1, 2020. RDN will work with District staff at the kickoff meeting to review and finalize the schedule, meetings, and key milestones.

Table 8. Project Timeline

Tasks	April	May	June	July	August	September
Task 1. Project Initiation & Data Collection	■					
Task 2. Financial Planning	■	■	■			
Task 3. Cost of Service Analysis		■	■	■		
Task 4. Rate Design		■	■	■		
Task 5. Administrative Report		■	■	■		
Task 6. Public Outreach & Prop 218 Support	◆		◆	■	■	■
◆ Kickoff Meeting						
◆ Staff Meeting/Board Presentation						
◆ Community Workshops (3)						
◆ Public Hearing						

SECTION 6. DATA REQUIREMENTS

As requested in the RFP, we are submitting a preliminary data request to accomplish the scope of work outlined in this proposal. RDN may identify additional data requirements upon contract kickoff. As available, please provide the electronic version of the requested data.

- ☐ Individual customer's monthly billing records (for the last five to ten years)
 - ☐ meter size
 - ☐ customer class
 - ☐ consumption
 - ☐ billed service charge
 - ☐ billed volumetric charge
 - ☐ billed other fees
 - ☐ total billed amount
- ☐ Peaking demand data
 - ☐ total production to distribution system by customer class
 - ☐ maximum-day demand by customer class
 - ☐ maximum-hour demand by customer class
 - ☐ monthly data for each of above by customer class
 - ☐ historic data for the last five to ten years for each of above
- ☐ Financial information
 - ☐ detailed O&M expenses
 - ☐ detailed CIP expenses
 - ☐ detailed debt obligations
 - ☐ detailed operating and non-operating revenues
 - ☐ allocated cost distributions to utility standardized functions
 - ☐ classified variable vs. fixed cost components for each expense
 - ☐ historic data for the last five to ten years for each of above
 - ☐ budgeted financial data for each of above
 - ☐ agency's reserve policy
 - ☐ agency's target debt service coverage ratio
- ☐ Previously performed rate studies
- ☐ Most recent Urban Water Management Plan
- ☐ Any issues or concerns regarding current rates

SECTION 7. PROFESSIONAL SERVICES AGREEMENT

As per the RFP, RDN has provided two executed copies of the Professional Services Agreement with appropriate exhibits.

PROFESSIONAL SERVICES AGREEMENT

between

PALMDALE WATER DISTRICT

and

Robert D. Niehaus, Inc.

for the

Water Rate Analysis, Water Rate Structure Modifications

Multi-Year Water Rate Plan and Prop 218 Public Support

This PROFESSIONAL SERVICES AGREEMENT, hereinafter referred to as "Agreement," is made and entered into this _____ day of _____, by and between Palmdale Water District, a public corporation organized and existing under the provisions of the California Water Code, hereinafter referred to as "District," and _____, a _____ [INSERT TYPE OF ENTITY, e.g., California corporation], hereinafter referred to as "Consultant."

Whereas, the District requires professional _____ and _____ services in conjunction with _____.

Whereas, the Consultant has demonstrated expertise in various aspects of _____ and _____ and is qualified to provide the professional services required by District.

Whereas, the District and Consultant desire to enter into a contract for the provision of professional services for the _____ as delineated in the Scope of Work attached hereto as Exhibit A, subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the promises and covenants hereinafter contained, it is mutually agreed as follows:

1.0 SERVICES OF CONSULTANT

1.1 Scope of Services. In compliance with all of the terms and conditions of this Agreement, Consultant shall perform the work or services set forth in the "Scope of Services" attached hereto as Exhibit "A" and incorporated herein by reference. Consultant warrants that all work or services set forth in the Scope of Services will be performed in a competent, professional and satisfactory manner. Additional terms and conditions of this Agreement, if any, which are made a part hereof are set forth in the "Special Requirements" attached hereto as Exhibit "B" and incorporated herein by this reference. In the event of a conflict between the provisions of Exhibit "B" and any other provisions of this Agreement, the provisions of Exhibit "B" shall govern.

1.2 Compliance With Law. All work and services rendered hereunder shall be provided in accordance with all ordinances, resolutions, statutes, rules and regulations of the District and any federal, state or local governmental agency of competent jurisdiction.

1.3 Licenses, Permits, Fees and Assessments. Consultant shall obtain, at its sole cost and expense, such licenses, permits and approvals as may be required by law for the performance of the services required by this Agreement.

2.0 COMPENSATION

2.1 Contract Sum. For the services rendered pursuant to this Agreement, Consultant shall be compensated in accordance with the "Schedule of Compensation" attached hereto as Exhibit "C" and incorporated herein by this reference, but not exceeding the maximum contract amount of _____ dollars (\$_____) ("Contract Sum").

2.2 Method of Payment. Provided that Consultant is not in default under the terms of this Agreement, Consultant shall be paid_____.

3.0 COORDINATION OF WORK

3.1 Representative of Consultant. _____ is hereby designated as being the representative of Consultant authorized to act on its behalf with respect to the work or services specified herein and make all decisions in connection therewith.

3.2 Contract Officer. The District's District Manager is hereby designated as being the representative of the District authorized to act in its behalf with respect to the work and services specified herein and make all decisions in connection therewith ("Contract Officer"). The District may designate another Contract Officer by providing written notice to Consultant.

3.3 Prohibition Against Subcontracting or Assignment. Consultant shall not contract with any entity to perform in whole or in part the work or services required hereunder without the express written approval of the District. Neither this Agreement nor any interest herein may be assigned or transferred, voluntarily or by operation of law, without the prior written approval of District. Any such prohibited assignment or transfer shall be void.

3.4 Independent Contractor. Neither the District nor any of its employees shall have any control over the manner, mode or means by which Consultant, its agents or employees, perform the services required herein, except as otherwise set forth on Exhibit "A". Consultant shall perform all services required herein as an independent contractor of District and shall remain under only such obligations as are consistent with that role. Consultant shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of District.

4.0 INSURANCE AND INDEMNIFICATION

4.1 Insurance. Consultant shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to District, during the entire term of this Agreement including any extension thereof, the following policies of insurance:

- (a) Commercial General Liability Insurance. A policy of commercial general liability insurance using Insurance Services Office "Commercial General Liability" policy form CG 00 01, with an edition date prior to 2004, or the exact equivalent. Coverage for an additional insured shall not be limited to its

vicarious liability. Defense costs must be paid in addition to limits. Limits shall be no less than \$1,000,000.00 per occurrence for all covered losses and no less than \$2,000,000.00 general aggregate.

- (b.) Workers' Compensation Insurance. A policy of workers' compensation insurance on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than \$1,000,000.00 per accident for all covered losses.
- (c.) Automotive Insurance. A policy of comprehensive automobile liability insurance written on a per occurrence basis in an amount not less than \$1,000,000.00 per accident, combined single limit. Said policy shall include coverage for owned, non-owned, leased and hired cars.
- (d.) Professional Liability or Error and Omissions Insurance. A policy of _____ insurance in an amount not less than \$1,000,000.00 per claim with respect to loss arising from the actions of Consultant performing professional services hereunder on behalf of the District.

All of the above policies of insurance shall be primary insurance and shall name the District, its officers, employees and agents as additional insureds. The insurer shall waive all rights of subrogation and contribution it may have against the District, its officers, officials, employees, agents, representatives, and volunteers, and their respective insurers. Moreover, the insurance policy must specify that where the primary insured does not satisfy the self-insured retention, any additional insured may satisfy the self-insured retention in order to assure coverage as an "additional insured." All of said policies of insurance shall be endorsed to:

Consultant agrees that the provisions of this Section 4.1 shall not be construed as limiting in any way the extent to which Consultant may be held responsible for the payment of damages to any persons or property resulting from Consultant's activities or the activities of any person or persons for which Consultant is otherwise responsible.

The insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Senior Risk Management Analyst of the District due to unique circumstances.

In the event that the Consultant is authorized to subcontract any portion of the work or services provided pursuant to this Agreement, the contract between the Consultant and such subcontractor shall require the subcontractor to maintain the same policies of insurance that the Consultant is required to maintain pursuant to this Section 4.1.

4.2 Indemnification.

- (a.) Indemnity for Professional Liability. When the law establishes a professional standard of care for Consultant's services, to the fullest extent permitted by law, Consultant shall indemnify, defend and hold harmless District and the District's

Parties from and against any and all losses, liabilities, damages, costs and expenses, including attorneys' fees and costs to the extent same are caused in whole or in part by any negligent or wrongful act, error or omission of Consultant, its officers, agents, employees or subcontractors (or any entity or individual for which Consultant shall bear legal liability) in the performance of professional services under this Agreement.

- (b.) Indemnity for Other Than Professional Liability. Other than in the performance of professional services and to the full extent permitted by law, Consultant shall indemnify, defend and hold harmless District and District's Parties from and against any liability (including liability for claims, suits, actions, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorneys' fees and costs, court costs, defense costs and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Consultant or by any individual or entity for which Consultant is legally liable, including but not limited to officers, agents, employees or subcontractors of Consultant.

5.0 TERM

5.1 Term. Unless earlier terminated in accordance with Section 5.2 below, this Agreement shall continue in full force and effect until_____.

5.2 Termination Prior to Expiration of Term. Either party may terminate this Agreement at any time, with or without cause, upon thirty days' written notice to the other party. Upon receipt of the notice of termination, the Consultant shall immediately cease all work or services hereunder except as may be specifically approved by the Contract Officer. In the event of termination by the District, Consultant shall be entitled to compensation for all services rendered prior to the effectiveness of the notice of termination and for such additional services specifically authorized by the Contract Officer and District shall be entitled to reimbursement for any compensation paid in excess of the services rendered.

6.0 MISCELLANEOUS

6.1 Covenant Against Discrimination. Consultant covenants that, by and for itself, its heirs, executors, assigns and all persons claiming under or through it, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the performance of this Agreement. Consultant shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, marital status, national origin or ancestry.

6.2 Non-Liability of District Officers and Employees. No officer or employee of the District shall be personally liable to the Consultant, or any successor in interest, in the event of any default or breach by the District or for any amount which may become due to the Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.

6.3 Conflict of Interest. No officer or employee of the District shall have any financial interest in this Agreement nor shall any such officer or employee participate in any decision relating to the Agreement which affects his financial interest or the financial interest of any corporation, partnership or association in which he is, directly or indirectly, interested, in violation of any state statute or regulation. The Consultant warrants that it has not paid or given and will not pay or give any third party any money or other consideration for obtaining this Agreement. When requested by the Contract Officer, prior to the District's execution of this Agreement, Consultant shall provide the District with an executed statement of economic interest.

6.4 Notice. Any notice or other communication either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail, in the case of the District, to the District's General Manager and to the attention of the Contract Officer, Palmdale Water District, 2029 E. Avenue Q Street, Palmdale, California 93550, and in the case of the Consultant, to the person at the address designated on the execution page of this Agreement.

6.5 Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

6.6 Integration Amendment. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and that this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by a writing signed by both parties.

6.7 Severability. In the event that part of this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining portions of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

6.8 Waiver. No delay or omission in the exercise of any right or remedy by a nondefaulting party on any default shall impair such right or remedy or be construed as a waiver. A party's consent to or approval of any act by the other party requiring the party's consent or approval shall not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

6.9 Attorneys' Fees. If either party to this Agreement is required to initiate, defend or made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, shall be entitled to reasonable attorneys' fees, whether or not the matter proceeds to judgment.

6.10 Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is

formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound.

6.11 Warranty & Representation of Non-Collusion. No official, officer, or employee of District has any financial interest, direct or indirect, in this Agreement, nor shall any official, officer, or employee of District participate in any decision relating to this Agreement which may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of "financial interest" shall be consistent with State law and shall not include interests found to be "remote" or "noninterests" pursuant to Government Code Sections 1091 or 1091.5. Consultant warrants and represents that it has not paid or given, and will not pay or give, to any third party including, but not limited to, any official, officer, or employee of the District, any money, consideration, or other thing of value as a result or consequence of obtaining or being awarded any agreement. Consultant further warrants and represents that (s)he/it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any official, officer, or employee of the District, as a result of consequence of obtaining or being awarded any agreement. Consultant is aware of and understands that any such act(s), omission(s) or other conduct resulting in the payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

Consultant shall procure, at its expense, all permits required by governmental authorities and shall comply with all applicable local, state and federal regulations and statutes including Cal-OSHA requirements.

6.12 Prevailing Wages. Consultant shall comply with Labor Code Section 1775. In accordance with said Section 1775, the Consultant shall forfeit as a penalty to the District, a penalty in such amount as the Labor Commissioner shall determine for each calendar day or portion thereof for each worker paid less than the stipulated prevailing rates for such work or craft in which such worker is employed for any work done under this Agreement by them or by any sub-consultant under them in violation of the provisions of the Labor Code and, in particular, Labor Code Sections 1770 to 1780, inclusive. In addition to said penalty and pursuant to said Section 1775, the difference between such stipulated prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the stipulated prevailing wage rate shall be paid to each worker by the Consultant.

6.13 Ownership of Documents. District will make available to Consultant such materials from its files as may be required by Consultant to perform these services. Such materials shall remain the property of the District while in Consultant's possession. Upon termination of the Agreement or completion of work under the Agreement, Consultant shall turn over to the District any District property or materials in its possession and any calculations, notes, reports, electronic files or other materials prepared by Consultant in the performance of these services.

District may utilize any material prepared or work performed by Consultant in any manner, which District deems proper without additional compensation to Consultant. Consultant shall have no responsibility or liability for any revisions, changes or corrections made by District

or any use or reuse pursuant to this paragraph unless Consultant accepts such responsibility in writing.

Consultant shall not make public information releases or otherwise publish any information obtained or produced by it as a result of, or in connection with, the performance of services under the Agreement without prior written consent of the District.

Consultant shall not publish or use any advertising, sales promotion or publicity in matters relating to services, equipment, products, reports, and material furnished by Consultant in which District's name is used or its identity is implied without prior written approval by the District.

6.14 Jurisdiction and Venue. The validity, interpretation, and performance of this Agreement shall be controlled by and construed under the laws of the State of California. The parties hereto do hereby consent to the jurisdiction of the Superior Court of California, Los Angeles County, or the United States District Court for the Central District of California in the event any dispute arises in conjunction herewith.

6.15 Authority. The signatories to this Agreement represent that they have the authority to execute this Agreement.

The parties hereto have caused this Agreement to be duly executed by its authorized officers.

Date: March 14, 2019

Date: _____

Consultant's Authorized Initials RDN

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the date first written above.

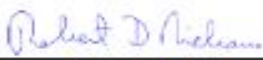
PALMDALE WATER DISTRICT,

Dennis D. LaMoreaux, General Manager

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

General Counsel

CONSULTANT:
[INSERT COMPANY NAME HERE]

By: 
Name: Robert D. Niehaus
Title: Managing Director

By: 
Name: Ichiko Kido
Title: Program Manager

Address: 140 East Carrillo Street
Santa Barbara, CA 93101

[END OF SIGNATURES]



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
03/04/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Brown & Brown Insurance Services of California, Inc. License #0004053 1001 Mark Avenue, Suite 201 Carpinteria CA 93013		CONTACT NAME: Linda Delatorre Inactive PHONE (A/C, No, Ext): (805) 965-0071 FAX (A/C, No): (805) 690-3200 E-MAIL ADDRESS: ldelatorre@bbofcal.com	
INSURED Robert D. Niehaus, Inc. 140 E. Camillo St. Santa Barbara CA 93101		INSURER(S) AFFORDING COVERAGE INSURER A: Federal Insurance Company NAIC # 20281 INSURER B: Technology Insurance Company, Inc. 42376 INSURER C: Lloyd's Syndicate 3624 (Hiscox Syndicates Limited) INSURER D: INSURER E: INSURER F:	

COVERAGES **CERTIFICATE NUMBER:** CL18121435181 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDITIONAL INSURED	SUBROGATION WAIVED	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC OTHER:	Y		35333661WCE	12/05/2018	12/05/2019	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMPIOP AGG \$ Included \$
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY	Y		35333661WCE	12/05/2018	12/05/2019	COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED \$ RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	TWC3732465	09/01/2018	09/01/2019	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	Professional Liability			MPL111830418	09/22/2018	09/22/2019	\$2,500 Ded each Claim \$2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

RE: Contract # N62470-17-D-50086

Certificate Holder is included as additional under the General Liability form #50-02-2000 4-01 as required by excused written contract

CERTIFICATE HOLDER Palmdale Water District 2029 East Avenue Q Palmdale, CA 93550	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
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APPENDIX

The appendix to this proposal includes full RDN resumes, as well as CV Strategies example projects, client references, experience, and key project team information.

TECHNICAL SPECIALTIES

-) Project Management
-) Regional and Resource Economics
-) Rate Comparison
-) Economic Impact Studies
-) Public Sector Water Economic and Planning Analysis
-) Technical Report Review
-) Cost of Service Rate Studies
-) Resource Planning
-) Econometric Modeling
-) Survey Design and Implementation

PROFESSIONAL HISTORY

-) Robert D. Niehaus, Inc.
(1983-Present) Managing Director

EDUCATION

-) Doctor of Philosophy in Economics (1979) – University of Maryland
-) Bachelor of Arts in Government (1972) – Oberlin College

PROFESSIONAL MEMBERSHIPS

-) American Water Works Association
-) American Economic Association
-) National Association for Business Economics

Robert D. Niehaus

Managing Director/Principal Economist

Dr. Niehaus has broad experience managing public and private sector water and land resource economic analyses and planning efforts, with expertise in water rate analysis, cost-benefit evaluations, water demand econometric modeling and forecasting, and regional economics. His expertise extends to river basin planning, groundwater management, economic impacts of water and other resource-use projects, military base realignment, housing, energy, and global climate change. He has provided expert support to senior civilian and military decision-makers for many of these projects. Dr. Niehaus has published a wide range of applied studies in these fields, and has directed successful completion of projects at more than 200 locations world-wide, with much of this experience in Southern California.

RELEVANT PROJECT EXPERIENCE

-) Ventura River Water District Cost of Service and Rate Setting Study
-) Moulton Niguel Water District Cost of Service Peer Review
-) Carpinteria Valley Water District Cost of Service and Rate Setting Study
-) National Resources Defense Council – LADWP Data Collection and Water Rate Analysis
-) West Basin Municipal Water District Landscape Irrigation Efficiency Program
-) Las Virgenes Water Budget Model
-) Fremont Valley Preservation Project Water Rate and Revenue Analysis Study.
-) Golden State Water Company Comparative Water Rate Analysis
-) Goleta Sanitary District/Goleta West Sanitary District Economic Analysis of Development Projections
-) Economics of Groundwater Management in Santa Barbara County
-) City of Santa Barbara Desalination Plant Environmental Impact Report
-) United States Army Core of Engineers Flood Protection and Recreation Study
-) City of Santa Barbara Long-Term Water Sales and Revenue Requirements Forecast Analysis
-) Santa Ynez River Basin Planning and Cachuma Project Water Allocation Analyses
-) Golden State Water Company Water Price Elasticity Estimates and Retail Consumption Forecast

Ichiko Kido, M.B.A.

Program Manager/Lead Financial Analyst

TECHNICAL SPECIALTIES

-) Cost of Service Rate Studies
-) Rate Comparison analysis
-) Housing Market Analysis
-) Data Analysis
-) Technical Report Review
-) Survey Interviewing
-) Statistical Analysis

PROFESSIONAL HISTORY

-) Robert D. Niehaus, Inc.
(2005 - Present) Program
Manager

EDUCATION

-) Master of Business
Administration (2014) –
Martin V. Smith School of
Business & Economic,
California State University,
Channel Islands
-) Bachelor of Arts in Law (1989) – Fukuoka University

PROFESSIONAL MEMBERSHIPS

-) American Water Works
Association
-) California Rural Water
Association
-) Association of California
Water Agencies

Ms. Kido has extensive experience in water utility financial analysis, cost of service (COS) analysis, rate design, and applied economic research. She has lead several water/wastewater rate study projects and built customized COS models to help utilities be compliant with required laws and regulations, and to meet their short-term and long-term financial goals. She also managed or conducted more than 65 comparative water rate analyses, compiling and analyzing primary- and secondary-source data on water rates and purveyor financial account information for more than 200 water utilities throughout California. She has prepared housing market analyses for military bases throughout the United States and in Japan. She has wide-ranging experience in survey research and program evaluation. She is skilled at survey interviewing, survey administration procedures, survey techniques, database management, and statistical analysis.

RELEVANT PROJECT EXPERIENCE

Ventura River Water District

Ventura River Water District (VRWD) engaged RDN to conduct a rate study to meet Proposition 218 requirements and other state regulations. The District implemented a Water Budget Program, establishing an individualized customer water budget to promote water use efficiency. This study included evaluation of the five-year financial plan, development of a Cost of Service (COS) model, and rates design. VRWD implemented a water-budget based rate structure, and Ms. Kido provided technical and logistical support through the entire process. Ms. Kido analyzed the District's financial plan, and determined revenue requirements for the five-year study period. She also developed a customized COS model based on the revenue requirements and the District's financial goals identified in the financial planning. Ms. Kido designed the District's first water budget rate structure and assisted in its implementation and public outreach. She supported the mailing of Proposition 218 Notices. The District and RDN held frequent face-to-face meetings to coordinate each step of the rate study. The proposed rates were adopted and implemented on April 1, 2018.

California Rural Water Association

The California Rural Water Association (CRWA) contracted RDN to perform over 30 rate studies throughout California. Ms. Kido performs the role of program manager for the ongoing project. The CRWA provides support for small often underserved water agencies. Ms. Kido directs RDN's water team in the production of COS modeling, rate setting, and customer deliverables. Many of the agencies never completed a Proposition 218 compliant rate study before RDN's support. Sample agencies include: *Mariana Ranchos County Water District*, in which Ms. Kido oversaw the complete rate-setting process and she included an additional analysis to help reduce customer impacts; *Daggett Community Services District*, in which after completing the original rate recommendations, Ms. Kido provided an additional re-analysis assessing potential impacts of multiple customer use scenarios; and *Sheep Creek Water Company*, in which Ms. Kido provided additional support for the billing of private fire protection connections within the service area.

Moulton Niguel Water District

Moulton Niguel Water District (MNWD) retained RDN to complete a peer review of their cost of service analysis. This analysis included a review and validation of their extensive rate model and creation of a report describing a long-range financial plan, review of rate design, and cost of service analysis for three separate water systems—potable, recycled, and wastewater. Ms. Kido reviewed the District's Long Range Financial Plan, COS, and Rate Design model and assisted in creating a comprehensive report to document the entire process their rate study. Additionally, Ms. Kido supported MNWD staff in preparing and presenting Proposition 218 notifications for the board of directors. Ms. Kido oversaw the input of all customer-level data into RDN's rate-setting model. The District and RDN held weekly meetings to ensure timely progress and resolve issues as soon they arose and to ensure proper explanation of RDS's recommendations at the board of directors' meetings.

Carpinteria Valley Water District

RDN completed a cost of service and rate setting analysis for the Carpinteria Valley Water District (CVWD). This analysis involved application of customer-level data into our rate-setting model and presenting various rate structure options for CVWD staff and leadership to choose from to ensure future revenue and supply source stability. This study is comprised of a cost of service and rate setting analysis. Rate options presented to CVWD were aimed to minimize rate shock on the District's large agricultural contingent (and customer base in general) to the extent allowable by best utility business practices and local and state legal mandates. Ms. Kido conducted a detailed analysis of agency financials and determined revenue requirements for the study period. Ms. Kido also evaluated the COS model used by the District for compliance with Proposition 218 and consistency with AWWA M1 guidance on proportionality of cost burdens to each customer class. This study followed a review of CVWD's existing, in-house cost of service analysis and rate structure model as well as

preliminary application of our model using District-specific data from previously completed studies and regional proxies from comparable purveyors.

Fremont Valley Preservation Project

RDN provided a rate analysis and 20-year revenue forecast for the Fremont Valley Preservation Project (FVPP) in eastern Kern County. Ms. Kido gave the client guidance on project pricing, general management strategy, and mitigation of potential project risks. Critical issues addressed included the demand, supply, and conveyance facilities in Southern California's enormous regional water market; a review of the essential elements of water demand, supply, and pricing for the water agencies in Southern California most likely to serve as customers and partners for the FVPP; and cost of service analysis deriving prices consistent with alternative sales scenarios. Ms. Kido created a detailed analysis of FVPP costs, revenue, and project demand in Eastern Kern County. She also provided comprehensive review and analysis of revenue streams generated under different supply and demand scenarios. Ms. Kido reviewed applicability of current water rate-related regulations and their implications and effects on revenues. She also led a comparative analysis of other agencies' revenues, costs, and water rate-setting processes.

Golden State Water Company

Golden State Water Company hired RDN to analyze income statements and balance sheets of more than 200 water agencies including mutual water companies, municipal utilities, and investor-owned systems in California to determine types of agency costs and sources and composition of water revenues. Ms. Kido reviewed budgetary documents to break out capital outlays and maintenance expenses for each purveyor. Additionally, Ms. Kido provided technical support for regionally specific detailed reports which compared the different rate structures and expense categories in a meaningful way so that GSWC was able to evaluate competitor's fiscal position.

TECHNICAL SPECIALTIES

-) Rate Education
-) Rate Design
-) Staff Training
-) Public Outreach
-) Rate Administration
-) Rate Monitoring

PROFESSIONAL HISTORY

-) Inland Empire Utility Agency (2014-Present) Senior Environmental Resource Planner
-) Western Municipal Water District (2008-2014) Water Rate, Customer Service, Conservation Advisor
-) Hydrapoint Data Systems (2003-2011) Director of Conservation
-) Irvine Ranch Water District (1991-2003) Water Conservation Coordinator

EDUCATION

-) Bachelor of Science in Ornamental Horticulture (1981) – California State Polytechnic University, Pomona

AWARDS

-) Excellence in Water Conservation – California Urban Water Conservation Council

PUBLICATIONS

-) *Water Preparedness Plan* (2004)
-) *Landscape Management for Water Savings* (1998)
-) *A Guide to High Desert Landscaping* (1991)

Tom Ash

Water-Budget Rate Consultant

Tom Ash has over 30 years of experience in the fields of water use efficiency, public education and horticulture. As a water conservation specialist from the University of California, Tom was the University liaison to water agencies in southern California starting in 1987, and built the first water conservation demonstration garden at Western Municipal WD in 1987. The University moved Tom to Orange County where he was instrumental in the design and implementation of the first water-budget tiered rate structure. That rate design has been described as “the model” for such rates in the US by the EPA. The Irvine Ranch Water District rate structure helped to reduce landscape water by some 58 percent in a few short years, stabilized agency revenues, and grew customer satisfaction to over 90 percent. Tom created and implemented the rate structure allocations, public outreach, and conservation programs that supported the rate structure for homeowners, homeowner associations, the building industry, Agriculture, and commercial water users.

RELEVANT PROJECT EXPERIENCE

-) **State of California** – Efficiency Standard Development
-) **Irvine Ranch Water District** - Rate Development
-) **Palmdale Water District** - Rate Consulting
-) **Coachella Valley Water District** – Rate Consulting
-) **Eastern Municipal Water District** –Rate Consulting
-) **City of Corona** – Rate Consulting
-) **Rancho California Water District** – Rate Consulting
-) **Elsinore Valley Municipal Water District** – Rate Consulting
-) **El Toro Water District** – Rate Consulting
-) **Monte Vista Water District** – Rate Consulting
-) **Moulton Niguel Water District** – Rate Consulting
-) **Western Municipal Water District** – Rate Consulting
-) **East Valley Water District** – Rate Consulting
-) **Las Virgenes Municipal Water District** – Rate Consulting
-) **American Water Works Association** - Study of Water Budget Rate Structures
-) **United States Drought Policy Task Force**
-) **Inland Empire Utilities Agency** – Environmental Planning
-) **Santa Ana Watershed Project Authority** - Advisor to five agencies moving to water budget rates

Bjorn Kallerud, M.Sc.

Economist

TECHNICAL SPECIALTIES

-) Econometric Modeling
-) Database Management
-) Data Visualization
-) Statistical Programming
-) Technical Report Review

PROFESSIONAL HISTORY

-) Robert D. Niehaus, Inc.
(2018-Present) Economist
(2016) Market Researcher

EDUCATION

-) Master of Science in
Economics (2018) –
Stockholm School of
Economics
-) Bachelor of Arts in
Economics & Psychology
(2014) – University of
California, Santa Barbara

PROFESSIONAL MEMBERSHIPS

-) National Association of
Business Economics

Bjorn is a quantitative economist specializing in application of statistical programming to water rate and housing market analyses. He is an integral part of RDN's water, housing, and regional econometric modeling teams. He has conducted demand and financial analyses in support of rate-setting for water agencies throughout California. He has prepared a housing market assessments in the United States and Europe and analyzed alternative methodologies for the DOD's Basic Allowance for Housing program. His M.Sc. in Economics is from the Stockholm School of Economics (emphasis in applied economic analysis), and his B.A. in Economics is from U.C. Santa Barbara (with distinction). His master's thesis addressed the effects of drought on irrigation decisions regarding use of ground water and surface water in the agricultural sector.

RELEVANT PROJECT EXPERIENCE

Apple Valley Heights County Water District

RDN developed a cost-of-service and rate design analysis for Apple Valley Heights County Water District. Included in the analysis were a long-term financial plan and water rate study designed to ensure future system solvency for the District. Mr. Kallerud implemented monthly customer-level data in order to make water consumption demand projections for the District. Mr. Kallerud developed an auto-regressive moving-average model for water consumption to incorporate seasonal variations in the data.

U.S. Department of Defense Travel Management Office

The U.S. Department of Defense Travel Management Office contracted RDN to conduct a study regarding the calculation for utility allowance for service members under their Basic Allowance for Housing program. The purpose of the study was to analyze the accuracy of utility expenditures under the current model. Mr. Kallerud developed a utility expenditure model based on the Housing and Urban Development Utility Schedule Model in order to calculate estimated utility expenditures for various housing types over 300 Military Housing Areas in the United States.

Sheep Creek Water Company

RDN was contracted by the California Rural Water Association to conduct a rate consultation for the Sheep Creek Water Company. The Sheep Creek Water Company is a municipal water company that recently implemented a new rate system. Water rates for customers of the Sheep Creek Water Company are based on the number of shares each customer owns. The goal of the study was to analyze the expected effectiveness of the new rate system. Mr. Kallerud worked closely with the district to ensure that the water demand projections included in the study would account for the current state-imposed moratorium on connections for the Sheep Creek Water Company. In addition, Mr. Kallerud employed several types of data visualization in the final report, which in addition to a series of descriptive statistics, provided the Sheep Creek Water Company with a deeper insight into previous usage by their customers.

Anthony Elowsky

Analyst

TECHNICAL SPECIALTIES

- Database Management
- Rate Comparison
- Data Analysis
- Technical Report Review
- Cost of Service Rate Studies
- Data Science Modeling

PROFESSIONAL HISTORY

- Robert D. Niehaus, Inc.
(2018-Present) Analyst
(2017-2018) Market
Researcher
- Dudek Environmental Inc.
(2016-2017) Field
Technician
- California State University,
Fullerton (2014-2016)
Graduate Assistant

EDUCATION

- Master of Arts in
Anthropology (expected
2019) – California State
University, Fullerton
- Bachelor of Arts in
Anthropology (2014) –
California State University,
Los Angeles

PROFESSIONAL MEMBERSHIPS

- American Water Works
Association
- California Rural Water
Association

Mr. Elowsky has conducted comparative water rate analyses and compiled and analyzed data on water rates and financial information for more than 100 purveyors throughout California. Mr. Elowsky has been integral in the completion of multiple water and wastewater rate studies for the California Rural Water Association. He is proficient in cleaning and visualizing customer billing records with R, modeling Cost of Service (COS) analysis, and has worked on multiple customer facing applications.

RELEVANT PROJECT EXPERIENCE

Mariana Ranchos County Water District

Mariana Ranchos County Water District (MRCWD) recently retained RDN to develop a cost-of-service and rate design analysis. RDN completed a long-term financial plan and water rate study designed to fund the District's rising costs to supply water in addition to the District's capital improvement plans. MRCWD's general manager expressed concerns about proposition 218 compliance in the District's current tiered rates. During close consultations, MRCWD also expressed an interest in reducing customer usage and promoting conservation. Mr. Elowsky developed a statistical model in the R programming language to project future customer usage. Even considering a reduction in usage, the rates proposed by RDN provide revenue stability and financial sufficiency by producing 49 percent of District revenue through fixed charges. Mr. Elowsky reviewed the draft report which was provided to the District.

Patterson Community Services District

Patterson Tract Community Services District contracted RDN to provide a rate consultation which included financial planning, a revenue requirements analysis, a cost of service study, and a rate-setting analysis with multiple levels of detailed analyses to address District strategic and financial goals. District revenues did not provide sufficient revenues to maintain system solvency. Mr. Elowsky developed a rate model which addressed the financial needs of the district. RDN proposed a significant rate restructure for the District which included minimal rate increases for District Customers. RDN's proposed rates maintained 70 percent of revenues through fixed charges while still promoting conservation among District customers. Mr. Elowsky assisted in the completion and the review of the draft report provided to District representatives.

Manatt, Phelps, & Phillips, LLP

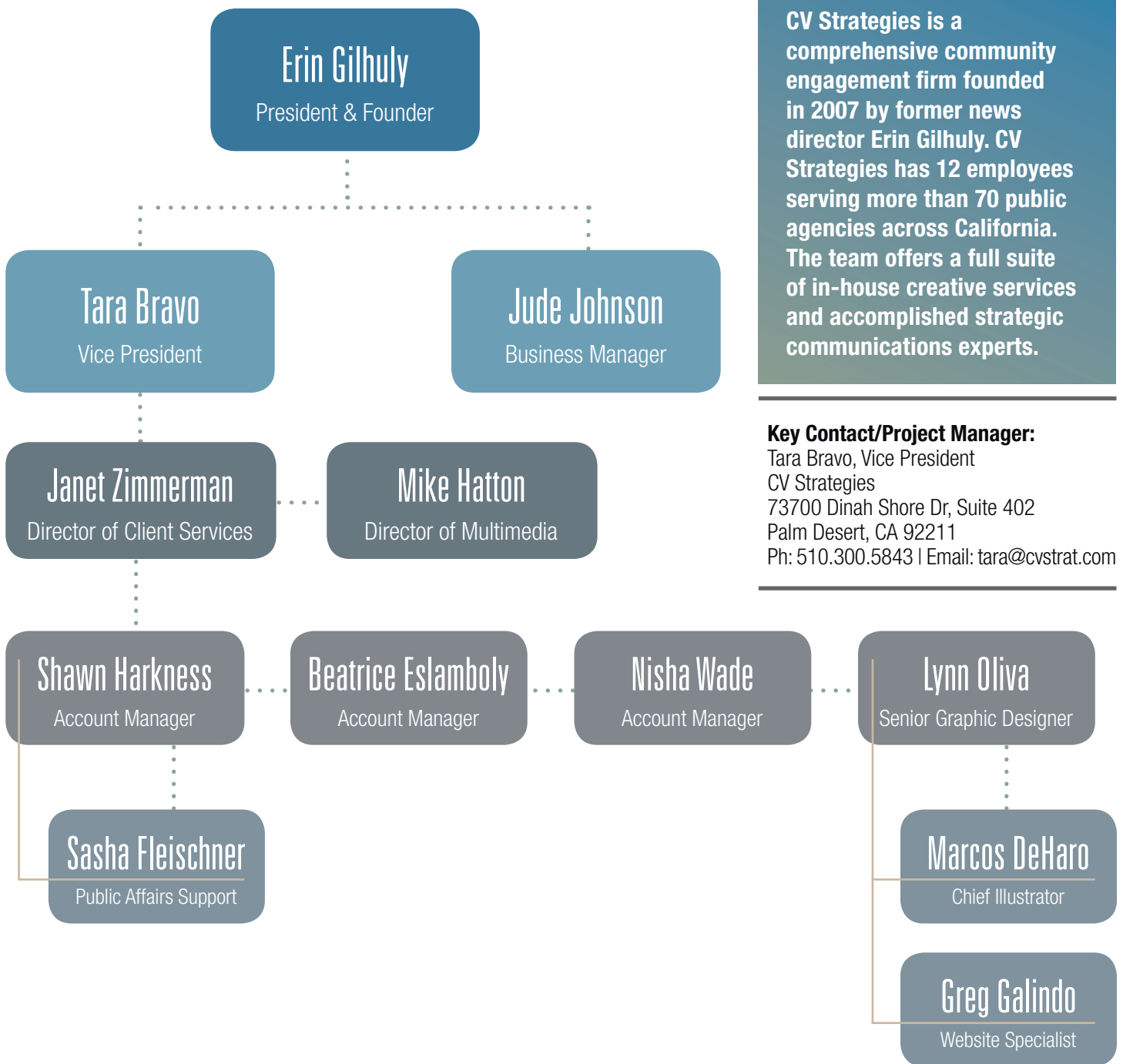
Manatt, Phelps, & Phillips, LLP hired RDN to complete a statewide (CA) comparison of water rates for a pending legal action. Mr. Elowsky researched, analyzed, and compared water rate structures of over 100 distinct agencies around the state. To accompany the comparison, Mr. Elowsky prepared draft reports which focused on different regional variations. Data collected included rate-structures, audited financial statements, budgets, urban water management plans, and other planning documents. In addition, Mr. Elowsky produced a systematic model to compare specific agencies rates versus the actual customer costs.

Partial Client List and Recent Experience //

Below is a brief list of pertinent agencies and cities for which CV Strategies has developed outreach and messaging campaigns:

- American Water Works Association, CA-NV
- Association of California Water Agencies Joint Powers Insurance Authority
- Beaumont-Cherry Valley Recreation and Park District
- Basin Technical Advisory Committee - iEfficient
- Bellflower-Somerset Mutual Water Company
- Byron-Bethany Irrigation District
- California Association of Local Agency Formation Commissions
- California Association of Mutual Water Companies
- California City Management Foundation
- California Product Stewardship Council
- California Utility Executive Management Association
- Castaic Lake Water Agency
- Castro Valley Sanitary District
- Chino Basin Conservation District
- Chino Basin Watermaster
- City of Banning
- City of Beaumont
- City of Chino
- City of Chino Hills
- City of Coachella
- City of Colton
- City of Corona
- City of Desert Hot Springs
- City of Eureka
- City of Indio
- City of La Quinta
- City of Ontario
- City of Oxnard
- City of Pomona
- City of Redlands
- City of Rialto
- City of Riverside Public Utilities
- City of San Carlos
- City of Santa Ana
- City of Santa Paula
- Coachella Valley Regional Water Management Group
- Coachella Valley Water District
- Coachella Water Authority & Sanitary District
- Crescenta Valley Water District
- Cucamonga Valley Water District
- Desert Water Agency
- Desert Healthcare District
- Eastern Municipal Water District
- East Valley Water District
- Elsinore Valley Municipal Water District
- First Solar
- Growing Coachella Valley
- Hi-Desert Water District
- Indio Water Authority
- Jurupa Community Services District
- La Entrada – New West Communities
- La Puente Valley County Water District
- Large-Scale Solar Association
- Main San Gabriel Basin Watermaster
- Mission Springs Water District
- NextEra Energy Resources
- Pico Water District
- Pioneers Memorial Healthcare District
- Rialto Water Services
- Rivers and Lands Conservancy
- Rowland Water District
- Rubidoux Community Services District
- Salton Sea Action Committee
- Salton Sea Authority
- San Bernardino County Superintendent of Schools
- San Bernardino Municipal Water Department
- San Bernardino Valley Municipal Water District
- San Bernardino Valley Water Conservation District
- San Gabriel County Water District
- San Gabriel Valley Water Association
- San Geronio Pass Water Agency
- Santa Ana Sucker Fish Task Force
- Santa Ana Watershed Project Authority
- Santa Clarita Water Division
- Scotts Valley Water District
- SCV Water
- Southern California Association of Governments
- Turlock Irrigation District
- United Water Conservation District
- Valley County Water District
- Valley Sanitary District
- Walnut Valley Water District
- West Valley Water District
- Western Municipal Water District
- Yucaipa Valley Water District

Project Team Information //



Project Team //

CV Strategies President and Founder Erin Gilhuly will serve as project director to ensure all objectives of the proposal are satisfied. Vice President Tara Bravo takes a hands-on approach as project manager, coordinating all team members to drive the project forward. Copywriting and meeting facilitation responsibilities are handled by Director of Client Services Janet Zimmerman, with additional copy crafted by Account Managers Shawn Harkness, Nisha Wade and Beatrice Eslamboly. Director of Multimedia Mike Hatton will obtain and edit video as necessary. Senior Graphic Designer Lynn Oliva will create the concept and design of all layouts, while Chief Illustrator Marcos DeHaro executes the creative work. Website Specialist Greg Galindo will integrate graphics, plugins/tools, and content into the website as needed. Public Affairs Support Sasha Fleischner will assist with research, writing and graphic support.

Project Availability //

Key personnel will be available to the extent proposed for the duration of the project. No person designated as “key” to the project shall be removed or replaced without the prior written concurrence of the client.

The CV Strategies creative team is skilled at developing highly targeted marketing communications and branding through key messaging and dynamic graphics. We have more than a decade of experience working throughout California and our expert team is well-versed in the messaging needs of cities and public utility agencies.

CV Strategies’ graphic designers and staff photographer are experienced professionals who are able to quickly generate original and compelling artwork for printed and electronic materials. The firm’s graphic designers are as comfortable translating complicated, technical information into an infographic as they are creating eye-catching iconography and incorporating photos for flyers and newsletters. We have been responsible for developing numerous advertising campaigns from start to finish and have created comprehensive, themed campaigns that included mascot, logo and collateral design.

Our skills are diverse, but ultimately, we are storytellers, and our capabilities have proven effective again and again. We know how to captivate the general public in creative, engaging ways with otherwise complex information.

CV Strategies has its own in-house creative services – conception, copywriting, design, web production, photography, videography, social and digital media. This combined-services approach improves cost control and responsiveness, while close interaction between designers and account coordinators results in deliverables that are cohesive, targeted and harmonious.

Software/hardware/equipment capabilities //

SOFTWARE:

- » Adobe Creative Suite:
 - Acrobat
 - After Effects
 - InDesign
 - Illustrator
 - Photoshop
- » Microsoft Office products:
 - Word
 - Excel
 - PowerPoint
- » Prezi: presentation builder

HARDWARE:

- » High quality devices for raw data input, such as digital photography, video cameras, drones and microphones
- » Processing devices, such as Mac and PC platforms with ability to:
 - manipulate photos, text, correct color, lay out pages, illustrate
 - produce quality color proofs for client review
 - provide electronic artwork to printers and vendors.
- » Storage devices: such as flash drives, hard drives, CDs and online archive services.

ERIN GILHULY

President & Founder

EDUCATION

University of Southern California

Los Angeles, California

Bachelor of Arts Degree // Broadcast Journalism

Pacific Southwest Chapter Emmy // June 2004
Best Newscast Winner

Communicator Award Winner // January 2006
Breaking News

Bill Stout Memorial Award of Excellence Winner
// March 2006

Best Spot News Coverage Winner // March 2006

PRSA Capella Award // October 2012
Western Municipal Water District
Strategic Plan

ABA Stevie Award // June 2015
iEfficient
Water Conservation Website

ABA Stevie Award // June 2015
iEfficient
Water Conservation Campaign

PRSA Capella Award // November 2015
Elsinore Valley Municipal Water District
Notice of Public Hearing

PRSA Capella Award // November 2015
iEfficient
Water Conservation Campaign

CAPIO Award of Distinction // April 2016
East Valley Water District
Transitioning to Budget Based Rates

CAPIO Award of Merit // April 2016
Rowland Water District
Strategic Plan

PRSA Polaris Award // November 2016
Elsinore Valley Municipal Water District
Water Quality Report

PRSA Polaris Award // November 2016
Western Municipal Water Department
WRCRW Outreach Campaign

PRSA Polaris Award // November 2016
Cucamonga Valley Water District
Drought Response Campaign

CAPIO Award of Excellence // April 2017
Elsinore Valley Municipal Water District
Water Quality Report

CAPIO Award of Merit // April 2017
Association of California Water Agencies
The New Wave Video

An Emmy award-winning journalist with over 25 years in the communications industry, Erin Gilhuly is the President and Founder of CV Strategies, a Southern California strategic communications and public engagement firm serving corporate, government and non-profit clients.

Erin has led the communications and public affairs support team and overseen graphics development for myriad cities, water districts, and nonprofit organizations across the state for more than a decade. As a master trainer and talented mediator, she has provided guidance to numerous government agencies through the strategic planning process, leading workshops and providing key messaging strategies to gain positive public perception. Her insights into the minds of reporters and editors are often one step ahead of the story of the day, offering a highly valuable service that is difficult to match.

WORK EXPERIENCE

CV Strategies // 2007 – Present

President

- Owner and operator of strategic communications firm serving large and small clients throughout Southern California and beyond.
- Has led strategic messaging plans for more than 70 public agencies, including the City of Chino, City of Ontario, and Jurupa Community Services District.
- Responsible for facilitating and developing award-winning strategic plans for public sector clients.
- Skilled at demonstrating to clients how to execute the strategic plan, once adopted.
- Specialist in all forms of communication dissemination, including targeted messages that engage stakeholders in the strategic planning process and ultimate buy-in.
- Skilled at multiple audience management using public relations, community relations and government relations.
- Responsible for oversight and direction for all client messaging.
- Guides City Council, Board of Directors, and Executive Staff through media and spokesperson training, providing unparalleled insider feedback.

Kiner Communications // 2006 – 2007

Vice President, Public Relations

Responsible for managing all media interaction and public contact points for Kiner Communications and its large client base.

CBS 2 // 2002 – 2006

News Director

Operated and managed 50-person news department for Palm Springs area CBS affiliate since station's launch in the Fall of 2002.

KESQ TV, KUNA TV, KDFX TV // 1996 – 2002

News Director

Operated and managed 50-person news department for Palm Springs area ABC affiliate.

KESQ TV // 1995 – 1996

Assignment Manager/Managing Editor

Responsible for all news gathering and content management for Palm Springs area ABC affiliate.

KFWB AM // 1993 – 1995

News Editor

Responsible for managing news assignments and content gathering for Los Angeles area all-news radio station.

SELECT ACCOMPLISHMENTS

TARA BRAVO

Vice President

EDUCATION

California State University, East Bay

Hayward, California

Bachelor of Science // Business
Administration

Graduated Cum Laude

Cogswell Polytechnical College

Sunnyvale, California

Computer Arts Focus

SELECT ACCOMPLISHMENTS

PRSA Capella Award // October 2012

Western Municipal Water District
Strategic Plan

ABA Stevie Award // June 2015

iEfficient
Water Conservation Website

ABA Stevie Award // June 2015

iEfficient
Water Conservation Campaign

PRSA Capella Award // November 2015

Elsinore Valley Municipal Water District
Notice of Public Hearing

PRSA Capella Award // November 2015

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CAPIO Award of Distinction // April 2016

East Valley Water District
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CAPIO Award of Merit // April 2016

Rowland Water District
Strategic Plan

PRSA Polaris Award // November 2016

Elsinore Valley Municipal Water District
Water Quality Report

PRSA Polaris Award // November 2016

Western Municipal Water Department
WRCRWA Outreach Campaign

PRSA Polaris Award // November 2016

Cucamonga Valley Water District
Drought Response Campaign

CAPIO Award of Excellence // April 2017

Elsinore Valley Municipal Water District
Water Quality Report

CAPIO Award of Merit // April 2017

Association of California Water Agencies
The New Wave Video

Tara has been key in translating highly technical information into visual materials that are accessible and compelling. She has served as the architect of multiple, complex strategic outreach efforts that included enhanced website design and development and brand implementation. Her knack for designing public engagement material has created award-winning collateral and user-friendly government documents.

In addition to running her own graphic design business for seven years, Tara Bravo has managed marketing teams, coordinated sales campaigns, developed relationships with vendors and built new ones with clients before joining CV Strategies in 2010.

WORK EXPERIENCE

CV Strategies // 2010 – Present

Vice President

- Expert communications strategy consultant for the Inland Empire's largest communications firm.
- Has designed, managed and implemented strategic messaging plans and social media campaigns for numerous public agencies and municipalities, including the cities of Coachella, Oxnard, and Indio and their water and sewer utilities.
- Designs award-winning strategic plans, Proposition 218 notices and conservation campaigns.
- Navigates a varied list of clients through a multitude of media, messaging, and audiences.
- Builds and develops relationships with local media to enhance messaging opportunities.
- Responsible for leading the development of collateral for a multitude of client needs, including strategic plans, newsletters, postcards, brochures, reports, data sheets, letterhead, and business cards.
- Designs websites and other online presence, including bill estimators and rates microsites.

Bravo Expressions // 2003 – 2010

President & Founder

Designed logos, brochures, datasheets, letterhead, websites, etc. Developed collateral and website presences for community college clients. Coordinated multiple tradeshow booths and conferences including: the Infosys Annual Conference and the William Berry Campaigns presence at the American Association of Community Colleges Conference.

GMG Distributors // 2006 – 2007

Marketing Manager

Raised \$120,000 of marketing support through vendor relations for 2007, an increase of 23.05% over the previous year. Produced and coordinated the printing of quarterly catalogs. Designed, wrote and implemented the 2007 Marketing Program.

Bay Advanced Technologies // 2000 – 2003

Marketing Coordinator

Designed company website, corporate brochure and all corporate collateral. Handled all event planning in regards to both parties for customers and employees. Created and coordinated all tradeshow presences from 2001-2003, including setup and teardown.

Client References // Rates Outreach

REFERENCE 1 // November 2017 – March 2018	
CLIENT INFORMATION	City of Coachella // Coachella Water Authority & Sanitary District 1515 Sixth Street, Coachella CA 92236
CONTACT	William Pattison, City Manager bpattison@coachella.org Ph: 760.398.3502
REFERENCE 2 // October 2016 – present	
CLIENT INFORMATION	City of Chino 13220 Central Avenue, Chino, CA 91710
CONTACT	Matthew Ballantyne, City Manager mballantyne@cityofchino.org Ph: 909.334.3304
REFERENCE 3 // January – May 2016	
CLIENT INFORMATION	Coachella Valley Water District 75525 Hovley Lane East, Palm Desert, CA 92211
CONTACT	Katie Evans, Director of Communications and Conservation KEvans@cvwd.org Ph: 760.398.2661 Ext. 2353
REFERENCE 4 // August – October 2017	
CLIENT INFORMATION	Eastern Municipal Water District 2270 Trumble Road, Perris, CA 92570
CONTACT	April Coady, Senior Communications Program Manager coadya@emwd.org Ph: 951.928.3777 Ext. 4386
REFERENCE 5 // April – August 2017	
CLIENT INFORMATION	Elsinore Valley Municipal Water District 31315 Chaney Street, Lake Elsinore, CA 92530
CONTACT	John Vega, General Manager jvega@evmwd.net Ph: 951.674.3146 Ext. 8223
REFERENCE 6 // August 2016 – January 2017	
CLIENT INFORMATION	Rowland Water District 3021 Fullerton Road, Rowland Heights, CA 91748
CONTACT	Tom Coleman, General Manager TColeman@Rowlandwater.com Ph: 562.697.1726
REFERENCE 7 // August - December 2014	
CLIENT INFORMATION	Walnut Valley Water District 271 S Brea Canyon Rd, Walnut, CA 91789
CONTACT	Erik Hitchman, General Manager ehitchman@wwwd.com Ph: 909.595.1268

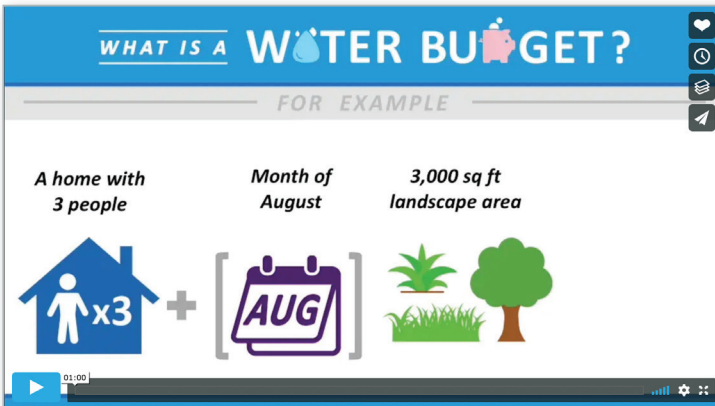
Video Presentation Examples //



City of Chino

Budget-Based Rates outreach

LINK: <https://vimeo.com/275941828>



Eastern Municipal Water District

Budget-Based Rates outreach

LINK: <https://vimeo.com/292415798>



East Valley Water District

Budget-Based Rate Structure outreach

LINK: <https://www.eastvalley.org/300/Budget-Based-Rates>



City of Indio // Indio Water Authority

Rate Structure outreach

LINK: <https://vimeo.com/151276080>

Bill Insert Examples //

Bellflower-Somerset Mutual Water Company Rates outreach

Bellflower-Somerset Mutual Water Company – April 2017
Preserving. Protecting. Providing.



RATES:

Important information about your water rates

Changes in your rates and charges will be in effect as of July 1, 2017

1 HCF (one hundred cubic feet) is equal to 748 gallons.



SINGLE FAMILY RESIDENTIAL		
Tiers	Allocation	Rates (Per HCF)
Tier 1	0 – 16 hcf	\$1.29
Tier 2	17 – 27 hcf	\$1.58
Tier 3	28+ hcf	\$1.79

COMMERCIAL/ MULTIFAMILY/ NON-RESIDENTIAL/ IRRIGATION
Rates (Per HCF)
\$1.47

CONSTRUCTION WATER
Rates (Per HCF)
\$2.67

CAPITAL IMPROVEMENTS

Stability. Responsibility. Stewardship.

REPAIRS

Preserving our infrastructure

The following equipment is being repaired or replaced to improve outdated pumps, pipes and other equipment, ensuring delivery of quality water throughout the community:

- 💧 Distribution system equipment (i.e. fire hydrants, air/vacuum release valves, etc.)
- 💧 Groundwater well equipment
- 💧 Pump system electrical equipment

MAINTENANCE

Protecting our water supply for future generations

- 💧 Main, valve, and service line replacements to enhance efficiency of water delivery.
- 💧 Pump house buildings will provide higher security, noise reduction, and blend in with surrounding housing developments and buildings.
- 💧 Replacements of well system equipment will increase operational life.



INSTALLATION

Providing high quality drinking water to our community

- 💧 Installing an Automatic Meter Reading System to ensure accurate, economical, and timely service.
- 💧 Installing Supervisory Control and Data Acquisition (SCADA) system on all production and storage facilities to provide comprehensive, efficient monitoring and controlling of local and/or remote operations.
- 💧 Drilling a high production well to increase water supply and storage.

Postage info

Providing.

ing reliable drinking water by

system that delivers high-quality pumps and equipment need to up the cost of moving water.

the true cost of service. As a levels of pricing for residential


Bellflower-Somerset Mutual Water Company | 10016 Flower Street Bellflower, CA 90706 | 562.866.9980 | BSMWC.com



customers that are based on consumption. Customers who use water efficiently indoors and out will pay the lowest price. Those in multi-family housing and non-residential customers pay one flat rate. By law, revenue from water rates can only be used to fund the actual cost of service; Bellflower-Somerset does not profit from an increase.


These rate changes go into effect on July 1, 2017, and will increase annually through 2021. A tiered rate structure more accurately covers expenses and allocates the cost of water to customers.

Bellflower-Somerset Mutual Water Company | 10016 Flower Street Bellflower, CA 90706 | 562.866.9980 | BSMWC.com



TWENTYNINE PALMS WATER DISTRICT REMINDER:

Changes in your rates and charges are in effect – as of January 1, 2017



WATER RATE SCHEDULE FIXED SERVICE CHARGE

METER SIZE	In effect as of 1/1/2017
5/8-inch	\$23.26
3/4-inch	\$23.26
1-inch Dual Service-Residential	\$23.26
1-inch	\$32.49
1.5-inch	\$55.57
2-inch	\$83.27
3-inch	\$170.97
4-inch	\$300.22
6-inch	\$609.51

COMMERCIAL FIRE METERS FIXED SERVICE CHARGE

METER SIZE	In effect as of 1/1/2017
2-inch	\$54.25
3-inch	\$107.56
4-inch	\$149.65
6-inch	\$289.95
8-inch	\$458.30
10-inch	\$1,243.95

NON-POTABLE METERS FIXED SERVICE CHARGE

2-inch	\$862.57
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COMMODITY CHARGES FOR ALL WATER CONSUMED

METER SIZE	In effect as of 1/1/2017
Commodity Charge Per HCF - Potable	\$2.79
Commodity Charge Per HCF - Non-Potable	\$0.52
Pay Station, Utah Trail Charge Per Gallon	\$0.0103

Projected Increase in Rate Revenue per Financial Plan: 6%

1 HCF (one hundred cubic feet) is equal to 748 gallons.


Twentynine Palms Water District | 72401 Hatch Road Twentynine Palms, CA 92277-2935 | (760) 367-7546 | www.29palmswater.net




TWENTYNINE PALMS WATER DISTRICT REMINDER:

Changes in your rates and charges are in effect – as of January 1, 2017


The District worked diligently with NBS Government Finance Group in 2015 to determine the appropriate level of rates that should be charged over the next five years to ensure that the District meets its mandate to provide safe and reliable water to its ratepayers. **A comprehensive financial plan was developed, taking into account several factors including but not limited to the following:**




RESERVES – Reserves that are kept at optimal levels to allow for unanticipated events and ensure fiscal stability and health.




UNFUNDED NON-CASH EXPENSES – Funds set aside each year for benefits to ensure that current costs are not passed on to future ratepayers.




INFLATION – Costs due to regulations that continue to increase with inflation and the cost of living index.



UNFUNDED MANDATES – Providing a Salt Nutrient Management Plan and a Waste Water Master Plan, new drinking water regulations, Hexavalent Chromium regulations, new Universal Contaminant Monitoring Rules, and Fluoride Variance.



CONSERVATION – Necessary and in compliance with state mandated regulations.



DEBT SERVICE COVERAGE RATIO – The rating agencies require the District to have rates that cover 125-150 percent of all expenses.

The rate increase took effect in 2016 and will continue to increase 6% each year for the next three years. **Please see reverse side for the current rates.**

Bill Insert Examples // Coachella Valley Water District

Rates outreach

Funding Groundwater Replenishment Programs Frequently Asked Questions

Coachella Valley Water District's Board of Directors is in the process of setting groundwater pumping rates. These rates include the cost of purchasing imported water that is used to replenish the underground basin that provides a large portion of our water supply. By putting water back into the ground, we can maintain healthy water levels in the basin and ensure this source is available for the future. The rate structure is complex, since costs vary depending on the area served, the source of the replenishment water, and other factors.

Why does the groundwater basin need to be replenished?

The Coachella Valley obtains nearly all of its drinking water from the groundwater basin. Taking more water from a basin than is put back can have serious consequences, including increased pumping costs for all water users, reduced water quality issues. CVWD uses the State Water Project (SWP) and the Colorado River and the facilities to distribute water supply system and economic vitality and quality.

What is the Replenishment Charge (RAC)?

The RAC, which applies to all water or more per year, is a charge for the replenishment program. CVWD and Coachella, HOAs, golf courses, and other users pay different rates based on where they are located and the contracts and agreements they have with the suppliers. The RAC also funds the water supply system, which large water users, such as the Coachella Valley, use for groundwater.

Why do RAC charges vary between areas?

Water costs are higher in the Coachella Valley than in the primarily replenished areas. A Colorado River entitlement for the East Valley SWP entitlements.

What does the State Water Project (SWP) tax have to do with replenishment?

This tax is collected throughout the District to support groundwater replenishment. The SWP tax repays domestic customers for the East Valley Replenishment Facility about 40 percent of the cost.

WHY CHANGE WATER RATES?



CVWD is dedicated to setting water rates that treat customers fairly and reflect the true cost of service while protecting the district's financial stability.

While water rates have remained unchanged since 2010, CVWD now faces unprecedented financial challenges. These include:

DROUGHT AND STATE-MANDATED CONSERVATION
While conservation is critical, CVWD needs to find ways to provide its customers with the same level of service, reliability and high-quality water with reduced revenue.

CALIFORNIA'S NEW CHROMIUM-6 REGULATION
At the same time revenues are declining, complying with California's new drinking water standard for chromium-6 will require an estimated \$250 million in new treatment facilities and infrastructure as well as ongoing operation and maintenance costs.

DRINKING WATER SYSTEM MAINTENANCE AND ENHANCEMENT
Proactive upgrades and improvements to the water system are critical to serve the 318,000 residents that depend on CVWD for reliable water service every day.

HOW DO I LEARN MORE?

CVWD will continue to share information in a number of ways as the Board of Directors considers proposed rate changes and changes to the rate structure.

We will also provide the opportunity for you to ask questions and share your opinions.



CONNECT WITH US:

VISIT US ONLINE AT CVWD.ORG/RATES.

Our dedicated rates page has additional information, including a schedule of community meetings, the cost of service analysis and other documents, and answers to frequently asked questions.

JOIN US AT A COMMUNITY MEETING.

CVWD has scheduled a number of community meetings, including March 24 and March 28 at TIME AND LOCATION. For a complete list of meetings, visit www.CVWD.org/ratechanges.

CHECK YOUR MAIL FOR ADDITIONAL INFO.

As we learn more about potential rate changes, we will send you additional information, including a detailed breakdown of proposed rates and their impacts to bills.



COACHELLA VALLEY WATER DISTRICT
CUSTOMER SERVICE PHONE: (760) 391-9600

IMPORTANT MESSAGE ABOUT POTENTIAL CHANGES TO YOUR WATER RATES

Coachella Valley Water District is currently evaluating the costs of providing water service to our customers. As part of this process, the CVWD Board of Directors will consider changes to the rates the district charges for water service, and to how those rates are structured.

CVWD is committed to keeping community members informed about all issues that impact water rates. Throughout this process, we will share information through the mail, at public meetings, online, and in your bills.

We welcome your questions and input during this extensive and critical process. Please visit www.cvwd.org/ratechanges for more information, or call us at (760) 391-9600.



THANK YOU FOR YOUR PARTICIPATION.

PARA OBTENER ESTA INFORMACIÓN EN ESPAÑOL, LLAME AL (760) 391-9600

THIS IS YOUR BILL?



recovery costs associated with providing high-quality water service without interruption, including operation and maintenance of nearly 100 wells and 2,000 miles of pipes, as well as water testing and treatment.



VOLUMETRIC RATES, the charge that depends on the amount of water you use, would decrease in tier 1 and increase in all other tiers for most CVWD customers in the first year of the rate plan. Customers have direct control of this portion of their bill by staying within their water budget.

allowance designed to meet your unique needs, will be calculated differently. Indoor and outdoor budgets will be reduced to reflect industry standards based on today's water-efficient appliances and increased use of desert-friendly landscaping.

DID YOU KNOW?

As a public water agency, CVWD cannot earn a profit: the district can only charge its customers the cost associated with providing water service.

If the Board of Directors approves the changes, the new rates and rate structure will take effect on July 1, 2016, with a long-term plan calling for five years of increases.

In the first year, a typical single family residential customer who uses 20 CCF of water (1 CCF = 748 gallons) would see their monthly water bill increase by approximately \$6.

As the rate plan is finalized, more information will be sent to all CVWD customers. This information will include more detailed impact tables. In addition, a complete breakdown of bill impacts is available at www.CVWD.org/ratechanges.


For any questions or concerns, please call customer service at (760) 391-9600.

PARA OBTENER ESTA INFORMACIÓN EN ESPAÑOL, LLAME AL (760) 391-9600

Social Media Post Examples //

Mission Springs Water District
December 13, 2017 · 🌐

Mission Springs water is tested at multiple locations each and every week to ensure that you have the highest quality drinking water that is compliance with all state and federal health standards.



Mission Springs Water District
July 21, 2017 · 🌐

#DidYouKnow that Mission Springs Water District draws water from the Mission Creek Subbasin, which is at the top of the Salton Sea Watershed? We are here to "Provide, Protect and Preserve our most valuable resource—water." #MSWD #MissionSpringsWater




Pico Water District
November 19, 2018 · 🌐

Safeguarding our water supply is a commitment Pico Water District takes seriously. By proactively identifying capital improvement opportunities and continuously seeking ways to improve service, the district works to ensure the quality and reliability of your water today and well into the future. That is why Pico Water District will spend more than \$3 million dollars on capital improvement projects in the 2018 fiscal year.



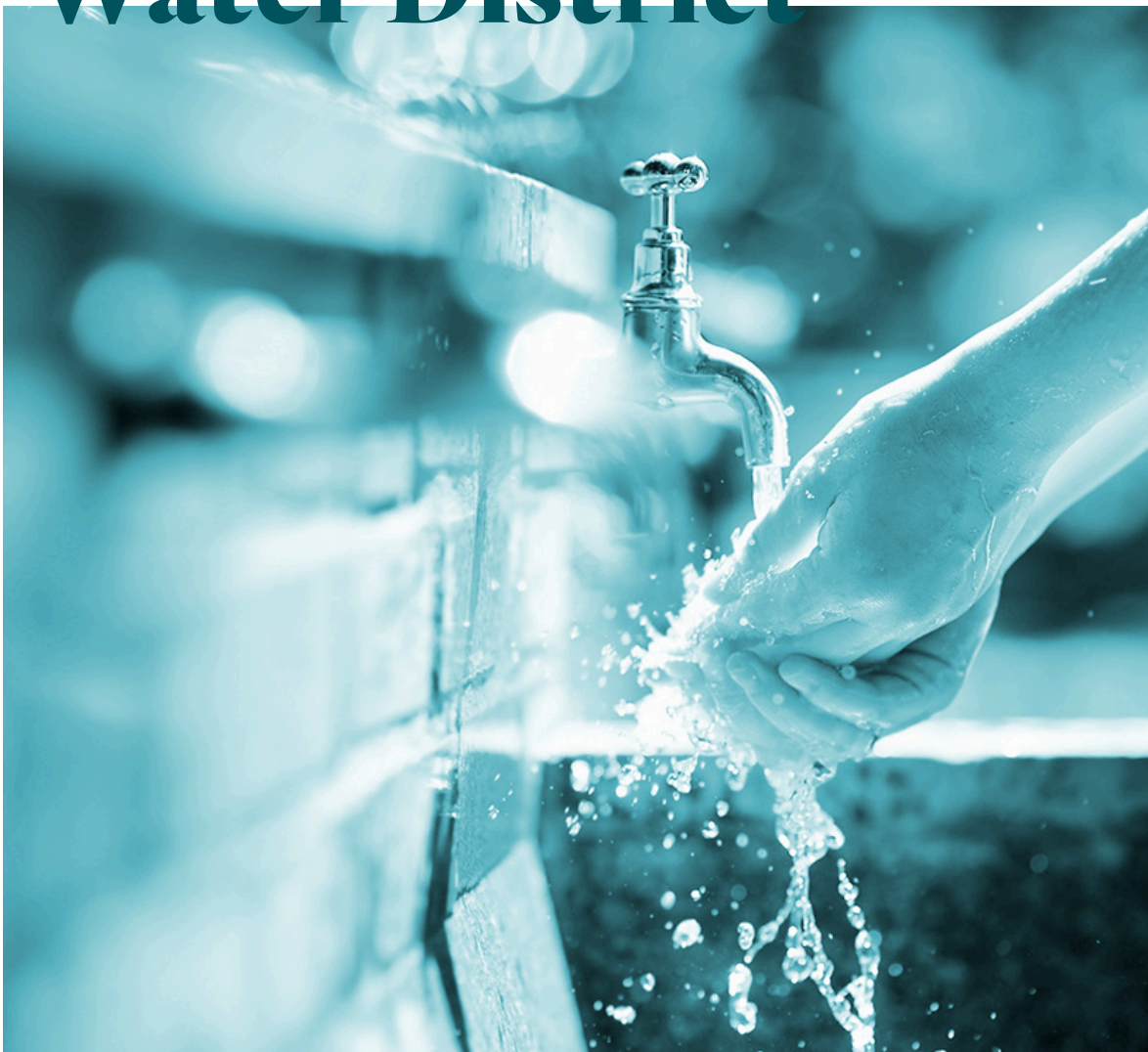
Indio Water Authority
July 19, 2018 · 🌐

Reservoir lakes aren't the only way to contain large amounts of water. The IWA relies on storage tank reservoirs to deliver fresh water during not-so-rainy days.





Palmdale Water District





Raftelis is registered with the U.S. Securities Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB) as a Municipal Advisor.

Registration as a Municipal Advisor is a requirement under the Dodd-Frank Wall Street Reform and Consumer Protection Act. All firms that provide financial forecasts that include assumptions about the size, timing, and terms for possible future debt issues, as well as debt issuance support services for specific proposed bond issues, including bond feasibility studies and coverage forecasts, must be registered with the SEC and MSRB to legally provide financial opinions and advice. Raftelis' registration as a Municipal Advisor means our clients can be confident that Raftelis is fully qualified and capable of providing financial advice related to all aspects of utility financial planning in compliance with the applicable regulations of the SEC and the MSRB.

March 14, 2019

Mr. Michael Williams
Finance Manager
Palmdale Water District
2029 East Avenue Q
Palmdale, CA 93550

Subject: Proposal for Water Rate Analysis, Water Rate Structure Modifications, Multi-year Water Rate Plan, and Proposition 218 Process/Public Hearing Support

Dear Mr. Williams:

Raftelis is pleased to submit this proposal to perform a water rate analysis, rate structure modification, and multi-year rate plan for Palmdale Water District (District). We are also pleased to assist with the Proposition 218 process and public hearing support.

We have the largest water and wastewater rate consulting practice in California and the nation. We are also well-regarded throughout California as the leader in justifying rates and developing the most well documented administrative record for the Study. For example, in 2018, I, Sanjay Gaur and proposed Project Manager for this study, led an all-day rate principles and rate design workshop at the California Society of Municipal Finance Officers. This workshop also included lead Proposition 218 attorney, Kelly Salt, from BBK and discussed the legal framework in how to develop defensible rate structures. Moreover, we have senior staff specializing in public outreach strategy with a proven track record of effectiveness in hostile environments.

To assist the District with this project, we have assembled a Project Team with extensive experience and a reputation for quality service. I will serve as Project Manager and be responsible for the efficient and timely execution of the project ensuring that we are within budget. I have more than 20 years of public-sector consulting experience, and have worked on numerous rate studies throughout California, including 14 water budget rate studies. Mr. Habib Isaac, as Technical Reviewer, brings more than 16 years of experience serving public agencies, and has worked with numerous agencies on building comprehensive financial plans and rate structures. He will be responsible for reviewing the project deliverables to ensure they meet both Raftelis and industry standards. Mr. Sudhir Pardiwala, with 40 years of experience in financial studies and engineering, will be the Project Director. He will be responsible for the overall project accountability and also be available to provide insights to the project. In addition, our team includes several highly skilled and qualified consultants from our Southern California offices to conduct analyses and prepare deliverables for the project. Furthermore, the District will have the support of Raftelis' full staff of more than 80 consultants, including 14 consultants in our West Coast offices, to assist with analyses and preparing deliverables for the project.

Raftelis is confident in our ability to facilitate the development of a sustainable financial plan and an equitable water budget rate structure that is compliant with Proposition 218 and adheres to industry standards and regulations. With our industry expertise and depth of resources, we can provide a value-added product that efficiently and successfully implements forward-looking solutions that will benefit both the District and its customers.

Raftelis is excited to have the opportunity to assist the District with this important study. If you have any questions, please do not hesitate to contact me at 213-327-4405 or email at sgaur@raftelis.com.

Sincerely,



Sanjay Gaur
Vice President

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Appendix A: Project Team Resumes

WHO IS Raftelis

RAFTELIS IS THE TRUSTED ADVISOR TO UTILITIES AND THE PUBLIC SECTOR.

+ Visit www.raftelis.com to learn more

In 1993, Raftelis was founded to provide services that help utilities function as sustainable organizations while providing the public with clean water at an affordable price. With this goal in mind, Raftelis has grown to be the largest and most experienced firm in the nation that is solely focused on financial and management consulting for the water, wastewater, and stormwater utility industry. Raftelis has experience providing these services to hundreds of utilities across the country and abroad, allowing us to provide our clients with innovative and insightful recommendations that are founded on industry best practices. Throughout our history, we have maintained a strict focus on the financial and management aspects of utilities, building a staff with knowledge and skills that are extremely specialized to the services that we provide, and thus allowing us to provide our clients with independent and objective advice.

Firm's Size

96 employees

Organized

Corporation incorporated in North Carolina

Expertise

Financial Solutions:

- Affordability analysis and program development
- Capital improvements planning/prioritization and financing
- Debt issuance support, Economic and financial evaluations
- Financial planning and modelling
- Rate, charge, and fee studies
- Stormwater utility development and support

Performance Solutions:

- Asset Management
- Customer service enhancement
- Governance and stakeholder engagement
- Organizational and operations optimization
- Performance measurement and benchmarking
- Strategic planning

Technology Solutions:

- Analytics and decision support
- Business process development
- Data management
- Software solutions
- Training and support
- Visualization and dashboarding

THE DISTRICT
& RAFTELIS

The Right Fit

We believe that Raftelis is the right fit for this project. We provide several key factors that will benefit the District and help to make this project a success.



RESOURCES & EXPERTISE

This project will require the resources necessary to effectively staff the project, and the skillsets to complete all of the required components.

With more than 80 consultants, Raftelis has the largest water-industry financial and rate consulting practice in the nation. Our depth of resources will allow us to provide the District with the technical expertise necessary to meet your objectives. In addition to having many of the industry's leading rate consultants, we also have experts in key related areas, like stakeholder engagement and data analytics, to provide additional insights as needed.



DEFENSIBLE RECOMMENDATIONS

When your elected officials and customers are considering the validity and merit of recommended changes, they want to be confident that they were developed by experts using the latest industry standard methodology.

Our senior staff are involved in shaping industry standards by chairing various committees within the AWWA and WEF. Raftelis' staff members have also co-authored many industry standard books regarding utility financial planning and rate setting. Being so actively involved in the industry will allow us to keep the District informed of emerging trends and issues, and to be confident that our recommendations are insightful and founded on sound industry principles. In addition, with Raftelis' registration as a Municipal Advisor, you can be confident that we are fully qualified and capable of providing financial advice related to all aspects of utility financial planning in compliance with federal regulations.



HISTORY OF SIMILAR SUCCESSES

An extensive track record of past similar work will help to avoid potential pitfalls on this project and provide the know-how to bring it across the finish line.

Raftelis staff have assisted 1,000+ utilities throughout the U.S. with financial and rate consulting services, with wide-ranging needs and objectives. Our extensive experience will allow us to provide innovative and insightful recommendations to the District, and will provide validation of the Agency's long-term financial plan ensuring that industry best practices are incorporated.



USER-FRIENDLY MODELING

A modeling tool that your staff can use for scenario analysis and financial planning now and into the future will be key for the District going forward.

Raftelis has developed some of the most sophisticated yet user-friendly financial/rate models available in the industry. Our models are tools that allow us to examine different policy options and cost allocations and their financial/customer impacts in real time. Our models are non-proprietary and are developed with the expectation that they will be used by the client as a financial planning tool long after the project is complete.



EXPERTS ON CALIFORNIA REGULATORY REQUIREMENTS

This expertise will allow the District to be confident that our recommendations take into account all of these regulatory requirements.

The regulatory environment in California has become more stringent due to Proposition 218. Besides developing well thought out financial plans, Raftelis staff are very knowledgeable about these regulations and have made presentations on this subject at various industry conferences. In addition, we are frequently called on to be expert witnesses regarding these regulatory matters.

25 years
serving the
utility industry

Our team includes

80+ consultants
focused on utility finance/
organization/technology

8 current and previous
AWWA and WEF committee
and division chairs

14 members of
AWWA, WEF, and NACWA
utility finance and management committees

Raftelis has provided financial/organizational assistance for

1,000+ water/wastewater/
stormwater
utilities

which serve more than

25% of the
U.S. population

and includes the utilities serving

33 of the nation's
50 largest cities

In the past year alone, we worked on

600+ projects for **400+** utilities in **40** states

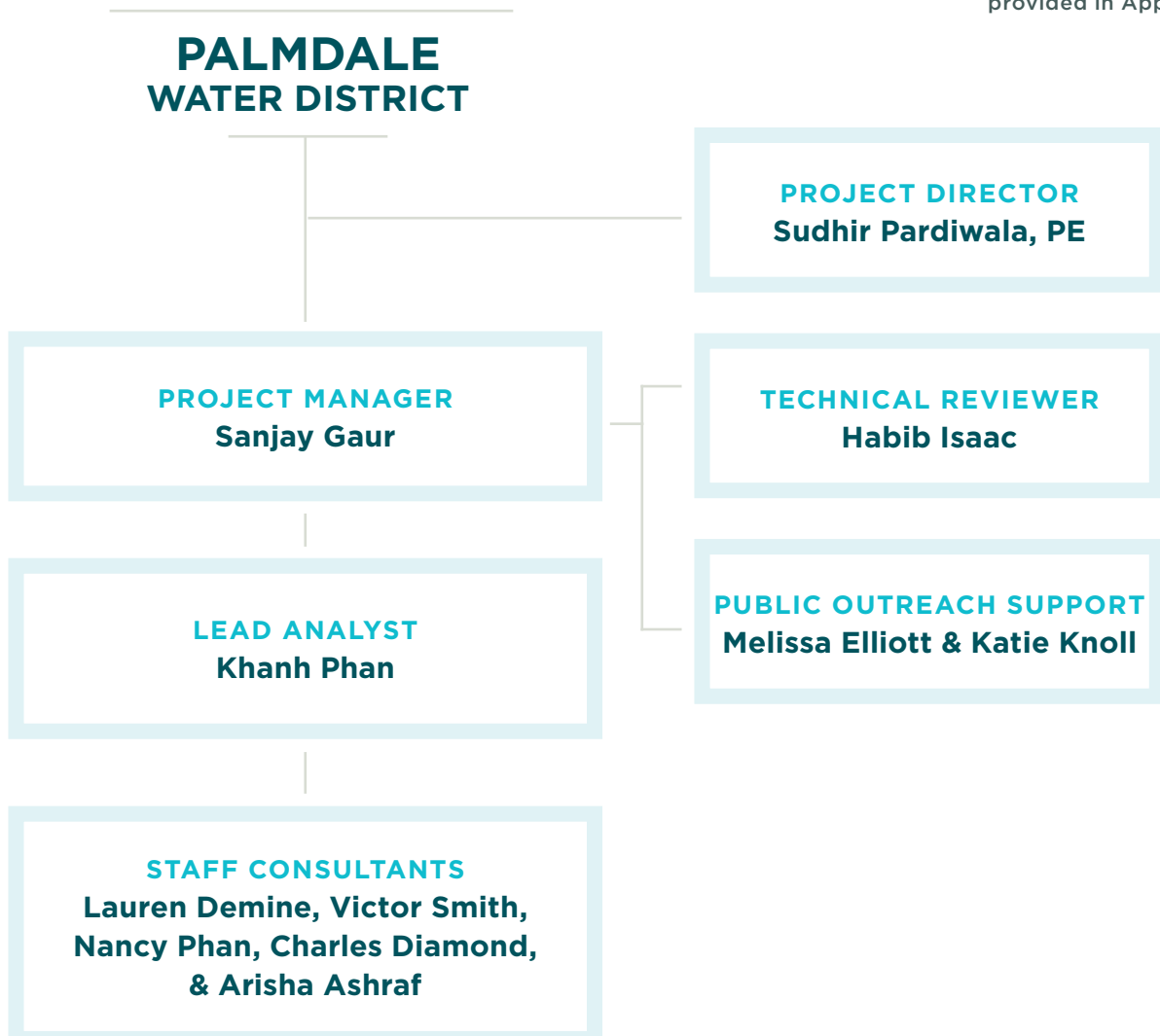
How
we
stack
up

Project Team

WE HAVE DEVELOPED A TEAM OF CONSULTANTS WHO SPECIALIZE IN THE SPECIFIC ELEMENTS THAT WILL BE CRITICAL TO THE SUCCESS OF THE DISTRICT'S PROJECT.

Our team includes senior-level professionals to provide experienced project leadership, with support from talented consultant staff. This close-knit group has frequently collaborated on similar successful projects, providing the District with confidence in our capabilities.

Here, we have included an organizational chart showing the structure of our Project Team. On the following pages, we have included brief profiles and project roles for each of our team members, and detailed resumes are provided in Appendix A.





PROJECT DIRECTOR

Sudhir Pardiwala PE

Executive Vice President

PROJECT ROLE

Responsible for overall project accountability, and will be available to provide insights into various cost of service and rate-setting matters.

CAREER HIGHLIGHTS

- 40 years of experience
- Co-author of: WEF's *MOP No. 27, Financing and Charges for Wastewater Systems*; & *Water and Wastewater Finance and Pricing*
- Conducted over 300 water, wastewater, and recycled water studies
- Financial/rate consulting experience with La Habra, Brea, South Pasadena, Napa Sanitation District, Escondido, San Diego, Goleta West Sanitary District, Santa Barbara, & Ventura



PROJECT MANAGER

Sanjay Gaur

Vice President

PROJECT ROLE

Will manage the day-to-day aspects of the project ensuring it is within budget, on schedule, and effectively meets the District's objectives. He will also lead the consulting staff in conducting analyses and preparing deliverables. Mr. Gaur will serve as the District's main point of contact.

CAREER HIGHLIGHTS

- 20 years of experience
- Co-author of: AWWA's *M1 Manual*; AWWA's *Water, Rates, Fees, and the Legal Environment*; & *Water and Wastewater Finance and Pricing*
- Financial/rate consulting experience with Long Beach, Huntington Beach, Trabuco Canyon Water District, & East Bay Municipal Utility District



TECHNICAL REVIEWER

Habib Isaac

Senior Manager

PROJECT ROLE

Will provide oversight for the project ensuring it meets both Raftelis and industry standards.

CAREER HIGHLIGHTS

- 16 years of experience
- Financial/rate consulting experience with Inland Empire Utility Agency, East Valley Water District, Cucamonga Valley Water District, Las Virgenes Municipal Water District, Mesa Water District, Helix Water District, Alameda County Water District, City of San Diego, City of Chino Hills, City of Santa Clara, City of Coachella, City of Irvine, & City of Modesto

**LEAD ANALYST**

Khanh Phan

Senior Consultant

PROJECT ROLE

Will serve as lead analyst conducting analyses and preparing deliverables for the project.

CAREER HIGHLIGHTS

- 11 years of experience
- Financial/rate consulting experience with City of Long Beach, Camarillo, Santa Cruz, Western Municipal Water District, Alameda Water District, & El Toro Water District

**STAFF CONSULTANT**

Lauren Demine

Consultant

PROJECT ROLE

Will work at the direction of Mr. Gaur and Ms. Phan in conducting analyses and preparing deliverables for the project.

CAREER HIGHLIGHTS

- 12 years of experience
- Financial/rate consulting experience with Helix Water District, Lake Hemet Municipal Water District, Leucadia Wastewater District, Monterey County Water Resources Agency, & City of Sierra Madre

**STAFF CONSULTANT**

Victor Smith

Consultant

PROJECT ROLE

Will work at the direction of Mr. Gaur and Ms. Phan in conducting analyses and preparing deliverables for the project.

CAREER HIGHLIGHTS

- 4 years of experience
- Financial/rate consulting experience with Hollister, Watsonville, Beverly Hills, Redlands, Chino Hills, & Brea

**STAFF CONSULTANT**

Nancy Phan

Consultant

PROJECT ROLE

Will work at the direction of Mr. Gaur and Ms. Phan in conducting analyses and preparing deliverables for the project.

CAREER HIGHLIGHTS

- 3 years of experience
- Financial/rate consulting experience with City of Torrance, Ventura, City of La Habra, Central Contra Costa Water District, & Selma-Kingsburg-Fowler County Sanitation District

**STAFF CONSULTANT**

Charles Diamond

Consultant

PROJECT ROLE

Will work at the direction of Mr. Gaur and Ms. Phan in conducting analyses and preparing deliverables for the project.

CAREER HIGHLIGHTS

- 3 years of experience
- Financial/rate consulting experience with City of Brentwood, City of Dixon, City of Sonoma, Rancho California Water District, & La Cañada Irrigation District

STAFF CONSULTANT

Arisha Ashraf

Consultant

PROJECT ROLE

Will work at the direction of Mr. Gaur and Ms. Phan in conducting analyses and preparing deliverables for the project.

CAREER HIGHLIGHTS

- Skills: Software: R, Stata, Microsoft Excel VBA, ArcGIS, MySQL / Methods: Logistic Regression, Multi-level Analysis, Cluster Analysis, Survival Analysis
- Professional experience with California Data Collaborative, UC Riverside Environmental Sciences Department, World Resource Institute, & The Galilee Society, Shefa-Amr, Israel

**PUBLIC OUTREACH
SUPPORT**

Melissa Elliott APR

Manager

PROJECT ROLE

Will assist the public outreach portion of the project.

CAREER HIGHLIGHTS

- 20 years of experience
- President-elect of AWWA
- Former chair of AWWA Public Affairs Council
- Former Manager of Public Relations at Aurora Water
- Former Manager of Water Conservation and Director of Public Affairs at Denver Water

**PUBLIC OUTREACH
SUPPORT**

Katie Knoll

Senior Consultant

PROJECT ROLE

Will assist the public outreach portion of the project.

CAREER HIGHLIGHTS

- 15 years of experience in public relations and communication
- Former Community Relations Manager for Denver Water, and former Public Involvement Unit Manager for Colorado Parks and Wildlife



Leading the industry

Raftelis staff shape industry standards for water and wastewater utility finance and management through our active leadership in AWWA, WEF, and EPA. Raftelis' staff includes:

AWWA

- Asset Management Committee - 1 member
- Benchmarking Committee - 1 member
- Finance, Accounting, and Management Controls Committee - 2 members
- Management and Leadership Division - Chair and Vice Chair
- Public Affairs Council - Chair
- Rates and Charges Committee - Chair and 7 members
- Strategic Management Practices Committee - Chair
- Technical and Education Council - 1 Trustee

WEF

- Finance and Administration Subcommittee - Chair
- Technical Practices Committee - 1 member
- Utility Management Committee - 4 members
- WEFTEC Conference Planning Committee - 1 member

EPA

- Environment Financial Advisory Board - 1 member



We wrote the book

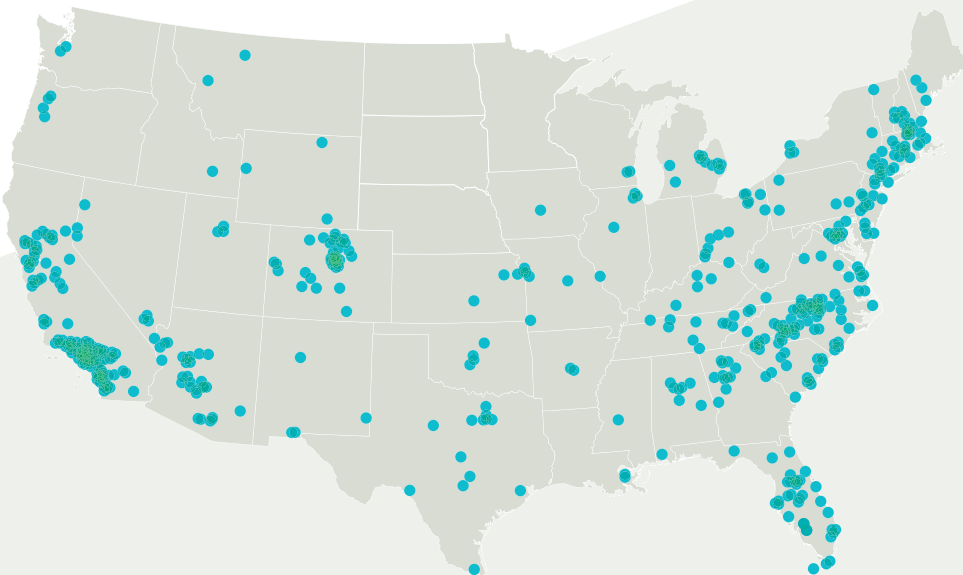
Raftelis staff have co-authored many of the industry's leading guidebooks regarding water and wastewater financial and management issues, including:

- Affordability of Wastewater Service (WEF)
- Financing and Charges for Wastewater Systems, Manual of Practice 27 (WEF)
- Manual M1, Principles of Water Rates, Fees and Charges (AWWA)
- Manual M5, Water Utility Management (AWWA)
- The Effective Water Professional (WEF)
- Water and Wastewater Finance and Pricing: The Changing Landscape
- Water and Wastewater Rate Survey (conducted and published collaboratively with AWWA and Raftelis)
- Water Rates, Fees, and the Legal Environment (AWWA)

Experience

RAFTELIS HAS THE MOST EXPERIENCED UTILITY FINANCIAL AND MANAGEMENT CONSULTING PRACTICE IN THE NATION.

Our staff have assisted more than 1,000 utilities across the U.S., including some of the largest and most complex agencies in the nation. In the past year alone, Raftelis worked on more than 600 financial/organizational/technology consulting projects for over 400 water, wastewater, and/or stormwater utilities in 40 states, the District of Columbia, and Canada.



**Raftelis has provided
financial/organizational/
technology assistance to
utilities serving more than**

25%

of the U.S. population.

**This map and the matrix on the
following page shows some of the
utility clients that we have assisted.**

CALIFORNIA EXPERIENCE

This table lists the California utilities that Raftelis has assisted over the past five years on financial, rate, and/or management consulting projects.

Client	Affordability Analysis & Program Development	Debt Issuance Support	Dispute Resolution	Financial and Capital Improvements Planning	Rate Case Support	Rate Design	Risk Analysis	Cost of Service	Development / Impact Fees	Stormwater Utility Development	Organizational Optimization	Water/Wastewater Utility Valuation
Alameda County Water District		●		●		●	●	●	●			
Anaheim, City of				●		●	●	●				
Arroyo Grande, City of				●		●	●	●				
Atwater, City of				●	●	●		●				
Bakersfield, City of		●		●		●		●				
Benicia, City of									●			
Beverly Hills, City of		●		●		●	●	●	●		●	
Borrego Water District			●	●		●						
Brea, City of				●		●		●				
Brentwood (CA), City of				●		●	●	●				
CAL FIRE/San Luis Obispo								●				
Calleguas Municipal Water District		●		●		●	●	●				
Camarillo, City of		●		●		●		●	●			
Carlsbad Municipal Water District		●		●		●	●	●				
Casitas Municipal Water District				●		●		●				
Castaic Lake Water Agency			●	●		●	●	●	●			
Central Basin Municipal Water District		●		●			●	●				
Central Contra Costa Sanitary District				●		●		●				
Channel Islands Beach Community Services District				●		●		●				
Chino Hills, City of				●		●		●				
Chino, City of				●		●		●				
Chowchilla, City of				●		●	●	●				
Corona, City of						●			●			
County of San Diego				●				●		●		
Crescenta Valley Water District				●		●		●				
Cucamonga Valley Water District				●		●						
Del Mar Union School District		●										
Delta Diablo Sanitation District											●	
East Bay Municipal Utility District				●				●	●			
East Orange County Water District				●		●		●	●			
East Valley Water District				●		●	●	●				
Eastern Municipal Water District				●								
El Toro Water District				●		●		●				
Elk Grove Water District	●			●		●	●	●	●			
Elsinore Valley Municipal Water District				●		●			●			
Escondido, City of		●		●		●	●	●	●			
Galt, City of		●		●		●		●	●			
Glendora, City of						●						
Goleta Water District				●		●	●	●				
Goleta West Sanitary District			●	●		●	●	●	●			
Helix Water District				●		●		●				
Henderson, City of				●		●		●	●			
Hollister, City of				●		●		●	●			
Holtville, City of				●				●				
Huntington Beach, City of				●		●	●	●				
Imperial County				●		●		●				
Inland Empire Utilities Agency				●								

Client	Affordability Analysis & Program Development	Debt Issuance Support	Dispute Resolution	Financial and Capital Improvements Planning	Rate Case Support	Rate Design	Risk Analysis	Cost of Service	Development / Impact Fees	Stormwater Utility Development	Organizational Optimization	Water/Wastewater Utility Valuation
Irvine Unified School District		●										
Jurupa Community Services District				●		●	●	●				
Kern County Water Agency					●							
La Canada Irrigation District				●		●		●				
La Habra Heights County Water District				●		●	●	●	●			
Laguna Beach, City of				●								
Lake Valley Fire Protection District				●			●	●				
Las Virgenes Municipal Water District				●		●		●				
Leucadia Wastewater District				●		●						
Livermore, City of				●		●		●	●			
Long Beach City of	●	●		●		●		●				
Los Alamos Community Services District		●		●		●		●	●			
Los Angeles Department of Water and Power						●		●				
Los Angeles, City of Bureau of Sanitation					●							
Madera, City of		●		●								
Mammoth Community Water District				●		●		●				
Marin Municipal Water District					●							
Merced, City of				●		●		●	●			
Mesa Water District				●				●				
Metropolitan Water District of Southern California			●									
Modesto Irrigation District						●		●				
Mojave Water Agency				●		●	●					
Monterey County Water Resources Agency				●		●		●				
Monterey, City of		●		●		●	●					
Moulton Niguel Water District									●			
Municipal Water District of Orange County					●			●				
Napa Sanitation District				●		●		●				
Ojai Valley Sanitary District				●		●		●				
Olivenhain Municipal Water District				●		●	●					
Ontario Municipal Utilities Company								●				
Ontario, City of				●		●	●	●				
Orange, City of				●		●		●				
Palo Alto, City of				●		●	●	●				
Phelan Pinon Hills Community Services District	●			●		●		●	●			
Placer County Water Agency					●			●				
Pleasant Hill Recreation & Park District				●				●				
Pomona, City of				●		●		●	●			
Rainbow Municipal Water District				●		●	●	●				
Ramona Municipal Water District				●		●		●				
Rancho California Water District						●	●	●	●			
Redlands, City of				●		●	●	●	●			
Rincon del Diablo Municipal Water District				●		●		●				
Riverside Public Utilities				●		●	●	●	●			
Roseville, City of		●		●					●			
Sacramento Regional County Sanitation District						●						
Sacramento, City of				●		●		●				
Salton Community Services District				●				●				

Client	Affordability Analysis & Program Development	Debt Issuance Support	Dispute Resolution	Financial and Capital Improvements Planning	Rate Case Support	Rate Design	Risk Analysis	Cost of Service	Development / Impact Fees	Stormwater Utility Development	Organizational Optimization	Water/Wastewater Utility Valuation
San Bernardino Valley Municipal Water District						●						
San Bernardino, County of				●		●		●	●			
San Clemente, City of				●		●	●	●				
San Diego, City of Public Utilities Department		●	●	●		●	●	●	●			
San Dieguito Water District				●		●		●				
San Elijo Joint Powers Authority				●	●	●	●	●	●			
San Gabriel County Water District				●		●		●				
San Gabriel, City of				●		●		●				
San Jose, City of								●				
San Juan Capistrano, City of				●		●	●	●	●			
Santa Ana, City of								●				
Santa Barbara, City of				●		●	●	●	●			
Santa Clara Valley Water District			●	●	●							
Santa Clarita Water District		●		●		●	●	●	●			
Santa Cruz, City of				●		●	●	●				
Santa Fe Irrigation District				●		●	●	●	●			
Santa Fe Springs, City of				●		●		●				
Santa Margarita Water District				●		●	●	●				
Santa Rosa, City Attorney's Office									●			
Scotts Valley Water District		●		●		●	●	●	●			
Shafter, City of				●		●		●				
Shasta Lake, City of				●		●	●	●				
Sierra Madre, City of	●			●		●		●				
Signal Hill, City of				●		●		●				
Simi Valley, City of				●		●	●	●	●			
Sonoma, City of				●		●		●				
South Mesa Water Company				●		●	●	●				
South Pasadena, City of				●		●		●				
South San Francisco, City of				●				●				
Sunnyslope County Water District				●		●	●	●	●			
Sweetwater Authority				●		●		●				
Temescal Valley Water District				●		●		●	●			
Thousand Oaks, City of				●		●	●	●	●			
Torrance, City of				●		●		●				
Trabuco Canyon Water District				●		●		●				
Triunfo Sanitation District				●		●		●				
Tustin, City of				●		●		●				
Union Sanitary District				●		●	●	●	●			
Ventura Regional Sanitation District				●		●		●				
Ventura, City of	●	●	●	●	●	●	●	●	●			
Vista, City of				●		●			●			
Walnut Valley Water District				●		●		●				
Watsonville, City of	●			●		●	●	●				
West Basin Municipal Water District				●		●	●	●				
Western Municipal Water District				●		●		●	●			
Yorba Linda Water District				●		●		●				
Zone 7 Water Agency				●		●		●				

On the following pages, we have provided detailed descriptions of several projects that are similar to the District's project. We have included references for each of these clients and urge you to contact them to better understand our capabilities and the quality of service that we provide.

Western Municipal Water District

CALIFORNIA

Reference: Rod LeMond, CPA, Assistant General Manager/
Chief Financial Officer
P: 951.571.7203 / E: rlemond@wmwd.com

As a member agency of MWD of Southern California, Western Municipal Water District (District) provides water and wastewater service to approximately 24,000 retail and 8 wholesale customers in western Riverside County. Raftelis assisted the District in the development and implementation of a new water budget rate structure.

First, Raftelis identified and examined three potential water budget rate structures for the Murrieta and Riverside service areas. To analyze the impacts of these potential rate structures, Raftelis developed a Microsoft Excel-based water budget rate model. The model allowed the District to change the key factors for water allocations, provide revenue and impact analysis, and generate sample customer monthly bills under existing and proposed rates. Raftelis conducted meetings and workshops with District staff and the Board to analyze various rate structure scenarios to ensure that the new structure would meet the District's objectives. Through these meetings, a water budget rate structure was selected to effectively meet the District's needs, and this structure was successfully adopted.

Since the adoption of this water budget rate structure, the District has increased revenue stability, promoted water efficiency, and increased customer satisfaction.

In addition to developing the water budget rate structure, Raftelis also developed a customized, long-term 30-year financial plan model to help the District financially manage all 14 of its enterprises. This comprehensive yet user-friendly model is used to facilitate communication between staff and the District's Board of Directors about the financial implications of different financial policies and capital improvement projects. The model also assists with coordination and decision making between engineering and finance staff as they work to prioritize capital projects and define a capital financing plan to achieve a sustainable and achievable solution.

Las Virgenes Municipal Water District

CALIFORNIA

Reference: Donald Patterson, Director of Finance and Administration

P: 818.251.2133 / E: dpatterson@lvmwd.com

In 2012, Raftelis was engaged in a Water and Wastewater Rate Study (Study) for the Las Virgenes Municipal Water District (District). The District was just coming to the end of a five-year rate plan and required a review of revenue requirements and rates for an additional five years. As with much of Southern California, the District had experienced a drop in consumption in recent years due to the drought. The reduction in usage brought along with it a reduction in revenue and left the water utility with the potential need for significant rate increases. Raftelis is developing multiple scenarios relating to alternate CIPs and varying levels of sales going forward and developing a financial plan and rate structure that would ensure the financial viability of the District's enterprises.

As part of its ongoing effort to meet mandatory water reductions such as those mandated by the Water Conservation Act of 2009 (SB x7-7), the District Board approved an action plan for budget-based water rates on March 25, 2014. At 276 gallons per capita per day, the District is already ahead of other agencies in terms of meeting the goal set by SB x7-7, and in meeting its interim target of a 10% reduction by 2015. The District recognizes, however, that the second half of the goal represents a more significant challenge. Not only are there diminishing returns on conservation pricing signals, but the District must also continue to maintain a secure base of revenue in order to provide reliable potable water, recycled water, and sanitation services. In addition, newly developed recycled water and sanitation rate structures must complement the budget-based rates for the potable water enterprise and exhibit strong pricing signals to reduce urban runoff and excessive irrigation. In 2014, the District retained Raftelis to conduct its Water, Wastewater and Recycled Water (RW) Rate Study (2014 Study) to conduct a financial analysis and rate design for each of its three enterprises. The main objectives of the 2014 Study include: 1) Development of budget-based rate structures for the potable water and recycled water enterprises that are transparent to customers, promote water reductions, and enable the District to continue providing reliable service in a fiscally responsible manner; 2) Thorough review for each enterprise's financial and reserve status and projected needs; and 3) Development of an administrative record documenting the nexus for the proposed rate structures to meet the requirements of Proposition 218. In October, the Board unanimously approved the proposed rates.

Cucamonga Valley Water District

CALIFORNIA

Reference: Carrie Corder, Chief Financial Officer

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Cucamonga Valley Water District (District) is currently providing water, wastewater and recycled water services to a population of nearly 190,000 with an average daily demand of approximately 50 million gallons per day (mgd). The water furnished to the District's customers comes from several sources including imported water from Northern California via the State Water Project, groundwater pumped from local aquifers, and a combination of other sources from canyons and tunnels along the local mountains. Increasing operation and maintenance costs along with projected intensive capital program over the next 30 years and volatile water sales in recent years have driven the District to conduct a long-range financial plan to ensure financial sufficiency and sustainability of the District. In late 2012, the District commissioned Raftelis to develop the 30-year Financial Plan Model as a tool to assess the potential risks associated with water supply and to evaluate the financial impacts of different capital projects and Other Post-Employment Benefits (OPEB) funding levels for its Water, Wastewater and Recycled Water Enterprises. The Model will be used as a tool to effectively communicate with the elected officials (District Board of Directors) and key stakeholders about the potential risks imposed on the District's financial health and the financial impacts of different capital project and OPEB funding levels.

Walnut Valley Water District

CALIFORNIA

Reference: Brian Teuber, Director of Finance

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In 2013, the District engaged Raftelis to conduct a Water Budget Rate Analysis. Although the District's financial plan and associated rate structure had delivered revenue sufficiency, the financial plan was in its last year. In updating the financial plan, the District recognized an opportunity to revisit its current rate structure to evaluate whether an alternative rate structure such as a revised tiered structure or budget-based structure would best address the District's future needs and other potential changes such as consumption patterns.

In developing alternative recommendations, Raftelis conducted a series of workshops with the District Board to discuss possibilities for conservation water rate structures. The discussion was driven by the development and ranking of the Board's preferred

pricing objectives as they related to the District's unique needs and characteristics and the Board's goals and objectives for the District. Raftelis worked with District staff to prepare the pricing objectives most relevant to the direction. Following this step, the pricing objectives were presented to the Board at a collaborative workshop during which Board members ranked them. The ranking results indicated that though the Board was interested in evaluating a water-budget rate structure, the current needs of the District did not align with the more significant policy principles supporting adoption of a water-budget rate structure.

This case study illustrates the effectiveness of the collaborative process for decision-making that Raftelis has developed for exploring creative rate structures. The process isolated the direction most important to the Board, and since then Raftelis has re-gearred the project to tighten the District's existing water rate structure.

Elsinore Valley Municipal Water District

CALIFORNIA

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Elsinore Valley Municipal Water District (District) provides public water service, wastewater treatment, and water recycling services to over 134,000 customers over its 97 square miles of service area within Riverside County and a portion of Orange County. As a member agency of Metropolitan Water District of Southern California (MWD) via Western Municipal Water District (WMWD), the District relies on imported water for approximately 70% of its potable water supply needs. Like many water agencies across Southern California, the District has been faced with the challenge of meeting demand despite dwindling water supplies and increased imported water costs. In order to promote conservation, the District adopted a water budget rate structure for all residential and recycled water accounts in July of 2009, which was most recently updated in July 2014.

In order to better financially manage all 15 enterprise funds, the District needed a comprehensive, yet user-friendly financial plan model which could be used to facilitate communications between staff and the District's Board of Directors about the financial implications of different financial policies and capital projects. In 2012, the District engaged Raftelis to develop a customized 25-year Financial Plan Model (Model) with the ability to conduct scenario analysis. The interactive dashboard of the Model displays the Long-Term Financial Plan of the 15 enterprise funds in graphical format. The built-in scenario manager enables the Model users to save, load, and compare the results of different assumptions, inputs, and CIP scenarios. Customized financial reports in preset printed format can be generated at individual enterprise level and

at aggregate level for the whole District. The Financial Plan Model was submitted to the District in April 2014 to be used and updated by the District staff annually to ensure the District's financial health and solvency.

In December of 2013, the District retained Raftelis to revise and fine tune the water budget rate structure, and to develop cost of service-based rates for its water and recycled water utilities to promote further conservation and to develop the nexus requirement for each charge for services as required by Proposition 218. In this Study, Raftelis developed the Water Budget Rate Model (Rate Model) with the ability to review different water budget factors, such as default household size, gallons per capital per day (GPCD) for indoor use and landscape factors for outdoor use and drought factors to be used during water supply shortages to reduce water allocation. The Rate Model also had the ability to revise the Tier definitions and included the detailed cost allocations to appropriately allocate revenue requirements to different cost categories using industry standards practices and ultimately to assign to different rate components to develop the nexus requirements between the costs and the rates. The Rate Model included the usage and customer information for each account within the District's service area to conduct detailed usage analysis to help assessing the impacts of different water budget factors and rate structures on customers. As part of the Study, Raftelis developed the 2015 Water Rate Study Report (Report) to be used as an administrative record. The Report highlighted the major issues and decisions made during the course of the Study, and explained the cost of service analysis and methodology used to develop the final rates. The explanation of the methodology found within the Report demonstrates that the rates are equitable, reflect the District's policies and values, and are driven by the District's revenue requirements.

Through late 2014 and into early 2015, California has experienced one of the most severe droughts in state history. The District currently purchases 70 percent of its potable water supply from MWD via WMWD. To address water supply issues MWD developed the Water Supply Allocation Plan (WSAP) which provides reduced allocations to wholesale customers within MWD's service area. In turn, WMWD adopted a methodology to determine the allocation to its retail agencies. Retail agencies, such as the District, can purchase water above the allocation, but such purchases are subject to severe penalties.

In May 2015, the District engaged Raftelis in a Drought Rate Study to develop the water reduction methodology to ensure demand stay within allocation for each drought stage and to develop drought surcharges applied on monthly billed usage to recover the drought related costs for each stage. As part of the Study, Raftelis conducted financial impact analyses on revenues, expenditures to determine the drought related costs for each drought stage. In addition to the rates studies, in 2015, the District also hired Raftelis to update its Capacity Fees for both Water and Wastewater enterprise funds. The project is still active and once the Master Plans are completed, revisions will be made to the Capacity Fee Reports to reflect all updated to the Master Plan. The Methodology

incorporates a Buy-In Component for facilities funded through debt financial and an Incremental Cost Component to account for specific proposed improvements that will be constructed solely for the purpose of accommodating growth. Through this approach, new development will payback rate payers for pre-funded facilities and ensure that “Growth pays for Growth” for the necessary additional facilities.

Sweetwater Authority

CALIFORNIA

Reference: Rich Stevenson, Director of Finance
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Sweetwater Authority (SWA) serves drinking water to 190,000 people in southern California. The utility wished to build community support for investment in infrastructure. Raftelis assisted SWA with revising its rate structure to pass-through all wholesale water purchase costs from the San Diego County Water Authority. The Authority has very wide swings in water purchase costs since during wet years all of the Authority’s water comes from local reservoirs. During dry years it has to purchase most/all of its water. The Authority had postponed rate increases two years in a row as the Board favors affordable rates for their-low income community.

SWA has public relations staff and a good communications foundation but sought specialized assistance in messaging and community outreach specific to their rate study. Raftelis provided a strategic communications plan, guidance on messaging strategy and community outreach tactics. The utility approved a five-year rate increase after an extensive communications and outreach campaign to build community support for infrastructure investment.

Denver Water

COLORADO

Reference: Angela Bricmont, Director of Finance
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Raftelis assisted Denver Water in a facilitation and technical assistance capacity as the utility considered changes to its rate structure. It had been over 20 years since Denver Water last made significant changes to its rate structure. Working with Denver Water staff, the Raftelis team facilitated/led a series of meetings with a citizen-stakeholder Rate Structure Review Committee. Our role included the development of the agenda for each meeting, preparation of meeting materials, facilitation and presentation, post-meeting staff debriefs, and assistance in the formulation and development of rate structure alternatives. We also assisted staff in modifications to the cost of service process/model reflective of the alternative rate designs considered, and ultimately adopted, in presentations to the Denver Water Board and in the implementation of the new rate structure.

“As a result of the outreach efforts lead by Raftelis, we not only passed our much needed rate increase, we developed some wonderful relationships and partnerships in the community. Melissa Elliott understand our unique challenges and helped us to craft a compelling and concise message.”

Tish Berge, General Manager at Sweetwater Authority

Project Understanding

Palmdale Water District (District) is located within the Antelope Valley, with approximately 27,600 service connections. The District is a trusted institution in community of Palmdale, as it has been providing water services for over a century. Its main water sources include the East Branch of the California Aqueduct, Littlerock Reservoir, and groundwater. The production ratio is currently 60:40 for surface water and groundwater, respectively.

In 2009, the District adopted a multi-tiered water budget rate structure in which customers were allotted a certain amount of water based on customer class. Customers who used more than their allotted budgets paid a commodity rate at increasing tiered amounts. The District adopted a new five-year water budget rate plan in 2014. This entailed an updated rate study and multi-year rate plan compliant with Proposition 218. The 2014 plan established water rates through 2019.

To develop a new five-year water budget rate plan, Palmdale Water District is requesting a new water rate analysis compliant with Proposition 218. The District is also requesting a study on the feasibility of a modified or new water budget rate plan, given changes in operations, costs, and future needs since 2014.

For successful implementation of the water rate analysis, water structure modifications, and multi-year water rate plan, Raftelis is committed to:

- Develop sufficient and sustainable financial plans ensuring financial sufficiency for the District's operation and capital funding requirements along with bond covenants, and other obligations over the long-term planning horizon for its water system
- Equitably allocate total water revenue needs to different customer classes
- Review and recommend modifications for its current water rate structure
- Calculate the new water rates and implementation plan for the proposed rates
- Develop the Administrative Record in accordance with AWWA guidelines, Proposition 218, and all applicable laws

For successful implementation of the Proposition 218 Process Public Hearing Support, Raftelis is committed to collaborating with the District's Public Affairs Department to:

- Develop a comprehensive Strategic Communication Plan
- Facilitate community workshops/open houses to promote public awareness of the proposed rate structure changes
- Create relevant support materials as determined by the Strategic Communication Plan

The utility industry consistently seeks Raftelis as an advisor to lead the national discourse concerning rate structures. Raftelis adds value to the rate design process not only through the high level of technical expertise that results from in-depth experience, but the ability to glean the best ideas and strategies through a collaborative process. Raftelis is confident that with our industry experience and depth of resources, we can aid the District in successfully implementing forward-looking solutions that will benefit both the District and its customers.

Project Approach

Raftelis will collaborate with District staff on an ongoing basis via scheduled in-person meetings and web conferences for the orderly transfer of information within the proposed time frame (see Section 6 for Project Schedule). We believe in cultivating a strong sense of ownership among District staff over the final work product and results.

Raftelis will develop water rates according to the *Manual M1: Principles of Water Rates, Fees and Charges, 6th Edition* (Manual M1) published by the American Water Works Association (AWWA), which is the textbook used by rate-setting practitioners, to assure that the costs of water service are recovered from customer classes in proportion to the cost of serving those customers. Raftelis will use five major steps, described in the following section, to develop utility rates that comply with Proposition 218 industry standards and District goals and objectives.

1. Due Diligence and Policy Review

Raftelis will start the rate-making process with a due diligence phase to understand the underlying reason and/or goals for the rate study. This includes a kick-off meeting with staff to ascertain goals and objectives. We will review the District's policies prior to the kick-off meeting; such as reserve policies and debt service covenants to understand the financial constraints with which to build a financial plan. To assist the District in selecting the rate

structure, it is crucial for Raftelis to understand the District's priorities and pricing objectives to be achieved through the new rate structures. Raftelis will conduct a Policy and Rate-Setting Framework Workshop with District Staff and District's Board of Directors to discuss and develop the associated policies and framework to be used for the study.

2. Long-Range Financial Plan Development

We then determine future revenue requirements to sufficiently fund the utility's operation and maintenance (O&M) and capital replacement and refurbishment (R&R) program. To preserve the District's financial integrity, we also evaluate current and projected revenues, water usage, expenses including water purchase costs (if warranted), and the appropriate use of debt. The District's long-term capital R&R program will be included in the financial plan to fully fund its capital needs throughout the planning horizon. It is equally important to review how customers will be affected and, therefore, to develop alter-

native financial plans that meet the District's objectives over the short-term and long-term.

All financial analyses will be conducted using a sophisticated financial and rate model developed by Raftelis in Microsoft Excel for the District. Raftelis will develop a powerful yet user-friendly rate model to allow for various financial planning and scenario analysis tasks. Our goal is to provide a model that District staff can use in subsequent years as part of its budgetary process to ensure that consumption and revenue projections meet "actuals." The model will be provided to the District as a deliverable.

3. Cost of Service Analysis

The annual costs of providing water services should be allocated among customer classes commensurate with their service requirements – i.e., how they use the water system. In this step, costs are identified and allocated to functional cost components and distributed to respective customer classes according to the industry standards provided in AWWA's *Manual M1* for water related services.

4. Rate Design

Rates do more than simply recover costs. Properly designed rates should support and optimize a blend of various utility objectives, such as affordability for essential needs, fairness and equity, and revenue sufficiency and stability, while also ensuring ease of implementation and administration. Raftelis considers the rate development process a public information tool in communicating the District's objectives to its customers. In this step, Raftelis will design rates according to industry standards that meet the Dis-

trict's rate-setting objectives and are defensible. Raftelis will develop a customized rate model to assess different rate alternative customer impacts to facilitate informed decision making. The results are summarized in both an easy-to-understand graphical format and a tabular format to ease communications with stakeholders and Board of Directors. Raftelis has assisted hundreds of agencies with implementing rates and is well known for presenting thoughtful and concise presentations to generate discussion and consensus.

5. Rate Adoption & Study Documentation

In the last step of the rate-making process, to comply with Proposition 218 requirements, the results of the analyses are documented in a study report to help educate the public about the proposed changes, the rationale and justifications behind the changes, and their anticipated financial impacts in layman's terms. This will serve as the administrative record to justify the proposed rate structure. At a public hearing, 45 days after sending out the public notices, Raftelis will present our recommendations to assist the District's adoption of the new water rates.

Raftelis' team is highly qualified in the development of rates and charges for utility agencies. Our expertise enables us to develop defensible rate structures, either in traditional forms or, when appropriate, innovative forms to address specific needs and circumstances. Raftelis can attend meetings with members of the public and Board of Directors to present the proposed changes to and rationale for the rates in a clear format.

Scope of Work

In evaluating and updating the District's water rates and rate structure, Raftelis will use industry-accepted practices to ensure a robust and defensible rate structure. That said, every agency exhibits unique characteristics and faces unique challenges. Raftelis will utilize our industry-driving technical expertise and depth of experience, particularly with respect to water budget rate structures, and our thorough understanding and experience with the cost of service principles of Proposition 218. We will provide the foundation for a collaborative process that will tackle the District's needs and concerns.

The following tasks define our technical approach in response to District's requested scope of services. Please note that while we have listed these tasks consecutively, some tasks may overlap and be conducted concurrently.

TASK 1

Kick-off Workshop, Data Collection and Project Management

Project Initiation and Data Collection

A productive Kick-off is critical to maximizing project success. The Kick-off Workshop will provide a forum to: (1) finalize the work plan and schedule with District staff, and (2) review the essential data requirements for the study. We will come to the Kick-off Workshop prepared with a detailed data request list identifying the information needed to initiate the financial analyses (e.g., Comprehensive Annual Financial Reports (CAFR); recent and current budgets; current and historical billing data; long-term capital improvement

program). Raftelis will review any data sent by the District prior to the Kick-off Workshop to address initial questions arising from these sources.

Project Management

Consistent and competent project management is required to ensure project success and adherence to timelines and budgets. This ongoing task involves multiple interrelated work efforts that will require effective coordination between District staff, the consultant team, the Board of Directors, the public, and other stakeholder groups. Our management approach stresses transparency, communication, teamwork, objectivity, and accountability for meeting project objectives. Management responsibilities extend to general administrative duties such as client correspondence,

billing, project documentation, and administration of the study control plan.

Throughout the study, the Raftelis team will schedule interim status meetings or conference calls/web meetings to discuss project progress and present preliminary results. Status meetings will be conducted via telephone or web conference utilizing GoToMeeting, a web-based conferencing tool. This tool will help us conduct efficient web meetings to discuss issues and review results and impacts more efficiently while minimizing costs. The Raftelis Project Team will also conduct face-to-face meetings as outlined in the scope.

As part of the Kick-off, Raftelis will work closely with staff to identify the list of pricing objectives and develop a policy

framework for the study. This mechanism of identifying and ranking pricing objectives serves to promote stakeholder ownership and subsequent buy-in of the final results. Raftelis will provide District staff the pricing objectives exercise and instructions, which will be presented to the Board of Directors at the subsequent workshop, for review. Some of the pricing objectives include the following:

- Promotion of efficient water use
- Reduction in total water use
- Affordability for essential use
- Need for an effective drought management tool
- Financial sufficiency and stability
- Rate stability
- Reduction in peak demand
- Simplicity and ease of implementation

- Customer understanding
- Minimization of customer impacts

Meeting: One (1) on-site Kick-off Workshop with District staff

Deliverables: Data request list, presentation materials in Microsoft PowerPoint™, and meeting minutes for Kick-off Workshop in Microsoft Word

TASK 2

Multi-year Financial Plan Development

After data has been compiled, Raftelis will begin development of a 5-year financial plan for the water system. This will include an estimate of water revenues based on current rates, usage characteristics, and other non-operating revenues. Raftelis will analyze these costs and identify primary cost drivers of the financial plan as a percentage of total rates and charges. Revenue requirements will be projected based on calculated water purchase, treatment, and distribution costs, current budget, capital improvement plans (CIP), existing debt service, existing bond covenants, other obligations, and current economic trends including inflation. Rates, debt, grants, government subsidies, or infrastructure bank loans will be provided as options for capital cost financing. Raftelis will also calculate increases for third-party costs such as purchased water or electricity.

Raftelis will determine the necessary revenue adjustments based on the District's capacity for debt, current revenue and expenses, and optimal capital funding mechanisms between pay-go and debt funded capital

expenses. Projecting revenue adjustments over a longer planning horizon can illustrate future rate impacts and potential challenges to the District's financial situation and allow the District to make adjustments to expenses, reserve balances, or capital projects scheduling to smooth rate impacts and to maintain financial stability.

Raftelis will develop a cash flow analysis to determine revenue adjustments needed to meet projected revenue requirements for the planning period, while minimizing sharp rate fluctuations and debt coverage requirements. Revenue requirements will be calculated for each year in the forecast period and adjusted to provide for a smooth forecast of revenue adjustments. For example, changes in the timing of capital expenditures and the use of reserve funds to mitigate short-term rate impacts are two ways that revenue smoothing could be addressed. The objective will be to minimize the magnitude of customer impacts while still achieving long-term revenue objectives.

Raftelis will develop a flexible financial plan model (FPM) to meet District's specific needs and rising challenges and issues. Raftelis builds each client's model from the ground up, carefully tailored to individual needs and preferences. Once completed, the model will serve as a comprehensive, yet flexible, planning tool that will incorporate the District's operating budget, forecasted demand projections, capital financing plan, revenue requirements, revenue projections, reserve balances, and customer impacts to allow scenario analysis.

The dashboard is the graphical interface which displays the model's results with concise

visualizations that adjust to different policy scenarios. The dashboard in Figure 1 contains several features, including:

- Revenue adjustments required for the study period to meet debt coverage and target reserve balance(s) (blue bars in the Revenue Adjustments and Debt Coverage chart)
- Projected operating costs and revenue streams (shown in the Water Operating Financial Plan chart)
- Different funding sources of CIP, PAYGO, or debt financed (shown in the CIP and Funding Sources for Water Funds chart)
- Reserve balances and target levels according to District's policies (shown in the Projected Ending Fund Balances) with flagging features when projected balances fall below target levels

Upon the completion of the financial plan model, Raftelis will hold up to three webinars with District staff to review the model and the assumptions for appropriateness and finalize the financial plans for the Water Enterprise to be used for the rate design model.

Meetings: Up to three (3) web-based workshops with District staff
Deliverables: Presentation material in Microsoft PowerPoint™ and draft financial plan model in Microsoft Excel

TASK 3

Cost of Service Analysis/ Proposition 218 Compliance

Following the development of the financial plan, Raftelis will

begin to conduct cost of service (COS) analyses for the District's water system. The COS analysis is often viewed as a compliance measure for regulations such as Proposition 218. The COS also provides the District with defensibility of the selected rate structure and rate levels. Thus, the District could be confident it is pursuing the rates and rate structure best suited to its customers, policies, and objectives.

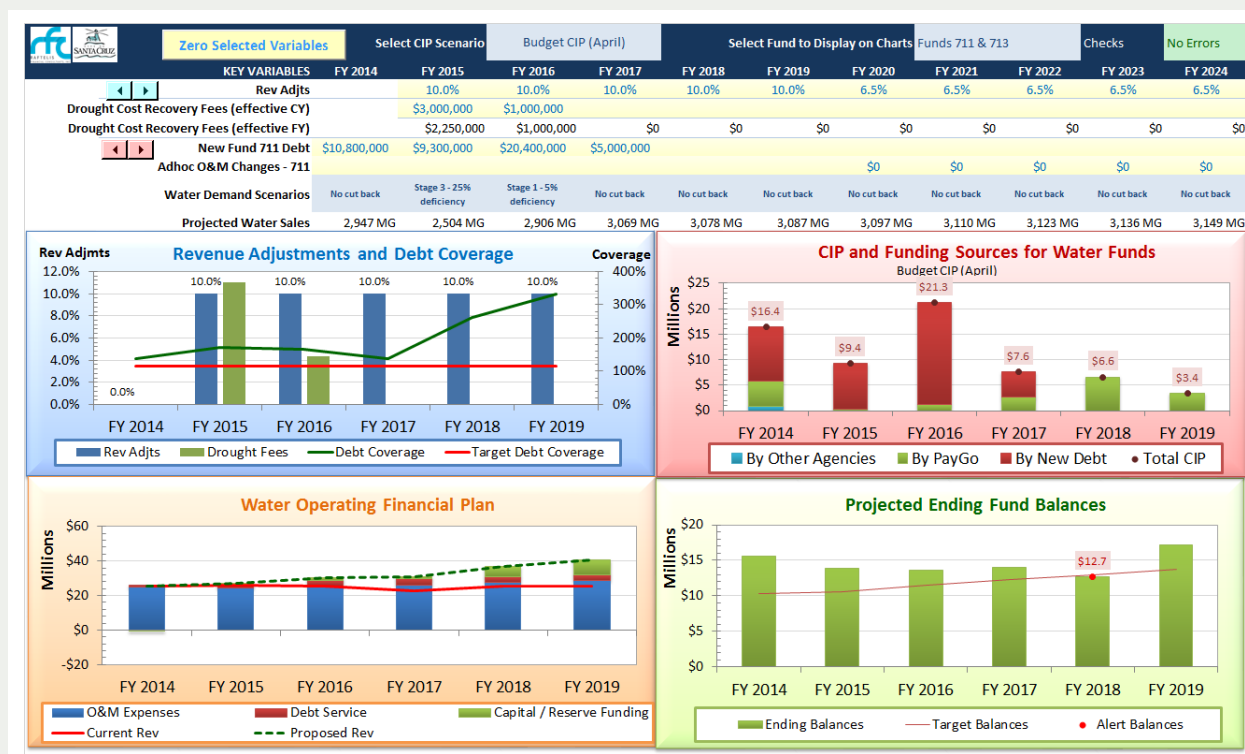
Raftelis will use methodology set by AWWA's *Manual M1* and WEF's *Manual of Practice No. 27*. Based on the revenue requirements identified in Task 2, utility costs will be allocated to the appropriate service functions, determining how those services are used by each customer class and calculating the unit cost for each cost category.

Step 1 – Conduct Usage Analysis and Determine Customer Class Usage Patterns

Raftelis will conduct usage analysis and determine whether the tier levels and number of tiers currently used by the District are appropriate based on actual recent customer consumption patterns. Raftelis will then determine the peaking characteristics for each customer class or subclass. Next, we will estimate the relative responsibility of each customer class for each of the functional cost elements. This allocation will be based on billing summary data, other locally available data that may be applicable, and Raftelis' experience with other utilities exhibiting similar usage characteristics and patterns. This will provide the basis for equitable cost allocations to each customer class or subclass.

FIGURE 1

Raftelis will develop customized financial models for the City that incorporates a dashboard to allow you to easily run scenarios and see the impacts in real time.



Step 2 – Allocate Costs to Functional Cost Categories

Raftelis will functionalize the costs into main functions such as supply, transmission & distribution, storage, etc. The costs will then be allocated to cost categories such as water supply, water system costs to meet average demand (or base costs), extra capacity costs to meet maximum hour, maximum day demand, customer service, meter capacity, etc. to determine the unit cost for each cost categories.

Step 3 – Allocate Functional Costs to Customer Classes

Next, the costs associated with the functional components will be allocated to the various customer classifications on the basis of the relative responsibility of each classification for service provided. Costs will be allocated based on the determination of units of service for each customer classification and the application of unit costs of service to the respective units.

Throughout the cost allocation process, Raftelis will comply with the District's policy considerations, procedures,

and guidelines applicable to charges for water service and ensure that proposed rates comply with Proposition 218, Proposition 26, and other regulations. Although not a law firm, Raftelis is very familiar with Proposition 218 requirements and its implications on utility rates. Our Project Team has extensive experience with Proposition 218 and has led conference sessions on the matter.

Meetings: None
Deliverables: Cost of service analysis in Microsoft Excel

TASK 4

Water Rate Structure Modifications and Water Rates Development

Task 4.1 – Water Budget Usage Analysis

Raftelis will develop the Water Usage Analysis Module to design appropriate budget-based tiers. The key variables and results of the usage analysis are displayed in dashboard format. Raftelis assumes that District staff will combine the parcel area data with the District's current customer usage data into a single database to

efficiently conduct the water budget analysis. Figure 2 provides an illustrative example with the following components:

1. **Allocation Factors for Water Budget:** The ability to revise different policy options associated with defining indoor and outdoor use efficiency, such as landscape area and weather. In addition, users can easily adjust variables for household size and the gallons used per capita per day along with fully functional drought factors for indoor and outdoor use to be adjusted for short-term dry-year water conditions.
2. **Tier Definitions:** The model will have the ability to define appropriate tiers based on usage types.
3. **Key Results:**
 - » Usage and bill distribution in tiers together with water budget usage histogram resulting from the established

water budgets summarize the current water use efficiency of the agency's customers. For example, in Figure 2 item A, 73% of all customers (44% + 29%) are within tiers 1 and 2, which is within their total water budget allotment.

- » Peaking characteristics of bi-monthly usage in each tier represent the relative contribution to peaking costs from each tier. As shown in Figure 2, item B, the peak usage consumed in the July-August period is approximately 2.5 times the usage in the January-February period. Tier 1 indoor usage is relatively level throughout the year, whereas Tiers 2 to 4 associated with outdoor usage and inefficient usage are approximately five times greater in July-August than in January-February.

Task 4.2 – Water Rate Model Development

Raftelis streamlines developing the water rate model into three steps: (I) Rate calculations, (II) Multiple-year Rate Projections, and (III) Customer Impact Analysis.

Rate Calculations

The model determines the revenues recovered and associated price for each tier. The model will also have the flexibility to evaluate different fixed/variable revenue structures to enhance revenue stability. To help communicate with customers about the drivers and rationale behind the proposed rates, the water rates will have several cost components, including water supply costs, delivery of the District's fixed peaking costs, conservation costs, and revenue offsets from other unrestricted revenue sources to provide affordability for essential use. An example of this type of structuring devel-

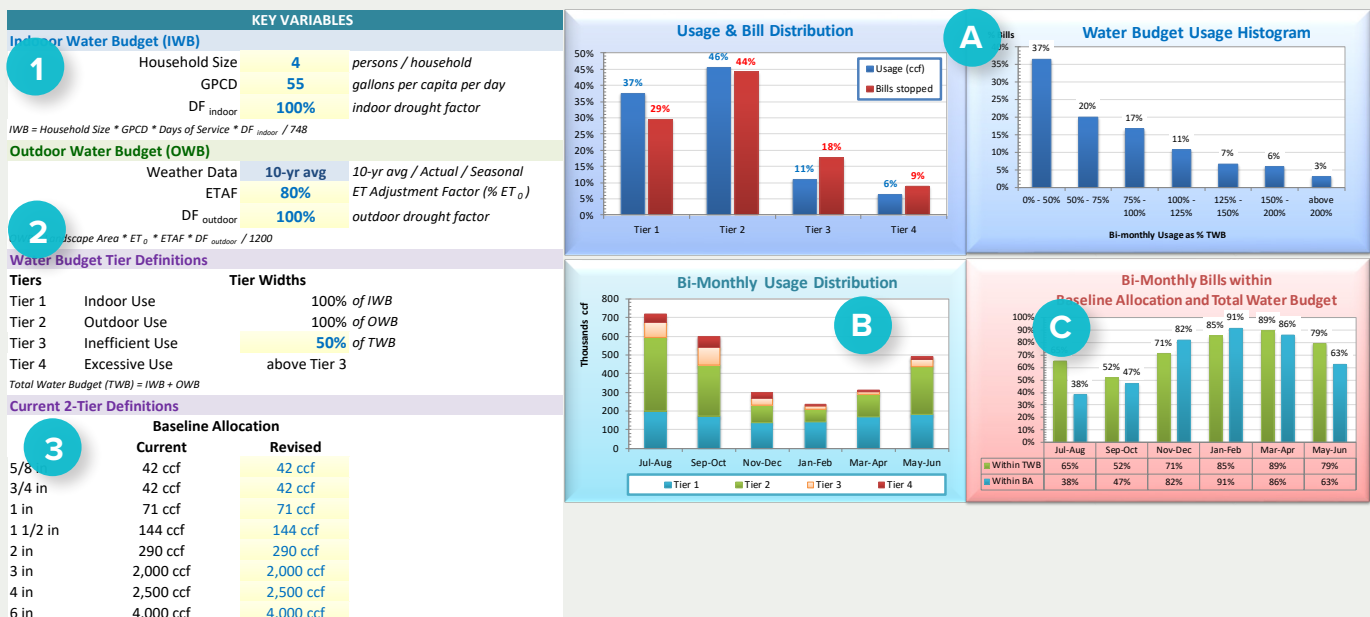
oped for El Toro Water District is shown in Figure 3. Water supply rates are associated with imported water costs, and recycled water program costs are assigned to Tiers 3 and 4 as the next marginal water supply source. The conservation program is funded through the consumption in higher tiers. This exercise showing the cost components for each tier will be performed regardless of the rate structure selected.

Multiple-year Rate Projections, Water Quality Fees, Elevation Surcharges, and Pass-through Rate Calculations

The Model user can enter the estimated-actual increases in annual water purchase costs and the annual revenue adjustments (determined using the Long-Range Financial Plan) for the next 5 years to calculate the pass-through water supply rates and ultimately the 5-year water rate schedule. In addition, Raftelis will also calculate

FIGURE 2
Sample Usage Analysis Module

Features denoted are described in the text.



the Water Quality Fees and Elevation Booster Surcharges using the 5-year running average of actual costs.

Customer Impact Analysis

Customer impact analyses are also included as standard features of the Rate Model. The Impact Analysis charts are a great tool to measure a rate structure's effect on customer bills and have proven to be particularly useful during the community outreach stage of an upcoming rate adjustment.

- **Sample SFR bills impacts at various usage levels:** This is a graphical representation of how the proposed rate structure will impact customers' bills. The Model will have the ability to select a particular meter size and see how bills are affected at different usage levels. This tool is especially useful for public outreach campaigns and during the Proposition 218 process. The illustrative chart shown in Figure 4, prepared for San Gabriel County Water District, shows bill impacts for new rates for a typical residential customer with a 5/8-inch meter at the usage levels ranging from 20 to 50 billing units (1 billing unit = 100 cubic feet = 748 gallons). **Overall customer**

impact: Figure 5 illustrates how District customers will see changes in their bills if the proposed rate structure is adopted. For example, approximately 45% of the customers (32 + 13 percent) will see minor increases of less than \$5 in their water bills. Approximately 13% of the customers will see no change or some reduction in the bills. This is an invaluable tool to facilitate informed decision-making.

The Rate Design Dashboard (sample Dashboard shown in Figure 6), which displays key variables and results in real-time on screen, will facilitate discussion to reach a consensus quickly. To facilitate informed decision-making, the Model will also include a summary of financial impacts on customers resulting from the proposed rate structure. Numbers 1-6 in Figure 6 can be categorized into key variables and results as follows:

Key Variables

1. Cost allocations to different rate components — the total revenue requirement is distributed amongst the various costs such as water supply, pumping, treatment, etc.
2. Water Supply Costs infor-

mation for Incremental / Marginal Water Supply Rate Components — the supply costs for the next available source of water supply which is a primary driver of pricing for higher tier usage.

3. Cost recovery in tiers — how the costs to provide service are distributed between tiers.

Results

4. Resulting Proposed Rates — the proposed rates based on the parameters set with the key variables.
5. Sample SFR bills impacts at various usage levels — a graphical representation of how the proposed rate structure will impact customers' bills. Note the ability to change the meter size, lot size, zone and the billing period for the bill calculations. This tool has proven particularly useful for public outreach campaigns and during the Proposition 218 process.
6. Overall customer impact — a summary of how customers will see changes in their bills if the proposed rate structure is adopted. This is an invaluable tool to facilitate informed decision-making.

Meetings: Up to five (5) webinars with District Staff to discuss interim results as necessary
Deliverables: Water Rate Model in Microsoft Excel

TASK 5

Water Rate Workshops

Task 5.1 – Water Rate Workshop with District Staff

Following the completion of the Rate Model, Raftelis will hold one workshop with District staff to develop different rate scenarios. The goal of this workshop is to identify the water rates that will be presented at the rate workshop with the Board of Directors. Raftelis will present the interim proposed rates and discuss the benefits and challenges associated with each proposed rate alternative, demonstrated through the Water Rate Model. Changes and suggestions from staff will be incorporated into the analyses prior to presenting the results to the Council.

Task 5.2 – Water Rate Workshop with District Board

Upon incorporating District

FIGURE 3

Example cost components used to derive total rates in each tier for El Toro Water District.

WATER RATES (\$/HCF)	WATER SUPPLY	DELIVERY (PEAKING)	CONSERVATION	RECYCLED WATER	REV OFFSET	FY 2015
Tier 1 – Essential Indoor	\$2.38	\$0.15	\$0.00	\$0.00	-\$0.19	\$2.34
Tier 2 – Efficient Outdoor	\$2.38	\$0.30	\$0.00	\$0.00	\$0.00	\$2.68
Tier 3 – Inefficient Use	\$2.38	\$0.45	\$0.35	\$1.86	\$0.00	\$5.04
Tier 4 – Excessive Use	\$2.38	\$0.60	\$0.35	\$3.71	\$0.00	\$7.04
Uniform – CII	\$2.38	\$0.17	\$0.04	\$0.19	-\$0.15	\$2.63

FIGURE 4

Sample Single-Family Customer Bills

Illustrating customer impacts of typical residential customers at different usage levels.

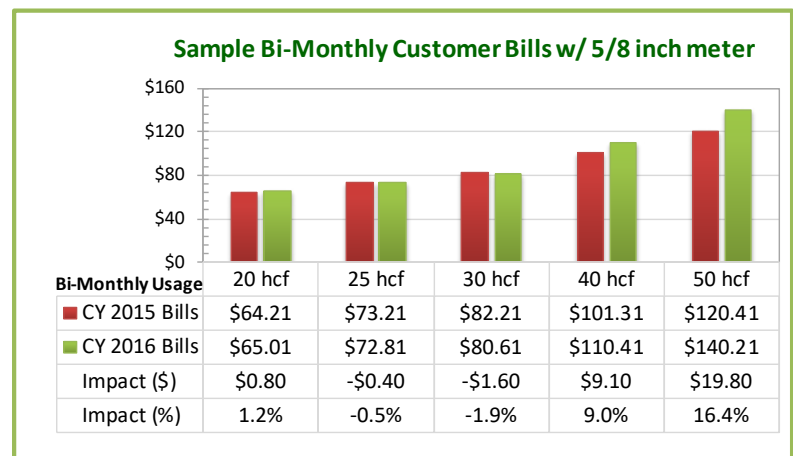


FIGURE 5

Customer Bill Impact

Illustrating impacts on customers resulting from the adoption of the proposed rates

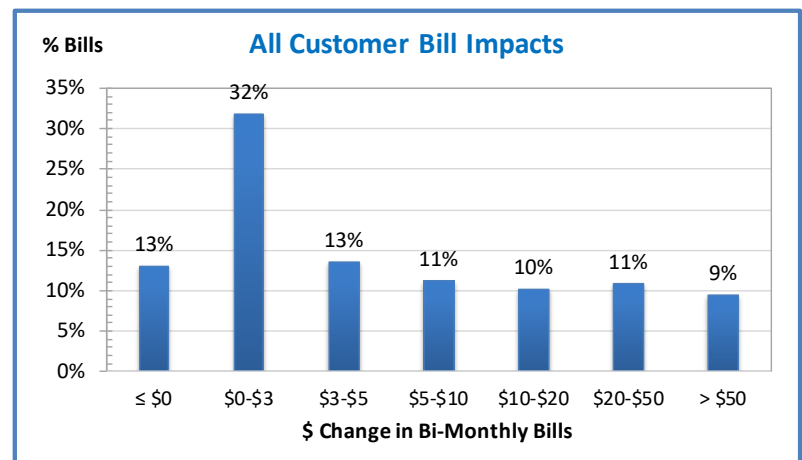
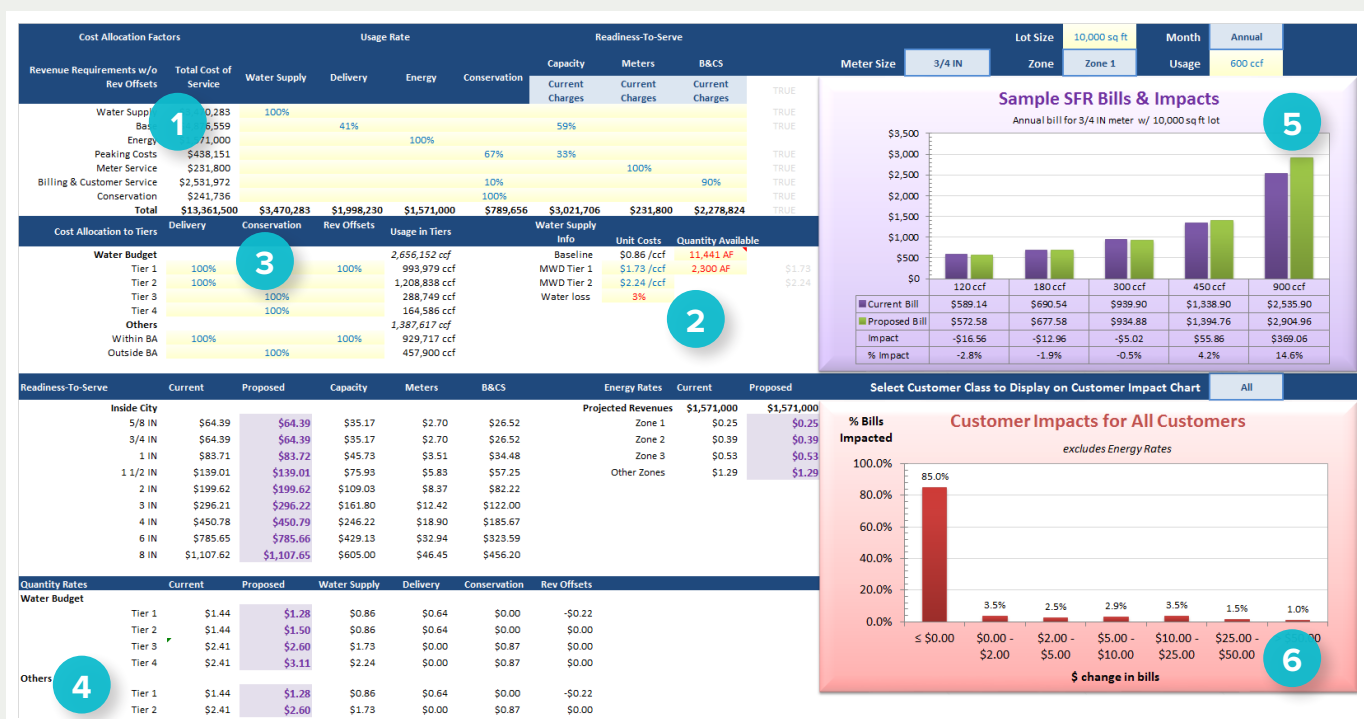


FIGURE 6

Rate Design Dashboard



staff comments from the workshop in Task 5.1, Raftelis will present the results of our Study during at one session with the Board of Directors. The presentation will discuss the proposed financial plan, and the proposed rate structure, and rates along with the resulting customer impact analysis. If necessary, Raftelis will use the models to address any concerns raised regarding the results. Any changes, comments, and feedback will then be incorporated into the final models.

Meetings: One (1) on-site Workshop with District staff, One (1) on-site Workshop with District Board
Deliverables: Presentation materials for the Workshops in Microsoft PowerPoint

TASK 6

Administrative Report Development for Proposed Water Rates

The process for developing the proposed water rates will be described in a draft water rate study report. This draft report will summarize key findings and recommendations related to the Multi-year Financial Plan and the Water Rate Study. The report will also include a section on the gaps between existing rates and the anticipated financial obligations for Water Enterprise along with any proposed strategies. A comprehensive section on the rate design assumptions and methodologies used to develop the user-rate calculations and financial planning will be included as part of administrative record for the final rates. Recent court decisions have

emphasized the importance for a thorough administrative record and defensible methodology of the final rates. To ensure that the study includes a thorough administrative record, the Final Report will include an exhibit listing all rate design assumptions and methodologies used to develop the financial plan and rates. Comments from District staff will be incorporated into the Final Report and the Model will be refined to reflect appropriate issues or concerns raised. The Final Report will be submitted to the District and will include appropriate supporting data from the Model to address the requirements of Proposition 218.

It is imperative that the Report clearly shows the nexus between the proposed charges for service and the cost to provide said service. The Report will lead the reader through Raftelis' methodology to arrive at rates that are equitable, reflect the District's policies and values, and are driven by the District's revenue requirements. The Report's ability to explain the rate development process in a clear and understandable manner will promote financial transparency, heighten legal defensibility, and uphold the District's strong reputation with the public.

Meetings: One (1) webinar with District staff and District's legal counsel to review comments on the Draft Report
Deliverables: Draft Report and Final Report in Microsoft Word and pdf

TASK 7

Proposition 218 Process Public Hearing Support

Ensuring that the District maintains and grows public trust as it conducts its rate analysis and implements the result is critical. At a time when the public is empowered by social media and fueled by skepticism of public processes, proactive public outreach is a key component in obtaining public understanding of rate analysis recommendations.

Public participation and communication increase community acceptance of rate changes, enhance credibility with stakeholders and policy-makers, and build awareness of the value of the service and the need for utility investments on behalf of the community. The District has a strong communications foundation to work from. Anticipating changes to a water budget rate structure is a special communication challenge that requires experience in developing a messaging platform and tactics that will explain this change. Raftelis can assist the District by developing a strategic communication plan that includes facilitation of community workshops and development of collateral material to ensure the public is informed and provided with an opportunity to ask questions and provide feedback on proposed rate changes.

Task 7.1 - Strategic Communication Plan

The strategic communication plan will accompany the final recommendations for rates and rate structure implementation and will include:

- Situation analysis that analyzes available customer data

and includes an environmental scan of current issues that may impact customer rate change acceptance.

- Stakeholder identification and public participation mapping to ensure key influencers are connected to the communication process and identifies special population communication needs (e.g. translation services).
- Communication channel identification to provide a strategy for using the District's web site, social media, printed and electronic materials, bills, direct mail, newsletters and staffing resources if/where available.
- Messaging platform to provide messages about why rates are changing, how the new rate structure works, how the results will be implemented, and potential impacts to customers.
- Internal communication strategies to ensure District staff are aware of the rate changes and can answer questions and provide talking points and FAQ's for customer service staff who will be working with customers directly.
- Community outreach tactics for key influencers such as the business community, neighborhood associations, highly impacted customer groups, etc.
- Media relations and social media plan to determine how best to leverage the District's media relationships and social media platforms.
- Written communication development for use in such materials as FAQ's, infographics, website updates, bill inserts, etc.

Task 7.2 - Community Workshops

To accommodate the need for

public input, we recommend an open house format, rather than a traditional public meeting presentation. While rate changes affect all your customers, the impact varies with the individual. Allowing for one-on-one conversations in a low-conflict open house setting benefits the consumer by allowing staff to devote attention to the individual experience of each customer and benefits the District by allowing for input from all attendees rather than just from a vocal minority. It is important to set an appropriate community promise related to these open house workshops that input will be documented and considered prior to approving recommendations. Open house feedback also provides another way to refine messages and test materials with customers prior to implementing rate changes.

Raftelis will prepare and facilitate the open houses including:

- Developing agendas and notifications
- Recommending graphic displays for use in the open house
- Conducting a dry-run with the staff who will interact with customers
- Staffing and facilitating the open house in partnership with District staff
- Gathering feedback from participants and compiling a report

Task 7.3 – Communication Collateral – Development and Design

Visual representation of proposed changes in an easy to understand and accessible format can often significantly improve customer understanding of rate structure changes

that may impact customer bills. Raftelis has a professional design team experienced in developing infographics, fact sheets, brochures, presentations, event displays, etc. to assist with communicating rate and rates structure changes in print, online, or in person.

Meetings: One (1) on-site meeting to understand communication needs, current environment and available communication channels; Two (2) community workshops/open houses; Conference calls and web-based sharing for communication collateral as determined by Strategic Communication Plan
Deliverables: Strategic Communication Plan; Facilitation and Management of two (2) community open houses; Two (2) open house comment summaries; Communication collateral to be determined in collaboration with District staff

TASK 8

Proposition 218 Notice Review and Public Hearing

Task 8.1 – Review for Proposition 218 Notice

Raftelis will assist the District in reviewing the Proposition 218 notice for the District to mail out at least 45 days prior to holding the Public Hearing. Raftelis recognizes the meeting of Proposition 218 requirements as a legal issue and will work with the District attorney, as we have with numerous agencies, to ensure compliant notification materials.

Task 8.2 – Public Hearing Meeting

As the last step of the Study, Raftelis will be present at the Public Hearing to adopt the recommended rates and will be available to answer any questions. Raftelis has assisted numerous agencies all over California with the adoption of conservation rate structures. Recent examples include the City of San Juan Capistrano, Las Virgenes Municipal Water District, and Elsinore Municipal Water District.

Meetings: One (1) Public Hearing Meeting
Deliverables: Presentation for Public Hearing in Microsoft PowerPoint

TASK 9

Simplified Financial Plan Model with Adopted Rates for Future Rate Updates

Upon the completion and adoption of the new rates, Raftelis will use the adopted rates, remove all unnecessary variables from the Rate Model and develop a simple, easy to update Financial Plan Model for District staff future use. The simplified Financial Plan Model will be used to support annual rate and charges adjustments upon changes in water cost, demand and updated operating budget.

Meetings: One (1) webinar with District Staff to identify key features and variables for the Model
Deliverables: Simplified Financial Plan Model in Microsoft Excel

Project Fee

The following table provides a breakdown of our proposed fee for this project. This table includes the estimated level of effort required for completing each task described and the hourly billing rates for our project team members. Expenses include costs associated with travel, and a \$10 per hour technology charge covering computers, networks, telephones, postage, etc.

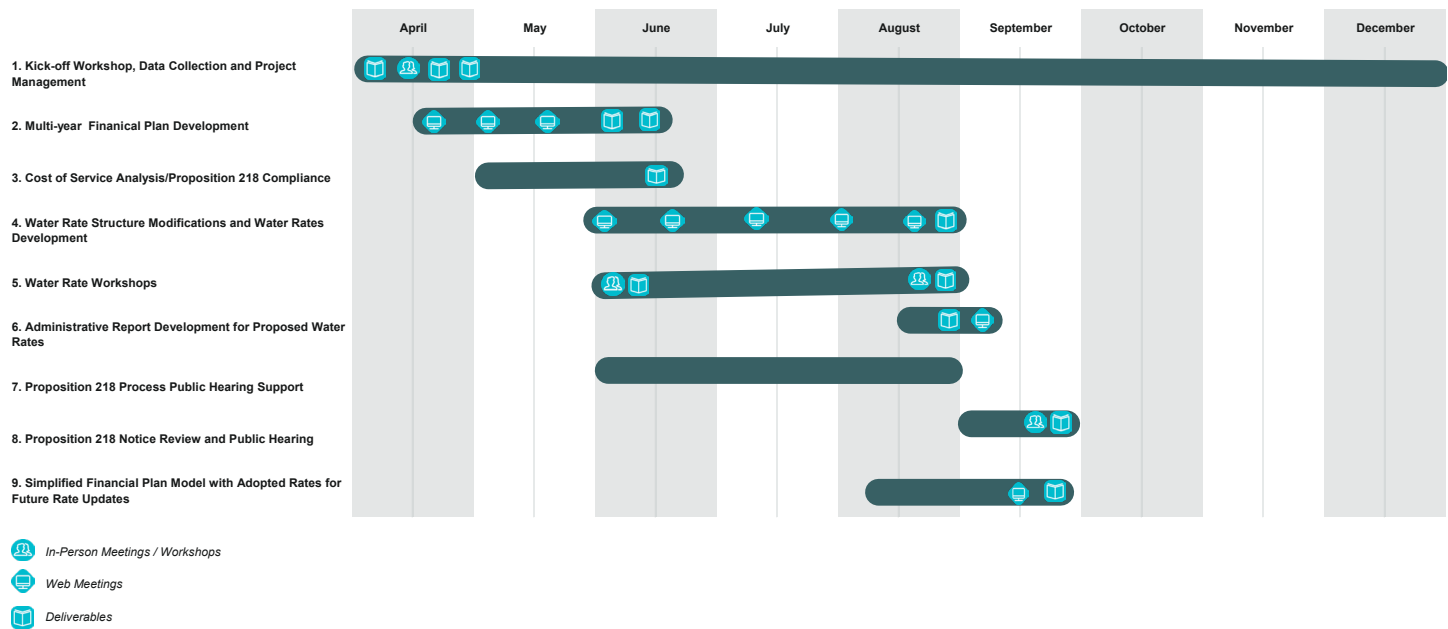
Tasks	Web Meetings	Number of Meetings	Hours										Total Fees & Expenses
			SG	ME	SD	HI	KK	GD	KP	SC	Admin	Total	
1. Kick-off Workshop, Data Collection and Project Management		1	10		1	1			16	10	6	44	\$9,790
2. Multi-year Financial Plan Development	3		12		1	2			8	32		55	\$12,355
3. Cost of Service Analysis/Proposition 218 Compliance			8		1	2			4	10		25	\$6,075
4. Water Rate Structure Modifications and Water Rates Development	5		16		1	2			16	50		85	\$18,755
5. Water Rate Workshops		2	20						24	4		48	\$12,540
6. Administrative Report Development for Proposed Water Rates	1		10		1	2			16	50		79	\$16,925
7. Proposition 218 Process Public Hearing Support		3	30	50			38	15	5	5	1	144	\$36,992
8. Proposition 218 Notice Review and Public Hearing		1	10		1	2			4	4		21	\$5,745
9. Simplified Financial Plan Model with Adopted Rates for Future Rate Updates	1		2						8	20		30	\$6,170
Total Estimated Meetings / Hours	10	7	118	50	6	11	38	15	101	185	7	531	
Hourly Billing Rate			\$295	\$240	\$295	\$265	\$210	\$125	\$210	\$180	\$80		
Total Professional Fees			\$34,810	\$12,000	\$1,770	\$2,915	\$7,980	\$1,875	\$21,210	\$33,300	\$560	\$116,420	

SG - Sanjay Gaur
 ME - Melissa Elliott
 SD - Sudhir Pardiwala
 HI - Habib Isaac
 KK - Katie Knoll
 KP - Khanh Phan
 SC - Staff Consultants
 GD - Graphic Design
 Admin - Administrative Staff

Total Fees	\$116,420
Total Expenses	\$8,927
Total Fees & Expenses	\$125,347

Project Schedule

Raftelis will complete the scope of services within the timeframe shown in the schedule below. The proposed schedule assumes a notice-to-proceed by April 2019 and that Raftelis will receive the necessary data in a timely manner and will be able to schedule meetings as necessary. Project completion is estimated for December 2019.



Data Requirements

The data fields needed to complete the scope of work include:

- Financial information including operating budget, long-term capital improvement plan, reserve balances, and other relevant financial information to be provided within the first week of the project.
- Detailed Water Account and Consumption Data including customer info such as meter size, customer class, landscape area, household size, etc. The data will also include one record per account per billing period for those months that the account received a bill in wide-format. This data is expected to be provided to Raftelis within the first 2 weeks of the Study.
- Other information such as projected account growth and water sales, water supply cost mix, asset data list, historical account summary and usage summary, water system peaking capacity, etc. It is preferable that the data be provided to Raftelis within the first 2 weeks of the Study to ensure efficient and effective analysis for the Study.

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Professional Services Agreement

In a separate attachment, we provide two signed copies of the agreement.* We respectfully request that the District consider the following modification to Section 4.2 Indemnification:

4.2 Indemnification (b.): Indemnity for Other Than Professional Liability. Other than in the performance of professional services and to the full extent permitted by law, Consultant shall indemnify, defend and hold harmless District and District's Parties from and against any liability (including liability for claims, suits, actions, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorneys' fees and costs, court costs, defense costs and expert witness fees), where the same arise out of, are a consequence of, the failure or breach performance of this Agreement by Consultant or by any individual or entity for which Consultant is legally liable, including but not limited to officers, agents, employees or subcontractors of Consultant.

** The signed copies do not constitute as the final executed copies.*

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353 Santa Monica Drive • Channel Islands Beach, CA 93035-4473 • (805) 985-6021 • FAX (805) 985-7156
A PUBLIC ENTITY SERVING CHANNEL ISLANDS BEACHES AND HARBOR • CHANNELISLANDSBEACHCSD.COM

Board of Directors

MARCIA MARCUS, President
SUSIE KOESTERER, Vice President
KEITH MOORE, Director
R.V. "Jim" ESTOMO, Director
ELLEN SPIEGEL, Director

JARED BOUCHARD
General Manager

August 31, 2016

Raftelis Financial Consultants, Inc.
Sudhir Pardiwala
445 S. Figueroa Street, Suite 2270
Los Angeles, CA 90071

Dear Mr. Pardiwala,

On behalf of the Channel Islands Beach Community Services District Board and Management staff, I wanted to drop a note and express to you the District's sincere gratitude for the exemplary level of professionalism, expertise and coordination Steve Gagnon and Akbar Alikhan displayed during our project. It is not every day that we engage consultants that absolutely exceed our expectations on every level.

We look forward to our continued relationship for maintenance of our rate and financial models.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Bouchard', written over the word 'Sincerely,'.

Jared Bouchard
CIBCSD General Manager

**Board of Directors**

Ted F. Martin
M. Scott Goldman
John S. Dudley
William H. Kahn
Jerard B. Werner

General Manager

Robert R. Hill

El Toro Water District

"A District of Distinction"

Serving the Public - Respecting the Environment

January 28, 2013

To Whom It May Concern,

Re: Raftelis Financial Consultants

The El Toro Water District and I have been working with Sudhir Pardiwala and his team at Raftelis Financial Consultants ("Raftelis") for many years. We have come to rely on their expertise in a number of very important aspects of our business, examples of which follow:

Raftelis guided Staff and Board through the conversion from a uniform commodity rate to a water budget based tiered conservation rate structure. Their in-depth understanding and straight forward communication style took a complex and complicated topic and broke it down into understandable components. They presented option, explaining the benefits of each and produced the necessary financial analysis to allow a complete understanding of the impact to the customers and District. The result was a smooth transition with very few customer protests. Three years into the program we have maintained a reduction in consumption meeting our 20% by 2020 goal without financial implications of the reduced sales.

Since converting to a water budget based tiered conservation rate structure we have required tiered rate adjustments due to increase imported water cost (El Toro Water District imports 100% of its potable water from MET). Raftelis has performed cost of service studies in support of those increases in compliance with all aspect of Prop 218.

While El Toro Water District has always had a sewer system connection fee we did not have a water system connection fee. Raftelis was retained to assist staff in the determination of an updated sewer system connection fee and the development of a water system connection fee. Their presentation to the Board was instrumental in getting the fee adopted.

I have come to rely heavily on the team at Raftelis and do not hesitate in recommending them to any district who seeks common sense guidance in matters of financial significance.

EL TORO WATER DISTRICT

Michael P. Grandy
Assistant General Manager/ CFO



SAN DIEGUITO WATER DISTRICT

160 CALLE MAGDALENA
ENCINITAS, CALIFORNIA 92024-3633

(760) 633-2650
FAX (760) 436-3592

December 8, 2011

Mr. George Raftelis
Raftelis Financial Consultants, Inc.
201 South Lake Boulevard, Suite 803
Pasadena, CA 91101

Dear Mr. Raftelis:

I felt compelled to write you to inform you of the positive experience we had working with Raftelis Financial Consultants (RFC) on the District's Water Rate Study (Study). This Study had many challenges including an ever-shifting schedule and a very well-run campaign by a local taxpayers group fighting any type of rate modifications. Sudhir Pardiwala and Steve Vuoso professionally worked around our numerous schedule changes and delivered a well thought out Study. As we presented the Study to the District Board, Sudhir's vast experience came into play as he was able to skillfully dispel the misinformation presented to the Board by the taxpayers group. The Study's rate recommendations were adopted by the Board.

I appreciate the hard work and dedication provided by both Sudhir and Steve and look forward to working with RFC in the future. If you have any questions, please feel free to contact me at (760)633-2849.

Sincerely,

Bill O'Donnell
Assistant General Manager



BORREGO WATER DISTRICT

July 19, 2011

George Raftelis, President & CEO
RAFTELIS FINANCIAL CONSULTANTS, INC.
1031 S. Caldwell Street, Ste. 100
Charlotte, NC 28203

RE: 2011 Borrego Water District Rate Study and California Proposition 218 Support

Dear Mr. Raftelis,

Please know that the Board and staff of the Borrego Water District is most appreciative of the extraordinary efforts the RFC consultants have provided to assist the District. The Board and staff would like to offer to recommend the services of RFC as may be useful from time to time should a reference for the quality and timeliness of your work be requested.

We are a new Board, elected last year. It wasn't until after we were in office for a couple of months with access to the internal workings of the District that we realized just how difficult a financial situation we faced. We were dismayed to learn that most of the \$6.5M cash reserves had been spent and the financial condition of the District was so tenuous, that we couldn't borrow money from the public markets or even secure a line of credit at a bank to cover emergency expenses. In addition, we found spending in FY2011 was estimated to exceed income by more than \$400,000 and it appeared we would exhaust all cash sometime this fall. We had no choice but to act, act quickly and act decisively to restore the District's financial stability. One of the best decisions we made was to retain RFC in March 2011 to assist the Board and District.

Sanjay Gaur from RFC's Pasadena office was our primary contact. In one month during April, Sanjay helped develop a financial model and proposed rates to restore the District to financial stability and creditworthiness. The Proposition 218 notice was published May 6th and at the June 22nd Public Hearing the Board passed a resolution adopting the proposed rates with minor opposition from ratepayers even though the first year rate increase was thirty percent. We believe that the acceptance of these proposed rates by the community was due in part to the analytical work that went into the rate study and the professionalism and clear presentation of the reasons for the rate increase by RFC's staff.

Sincerely,

Beth Hart, President

Lyle Brecht, Vice President

Jerry Rolwing, General Manager

cc. Sudhir Pardiwala, Sanjay Gaur
RAFTELIS FINANCIAL CONSULTANTS, INC.
201 LAKE AVENUE STE. 301
PASADENA, CA 91101



January 26, 2010

Mr. George Raftelis
RAFTELIS FINANCIAL CONSULTANTS, INC.
 201 S Lake Ave, Ste 301
 Pasadena, CA 91101

SUBJECT: LETTER OF RECOMMENDATION

Dear Mr. Raftelis:

I am writing to thank Raftelis Financial Consultants, Inc (RFC), and particularly Sanjay Gaur and Khanh Phan for the high quality, professional consulting services provided in the recent engagements – Water Budget Rate and Water Demand Offset Fee Studies. Both studies involved evaluations of numerous policy options within a short amount of time.

The Water Budget Rate Study involved building a water budget rate model to evaluate customer impacts of different policy options. The project started and completed in August 2009. The Water Demand Offset Fee Study, started in December 2009, focused on researching water savings and costs for each conservation program/fixture at various agencies, calculating the estimated water demand of new accounts using water budget and building a model to calculate the water demand offset fees. Mr. Gaur presented the results to the Board in the same month. The Board approved the water budget rate structure and will review the Demand Offset in the near future.

Even though the schedules for both studies were unusually tight, the work products were well-written and presented. The user-friendly rate models developed by Ms. Phan allowed multiple scenario analyses with instant results in a graphical format to assist in quick decision-making. Water budget rate structure is a relatively new area that has only been recently explored. Nonetheless, Mr. Gaur was able to present the results of the study clearly and articulately to our Executive Management and was able to address all of their questions and concerns. Their recommendations were reasonable and practical. Their creative solutions to the complex problems surrounding water budget rate structures were of tremendous help in implementing water budget rates at the District.

I enjoyed working with both Mr. Gaur and Ms. Phan on these two projects. They were very responsive, reliable, and knowledgeable. We really appreciate their assistance in these engagements and will gladly consider RFC for all our future financial projects.

Sincerely yours,

RANCHO CALIFORNIA WATER DISTRICT

Jeff D. Armstrong
 Chief Financial Officer

Board of Directors

Lisa D. Herman
 President

Lawrence M. Libeu
 Sr. Vice President

Stephen J. Corona

Ralph H. Daily

Ben R. Drake

John E. Hoagland

William E. Plummer

Officers:

Matthew G. Stone
 General Manager

Phillip L. Forbes, CPA
 Assistant General Manager/
 Treasurer

Perry R. Louck
 Director of Planning

Andrew L. Webster, P.E.
 Chief Engineer

Jeffrey D. Armstrong
 Chief Financial Officer

Kelli E. Garcia
 District Secretary

C. Michael Cowett
 Best Best & Krieger LLP
 General Counsel



THE CITY OF SAN DIEGO

March 5, 2007

Mr. George Raftelis
Raftelis Financial Consultants, Inc.
511 East Boulevard
Charlotte, NC 28203

Dear Mr. Raftelis:

Subject: City of San Diego Water Cost of Service Study

I am writing to thank Raftelis Financial Consultants (RFC), and particularly Sudhir Pardiwala and Steve Vuoso, for the work involved in preparing the Water Cost of Service Study, and assisting with presentations to the City's elected officials and community members on the study. The work they accomplished on the study was completed in an unusually short amount of time and received significant amounts of scrutiny from various sources. Sudhir and Steve, in addition to providing great technical expertise, were unswervingly patient and responsive. I know they called on numerous resources within RFC to meet our many requests, and I am grateful to all who contributed to the success of this project.

The Cost of Service Study prepared by RFC provided the foundation on which the Mayor was able to recommend modifying our rates and on which the City Council could rely in approving those recommendations. We appreciate the work performed, and assistance RFC provided to the City.

Sincerely,

J. M. Barrett
Water Department Director

Santa Fe Irrigation District



September 25, 2009

Mr. George Raftelis
Raftelis Financial Consultants, Inc.
201 S Lake Boulevard, Suite 803
Pasadena, CA 91101

Dear Mr. Raftelis,

I am writing this letter to you to inform you of our experience with Raftelis Financial Consultants, and specifically with Sudhir Pardiwala and Steve Vuoso. Reliability, professionalism, and knowledge are all extremely important aspects of a consulting firm, and the Santa Fe Irrigation District has come to count on those qualities when working with RFC.

Our agency has engaged RFC several times during the past four years. The first project was a complete restructuring of our water rates and fees. This was not an easy undertaking, as a formal rate study had not been performed for several years, and the District's project manager was replaced about 1/3 of the way through the study. Mr. Pardiwala and Mr. Vuoso were very understanding and accommodating during this transition, especially because it involved altering the original schedule to push the end date beyond what had been planned. The final recommendations were implemented, and we moved from a flat to a tiered rate structure. Mr. Pardiwala presented well to our Board, and was able to address any questions or concerns that arose. The excellent rate model developed by Mr. Vuoso (one of the primary deliverables) was something that we were able to maintain and use for several years.

Most recently, we retained RFC to update our rate model, recommend water allocation methods, and develop a series of alternative water rate structures designed to be used to achieve various goals. We are still in the process of finalizing the recommendations.

I enjoy working with both Mr. Pardiwala and Mr. Vuoso. They are extremely flexible and willing to assist us in any way they can. I have come to rely on their expertise regularly. Their recommendations are sound, and their work products are well-written and presented. We will continue to consider RFC for all financial projects we undertake. It is with pleasure that I write this letter to you to express our satisfaction with RFC. Keep up the great work.

Sincerely,

Jeanne L. Deaver
Administrative Manager

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APP END IX

A ■ ■ PROJECT TEAM RESUMES



Sudhir Pardiwala PE

Project Director

Executive Vice President

SPECIALTIES

- Cost of service rate studies
- Conservation and drought management studies
- Economic analyses
- Water and wastewater utility cost accounting
- Valuation
- Financial and revenue planning
- Assessment engineering
- Reviewing/obtaining capital improvement funding
- Computer modeling

PROFESSIONAL HISTORY

- Raftelis: Executive Vice President (2013-present); Vice President (2004-2013)
- Black & Veatch: Principal Consultant (1997-2004)
- MWH: Principal Engineer (1985-1997)
- CF Braun: Senior Engineer (1979-1985)
- PFR Engineering Systems: Research Engineer (1977-1979)

EDUCATION

- Master of Business Administration - University of California, Los Angeles (1982)
- Master of Science in Chemical Engineering - Arizona State University (1976)
- Bachelor of Science in Chemical Engineering - Indian Institute of Technology, Bombay (1974)

PROFESSIONAL REGISTRATIONS

- Registered Professional Engineer: CA (Chemical (1981) and Civil (1988))

PROFESSIONAL MEMBERSHIPS

- American Water Works Association
- Water Environment Federation
- California Municipal Finance Officers Association

CERTIFICATIONS

- Series 50 Municipal Advisor Representative

Mr. Pardiwala has 40 years of experience in financial studies and engineering. He has extensive expertise in water and wastewater utility financial and revenue planning, valuation, and assessment engineering. He has conducted numerous water, wastewater, stormwater, and reclaimed water rate studies involving conservation, drought management, risk analysis, as well as system development fee studies, and has developed computerized models for these financial evaluations. Mr. Pardiwala has assisted public agencies in reviewing and obtaining alternate sources of funding for capital improvements, including low-interest state and federal loans and grants. He has assisted several utilities with State Revolving Fund and Water Reclamation Bond loans. Mr. Pardiwala authored the chapter on reclaimed water rates in the *Manual of Practice No. 27, Financing and Charges for Wastewater Systems*, published by the Water Environment Federation (WEF). He also authored a chapter entitled, "Recycled Water Rates," for the Fourth Edition of the industry guidebook, *Water and Wastewater Finance and Pricing: The Changing Landscape*. Mr. Pardiwala was vice-chairman of the CA-NV AWWA Business Management Division and Chairman of the Financial Management Committee.

RELEVANT PROJECT EXPERIENCE

City of Brentwood (CA)

Mr. Pardiwala served as Project Manager for a water and wastewater rate study for the City of Brentwood (City) that involved a comprehensive review of the City's financial plan and rate structure. The City has a total of over 17,500 water and wastewater accounts. Water is supplied through two main sources: local groundwater, from the City's groundwater wells, and surface water that originates from rivers within the Sierra mountain range and flow into the Delta. Surface water is treated at the City of Brentwood Water Treatment Plant (Brentwood TP) and the Randall Bold Water Treatment Plant (RBWTP). Wastewater services are provided by the City's Wastewater Treatment Plant with a capacity to treat 5.0 million gallons of wastewater per day (MGD). The study included a comprehensive review of the City's revenue requirements and allocation methodology, a review of City's user classification, a cost of service analysis, and rate design for City users. The resulting rates were fair and equitable and met the fiscal needs of the City's utilities in the context of the City's overall policy objectives and were designed for simplicity of administration, cost effective implementation and ease of communication to customers. The study also included drought surcharges that vary based on the water shortage level that the City can implement as necessary to recover the revenue shortfall that occurs as a result of demand reduction during water shortage situations. Raftelis developed a user friendly model so that various scenarios could be evaluated on the fly. The City appreciated the flexibility of using this model during the course of the study. Raftelis calculated wastewater rates based on flow and strength for different classes of customers. Raftelis assisted with the Proposition 218 notice and the public hearing. Raftelis has been retained for two rate cycles for the City.

City of Ontario (CA)

Mr. Pardiwala served as Project Manager on multiple water, wastewater and solid waste rate studies. The study included a comprehensive review of the City of Ontario's revenue requirements and allocation methodology, review of user classifications, a cost of service analysis, and rate design for City users.

Raftelis designed tiered water rates, recycled rates and wastewater rates considering IEUA rates. Solid waste rates were designed to recover costs. Raftelis provided the City with a model that is used for planning purposes by the City. The City has engaged Raftelis multiple times to update these rates, optimize water sources to minimize costs.

City of Redlands (CA)

Mr. Pardiwala has managed several financial projects for the City of Redlands (City) including water, wastewater and reclaimed water projects. The studies were conducted with extensive stakeholder input and multiple meetings with a Utilities Advisory Commission composed of local residents, businesses, and other interested parties. The first rate studies involved significant rate adjustments as well as rate structure adjustments to ensure financial stability, meet debt coverage and regulatory requirements. The analysis included calculation of outside-City charges and impact fees. The City received user-friendly working rate models for future updates. Mr. Pardiwala assisted the City with State Revolving Fund loans for reclaimed water and potable water. He helped them find grants for the reclaimed water project and water treatment plant upgrade. He has been assisting the City biennially with their water, wastewater and recycled water rates.

City of Palo Alto (CA)

Mr. Pardiwala was Project Manager for a study for the City of Palo Alto (City) to determine the cost of service rates consistent with Proposition 218. The study involved review of fire service charges, booster pumping rates, strict adherence to cost of service principles. The study was conducted with the participation of a citizens' advisory committee. Raftelis developed an user friendly rate model, provided City staff training on use of the model. The proposed rates were implemented July 1, 2012. Raftelis assisted The City with an update developing conservation rates with the State mandated reductions in usage.

City of Santa Barbara (CA)

Mr. Pardiwala has been assisting the City of Santa Barbara (City) with their water, wastewater and recycled water financial plans and cost of service rates studies involving rates for different customer classes including agriculture, outside City, tiered residential, commercial etc. Wastewater rates were developed for various funding sources including grants and SRF loans. The City is facing severe water supply shortages and water rates included evaluation of multiple drought stages, the rates and impacts on customers as well as funding desalination to provide adequate supplies for the City's customers. Raftelis also evaluated system capacity fees for new water and wastewater customers.

Olivenhain Municipal Water District (CA)

Mr. Pardiwala assisted the Olivenhain Municipal Water District (District) in conducting a water financial plan study and a recycled water rate study to determine the recycled water rates charged to customers. The water financial planning model was developed to assist the District in evaluating different financing alternatives to minimize rate impacts and ensure financial stability. The water

model was effectively used in Board meetings and presentations to evaluate the impacts of various scenarios. Additionally, Raftelis calculated drought/conservation rates for different stages of cutbacks. The recycled water rate study was conducted to determine the recycled water rates charged to customers given that the District obtains recycled water from four different sources: the City of San Diego, Vallecitos Water District, Rancho Santa Fe Community Services District, and the 4S Regional Recycled Water System. The existing agreements defined the costs of different sources of recycled water to the District. To address all of those issues and concerns, Raftelis developed a recycled water financial and rate model to determine the costs of providing service and the required revenue to be collected from customers. In addition, the model is built to evaluate when the District is able to take over the 4S Regional Recycled Water System, as stated in the agreement with the developer.

City of Sacramento (CA)

Mr. Pardiwala managed a wastewater rate study to examine the charges associated with different types of residential and non-residential customers. The study included a comprehensive review of the City's revenue requirements and allocation methodology, review of City's user classification, a cost of service analysis, and rate design for City users. Sacramento is one of the few large Cities in the State that does not meter residential and a significant number of non-residential customers. The strength and flow allocation to these customers was revised. The resultant rates were fair and equitable and met the fiscal needs of the City's wastewater utility in the context of the City's overall policy objectives and were designed for simplicity of administration, cost effective implementation and ease of communication to customers.

City of San Diego (CA)

Mr. Pardiwala conducted numerous studies for the City of San Diego (City), including a water, wastewater and reclaimed water rate study. The entire wastewater rate study was conducted with extensive stakeholder group involvement because of the changes required in the wastewater rate structure to meet regulatory requirements. In addition, Mr. Pardiwala served as project manager for the City's reclaimed water rate study, impact fee studies for both water and wastewater, and a transportation charges study for agencies contributing to the City's regional wastewater facility. Mr. Pardiwala also managed a water demand study which involved statistical analysis of historical water consumption to model projections based on weather, economic activity, population, inflation, etc. Mr. Pardiwala evaluated the feasibility of a water budget rate structure for the City. He assisted the City with the Proposition 218 noticing and public outreach.

City of Beverly Hills (CA)

Mr. Pardiwala served as Project Manager for Raftelis' engagement with the City of Beverly Hills (City) water and wastewater rate studies. Raftelis was engaged by the City to develop a rate and financial planning model that would be used to evaluate alternative rate structures and to provide more detailed forecasts to assist in the preparation of updating rates in future years. Raftelis modeled numerous alternative rate structures and reviewed customer and

revenue impacts before recommending that the City modify its current three tiered rate structure to include a fourth tier that targets large irrigation usage. In addition, Raftelis recommended that the costs of service based on flow and strength. Raftelis continues to provide biennial updates to the City model so that rates may be projected in future years.

City of Ventura (CA)

Mr. Pardiwala served as Project Manager for a water, wastewater, and recycled water cost of service and rate study for the City of Ventura (City). The City had not updated its rate structure in 20 years. Additionally, the City was under a cease and desist order that required the City to carry out improvements estimated at more than \$55 million, and which the City wanted to start funding to mitigate impacts. The goal of the study was to develop conservation-oriented rates consistent with cost of service to recover adequate revenues to pay for necessary capital improvements, meet debt service coverage requirements, as well as maintaining sufficient reserve requirements. The study included a comprehensive review of the City's revenue requirements and allocation methodology, review of the City's user classification, usage patterns, a cost of service analysis, and rate design for City users. Raftelis developed long-range financial plans so that the water and wastewater utilities could be financially stable and save costs in the long run. We also assisted the City with developing different water and wastewater rate alternatives with various scenarios as well as calculating outside-city rates. The study was conducted with several meetings and input from stakeholders comprised of customers within the City. Raftelis educated the Citizen Advisory Committee on the basics of rates, cost allocations, and rate design to obtain their buy-in through the use of the dashboards in the rate models we developed for them to demonstrate the impacts of various revenue adjustments on the long-term financial stability of the enterprises. Raftelis also developed a schedule for funding a major wastewater program required by environmental groups. Recommended rates were implemented for two years in July 2012. Raftelis updated rates for the City in 2014 and provided water drought rates.

Goleta West Sanitary District (CA)

Mr. Pardiwala has been Goleta West Sanitary District's (District) financial consultant for over more than 15 years. During that time he has assisted the District with financial planning, development and financing their replacement and refurbishment program, developing a rate structure, annexation fees, connection fees, miscellaneous fees, reserves policy development, and other financial issues. The District charges customers on the tax roll. Raftelis developed the data to be included on the tax roll and the District now manages it.

Clark County Water Reclamation District (NV)

Mr. Pardiwala was Project Manager for a cost of service study for the Clark County Water Reclamation District (District) to help evaluate the current system of rates and charges to ensure that users were being charged appropriately. The District has not updated its rate structure system for many years and the current system based on fixture units is believed to need restructuring. Raftelis managed

the sampling and wastewater flow monitoring from different types of users to determine the definition of an equivalent dwelling unit and the flows from different types of users. There are multiple outreach meetings with member agencies and interested stakeholders to educate them on the process and to obtain buy-in.

Vallejo Flood and Wastewater District (CA)

Raftelis assisted the Vallejo Flood and Wastewater District (District) with a comprehensive wastewater rate and connection fee study (Study). The District an independent special district that collects, treats, and disposes of wastewater for 38,000 accounts in the City of Vallejo with a service area that covers 36 square miles and includes one wastewater treatment plant and 36 wastewater pump stations. The existing sewer rate structure comprised of flat rates for all residential customers, including single and multi-family residences. For commercial customers, rates were based on both flow and sewage strength. The District was moving over to a service charge to be levied on the property tax roll. Raftelis was called in to assist with this study after another consultant's study was found to be unacceptable to the District. As part of the study, Raftelis thoroughly examined the District's revenue streams, cost structure, analyzed customer data, and developed an equitable rate structure that met both Proposition 218 requirements and the District's goals and objectives. An important part of the study was the evaluation of the commercial customer classifications to ensure that customers were accurately categorized by strength and assessed the appropriate rates. Raftelis also created a user-friendly model so that various scenarios could be evaluated on the fly. Additionally, Raftelis also reviewed and updated the District's connection fees. Upon completion of the rates calculation, Raftelis assisted the District in a comprehensive public outreach campaign to obtain customers buy-in, which was crucial in the successful implementation of the proposed rates for fiscal year 2019.

City and County of San Francisco (CA)

The City conducts water, wastewater and stormwater studies every five years to ensure that charges are consistent with cost of service and conforms with the City's Propositions. Mr. Pardiwala served as Project Manager for two cycles of rate studies for the City. The City has a combined wastewater and stormwater system and costs for stormwater are integrated with wastewater. The City was engaging in a multi-billion dollar capital improvement program that would have significant impact on rates. The City has unique microclimates and Raftelis analyzed the water usage characteristics of single family and multi-family users to develop a rate structure that would provide incentives for conservation. Raftelis evaluated incentives to encourage low impact development, reviewed stormwater practices to provide credits for best management practices to reduce stormwater generation. Raftelis performed an overhead cost allocation study consistent with federal requirements of OMB Circular A-87 to assign costs appropriately to different departments in order to obtain federal reimbursement for projects that are eligible for federal assistance.

Napa Sanitation District (CA)

Mr. Pardiwala was Project Manager for a recycled water rate study for the District. The District was required to restrict summer

discharge of its wastewater into the river. The District had made improvements to its treatment plant to produce recycled water and provided incentives to recycled water customers to use the water. Agreement with customers were to end within a couple of years and the District wanted to enlarge the recycled water facilities and enroll new customers into the recycled water program. The District wanted to review the economics of the improvements and determine the impacts resulting from implementing new recycled water rates. Raftelis developed a financial and rate model that considered the new customers and revised rates and the impact of providing discounted rates on wastewater customers. The District held meeting with the recycled water users and obtained input on issues of concern to them. Raftelis provided support to the District and evaluated the results of the surveys conducted to define the rates.

City of Henderson (NV)

Mr. Pardiwala served as Project Manager for the engagement with the City of Henderson (City). In Phase I, Raftelis assisted the City in conducting a water and wastewater financial assessment. Raftelis developed a financial vision which will ultimately shape the utilities for the next ten years. As part of our conceptual design process, Raftelis recommended several alternative rate philosophies to be evaluated as part of Phase II. The Model was also developed to evaluate certain rate philosophies and user charge structure modifications focused on improving the equitable recovery of costs from different user classes, legal defensibility of the rates and system development charges, revenue predictability, and conservation incentives. Raftelis developed an allocation or budget for different meter sizes to ensure that the tiered rates set up would fairly collect revenues from customers. Raftelis updated the City's financial plan by participating in the City's rate implementation process. This included presentations of final findings and recommendations to City Council and the Citizen's Advisory Committee.

City of North Las Vegas (NV)

Mr. Pardiwala was the Project Manager for the water and sewer financial planning and rate study conducted for the City of North Las Vegas (City). At the time, the City had experienced rapid growth and had a significant amount of capital projects including construction of their own treatment plant. The City faced many financial challenges at a time when there were signs of a slowing economy. Raftelis conducted a multi-year financial plan that examined various customer growth, capital funding, and rate revenue assumptions. Raftelis prepared rate models for both water and wastewater and trained City staff on their use. The models provided dashboards for ease of use and decision making.

City of Portland (OR)

The City of Portland (City) wanted a financial planning and rate model to determine rates for its wholesale and retail customers. Mr. Pardiwala served as Project Manager for this study. The City provided wholesale water to 19 agencies under old agreement that were expiring soon. The City was finalizing long-term agreements with explicit terms on rate setting. The City wanted to develop rates consistent with the new agreement for the wholesale agencies, review rate structure alternatives for its retail customers, review impacts

and provide flexibility for planning for the next 20 years.

The City's existing retail rate structure consisted of an increasing 3-tier rate structure for all customers with fixed tiers for single family customers and tiers based on the average usage in the preceding 12-month period for the remaining customers. The current retail rates applied to all classes and did not take into account peaking which factors can vary significantly from class to class. Raftelis developed alternative rate structure options for retail customers and explore the creation of more classes to increase equity and fairness and encourage conservation. Alternative rate structures included uniform volume rates, seasonal rates, increasing and "V" or "U" shaped block rates, and a range of individualized block rates with cutoffs based on average account usage, seasonal usage, or customer characteristics. Raftelis provided the City with the computer model and provided training and a manual in the user of the model.

In 2012, Mr. Pardiwala managed a bond feasibility study for the City's Bureau of Environmental Services. The City needed to issue bonds for several hundred million dollars to meet regulatory requirements related to its wastewater and stormwater systems. Raftelis met with City staff and reviewed the CIP, business processes, rates and rate setting procedures, and provided a certificate of parity showing that the City could meet its coverage requirements under the current rates so that the City could sell bonds with a good rating.

City of Tacoma (WA)

Mr. Pardiwala was Project Manager for a study to develop financial plans and rate models for the City's Environmental Services including wastewater, surface water and solid waste utilities. The study involved development of user friendly financial and rate planning models that would allow the City to update rates on an annual basis, quickly make changes, and review rates. The model also provided capability to compare the status of the CIP, and actual revenues and expenses against budgets on a month by month basis. To make this process easy, the model was integrated with the City's SAP and E Builder system. The financial plan and rates were reviewed with input from the City's Environmental Services Commission. Raftelis turned over the models to the City, provided training and computer manuals in the use of the models.

Mr. Pardiwala also provided financial planning models to the City's water utility, which included user-friendly features and benchmarking tools to maximize improvements in operations and management.

City of Los Angeles (CA)

Mr. Pardiwala was Project Manager on studies to develop rates and rate models for solid waste and wastewater utilities. The City wanted to have a planning tool in-house to evaluate what if scenarios, impacts and determine rates for various customers. The model incorporated many user friendly features to assist the City update rates and prepare financial plans on an annual basis. Solid waste rates included non-residential customers based on size of containers and frequency of collection. Wastewater rates to the 27 subscribing agencies discharging to the City's wastewater treatment

facilities were also determined. This involved complex calculations and allocations to wastewater loadings, conveyance distance, etc. Connection or impact fees were also included in the model. User training, model documentation, regular updates and ongoing service were also included in this project.

Mr. Pardiwala also served as Project Manager on a wheeling charges study for the Los Angeles Department of Water and Power. The City was interested in determining the appropriate charges to be levied on various customers that may wish to use the extra capacity in the City's system—from the Los Angeles Aqueduct to the distribution network—to transfer water.

City of Pasadena (CA)

Mr. Pardiwala was Project Manager for a study for the City of Pasadena (City) to determine roll-out charges for solid waste services provided by the City. Certain customers in the City needed assistance with rolling out their containers and replacing them again. Mr. Pardiwala analyzed the costs associated with this service and set up a charge for it.

OTHER RELEVANT PROJECT EXPERIENCE

- City of Anaheim (CA) – Water Rate Study
- City of Atwater (CA) - Water and Wastewater Rate Study
- City of Banning (CA) - Recycled Water Revenue Program
- Beaumont Cherry Valley Water District (CA) - Water Rate and Connection Fee Study
- Carpinteria Sanitary District – Wastewater Rate Study
- Casitas Municipal Water District – Water Rate Study
- Castroville Water District (CA) – Water and Wastewater Rate Study
- City of Beverly Hills (CA) - Asset Replacement Study, Connection Fee Study, Conservation Rate Study, Valuation and Development of Replacement Program and Asset Inventory, and Water Rate Study and Update
- City of Brea (CA) - Water Rate Study, Connection Fees and Related Fees and Charges Study
- City of Brentwood (CA) - Water and Wastewater Rate Study
- City of Buena Vista (CA) – Water and Wastewater Rate Study
- City of Burbank (CA) - Bond Feasibility Study, Reclaimed Water Study, and Water and Wastewater Rate Study
- City of Carlsbad (CA) - Asset Replacement Study and Water, Wastewater and Reclaimed Water Revenue Program
- City of Chino (CA) - Valuation Study and Water Rate Study
- City of Chowchilla (CA) – Water and Wastewater Rates Study
- Clark County Water Reclamation District (NV) - Cost of Service Study
- City of Cloverdale (CA) - Water and Wastewater Connection Fees and Rate Study
- City of Corona (CA) - Water and Wastewater Rate Study
- El Toro Water District (CA) – Water Budget and Wastewater Rate Studies and Connection Fees
- City of Encinitas (CA) - Water and Wastewater Rate Study
- City of Escondido (CA) - Valuation Study, Water and Wastewater Rate Study
- City of Glendora (CA) - Water and Wastewater Financial Planning and Rate Study
- Goleta Water District (CA) – Water and Wastewater Rates and Connection Fees Studies, Asset Management, and Financing Plan
- City of Henderson (NV) - Water and Wastewater Rate Study
- La Canada Irrigation District – Water Rate Study
- La Crescenta Water District – Water and Wastewater Rate Study
- City of Livingston (CA) – Water, Wastewater and Solid Waste Rates Study and Litigation Support
- City of Los Angeles (CA) - Wheeling Charge Review
- Los Angeles Department of Water and Power (CA) – Water Rate Study and Wheeling Charge Review
- City of Madera (CA) - Water and Wastewater Rate Study
- Mammoth Community Water District (CA) – Water and Wastewater Rate Study
- Metropolitan Wastewater Joint Powers Authority (CA) - Wastewater Valuation Study and Capacity Valuation Study
- Napa Valley Sanitation District (CA) - State Revolving Fund Loan Assistance
- City of North Las Vegas (NV) – Water and Wastewater Rates Study and Model
- Ojai Valley Sanitary District – Wastewater Rate Study
- Olivenhain Municipal Water District (CA) – Water and Wastewater Financial Planning Studies and Recycled Water Rate Study
- City of Ontario (CA) - Water, Wastewater and Solid Waste Rate Study
- Palmdale Water District (CA) – Water Budget Rate Study
- City of Palo Alto (CA) – Water Rate Study
- Portland Water Bureau (OR) – Retail and Wholesale Water Rates Model
- City of Poway (CA) – Wastewater Rate Structure Analysis
- Ramona Municipal Water District (CA) – Water Rate Study
- Rainbow Municipal Water District (CA) - Water, Wastewater Rate and Capacity Fee Studies
- City of Redlands (CA) - Impact Fee Study, Non-Potable Water Fee Study, Rocky MWC, Valuation and Lease Study, Bi-annual Rate Updates, Reclaimed Water Funding, and Water and Wastewater Rate Study
- City of Rialto (CA) – SRF Funding and Water and Wastewater Rate Study
- County of San Bernardino (CA) - Water and Wastewater Rate Study and Connection fees
- City of San Diego (CA) - Recycled Water Rate Study, Valuation Study, and Water and Wastewater Financial Plan, Rate and Connection Fees Study, Litigation Support
- San Diego County Water Authority (CA) - Capacity Valuation, Rate Analysis, Valuation Study, and Wheeling Charge Study
- City of San Fernando (CA) – Water and Wastewater Rates Study
- City of San Francisco (CA) – Water, Wastewater Rate Study and Stormwater Incentives for Low Impact Development
- San Geronimo Pass Water Agency (CA) - Financing Plan
- City of San Jose (CA) - Sewer Service Related Fees and Charges
- City of San Luis Obispo (CA) - Stormwater Financial Feasibility

Study

- City of Santa Barbara (CA) – Water and Wastewater Rate Study
- City of Santa Fe springs – Water Rate Study
- Santa Fe Irrigation District (CA) - Wastewater Treatment Plant Cost Evaluation, Water Connection Fees Study, and Water Rate Study and Update
- City of Santa Monica (CA) - Wastewater Rate Study
- City of Scottsdale (AZ) - Impact Fee Study
- City of South Pasadena (CA) – Water and Wastewater Rate Study
- City of Springfield (OR) – Wastewater Rates Model
- Sweetwater Authority (CA) - Water Rate Study
- Tacoma Public Utilities (WA) - 2008 Business Planning Assistance and Financial Model
- City of Upland (CA) - Valuation Study
- City of Vallejo (CA) - Water Financial Plan
- Valley County Water District (CA) - Water Rate Study
- Town of Windsor (CA) - Impact Fee Review, State Revolving Fund Loan Application Assistance, Water and Wastewater Connection Fees and Rates Study, and Water and Water Reclamation Rate Studies



Sanjay Gaur

Project Manager

Vice President

TECHNICAL SPECIALTIES

- Proposition 218 rate compliance
- Financial analysis
- Cost of service studies
- Conservation rate structure design
- Capacity fee studies
- Cost benefit analysis
- Econometric analysis

PROFESSIONAL HISTORY

- Raftelis: Vice President (2015-present); Senior Manager (2012-2014); Manager (2009-2012)
- Red Oak Consulting, Division of Malcolm Pirnie (2007-2009)
- MuniFinancial (2005-2006)
- A & N Technical Services (1999-2003)
- United States Peace Corps, Bulgaria (1995-1997)

EDUCATION

- Master of Public Administration, Public Administration/International Development, Kennedy School of Government - Harvard University (2003)
- Master of Science, Applied Economics - University of California, Santa Cruz (1994)
- Bachelor of Arts, Economics and Environmental Studies - University of California, Santa Cruz (1992)

PROFESSIONAL RECOGNITION

- Who's Who in America, 63rd Edition (2009)
- Finalist, National Venture Competition (2003); Goldman Sachs Foundation
- Roy Environmental Fellowship (2002), Kennedy School of Government, Harvard University
- Academic Scholarship (2001-2003), Kennedy School of Government, Harvard University
- Certificate of Outstanding Service (1997), United States Peace Corps

PROFESSIONAL MEMBERSHIPS

- American Water Works Association - Rates and Charges Committee
- California Society of Municipal Finance Officers

Mr. Gaur has over 20 years of public-sector consulting experience, primarily focusing on providing financial and rate consulting services to water and wastewater utilities. His experience includes providing rate structure design, cost of service studies, financial analysis, cost benefit analysis, capacity fee studies, conservation studies, and demand forecasting for utilities spanning the west coast. He has provided consulting service to over 100 different agencies. Mr. Gaur is considered one of the leading experts in developing rates that meet Proposition 218 requirements, has exceptional public speaking skills and, due to these qualities, he is often sought out to provide assistance on rate studies that are complex and controversial. He has often provided his insight into utility rate and conservation-related matters for various publications and industry forums including: authoring articles in Journal AWWA; being quoted in various newspaper articles including the Los Angeles Times and the New York Times; participating in a forum regarding the future of water in Southern California sponsored by the Milken Institute; being quoted on National Public Radio; speaking at various industry conferences including American Water Works Association (AWWA), the Utility Management Conference, Association of California Water Agencies, and California Society of Municipal Finance Officers; and, co-authoring several industry guide books including AWWA's *Manual M1 Principles of Water Rates, Fees and Charges, 7th Edition* as well as AWWA's *Water Rates, Fees, and the Legal Environment, Second Edition*. Mr. Gaur co-authored a chapter entitled, "Understanding Conservation and Efficiency Rate Structures," for the Fourth Edition of the industry guidebook, *Water and Wastewater Finance and Pricing: The Changing Landscape*. Mr. Gaur is also active in a number of utility-related associations, including serving as a member of AWWA's Rates and Charges Committee.

RELEVANT PROJECT EXPERIENCE

City of Long Beach (CA)

In 2016, the City of Long Beach hired Raftelis in conducting a comprehensive rate study that meets the heightened standard associated with Proposition 218. Given the large percentage of the population at the poverty rate, the City was concerned about affordability, revenue stability due to the recent drought, and developing a strong nexus associated with its water and wastewater rates. Mr. Gaur served as the Project Manager and successfully assisted the City in adopting rates that meet their requirements. Since then, Mr. Gaur has provided financial and rate consulting services to the City, including how to fund stormwater services.

Alameda County Water District (CA)

Mr. Gaur has provided financial and rate consulting experience to Alameda County Water District since 2010. During these years, Mr. Gaur has been the Project Manager on numerous studies, including the evaluation of different types of conservation rates, development of a 25-year financial model that assists the District in evaluating different financial risks, development of drought rates, and public outreach to stakeholders. During these projects, Mr. Gaur has led a series of workshops with the Executive Management and the Board of Directors in evaluating and identifying which financial/rate solutions meet their objectives.

East Bay Municipal Utility District (CA)

Since 2013, Mr. Gaur has provided consulting services to East Bay Municipal Utility

District. He successfully accomplished several objectives for the District and served as the Project Manager for a comprehensive water and wastewater cost of service study. The last comprehensive cost of service study was done in 2000. As part of the study, Raftelis thoroughly examined the District's cost structure, analyzed water and wastewater flow and customers data, and evaluated alternative rate structures to develop an equitable rate structure that meets Proposition 218 requirements and the District's goals and objectives. One of the key deliverables was the administrative record, which is a document that clearly explains how the rates are derived and is a critical document to support the requirements of Proposition 218.

Castaic Lake Water Agency (CA)

Castaic Lake Water Agency is a wholesale water agency that is a member of the State Water Contractor. Since 2012, Mr. Gaur has provided numerous consulting services including the evaluation of different types of wholesale rates, a financial model, annexation fees, capacity fees, and other financial consulting services. Mr. Gaur has made numerous presentations to the Board of Directors and has secured their supports on critical matters.

City of San Juan Capistrano (CA)

In 2012, San Juan Capistrano was in the midst of a legal lawsuit over its water rates. A group of taxpayers sued the City over its water rates, saying they did not comply with Proposition 218. The City sought out an expert rate consultant to assist them in developing new rates that will meet the stringent requirements of the taxpayer group and City Council. The City hired Raftelis and Mr. Gaur served as the Project Manager for this significant project. The project required a series of six City Council Workshops, with each one lasting over 3 hours. In addition, two members of the City Council were active in supporting the lawsuit against the City. Mr. Gaur was successful in mustering support for the new rates and developing the new standard associated with the administrative record. The rates were approved and the President of the Taxpayer association expressed his support of the new rates.

Fallbrook Public Utility District (CA)

Fallbrook Public Utility District provides water, recycled water, and wastewater services. The District has a complex rate structure due to the fact that it provides both domestic service, special agricultural rates from the San Diego County Water Authority, normal agricultural service, and a combination of these services to the same meter. Given the recent lawsuit associated with San Juan Capistrano, the District was interested in developing a comprehensive rate study that can fund a new source of water supply and cost of service rate study that can justify the different types of rates. In 2016, Mr. Gaur served as the Project Manager on this study and was successful in developing a 180-page administrative record that clearly explains the nexus requirement associated with Proposition 218 and the adoption of the five years of rates.

Placer County Water Agency (CA)

Placer County Water Agency provides four major types of water services: treated retail, untreated retail, treated wholesale, and untreated wholesale. Given the complexity of the system, the

agency has over 50 different types of rates. The agency has evolved over the last 60 years of existence and has acquired numerous neighboring agencies. Given the San Juan Capistrano ruling, the Agency was interested in consolidating and developing a clear rationale behind the complex services it provides. The Agency sought out Mr. Gaur to be the Project Manager on this significant study in redeveloping all the different water rates. Mr. Gaur conducted a series of workshops with Executive Management in developing a rationale and logic behind the services it provides. The 150-page administrative record was well received by the Board of Directors and they were pleased with this study. The new rates were approved in 2017.

Las Virgenes Municipal Water District (CA)

Since 2008, Mr. Gaur has provided financial and rate consulting services to Las Virgenes Municipal Water District. This includes assisting the District in adopting a controversial rate increase, the evaluation and implementation of a water budget rate structure, capacity fees for water and wastewater services, and other financial related matters. The District receives water from only one source, Metropolitan Water District of Southern California. With the desire to implement a water budget tiered rate, Mr. Gaur assisted the District in establishing tiered rates that meet the requirements of Proposition 218.

Santa Cruz (CA)

Since 2012, Mr. Gaur has provided financial and rate consulting services to the City of Santa Cruz. This includes developing a financial model that can evaluate different water demand factors and associated drought rates, reserve policies, a comprehensive rate study, drought rates, capacity fees and other financial/rate matters. The drought rates study was particularly complex. The City experienced a significant drought and had to allocate water. Water use was already at a historical low level and residential water use was one of the lowest in California. With the desire of refunding a debt and low commodity revenues sales, the City needed to adopt drought rates within a short time period. Mr. Gaur was successful in adopting 5 stage drought rates and was able to assist the City in at this critical time. Lastly, Mr. Gaur assisted the City in redeveloping its rate structure so that it would meet the values of the community, while remaining both be financially sustainable and meeting the requirements of Proposition 218.

Rancho California Water District (CA)

Mr. Gaur has provided consulting services to Rancho California Water District since 2007. During this time, he has assisted the District in the development of a water budget rate structure. The project required the consultant to develop a flexible water budget model that could determine multiple blocks widths and allocations. The team was successfully able to accomplish this task and assisted the District in implementing the new water budget rate structure. The rates were successfully adopted in November 2009.

Mr. Gaur also assisted the District in the development of a New Water Demand Offset Fee. The New Water Demand Offset Pro-

gram is a form of funding for conservation measures that will help to create sustainable, zero water footprint development. New developments will pay fees called New Water Demand Offset Fees to create potable water savings in the existing system to support water demand generated by new developments. Water savings can be achieved by converting irrigation accounts to recycled water or installing high efficiency retrofits to replace inefficient fixtures for existing accounts in the District. Lastly, Mr. Gaur has provided consulting services on Capacity Fee studies and updating water rates.

Western Municipal Water District (CA)

Since 2009, Mr. Gaur has provided consulting services to Western Municipal Water District. Mr. Gaur successfully accomplished several objectives for the District including the implementation of water budget rates, which included facilitating and leading a discussion on the policy options associated with the development of water budget rates. Based on these policy options, a water budget model was developed that evaluated different allocation factors for indoor and outdoor water use, determined rate components for the corresponding tiers, and developed the corresponding rates and customer impacts.

In addition, Mr. Gaur served as the Project Manager for the development of a financial model for the District. The model has the capability of examining the 14 different fund centers of the District, develop and save different Capital Improvement Plan scenarios, examine the financial consequences of these scenarios and compare the results. In addition, the model has the ability aggregate the fund centers by water, wastewater, or by the whole District. The model is currently being utilized by the District to examine long term health of the District.

Lastly, Mr. Gaur conducted a Capacity Fee study for the District, which included water, wastewater, and recycled water. The prior Capacity Fee was outdated and significant changes were required. This study included public outreach to the Business Industry Association. Since then, Mr. Gaur has provided assistance to the District in updating its water rates and developing the administrative record required.

OTHER RELEVANT PROJECT EXPERIENCE

- American Water Company (CA) - Water Rate Study
- Borrego Water District (CA) – Financial Planning Study, Groundwater Sustainability Plan, Water Rate Study, and Basin Management Evaluation
- City of Calexico (CA) - Water and Sewer Rate Study
- City of Camarillo (CA) – Water and Wastewater Rate Study, Financial Plan Study, and Cost of Service Study,
- Carpinteria Sanitary District (CA) – Sewer Rate and Fee Study
- Central Basin Municipal Water District (CA) – Financial Plan
- City of Chino (CA) – Water Budget Rate Design, Financial Plan Study and Cost of Service and Rate Design
- City of Chowchilla (CA) – Water and Wastewater Rate Study
- Coastside County Water District (CA) – Water Rate Study
- Contra Costa Water District (CA) – Financial Plan Study, Water Rate Study and Drought Rates Study
- City of Corona (CA) – Water Budget Rate Study, Wastewater Capacity Fees Study
- Cucamonga Valley Water District (CA) – Financial Plan, Water Conservation Rate Study, and Drought Rates
- Eastern Municipal Water District (CA) – Water Budget Study and Financial Plan Study
- East Orange County Water District (CA) - Water Budget Study, Sewer Capacity Fees Study, and Financial Plan Study
- Elsinore Valley Municipal Water District (CA) – Financial Model, Drought Rate Analysis, Water and Recycled Water Rate Study, Capacity Fee Study, and Wastewater Rate Study
- El Toro Water District (CA) – Water Budget Study and Recycled Water Financial Plan Study
- City of Escondido (CA) – Water and Wastewater Rate Study and Capacity Fees Study
- City of Glendora (CA) – Water Budget Feasibility Study
- City of Gridley (CA) – Water Rate Study
- Helix Water District (CA) – Water Rate and Cost of Service Study
- Hi-Desert Water District (CA) – Water Rate Study
- City of Hollister (CA) - Sewer Rate and Impact Fee Study, Water Rates Study, and Capacity Fee Study
- City of Huntington Beach (CA) - Sewer Rate Study, Water Budget Rate Study, and Financial Plan Study
- Imperial County Gateway County Service Area(CA) – Water and Wastewater Rate Study
- Indio Water Authority (CA) - User Fee Study and Water Rate Study
- Inland Empire Utilities Agency (CA) – Conservation Rate Structure Workshop and Financial Plan Study
- Inyo County Water Department (CA) – Water Rate Study
- Irvine Ranch Water District (CA) - Conservation Study
- Jurupa Community Services District (CA) – Water Budget Study
- La Habra Heights County Water District (CA) – Wheeling Rate Study and Financial Plan Study
- La Puente Valley County Water District (CA) – Water Rate and Fee Study
- City of Livermore (CA) – Water Cost of Service Study
- City of Livingston (CA) - Water Rate Study
- City of Lomita (CA) - Water Rate Workshop
- Los Alamos Community Services District (CA) – Water and Wastewater Rate Study
- Los Angeles Department of Water and Power (CA) - Daily Demand Estimates
- City of Lynwood (CA) - Cost Allocation Plan
- City of Malibu (CA) – Wastewater and Recycled Water Rate Study
- Mammoth Community Water District (CA) – Water Rate Study
- City of Merced (CA) - Water and Sewer Rate and Impact Fee Study
- Mesa Consolidated Water District (CA) – Financial Plan Study, Cost Comparison Study, Water and Recycled Water Cost of

Service and Rate Design Study

- Metropolitan Water District of Southern California (CA) – Drought Allocation Model, Long Range Financial Plan, and Cost of Service Evaluation
- Mill Valley – Tamalpais Community Services District (CA) – Financial Plan Study
- Mojave Water Agency (CA) – Financial Plan Study, Financial Impact Analysis for Water Exchange and Leasing Programs and Water Reliability Rate Development
- Modesto Irrigation District (CA) – Stormwater Fee Study
- Monterey Peninsula Water Management District (CA) - Water Budget Study
- Municipal Water District of Orange County (CA) - Conservation Potential Study and Rate Study
- City of Newport Beach (CA) – Water Rate Study
- City of Palo Alto (CA) – Water Cost of Service and Rate Study
- Pasadena Water and Power (CA) - Water Cost-of-Service and Rate Design Study
- City of Pomona (CA) – Rate Study
- City of Port Hueneme (CA) - Water and Solid Waste Rate Study
- City of Orange (CA) – Water and Sanitation Rate Study
- City of Reno (NV) – Wastewater Rate Study
- City of Rio Vista (CA) - Water and Sewer Rate and Impact Fee Study
- Salton Community Services District (CA) – Sewer Rate Study
- City of San Clemente (CA) – Water and Wastewater Rate Study
- San Diego County Water Authority (CA) - Indexing Model and Wholesale Water Rate
- City of San Juan Capistrano (CA) – Water Rate Study
- Santa Clara Valley Water District (CA) - Project Evaluation - Water Conservation Project
- Santa Clarita Water District (CA) – Retail Water Rate Study
- Scotts Valley Water District (CA) – Water and Recycled Water Rate Study
- City of Shasta Lake (CA) – Water Rate Study and Water and Wastewater Capacity Fee Study
- City of Sierra Madre (CA) – Water and Sewer Rate Study
- City of Signal Hill (CA) – Water Rate and Cost of Service Study
- City of Simi Valley (CA) – Sewer Rate Study
- Soquel Creek Water District (CA) – Water Rate Structure Study
- South Coast Water District (CA) – Water Budget Assessment
- South Mesa Water Company (CA) – Rate Structure and Recycled Water Rate Study
- City of South Gate (CA) - Water Impact Fee
- Sunnyslope County Water District (CA) – Water Rates and Capacity Fees
- Temescal Valley Water District (CA) – Water and Sewer Rate Study and Capacity Fee Study
- Trabuco Canyon Water District (CA) – Water Rate Study
- City of Thousand Oaks (CA) – Water and Wastewater Cost of Service and Financial Plan Study
- City of Ventura (CA) – Water and Wastewater Rate Study
- City of Vista (CA) - Sewer Rate and Connection Fee Study
- Walnut Valley Water District (CA) - Water Rate Study
- City of Watsonville (CA) – Utility Enterprise Rate Study
- Yorba Linda Water District (CA) - Sewer and Water Budget Rate Study, Financial Plan Study, and Cost of Service Rate Study
- Zone 7 Water Agency (CA) – Cost of Services Study and Water Rate Study Update

RECENT PUBLICATIONS/RESENTATIONS

- Gaur, S., Magu, D. “California Water Rate Trends: Maintaining Affordable Rates in a Volatile Environment”, Journal – American Water Works Association, September 2017, Volume 109, Number 9.
- Contributing Author to “M1 Principles of Water Rates, Fees and Charges” 7th Edition, American Water Works Association, 2017.
- Gaur, S., Giardina, R.D., Kiger, M.H., Ziebertz, W., “Committee Report: Ripples from the San Juan Capistrano Decision,” Journal – American Water Works Association, September 2016, Volume 108, Number 9.
- Gaur, S., Alikhan, A., Kostiuk, K. “The Drought is over – Now is the time to develop drought rates”, CSMFO Magazine, July 1, 2016.
- Gaur, S., Alikhan, A., Crea, J. “Developing Drought Rates: Why Agencies Should Prepare for a Not-So-Rainy Day”, January 2016, Volume 108, Number 1.
- Gaur, S., Isaac, Habib “There’s Opportunity in the San Juan Capistrano Rates Decision”, Source California-Nevada Section AWWA, Fall 2015, Volume 29, Number 4.
- Gaur, S., Atwater, D., “California Water Rate Trends,” Journal – American Water Works Association, January 2015, Volume 107, Number 1.
- Contributing Author to “Water and Wastewater Finance and Pricing: The Changing Landscape”, 4th Edition, 2015, CRC Press, Editor: George Raftelis.
- Gaur, S., Atwater, D., Cruz, J., “Why do Water Agencies need Reserves?”, Journal – American Water Works Association, November 2014, Volume 106, Number 11.
- Gaur, S., Atwater, D., Lee, J., “Conservation Rates Offer Options,” CA/NV Section of American Water Works Association, Spring 2014, Volume 28, Number 2.
- Gaur, S., Lim, B., Phan, K., “California Water Rate Trends,” Journal – American Water Works Association, March 2013, Volume 105, Number 3.
- Contributing Author to “Water Rates, Fees and the Legal Environment”, 2nd Edition, American Water Works Association, 2010 Editor: C.(Kees) W. Corssmit.
- Hildebrand, M. Gaur, S. and Salt, K. “Water Conservation Made Legal: Water Budgets and California Law”, Journal of American Water Works, 101:4 April 2009, p.85-89.
- Gaur, S. “Policy Objectives in Designing Water Rates”, Journal of American Water Works, 99:5 May 2007, p.112- 116.
- Gaur, S., “Adelman and Morris Factor Analysis of Developing Countries”, The Journal of Policy Modeling, Vol. 19, Issue 4, pp. 407-415, August 1997.



Habib Isaac

Technical Reviewer

Senior Manager

TECHNICAL SPECIALTIES

- Financial planning
- Utility cost of service
- Rate structure studies
- Proposition 218 Compliance
- Assessment methodologies
- Assessment Administration
- Impact fees
- Cost allocation studies
- User fees

PROFESSIONAL HISTORY

- Raftelis; Manager (2014-2016); Senior Consultant (2013)
- MuniFinancial; (2004-2013)
- David Taussig & Associates; (2003-2004)

EDUCATION

- Bachelor of Science in Applied Mathematics with Emphasis in Computation Science - San Diego State University (2002)

Mr. Isaac has extensive experience in financial and utility rate modeling and has been serving public agencies for more than 16 years on a variety of financial and rate- and fee-related engagements. Mr. Isaac is well-versed with cost of service principles and special benefit provisions of Proposition 218. In addition, he has also provided consulting services for conducting fiscal impact analyses for agencies in determining the impact generated by new development on services, and has prepared cash flow pro formas for securing bond issues, including mello-roos bonds, revenue bonds, and a number of refunding. Mr. Isaac has assisted clients in the preparation and presentation of public awareness and information programs related to municipal projects ranging from utility rate studies to agency-wide taxes. He has developed procedures and supervised the preparation of extensive computer models for utility rate studies, including incorporating sophisticated macros into models to create a user-friendly interface that can save and store scenarios “on-the-fly” for comparative analysis. Such modeling experience generally relates to performing budget analyses, customer and usage analyses, development of revenue requirements, and cost of service allocations related to the implementation of rate structures designed to promote conservation while accounting for revenue sufficiency and price elasticity. As a mathematician, Mr. Isaac understands the sensitivity between competing variables that are commonly present in utility rate studies, such as, cost-based tiers and economic price signaling.

RELEVANT PROJECT EXPERIENCE

City of Livermore (CA)

Mr. Isaac completed a comprehensive Cost of Service Water and Wastewater Rate Study for the City of Livermore (the City), which recently concluded this past June with unanimous approval of the proposed rates. The City historically set their rates internally and wanted to receive an independent review and updated to its rates from an outside firm specializing in utility rates. Like many water agencies in California, the City was faced with challenges related to the reduction in water usage as a result of conservation, the slow economy, and increasing water supply costs from Zone 7 Water Agency. The City was operating in an environment where operational costs and external costs associated with imported water continue to increase and a new Asset Management Plan study identified critical reinvestments necessary for both the water and wastewater systems. Mr. Isaac served as Project Manager and presented Raftelis’ findings and recommendations at all public meetings. Mr. Isaac recommended that the City adjust revenue by 5% for each of the next five years and incorporate a pass-through provision for increased costs incurred from their wholesaler, Zone 7 Water Agency. In addition, Mr. Isaac also provided recommendations to the rate structure to ensure compliance with the cost of service principles of Proposition 218. Residential switched from a three-tiered rate structure to a two-tiered rate structure and Non-Residential rates were adjusted from a tiered rate structure to a uniform rate structure as Non-Residential commercial uses and related water needs can vary drastically between accounts. The Rate Study and all recommendations were approved at a Public Hearing held on June 26, 2017.

Temescal Valley Water District (CA)

In 2016, the Temescal Valley Water District (District) engaged Raftelis to conduct a comprehensive water, recycled water, and wastewater rate study. The main objectives of the study were to ensure financial sufficiency, meet operation and maintenance costs, and to ensure funding for both capital and reserves. As part of the study, Raftelis

lis evaluated interfund loans from one enterprise to another with varying repayment terms, modeled various rate structures, and explored seasonal rates for the recycled enterprise. The Public Hearing was held in January 2017 and the proposed rates were successfully adopted.

City of Galt (CA)

In early 2015, the City of Galt (City) hired Raftelis to conduct a comprehensive cost of service analysis and water rate study. The City was in the process of metering all customers and had previously had a flat rate for all unmetered customers. The main goal of the study was to establish a uniform commodity rate and fixed monthly charge for all customers that would generate the same level of revenue as their existing rate structure. Mr. Isaac served as the Project Manager. Raftelis developed the financial plan and rate model capable of evaluating several scenarios. Raftelis gathered all necessary data, developed the financial plan, created a model capable of adjusting the expected water demand, worked closely with City staff to project expected water sales, documented the results of the study, performed customer impacts, and assisted with presentations to the City. The proposed rates were adopted on March 14, 2016.

East Valley Water District (CA)

Mr. Isaac served as Project Manager to the East Valley Water District (District) and assisted the District with changing their rate structure from a basic uniform rate to tiered budget-based rates that accounted for household size and actual irrigable area of each account through the use of GIS. From inception, the District desired to adjust from the current uniform rate structure to one that complimented their long-term strategic goals of ensuring water efficiency and assisting with water management. Given the District's uniform rate structure, Mr. Isaac lead a detailed cost of service analysis to establish a sound nexus for determining appropriate tiered breakpoints per account as well as unit costs by tier. The model analyzed usage at the account level and provided water allotments to each for "indoor needs" and "outdoor needs."

The adopted rates, resulting from the comprehensive cost of service analysis, unbundled rate components to convey the true cost of various service components and to continue to equitably pass on the cost of water services to users. The Board adopted the water budget rate structure on March 25, 2015. The findings and recommendations resulting from the Study were summarized and documented in the Study Report.

Helix Water District (CA)

Mr. Isaac is currently completing a comprehensive Cost of Service Water Rate Study for the Helix Water District (the District). The District provides water service to approximately 55,000 customer accounts, serving a population of approximately 270,000 residents in San Diego County.

More than 10 years had passed since the District's last adopted "Cost-of-Service" study. Given the length of time since the last adopted comprehensive rate study, one specific project challenge was determining the best rate structure for the District to implement moving forward. As such, Mr. Isaac conducted a pricing

objective workshop with the Board to explore rate alternatives that would best fit the District's goals and objectives. Based on the results from the pricing objectives workshop, Raftelis was able to develop a rate structure that met the District's needs and was fully compliant with Proposition 218. In addition, Mr. Isaac recommended that the District incorporate a pass-through component for any potential rate increases implemented by the District's wholesale water supplier and update the current rate structure as follows: 1) maintain a 3-tiered rate structure for Domestic accounts, with slight modifications to the Tier 1 and Tier 2 allotments, 2) adjust Irrigation rates from a 3-tiered budget-based rate structure to a 2-tiered budget based rate structure. The District had previously defined efficient use for each account by providing a unique water allotment each month; therefore, Tier 1 would reflect the amount of water needed (within their water budget) and Tier 2 would signal when an account went over their water budget.

Over the course of this 12-month project, Mr. Isaac presented at 10 public meetings and the Public Hearing.

Rincon Del Diablo Water District (CA)

In 2014, the Rincon del Diablo Water District (District) contracted with Raftelis to conduct a Water Cost of Service and Rate Study to develop a financial plan as well as design water rates for the District for the next five years. The District is located approximately 25 miles north of the City of San Diego and serves a population of approximately 30,000 customers.

Like many water agencies in California, the District was faced with challenges related to the reduction in water usage as a result of conservation, the slow economy, increasing water supply costs, and the recent Executive Order by Governor Brown to reduce water consumption by 25% Statewide. The District was operating in an environment where operational costs and external costs associated with imported water from continue to increase and the reinvestment of funds to its infrastructure is required as outlined within the District's updated Master Plan.

Mr. Isaac served as Project Manager and presented Raftelis' findings and recommendations at all public meetings. Mr. Isaac recommended that the District adjust revenue by 5% for each of the next five years and incorporate a pass-through provision for increased costs incurred from the San Diego County Water Authority (SDCWA).

In addition, Mr. Isaac recommended certain adjustments to the District's reserve targets. Adjustments included increasing the Operating Reserve to 90 days of operating expenses and adjusting the Rate Stabilization Reserve Target to 10% of purchased water costs.

Mr. Isaac also provided recommendations to the rate structure to ensure compliance with the cost of service principles of Proposition 218. Residential rates were adjusted from a 5-tiered rate structure to a 3-tiered inclining rate structure that can be clearly supported by cost incurred. Non-Residential (Commercial/Industrial and Medical Care Facilities) rates were adjusted from a 3-tiered rate structure to a uniform rate structure as Non-Residential commercial uses and related water needs can vary drastically

between accounts. Finally, Raftelis recommended changing the Agricultural and Irrigation rate structure from a 5-tiered budget based rate structure to a 2-tiered budget based rate structure.

The Rate Study and all recommendations were approved at a Public Hearing held on June 9, 2015.

City of Arroyo Grande (CA)

Mr. Isaac is currently serving as lead rate consultant on a comprehensive cost of service analysis and financial plan for the City of Arroyo Grande. The City currently has ground water and a supplemental water supply from the Lopez Dam that is debt financed. As part of the cost of service analysis and tiered-rate structure, costs were built up based on water supply costs, delivery costs, and peaking to substantiate why each tier has a different rate per unit of water. Doing so provided a clear understanding on the costs incurred by the city's utility and provided a nexus in compliance with Proposition 218. The project is almost complete and is proceeding with the Proposition 218 noticing.

City of Sierra Madre (CA)

Mr. Isaac recently completed a long-term financial plan update for the City of Sierra Madre's water and sewer enterprises. The project also included a rate redesign of the City's water rate structure to promote water conservation while meeting the City's Water Utility's financial needs. The Public Hearing concluded on January 28th 2014 and new rates will go into effect in March, 2014. The new proposed rate structure moves from a three-tiered water rate to a four-tiered water rate structure that includes a new Tier 1 allotment to reward customers that are very efficient with their water usage. In recent times, the City has experienced a significant reduction to their available groundwater and the new rate design will now account for additional costs incurred from the inclusion of supplemental water from MWD. As a result, the City long-term financial plan has been updated and a comprehensive water consumption analysis has been completed to ensure revenue sufficiency in the near-term as well as the long-term.

Elk Grove Water District (CA)

In 2013, Mr. Isaac served as Principal-in-Charge and assisted the District with a very extensive and thorough redesign and public outreach campaign for its water rates. The District's previous study was conducted in 2007 and was expedited because the District was not in compliance with its existing bond covenants. The results of the study recommended revenue adjustments from Fiscal Year 2007-08 through 2011-12 of 32%, 20%, 15%, 3%, and 3%, respectively. The District was able to reduce the third year from a 15% revenue adjustment down to 12% and deferred the last two years of 3% revenue adjustments.

Given the circumstances from the last rate study, the District wasn't completely aware how their current rates were developed and wished to take a more measured approach to the 2013 Water Rate Study. As such, the study included meetings with District staff, a Citizens' Advisory Committee, Finance Committee, and the District Board. Mr. Isaac presented the cost of service analysis

and rate redesign through multiple meetings that dissected each item into discrete components. Separate meetings were held to discuss the following components: 1) the District's fiscal policies, 2) District objectives, 3) establishment of new reserve funds, 4) fire protection services, 5) cost of service analysis, 6) customer classes, 7) refinancing of existing debt, 8) consumption forecast, and 9) customer impact analysis. The ultimate objective of the District was to mitigate rate increases while accounting for future obligations of the District, such as escalating debt service payments.

The Proposition 218 Notices were mailed in May 2013 and all of the material discussed and presented over the course of the last 9 months is on the District's website at <http://www.egws.org/2013waterratestudy.html>. District staff and Board members clearly understand the basis for the proposed new rates and are comfortable with the new rate structure.

In addition, Mr. Isaac is continuing to provide services to the District through annual updates for Fiscal Year 2014 through Fiscal Year 2018.

Encina Wastewater Authority (CA)

Mr. Isaac assisted the Encina Wastewater Authority (EWA) with the Asset Allocation for the Phase V Expansion Project of their Wastewater Treatment Plant (2013). The update adjusted initial cost estimates using actual figures based on: existing facilities and the most recently completed CAFR; project costs based on actual amounts paid according to EWA financial records; and, actual Engineering News Record, Los Angeles (ENR) at the defined mid-point of construction. The analysis accounted for the specific discharge characteristics of the EWA's member agencies as well as total capacity necessary to serve each member, which includes: City of Vista, City of Carlsbad, Buena Sanitation District, Vallecitos Water District, Leucadia Wastewater District, and City of Encinitas. The analyses determined the updated amount of any debits or credits to each EWA Member Agency and established EWA Member Agency Ownership percentages for completed capital improvements.

Phelan Pinon Hills Community Services District (CA)

Mr. Isaac served as lead rate consultant on a recently completed comprehensive cost of service analysis and financial plan for the Phelan Pinon Hills Community Services District (CSD). The study accounted for the CSD's policy objectives and achieves a strong financial outlook in future years. As the CSD was undertaking a study of this type for the first time since becoming an independent local agency, Mr. Isaac's primary objective was to develop a robust and custom-designed financial rate model that would clearly reveal the current financial health of the Water Enterprise Fund and provide a sound financial plan reflecting a continued strong financial outlook.

To ensure stable short- and long-term financial stability, historical and future financial information was collected and analyzed, including water operations, planned capital improvement projects,

existing debt obligations, and the acquisition of additional water rights. As this was the CSD's first independent financial and rate analysis, Mr. Isaac collaborated closely with CSD staff to prepare and tailor a comprehensive financial model that focused on District policies and fiscal objectives. Mr. Isaac assisted with not only ensuring a healthy financial outlook for the utility in future years, he also took this opportunity to provide a thorough understanding to District Board Members on rate-setting principles and best management practices.

Mr. Isaac is continuing to work with the District on annual updates for Fiscal Year 2014 through Fiscal Year 2018.

City of Covina (CA)

Mr. Isaac served as lead consultant in a redesign of the City's water rate structure. The new rate structure incorporated a three-tiered water rate design that secured a stable revenue stream while promoting efficient use of water. One of the City's primary goals was to restructure the existing water rates to reach a 20% reduction in water consumption by calendar year 2020.

City of Dania Beach (FL)

Mr. Isaac conducted a comprehensive review and financial plan update for the City's water and wastewater utilities and restructured the rates to reflect a cost of service methodology. Mr. Isaac also served as lead consultant in restructuring the City's method of assessment for its stormwater and fire assessments. Due to his breadth of knowledge for each service discipline identified in this engagement, Mr. Isaac operated as principle-in-charge for the entire project. Each Enterprise Fund involved the creation of a detailed financial plan to account for current and future operations; maintenance and facilities; and the development and implementation of new fee, rate, and assessment structures. Through Mr. Isaac's review, the existing rate structure demonstrated that current utility rate revenues were not sufficient to fund operating and maintenance costs, as well as necessary capital improvements. The updated rate analysis established distinct customer classes for each utility that distributed the full cost of services to the customer base, in proportion to service demands placed on utility systems.

PUBLICATIONS

- "Developing Defensible Inclining Tier Rates" Source – CA-NV AWWA, Winter 2016
- "Cryptography with Cycling Chaos," Physics Letter A, V 303; Pages 345-351(2002)

OTHER RELEVANT PROJECT EXPERIENCE

- City of Coachella (CA) - Water Rate Study
- Town of Danville (CA) - Cost Allocation Plan
- City of Delano (CA) – Water, Wastewater, Refuse, and Street Sweeping Rate Study
- City of Irvine (CA) - Cost Allocation Plan and UF
- City of La Mirada (CA) - Cost Allocation Plan and UF
- City of Lompoc (CA) – Water and Wastewater Rate Study
- City of Modesto (CA) - Cost Allocation Plan
- City of Pacifica (CA) - Cost Allocation Plan and UF
- City of San Fernando (CA) - Water and Wastewater Rate Study
- City of Tulare (CA) - Water Rate Study and Cost Allocation Plan



Khanh Phan

Lead Analyst
Senior Consultant

SPECIALTIES

- Utility cost of service
- Rate structure studies
- Financial plan studies
- Economic feasibility studies
- Conservation rate studies
- Water budget rate studies

PROFESSIONAL HISTORY

- Raftelis Financial Consultants, Inc.: Senior Consultant (2008-present)
- Avery Dennison: Research Chemist (2004-2008)

EDUCATION

- Master of Business Administration in Finance - California State University, Los Angeles (2007)
- Bachelor of Science in Chemical Engineering - University of California, Berkeley (2003)

Ms. Phan has served as Lead Consultant or Deputy Project Manager on numerous water and wastewater studies including rate, cost of service, reserve policy, financial planning, connection fee, conservation rate, and water budget rate studies. Her specific experience includes projects for the following utilities in California: Alameda County Water District, El Toro Water District, Elsinore Valley Municipal Water District, Mesa Consolidated Water District, Mojave Water Agency, Western Municipal Water District, Yorba Linda Water District, and the Cities of Camarillo, Glendora, Huntington Beach, Riverside, San Clemente, and Santa Cruz. She possesses strong analytical and management skills acquired from her background, education, and experience. Ms. Phan has advanced computer skills and is an excellent modeler. Ms. Phan also co-authored a chapter entitled, "Understanding Conservation and Efficiency Rate Structures," for the Fourth Edition of the industry guidebook, *Water and Wastewater Finance and Pricing: The Changing Landscape*.

RELEVANT PROJECT EXPERIENCE

City of Glendora (CA)

In 2012, to promote water efficiency within its service area, the City of Glendora (City) commissioned Raftelis to evaluate the benefits of water budget rates and conduct the Water Budget Rate Study to develop the water budget tiered rates for its single family residential customers. As lead consultant, Ms Phan developed a custom-built Water Budget Rate Model to evaluate different water budget policy options associating with weather data and landscape area definitions. In addition, the City's account data and the Assessor's parcel data were integrated to retrieve the lot size and other parcel data relevant to be used to determine the landscape areas for single family residential parcel. The Model also included the Rate Module to calculate the resulting water rates for both water budget and non-water budget customers based on the revenue requirements determined by the City's budget and cost of service analyses. The Water Budget Allocation Model was presented to the Water Commission in October 2012 along with the results from the billing system assessments and cost and benefits analyses of water budget rate implementation. The Water Budget Rate Model was presented to the Water Commission in the summer of 2013.

Yorba Linda Water District (CA)

Starting 2010, Raftelis is currently assisting Yorba Linda Water District in conducting the cost of service and conservation rate study for the water enterprise. This study involves development of the long-term financial plan, evaluation of different conservation rate structures, including inclining tiered and water budget tiered rate structures, review and design of new defensible and equitable rate structure that enhances revenue stability, ensures financial sufficiency and promotes conservation and water use efficiency. Ms. Phan is responsible for developing the financial plan and water budget rate models to evaluate policy options, to assess the associated customer impacts. The District has requested Raftelis assistance in its rate updates since the initial engagement and as deputy project manager, Ms. Phan was the key personnel assisting the District.

Western Municipal Water District (CA)

Raftelis has been assisting Western Municipal Water District (District) with several projects including the development of a water budget rate structure for its retail customers, the development of a long-term financial plan for each cost center within the District, a review and analysis of the annual water rate update, and a water budget web calculator to be used as a public outreach tool. As a Lead Consultant, Ms. Phan consulted the District in the development of an equitable and defensible water budget structure for retail customers for their two cost centers – Riverside

Treated Service and Murrieta Treated Service. She performed thorough analyses on usage, revenue and customer impacts associated with proposed water budget rates.

In 2010, Raftelis assisted the District in its annual water rate update study to ensure revenue sufficiency to recover the increasing costs of imported water and to enhance revenue stability by designing a rate structure that will reduce the District's dependency on property tax to fund its operations. As Lead Consultant, Ms. Phan thoroughly analyzed the customer impacts of different proposed rates and levels of property tax dependency. The proposed rates were approved by District Board in May 2010.

In order to better financially manage all 14 enterprises, the District needed a comprehensive, yet user-friendly financial plan model which can be used to facilitate communications between staff and the District's Board of Directors about the financial implications of different financial policies and capital projects. In 2011, as a lead consultant, Ms. Phan developed a customized 30-year Financial Plan Model (Model) with the ability to conduct scenario analyses. The interactive dashboard of the Model displays the Long-Term Financial Plan of the 14 enterprises in graphical format. A CIP manager was developed to save a customized CIP scenario to be used for financial implication evaluations. The built-in scenario manager enabled the Model users to save, load, and compare the results of different assumptions, inputs and CIP scenarios. Customized financial reports in preset printed format can be generated at individual enterprise level and at aggregate level for the whole District. The District has engaged Raftelis several times after the completion of the Model for technical support and model enhancements to accommodate for arising issues.

In 2012, the District engaged Raftelis to develop the connection fees for its retail water, wastewater, and recycled water services. The District updated its Master Plans for Retail Water in Riverside service area, Riverside Recycled Water, and for Wastewater in 2009, but has not incorporated them into the current connection fees. In addition, the District currently does not assess connection fees for recycled water and desired to develop one to recover the capital cost to support the associated growth. Ms. Phan developed the connection fees Model to evaluate different policy options related to allocations of tertiary recycled water treatment values to potable, wastewater, and recycled water and to calculate the connection fees for retail water, wastewater, and recycled water based on the framework established through close collaboration with District staff.

Alameda County Water District (CA)

In early 2012, Alameda County Water District (District) commissioned Raftelis to conduct a financial plan study including developing a 25-year Financial Plan Model (Model) to assess risk of fluctuations in water supply demand, capital improvement plan scenarios, and to evaluate the potential financial impacts. As Lead Consultant, Ms. Phan developed the customized Model which featured a scenario analysis tool and a user-friendly dashboard. This Model was instrumental in effectively communicating the financial impacts to stakeholders. Raftelis presented the Model to the

District Board to show the District's financial health under various scenarios related to water supply, water sales, and expenditures.

In the same year, the District retained Raftelis to conduct the financial impact analysis of the outcomes of the union negotiation. As Deputy Project Manager, Ms. Phan worked closely with District staff to develop the Union Negotiation Module (Module) to be used in the Union Negotiations. In early January 2013, the Module was used to assess the financial impacts on the District of the union negotiated contracts for labor and benefits. Ms. Phan also enhanced the Model with additional features including a scenario manager, which enabled users to save and compare various scenarios within the Financial Plan Module and Rate Module to determine the new rates and customer impacts resulting from the cost of service analyses and the financial plan.

Since 2012, the District has annually retained Raftelis for support on updating the financial plan and other financial and rate analyses. Ms. Phan has been the Lead Consultant on various engagement with the District.

In late 2014, the District again retained Raftelis to conduct the long-term financial plan and cost of service analysis to develop rates that: would maintain financial sufficiency; are consistent with the District's policies; comply with general cost of service principles; and are in compliance with Proposition 218 requirements. During the course of the study, the financial plan model (FPM) considered many different drought scenarios and different financial outcomes. The scenarios included normal non-drought conditions, mild drought conditions ending in one year (2015 drought only), medium drought conditions ending after two years (medium), and severe drought conditions spanning three years (extended dry period). In addition, as part of the Study, Raftelis evaluated and presented two options of bi-monthly fixed service charges to the Board of Directors during the December 2014 Public Workshop. One of the goals when developing a fixed charge is to better align fixed revenues with fixed costs and align commodity revenues with variable costs. The drought surcharge, which was developed in the drought rate study and adopted in July of 2014, will continue to mitigate the effects of reduced demand until the provisions of the Drought Surcharge Sunset criterion are met. As Lead Consultant, Ms. Phan developed an interactive Rate Model to conduct various water rate scenarios and evaluate the associated customer impacts for each of the rate alternatives to assist the District in making informed decisions.

Rancho California Water District (CA)

In 2009, Raftelis conducted a Water Budget Rate Study for the Rancho California Water District (District). As a Lead Consultant, Ms. Phan assisted the District as they established an equitable and defensible water budget structure for residential and irrigation customers for both Rancho and Santa Rosa Divisions. She performed thorough analyses on different methodologies of allocating water sources to different customer classes and determining landscape area caps for residential accounts and on usage, revenue and customer impacts associated with proposed water budget rates. She assisted the District in preparation of a presentation of the study

results to District Board in order to facilitate their informed policy decision process.

In December 2009, Raftelis assisted the District in conducting New Water Demand Offset Fee Study as part of the connection fees assessed to new connections added to the District's water system. Due to recent regulatory drought in California, the District declared Stage 3 – Water Warning – under the District's Water Shortage Contingency Plan. The New Water Demand Offset Program is a form of funding conservation measures that will help to create sustainable, zero water footprint new development. In addition to the conventional capital facility fees, the new developments will also pay fees called New Water Demand Offset Fees to fund the conservation and recycled program in order to generate potable water savings in the existing system to support new water demand generated by new developments. Ms. Phan assisted the District in calculating the New Water Demand Offset Program Cost and the New Water Demand Offset Fees and documenting the nexus between the fees and the program cost to ensure the compliance with the requirements specified in California Government Code Section 66000-66008 or AB 1600.

The District's current water capital facilities financing program estimates \$323 million to be spent by the end of 2030. Due to the significant amount of capital spending expected, in November 2011, the District commissioned Raftelis to evaluate its existing capacity fee methodology and update the fee to ensure that new customers pay an equitable share when joining the District's system. Ms. Phan, a lead consultant, developed the Capacity Fees Model to calculate proposed capacity fees based on the updated asset values and adjusted Capital Improvement Plan values (from the 2005 Water Facilities Master Plan Update), which will benefit future development, and estimated incremental demand. Utilizing the methodologies used in the 2011 Water Budget Update Study, Raftelis estimated the yearly demand for a residential user with a ¾-in meter (or 1 equivalent dwelling unit, EDU) for both divisions. Meter equivalence ratios based on AWWA hydraulic capacities (AWWA M6) are used to project water demand estimates for customers of varying meter sizes. The results were summarized in the Water Capacity Fee Study Report and presented to the Board in March 2012.

In 2012 and 2014, the District again engaged Raftelis to update the Water Budget Rate Models to address arising issues and challenges. For the past several years, due to hotter climate, the efficient outdoor water sales exceeded projected sales, and the District had experience inadequate cost recovery for marginal water supply costs. In the 2014 Study, Raftelis updated the Water Budget Rate Model to fine tune the water allocation factors and the allocation of water supply to projected sales in tiers to address better align available water supply and water demand in tiers and to reduce the risk exposure of purchasing more expensive water for Tiers 1 and 2 sales.

City of Camarillo (CA)

In 2011, City of Camarillo (City) engaged Raftelis to conduct a comprehensive water and wastewater rate study to independently assess and evaluate existing water and wastewater rates for com-

pliance with industry standards and California regulations, and to develop a financial plan to ensure financial sufficiency while minimizing rate impacts to the greatest degree possible. Ms. Phan was responsible to develop the Water and Wastewater Rate Models with Dashboard functionality for scenario analyses for alternative capital financing and to facilitate communication and decision makings with City Council. The Study included a comprehensive review of the water and wastewater enterprises' revenue requirements, a review of the City's user classification and usage patterns, a cost of service analysis, the development of water and wastewater connection fees, the designing of water and wastewater rates and the analysis of customer impacts along with a rate survey of neighboring agencies. The City had significant capital improvement projects scheduled in the immediate future (FY 2012 to FY 2014); to smooth out customer impacts while sufficiently maintaining the utility's systems, Raftelis developed water and wastewater financial plan Models to evaluate different CIP scenarios, financing options and associated financial impacts. Raftelis recommended water and wastewater rate schedules for a two-year period effective January 2012 and 2013, which was approved by the City Council in November 2011.

Since 2012, the City commissioned Raftelis to conduct the annual rate update study to assess the financial health of the Water and Wastewater Enterprises after its rate adoption in January 2012. Ms. Phan updated the Water and Wastewater Financial Plan Models with new key financial information, including operating and capital budgets. The results were communicated annually with the City Council.

City of Santa Cruz (CA)

City of Santa Cruz Water Department (Department) is currently providing water services to population of approximately 60,000. Increasing operation and maintenance costs along with projected intensive capital program in the next ten years and volatile water sales in recent years has driven the Department to develop financial policies to mitigate potential risks and to establish sound financial management practices, and conduct a long-range financial plan to ensure financial sufficiency and sustainability of the Department's water system. In 2012, the Department commissioned Raftelis to develop the Financial Plan Model as a tool to access the financial implications of different financial policies. As lead consultant, Ms. Phan was responsible for developing the custom-built Financial Plan Model and prepared a White Paper summarizing the recommended financial policies for the Department.

El Toro Water District (CA)

In 2009, Raftelis completed a comprehensive cost of service study for El Toro Water District (District). Ms. Phan is responsible for developing a rate model to examine new water and sewer rates for the District to reflect the increased water cost from Metropolitan Water District of Orange County and the increased operating costs for the District's water and sewer systems. The model analyzes projected revenues, budgeted O&M costs, cost of service, the District's financial plan and customer impacts as a result of proposed rate increases.

In 2010, Ms. Phan completed the water budget rate study scheduled to be implemented on July 1st, 2010. This involves integrating the District's account data with the assessor's parcel data and ultimately determining the parcel area and landscape area of each parcel to be used in water budget rate design and in the implementation of the new rate structure. Ms. Phan is responsible for developing a water budget rate model to evaluate policy options, to assess the associated customer impacts. A variance form for individual water budget adjustments is also provided to the District as an implementation assistance tool.

The District has engaged Raftelis annually to assist in its water and wastewater rate updates. In addition, the District also commissioned Raftelis to evaluate the financial impacts of the Recycled Water expansion in May 2012. Ms. Phan developed an advanced, user-friendly Financial Plan Model with easy to understand graphics to communicate the financial impacts and the sensitivity analyses of the expansion on the Water and Sewer Enterprises. The Report was submitted to the District in July 2012.

To address the recent severe and ongoing drought in California, the District engaged Raftelis in a Drought Rate Study to determine the indoor and outdoor drought factor adjustments necessary to encourage conservation among its residential and irrigation customers and penalty rates for commercial customers to achieve the required reductions in consumption under increasing levels of drought. As part of the Study, Raftelis conducted financial impact analyses on revenues, expenditures, net revenues for each drought stage if 1) customers continue to consume at normal (non-drought) levels or 2) customers reduce consumption by the amount required. As lead analyst, Ms. Phan developed interactive excel Model to conduct financial impact analyses for each of the projected drought stages.

East Orange County Water District (CA)

Since 2011, East Orange County Water District (District) engaged Raftelis in several studies including water budget analysis and cost of service analysis for its retail water services. To convey the concept of water efficiency use, the District asked Raftelis to develop a Water Budget Model to evaluate different policy options associated with setting the efficiency benchmark for residential water use within the District's retail service areas. In the same year, the District requested Raftelis' assistance in conducting cost of service analysis and developing a Rate Model to be updated annually by District staff to calculate new rates. In 2015, the District engaged Raftelis in a water rate study for its wholesale and retail services. The study involved the development of a long-term financial plan and cost of service based rates for the wholesale and retail services, along with the nexus Report to support the proposed rates. Ms. Phan was the lead analyst and modeler in all engagements with the District.

City of San Juan Capistrano (CA)

In 2013, the City of San Juan Capistrano (City) was challenged by its ratepayers regarding a tiered rate structure developed by the City's previous rate consultants. The plaintiffs were concerned that the previous rate structure did not meet the cost of service test per

the requirements of Proposition 218. The courts determined that the administrative records were not sufficient to establish a clear nexus for the rates.

The City selected Raftelis to assist with resolving this matter. One factor in the City's decision for selecting Raftelis was the rigorous nature of our approach for defensible rate structures as compared to many practitioners in the industry. In the case of the City and other agencies, a common practice has been to base tier prices on multipliers. This leaves agencies exposed to courts opining that their multiplier approach violates the "arbitrary and capricious" provision of Proposition 218.

In resolving the City's matter, Raftelis implemented its approach for satisfying a clear nexus for the rates; there needs to be a clear justification of the tiers and pricing. Raftelis achieved this nexus by developing rate components, which were used to justify the various tiers for the proposed rate structure. Raftelis' work withstood the rigorous scrutiny of several City Council meetings, including a multi-hour discussion confirming the defensibility of Raftelis' cost-of-service approach. As the lead consultant and modeler, Ms. Phan developed the multi-year financial plan model to facilitate the discussion about long-term financial planning for the Water, Recycled Water (RW), and Wastewater (WW) Enterprises to ensure financial sufficiency and sustainability. Ms. Phan also developed the Rate Models for Water, RW, and WW including the cost of service analysis and cost justifications for the tiered rates along with the customer impact analyses to assist the City's elected official to make informed decisions about the rates. In addition, she prepared the supporting documents used during City Council meetings and workshops along with the most comprehensive Rate Study Report to establish the clear nexus for the rates, as required by Proposition 218 and the 2013 court decisions. The Report highlighted the major issues and decisions made during the course of the study; provided an overview of the operations, CIP, and the financial plan; and discussed and explained the cost of service analysis and methodology used to develop the final rates. The explanation of the methodology found within the Report demonstrates that the rates are equitable, reflect the City's policies and values, and are driven by the City's revenue requirements. The rates were approved and adopted in 2014.

Sierra Madre (CA)

Ms. Demine assisted in the preparation of the 2018 comprehensive water and wastewater cost of service study report for the City of Sierra Madre. The purpose of this study was to develop a financial plan and design rates for the City's utilities over the next five years.

OTHER RELEVANT PROJECT EXPERIENCE

- City of Corona (CA) - Water Financial Plan and Water Budget Rate Study
- City of Huntington Beach (CA) - Water Budget Rate Study
- City of Ontario (CA) - Water, Wastewater and Solid Waste Rate Study

- City of Riverside (CA) – Water Capital Facility Fees
- City of San Clemente (CA) – Water, Wastewater and Recycled Water Financial Plan Study and Rate Update
- City of Signal Hill (CA) – Financial Plan Study and Water Lease Market Analysis
- City of Thousand Oaks (CA) – Water and Wastewater Financial Plan and Rate Study
- Elsinore Valley Municipal Water District (CA) – Financial Plan Study, Water and Recycled Water Rate Study
- Goleta West Sanitary District (CA) – Reserve Policy Study and Financial Plan Study
- Jurupa Community Services District (CA) – Water Rate Study, Financial Plan and Water Budget Rate Study
- Las Virgenes Municipal Water District (CA) - Water, Recycled Water and Wastewater Rate Study
- Mesa Water District (CA) – Financial Plan Study and Updates
- Metropolitan Water District of Southern California (CA) - Cost of Service Study and Rate Study Training Session
- Mojave Water Agency (CA) – Financial Plan Study and Updates
- Olivenhain Municipal Water District (CA) – Wastewater Financial Plan
- San Gabriel County Water District (CA) - Water Rate Study
- Santa Margarita Water District (CA) - Water, Recycled Water and Wastewater Rate Study
- South Coast Water District (CA) – Water Budget Feasibility Study
- Trabuco Canyon Water District (CA) - Water, Recycled Water and Wastewater Rate Study



Lauren Demine

Consultant

Consultant

SPECIALTIES

- Geophysical data analysis
- Groundwater sustainability analysis
- Excel modeling
- Database management
- Technical report writing and review

PROFESSIONAL HISTORY

- Raftelis: Associate Consultant (2017-present)
- GEOVision Geophysical Services: Senior Staff Geophysicist (2007-2017)
- GeoConcepts, Inc.: Staff Geologist (2005-2007)

EDUCATION

- Bachelors in Geology-California State University, San Bernardino (2012)

Ms. Demine has a background in geology and geophysics. Her expertise includes geophysical data analysis, processing and modeling, and technical report writing and review. During her time as a geophysicist, she has worked with private firms and water districts to address capital infrastructure needs, mitigate the potential of groundwater contaminants, and evaluate the integrity of groundwater basins/well locations.

RELEVANT PROJECT EXPERIENCE

Lake Hemet Municipal Water District (CA)

The District commissioned Raftelis in 2017 to develop financial plans and cost of service studies for the water and wastewater services. The main objectives of the study were to ensure financial sufficiency, meet operation and maintenance costs, and to ensure funding for both capital and reserves. Ms. Demine was responsible for gathering and analyzing data, creating the Garner Valley enterprise financial plan, developing the cost of service model and rate model, and assisted in drafting the detailed report highlighting the decisions made and the explaining the calculation of the final rates. As part of the study, Raftelis evaluated interfund loans between enterprises with varying repayment terms and modeled various rate structures.

Helix Water District (CA)

The Helix Water District (District) hired Raftelis to conduct a comprehensive cost of service analysis and financial plan update. The last cost of service study was conducted back in 1988 and needed to be updated to be in compliance with Government Code Section 54999.7(c). Rates for a five-year period were adopted in October of 2015. Additionally, the District hired Raftelis to perform annual updates of the financial plan. Ms. Demine worked with the District and Project Manager to assist with completing the 2018 annual update.

Leucadia Wastewater District (CA)

The district hired Raftelis to update its financial plan for both its wastewater and recycled water enterprises and to update the capacity fee for its wastewater utility. The main objectives of the study were to ensure long-term financial sufficiency, meet operation and maintenance costs, and to ensure funding for both capital and reserves over a 20-year planning period. The Study was led by Andrea Boehling, who served as the Project Manager for the Study. Ms. Demine assisted with data collection and model development for both enterprises.

Monterey County Water Resources Agency (CA)

Ms. Demine assisted in the preparation of the 2017 new source waters study report for Monterey County Water Resources Agency. In this report, she documented the cost analysis for the operation and maintenance of new source waters as well as the capital costs of the new source waters. New source waters included additional agricultural wash, pond water, and new treated effluent from industrial users.

Sierra Madre (CA)

Ms. Demine assisted in the preparation of the 2018 comprehensive water and wastewater cost of service study report for the City of Sierra Madre. The purpose of this study was to develop a financial plan and design rates for the City's utilities over the next five years.

OTHER RELEVANT PROJECT EXPERIENCE

As a geophysicist for GEOVision Geophysical Services, Ms. Demine was responsible for conducting subsurface investigations. She was also involved in helping to determine the best geophysical method to meet the client's needs. Ms. Demine was responsible for efficiently managing and organizing the data collection, analysis, and processing phases of the geophysical investigation. She has worked on projects ranging from determining the depth and lateral extent of groundwater tables in various basins, gathering data on bedrock properties for the construction or repair of various infrastructure projects (e.g. dams, tunnels, and pipelines), relocating abandoned water wells, locating the depth and/or lateral extent of contamination plumes or seawater intrusion, and determining the best location for the placement of new water wells.

Related Geophysical experience:

- Monterey Interlake Tunnel
- Cadiz Inc. Pipeline
- Stringfellow Acid Pits
- Hinkley, CA Chromium Cleanup
- Catalina Seawater intrusion analysis
- Oroville Dam
- Sierra Madre Dam
- San Vicente Dam



Victor Smith

Staff Consultant

Consultant

SPECIALTIES

- Financial Modeling
- Energy Economics

PROFESSIONAL HISTORY

- Raftelis Financial Consultants (2014-present)

EDUCATION

- Master of Environmental Management (Energy and the Environment) – Duke University (2014)
- Bachelor of Arts in Asian Studies (Chinese) – University of North Carolina, Chapel Hill (2011)
- Bachelor of Arts in Peace, War, and Defense – University of North Carolina, Chapel Hill (2011)

Mr. Smith is a Consultant with a Masters in Environmental Management. He has worked on several rate studies including studies for the Cities of Brea, Watsonville, Castaic Lake Water Agency, Chino Hills, and Mojave Water Agency. In addition to his expertise in financial modeling, Mr. Smith has a background in environmental and energy economics.

RELEVANT PROJECT EXPERIENCE

City of Hollister (CA)

In 2016 the City of Hollister retained Raftelis to develop a financial plan for its Wastewater Enterprise. Mr. Smith developed a financial plan and rate model that allowed the City to responsibly reduce its Wastewater rates to take advantage of a favourable debt restructuring.

City of Gridley (CA)

The City of Gridley engaged Raftelis for a Financial Plan Study and Cost of Service Analysis. As the lead analyst for the project, Mr. Smith developed a five-year financial plan for the City. In addition, Mr. Smith performed the Cost of Service analysis and developed rates based on both a uniform and three-tiered structure.

City of Lincoln (CA)

The City of Lincoln retained Raftelis to redesign its current financial plan and rate structure. Mr. Smith was the lead analyst for the modelling on this project. The City and Raftelis worked together with a committee of citizen stakeholders to develop a financial plan and rate structure that would both be sufficient for a significant R&R program and meet the committee's recommended rate structure approach. As the lead analyst for this project, Mr. Smith developed both the Financial Plan Model and the Cost of Service analysis.

City of Sonoma (CA)

The City of Sonoma retained Raftelis to develop a new financial plan and rate model for its water enterprise. The City was simultaneously performing a cost allocation plan and had implemented a new long term capital improvement plan. As the lead analyst, Mr. Smith developed a financial plan and rates for the City that would allow it to fund its capital improvements while minimizing rate adjustments.

Sonoma County Groundwater Sustainability Agencies (CA)

In 2017 and 2018 Mr. Smith developed financial plans for three Groundwater Sustainability Agencies (GSAs) in Sonoma County; Sonoma Valley GSA, Petaluma Valley GSA, and Santa Rosa Plain GSA. With the help of Agency staff Mr. Smith developed a methodology to generate groundwater production estimates for all three Agencies. Mr. Smith worked further with Sonoma County Water Agency staff and Santa Rosa Plain GSA to refine groundwater use estimates and to calculate a fee based on estimated groundwater consumption.

City of Chino Hills (CA)

In 2014, the City of Chino Hills engaged Raftelis to develop a financial plan model to accompany an asset management study from GHD. As the project's lead financial consultant, Mr. Smith developed a 100 year financial model based on analysis of the City's current finances including

water acquisition costs, capital and asset management costs, and water sales revenues.

Later, in 2016 the City retained Raftelis to develop a financial plan and water budget based rates for its residential customers. Mr. Smith developed the City's new financial plan and budget based rate schedule.

City of Santa Clarita (CA)

The City of Santa Clarita retained Raftelis to develop a financial plan and rate model in 2015. As the lead analyst, Mr. Smith developed a financial plan model and new rates for the City of Santa Clarita.

Mojave Water Agency (CA)

Mojave Water Agency engaged Raftelis to conduct a strategic financial plan. Raftelis worked with the Agency to project long term revenues and costs from a variety of sources including water sales, tax revenue, reliability assessments, and long and short-term water exchange programs. For this project, Mr. Smith evaluated the potential magnitude and practicality of several revenue generating mechanisms in addition to the Agency's current revenue streams. In addition, this project considered the adoption of connection fees to address the intergenerational equity issue of issuing debt to acquire water rights. As the lead financial analyst on this project, Mr. Smith developed financial plan scenarios based on shifting projections during California's historic drought. Mr. Smith also worked on the Strategic Plan planning document.

City of Santa Barbara (CA)

The City of Santa Barbara engaged Raftelis to develop a financial plan for its wastewater enterprise. As the lead financial analyst, Mr. Smith developed a Financial Plan Model and Cost of Service analysis, which revised the City's wastewater rate structure.

Castaic Lake Water Agency (CA)

Castaic Lake Water Agency engaged Raftelis to develop wholesale water rates in response to Proposition 218 challenge. As the lead financial consultant on the project, Mr. Smith developed Proposition 218 compliant wholesale rates for the Agency, based on both a historical average of imported water demand and current water use.

Borrego Water District (CA)

Borrego Water District engaged Raftelis to develop a financial model to derive water and wastewater rates. As lead financial consultant Mr. Smith developed a model and financial plan to meet the District's long term financial needs. Mr. Smith also developed a new rate structure for the District's water enterprise and wastewater enterprise.

City of Shasta Lake (CA)

The City of Shasta Lake engaged Raftelis to develop a financial plan and rate study for its water enterprise. Mr. Smith worked on the rate study, performed a Cost of Service analysis and designed a new rate structure for the City.

City of Brea (CA)

The City of Brea engaged Raftelis to develop a financial plan model for a water rate study. Mr. Smith built a 5-year financial model of the City's water enterprise. Mr. Smith used this model to develop a financial plan and cost of service analysis for the water enterprise, as well as drought rates to help the City meet its revenue requirements following a 24% reduction in sales. This model will be used by the City to develop future rate increases.

City of Watsonville (CA)

The City Watsonville engaged Raftelis to develop a water, wastewater and solid waste financial plan model. The City was facing a variety of challenges, including a slate of Chromium 6 related capital expenditures. Mr. Smith built a 5-year financial model of the City's three utility enterprises that took into account these anticipated difficulties. Mr. Smith used this model to develop a financial plan and perform a cost of service analysis and developed tiered water rates for residential customers and uniform rates for non-residential and agricultural customers.

City of Beverly Hills (CA)

The City of Beverly Hills engaged Raftelis to develop a financial model to calculate connection fees for new developments and redevelopment. As the financial consultant, Mr. Smith developed a model that combined data from several sources and calculated appropriate connection fees based on the "buy-in" methodology.

City of Redlands (CA)

The City of Redlands engaged Raftelis to develop a water and wastewater financial plan model. As an associate consultant, Mr. Smith developed the City's Water and Wastewater Development Impact Fees.

OTHER RELEVANT PROJECT EXPERIENCE

- City of Beverly Hills (CA) - Financial model Borrego Water District (CA) - Water and wastewater financial plan and rate study
- City of Brea (CA) - Water rate study
- City of Chino Hills (CA) - Financial plan model
- Castaic Lake Water Agency (CA) - Wholesale water rate study
- City of Redlands (CA) - Water and wastewater financial plan and impact fees
- City of Shasta Lake (CA) - Water financial plan and rate study
- City of Watsonville (CA) - Water, wastewater, and solid waste financial plan and rate study



Nancy Phan

Staff Consultant Consultant

SPECIALTIES

- Financial modeling
- Utility rate studies
- Data analysis

PROFESSIONAL HISTORY

- Raftelis: Consultant (2018-present); Associate Consultant (2016-2017)
- Microsoft Corporation – Partner Account Specialist (2015-2016)

EDUCATION

- Bachelor of Arts in Business Economics – University of California, Irvine (2015)

Ms. Phan has a background in business economics with a focus on data analysis, writing, and communication. Her expertise in working with large data sets brings efficiency and refinement to her financial modeling, and her emphasis on writing establishes a clear and concise communication style. She is particularly interested in improving established processes to increase efficiency and provide creative solutions for her clients. Her experience in working with water, wastewater, and stormwater agencies across the nation have informed her approach to working with utility agencies.

RELEVANT PROJECT EXPERIENCE

Contra Costa Water District (CA)

Ms. Phan served as the consultant for Contra Costa Water District's water rate study. The study involved developing a new rate structure for the District's treated and untreated water systems. The project involved a complete restructuring of the District's treated and untreated water rates to sustain operational and capital needs, enhance equity and fairness amongst the different customer classes, and minimize customer impacts to the extent possible. The water rates were calculated according to cost of service principles and are compliant with Proposition 218.

County of Ventura (CA)

Ms. Phan assisted the County of Ventura in developing water rates for four different districts in the County's service area. The rate study included unique issues related to serving agricultural customers. The proposed rate structure modified the current structure to provide for greater simplicity and ease of implementation. Ms. Phan developed the four financial models and wrote their corresponding reports to explain the process. She also wrote a model manual for the County to update and use the model in the future and assisted in developing bill calculators for each of the districts.

La Habra Heights County Water District (CA)

Ms. Phan developed water rates for the La Habra Heights County Water District. She projected the District's ten-year financial plan, analyzed the costs of the system, and allocated those costs to determine the proposed water rates. In addition, she developed a capital financing plan for the District to help plan for its large capital obligations during the study period. A formal reserve policy was recommended for this study. The resulting water rates were based on cost of service principles and minimized customer impacts.

Zone 7 Water Agency (CA)

Ms. Phan served as the consultant for the Zone 7 Water Agency's wholesale water rate study update. The update included projecting a long-range financial plan, developing a cost of service analysis, and determining fair and equitable rates for the Agency's direct and retail customers. The Agency was experiencing revenue shortages due to low water usage, and to enhance revenue stability, she assisted in developing a modified rate structure that is both beneficial and fair to the Agency and its customers.

City of Escondido (CA)

Ms. Phan assisted the City of Escondido with developing water and wastewater rates. The rate study included determining a long-term financial plan, analyzing and distributing the City's costs to each customer class, and determining rates that are fair and equitable for both systems. The study also involved determining pass-through rates for Metropolitan Water District and

San Diego County Water Authority costs. The proposed rates are compliant with Proposition 218 and maintain the City's financial sufficiency in light of changing water supply conditions.

Selma-Kingsburg-Fowler County Sanitation District (CA)

Ms. Phan served as the consultant for the Selma-Kingsburg-Fowler County Sanitation District's wastewater rate study. The District operates the treatment facilities and oversees the collection systems owned by the Cities of Selma, Kingsburg and Fowler. The study involved developing wastewater rates for the District and individual fixed charges to fund each of the three cities' replacement and refurbishment capital projects. The proposed rates are based on cost of service principles, are compliant with Proposition 218, and maintain the financial sufficiency of the District and its three member Cities.

City of La Habra (CA)

Ms. Phan assisted the City of La Habra in developing wastewater rates and connection fees. The rate study involved an update of the current rate structure to enhance fairness and equity for the City's wastewater customers. She developed four rate structure scenarios to best meet the City's objectives. The revenue requirements, which includes operating and capital expenses, were allocated to each customer class using wastewater flow, which is more defensible for a collection only system. The resulting rates are compliant with Proposition 218, are fair and easy to understand for the City's customers, and recover sufficient revenue for the system's operations.

Rainbow Municipal Water District (CA)

Ms. Phan served as the consultant for the Rainbow Municipal Water District's wastewater system. She developed four rate structure options for wastewater rates to be simple for customers to understand and better align with cost of service principles. The study involved projecting the District's long-range financial plan, which included large capital expense obligations. Ms. Phan analyzed funding scenarios for these projects and their effects on the District's wastewater rates. The cost of service based rates allow the District to fund its operating costs and necessary capital projects.

OTHER RELEVANT PROJECT EXPERIENCE

- City of Monterey Park (CA)
- County of Kauai, Department of Water (HI)
- City of Port Hueneme (CA)
- City of South Pasadena (CA)
- City of Torrance (CA)
- Antelope Valley East Kern Water Agency (CA)
- Ontario Municipal Utilities Company (CA)
- City of Chino (CA)
- Temescal Valley Water District (CA)
- City of Benicia (CA)
- City of San Gabriel (CA)
- City of Pomona (CA)
- Vallejo Flood and Wastewater District (CA)



Charles Diamond

Staff Consultant Consultant

SPECIALTIES

- Utility Financial Analysis
- Data Collection and Analysis
- Statistical Analysis

PROFESSIONAL HISTORY

- Raftelis: Associate Consultant (2017-present)
- UC Santa Barbara Department of Economics: Teaching Assistant (2017)
- UC Santa Barbara Earth Research Institute: Graduate Student Assistant (2015-2017)
- The Nature Conservancy: Science & Stewardship Practitioner (2013-2015)

EDUCATION

- Master of Environmental Science & Management (Water Resources Management) – UC Santa Barbara (2017)
- Bachelor of Science in Environmental Economics & Policy – UC Berkeley (2013)

Mr. Diamond has a background in natural resource economics and water resources management. His expertise lies in financial modeling and data analysis. He joined Raftelis initially in 2017 as an associate consultant upon receiving a master's degree from UC Santa Barbara's Bren School of Environmental Science & Management. Mr. Diamond has developed financial models and conducted analyses for water and wastewater rate studies as well as capacity fee studies.

RELEVANT PROJECT EXPERIENCE

City of Brentwood (CA)

The City of Brentwood engaged Raftelis to conduct a water and wastewater rate study. In 2017, Raftelis helped the City evaluate the current water and wastewater utilities' cost of service and adjusted rates accordingly. Recently Mr. Diamond updated a financial plan model and performed a cost of service analysis for the City's wastewater utility. Mr. Diamond assisted with the update of existing rates as well as the development of a proposed alternative rate structure and rates.

City of Dixon (CA)

The City of Dixon engaged Raftelis in 2018 to conduct a water rate study to develop updated water rates for the City's water utility. Mr. Diamond developed a ten-year financial plan model, performed a cost of service analysis, and developed a five-year schedule of proposed water rates. Mr. Diamond also assisted in the preparation of presentation materials for water rate workshops with the City Council.

La Cañada Irrigation District (CA)

La Cañada Irrigation District engaged Raftelis to conduct a water rate study. Since the last rate study was performed in 2008, Raftelis helped the District evaluate the cost of service and adjusted rates accordingly. In 2017, Mr. Diamond developed a financial plan model for the District to support the financial plan development for fiscal years 2018 to 2027. Mr. Diamond also recently performed a cost of service analysis to assist with the update of the District's rates.

Rancho California Water District (CA)

Rancho California Water District (District) engaged Raftelis in 2017 to conduct a water capacity fees study. Raftelis reviewed and updated the existing methodology for calculating the District's water capacity fees, developed a water capacity fee model for use in calculating updated capacity fees. As part of the study, Mr. Diamond developed the water capacity fee model, calculated updated water capacity fees, and drafted the study report.

The District engaged Raftelis in 2018 to conduct a two-year water, recycled water, and wastewater rate study. Raftelis developed a cost of service rate model to allocate costs and calculate rates for fiscal years 2019 and 2020. Mr. Diamond assisted with rate model revisions, prepared presentation materials for meetings with the District's Board of Directors, and drafted the rate study report.

Santa Ana Watershed Project Authority (CA)

The Santa Ana Watershed Project Authority engaged Raftelis in 2017 to develop a rate model for the Inland Empire Brine Line, which is a pipeline used to divert non-reclaimable wastewater of high brine content from the upper Santa Ana River Basin. Raftelis reviewed and recommended changes to the Authority's reserve policies, developed a ten-year financial plan

for the Brine Line Enterprise Fund, performed a multi-year cost of service analysis, and developed a rate model for use in calculating rates assessed to the Brine Line's dischargers. Additionally, Raftelis assessed and recommended potential methodologies to be used in the development of long-term capacity leasing rates and rental charges. Mr. Diamond developed the financial plan, assisted with the cost of service analysis and rate calculation, drafted the study report, and attended multiple meeting with the Authority's staff.

City of Sonoma (CA)

The City of Sonoma engaged Raftelis in 2018 to conduct a water rate study for the City's water utility. The Study included the development of a five-year financial plan, a cost of service analysis, and the development of proposed water rates for fiscal years 2019-2023. Mr. Diamond processed and analyzed account level billed water consumption data, assisted in development of the water rate model, and drafted the water rate study report.

SPECIALTIES

- Software: R, Stata, Microsoft Excel VBA, ArcGIS, MySQL
- Methods: Logistic Regression, Multi-level Analysis, Cluster Analysis, Survival Analysis

EDUCATION

- University of California, Riverside: PhD in Environmental Economics & Policy
- Brown University: MA in (International) Development Studies
- Boston University: Double BS/BA in Biology and International Relations

AWARDS

- John Randolph Haynes Foundation Dissertation Grant, 2016
- Bob and LaRae Perry Environmental Scholarship, 2014
- UC Riverside Graduate Research Fellowship, 2012
- Hilda and George Liebig Scholarship, 2011

PRESENTATIONS

- Western Economic Association International Annual Meeting, 2018
- University of California Cooperative Extension Annual Meeting, 2018
- Giannini Graduate Symposium, 2011-2017
- Southern California Association of Governments, May 2017
- Annual Environmental Sciences Graduate Symposium, 2011-2016

Arisha Ashraf

Staff Consultant Consultant

RELEVANT WORK EXPERIENCE

California Data Collaborative, Research Fellow

- Analyze participation in water conservation programs on water utility data for over 30,000 accounts (R: multi-level analysis)

Environmental Sciences Department, UC Riverside Graduate Researcher

- Created survey on agricultural water management practices to identify the impacts of climate change
- Performed advanced econometric analyses on my survey data (R, Stata: multinomial logistic regression, multi-level analysis)
- Developed database of Southern California farmers across 4 counties and 28 water companies (MS Access)
- Supervised and trained 4 undergraduate students on basic econometric analyses (MS Excel, R: linear regression)

World Resources Institute, Washington, DC Africa Program Coordinator

- Managed budgets totaling \$3 million for resource conservation and poverty reduction projects in Senegal, Uganda, Cameroon, and Democratic Republic of Congo
- Prepared evaluation reports for 3 large projects from the World Bank, Gates Foundation, and the German International Development Fund (GTZ), and internal audit
- Analyzed alternative water policy futures for Sub-Saharan Africa that culminated in a background report for 2010 African Development Report

The Galilee Society, Shefa-Amr, Israel Resource Development Analyst

- Analyzed social impacts of US Agency on International Development (USAID) water reuse project through interviewing project staff and other stakeholders, and researching demographic and socioeconomic data.
- Prepared USAID project evaluation reports, and brochure and website content

OTHER RELEVANT WORK EXPERIENCE

- Environmental Sciences Department, UC Riverside; Teaching Assistant: Intro to Environmental Economics, Intro to Environmental Science Parts I and II, Environmental Health
- Water Resource Collections & Archives, Riverside, CA ; Graduate Research Assistant
- Water Science & Policy Center, Riverside, CA; Seminar Committee Chair

PUBLICATIONS

- Ashraf A, Dinar A, Gonzalez-Rivera G, Khan T, and R Amin. (Projected submission: March 2019). Water Management Decisions under Drought Conditions: Results from a Farm-Level Survey in Southern California.
- Ashraf A, Dinar A, Khan T, and J Gonzalez. (Submitted December 2018). Farm-level Ricardian Analysis of Desert and Southern Regions of California.
- Dinar A, Ashraf A, and J Reints. (2017). Farmer Adoption of Water Management Practices in Response to Recurrent Drought. American Association of Agricultural Economics Choices Magazine, 32(4).
- Ashraf A, Dinar A, Montiero E, and T Gaston. (2016). Adaptation in California Agriculture: What Have We Been Assessing for Two and a Half Decades? Climate Change Economics, 7(2).
- Ashraf A and P Veit. (2010). Assessing Sub-Saharan Africa's Water Future under Alternative Policy Scenarios. Background Report to the 2010 African Development Report.



Palmdale Water District Proposal for Water Rate Study



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

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Berkeley, CA 94703
T: 510-653-3399
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March 14th, 2019

Michael Williams
Finance Manager
Palmdale Water District
2029 East Avenue Q
Palmdale, CA 93550

Re: 2019 Palmdale Water District Water Rate Study and Outreach Support RFP

Bartle Wells Associates is pleased to submit this proposal to develop a Proposition 218 compliant 5-Year Water Budget Plan and Rate Analysis for the Palmdale Water District. Bartle Wells Associates specializes in providing independent financial advisory and utility rate consulting services to California water and wastewater agencies. We have extensive expertise developing long-term financial plans and utility rates for a wide range of California utility agencies. All of our lead consultants are Certified Independent Public Finance Advisors who specialize in water and sewer rates, financial planning, and project financing.

Bartle Wells Associates was established in 1964 and is based in Berkeley, California. We have served over 500 public agencies throughout California, including Palmdale Water District and many regional agencies, and have completed well over 1,000 utility rate and fee studies.

With a plethora of regional and District experience, BWA understands the issues that Palmdale Water District faces. BWA has a strong record of recommending and promoting equitable rates on a cost-of-service basis and building consensus for our final recommendations.

Key tasks we have identified for this rate study include:

1. Evaluate whether a modified or new water budget rate plan is most appropriate to satisfy the District's future needs.
2. Ensure rates are high enough to cover infrastructure needs, operation and maintenance expenses, bond covenants, and future water source costs.
3. Equitably allocate the cost of service to each customer class and cost justify differences in tiered rates
4. Ensure fixed expenses are matched with fixed revenues and variables expenses are matched with variable expenses, thereby reducing the volatility of net revenues.
5. Update the drought factor and other charges (eg. elevation booster surcharge, water quality fee, pass-through charges).
6. Build public consensus for future rate increases. Work in conjunction with the District's Public Affairs Department in developing and tracking the outreach campaign

Our overall goal for this project would be to work closely with the District and associated consultants throughout the project to gain ongoing input, evaluate alternatives, and develop recommendations that achieve District objectives. We often recommend agencies phase in both overall rate increases as well as rate structure adjustments over a few years, if possible, to minimize the annual impact on ratepayers.

We are very interested in working with the District on this project and hope this proposal provides a suitable basis for our selection. Please contact Douglas R. Dove, Principal/CEO, (510) 653-3399 ext. 110, ddove@bartlewells.com if you have any questions or would like any additional information.

Sincerely,

A handwritten signature in dark ink, appearing to read "Douglas R. Dove". The signature is fluid and cursive, with the first name "Douglas" and last name "Dove" clearly distinguishable.

Douglas R. Dove, CIPFA, PE
Principal/CEO

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Section 1: Executive Summary

A. BWA Firm Overview

Bartle Wells Associates (BWA) specializes in providing independent financial advisory and utility rate consulting services to California water and wastewater agencies. BWA specializes in three professional services: utility rate and fee studies, financial plans, and project financing. We are the only independent financial advisor providing *all three* of these services to public agencies.

BWA was established in 1964 and is based in Berkeley, California. We have served over 500 public agencies throughout California, and have completed well over 1,000 utility rate and fee studies. In recent years, we have consulted for many regional agencies including:

Regional Water/Sewer Districts

- Big Bear City CSD
- Indian Wells Valley Water District
- Mojave Water Agency
- Eastern Sierra CSD
- Helendale CSD
- Joshua Basin Water District

Regional Cities

- City of Santa Clarita
- City of Glendale
- City of California City
- City of Hesperia
- City of Palm Springs
- City of Palmdale

B. BWA Project Team

BWA uses a **team approach** for most projects, typically assigning two consultants to each assignment, including at least one principal consultant.

BWA proposes to assign Douglas R. Dove, a principal President of the firm, as project manager and principal-in-charge for this engagement. Douglas has extensive experience developing financial plans and utility rate and fee studies for California water and wastewater agencies. He is a Certified Independent Public Finance Advisor with expertise evaluating financing alternatives for capital improvement programs. He has substantial experience working to build consensus with public agencies and community advisory groups.

Douglas R. Dove will be assisted by Michael DeGroot, a Project Consultant. Michael DeGroot has substantial experience assisting in the development of utility rate and fee studies. In recent years he has worked on a variety of water and sewer rate and fee studies.

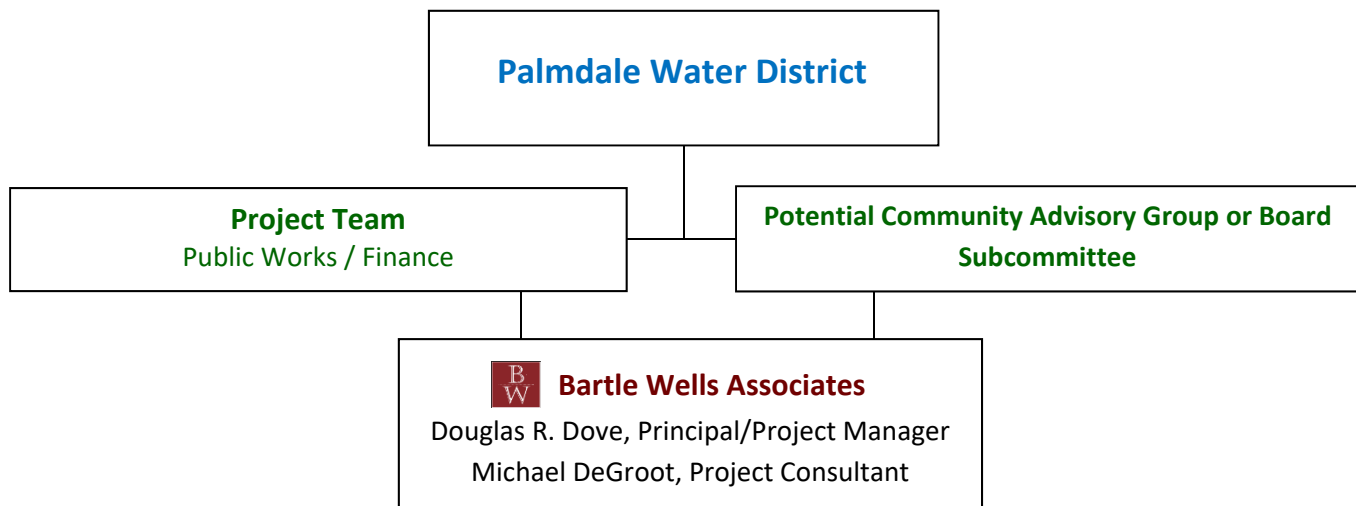
C. Project Approach

Our general approach for this project will be to work closely with the District to identify objectives, set milestones, evaluate alternatives and their impacts, and gain ongoing input. Our proposal includes up to a total of 8 meetings and/or presentations to identify objectives, review findings,

discuss alternatives, and build consensus for final recommendations. A final schedule of meetings, workshops, and presentations can be developed with staff input. Proposed meetings include:

- 2 project team meetings with the District
- 3 public workshops with the community and Antelope Valley leaders
- 2 workshops/presentations to the Board
- 1 summary presentation of key findings and recommendations at the Prop. 218 Rate Hearing.

BWA also recommends the District consider establishing a Community Advisory Group and/or Board Subcommittee to provide additional input and help guide development of recommendations. BWA has worked with many citizen and community advisory groups and has found the process very helpful for gaining community input, building public acceptance, and gaining Board comfort for implementing rate adjustments. Such a group could potentially consist of roughly 5 citizens representing a range of customer types as well as two Board members. BWA will work closely with the firm the District selects to handle public relations for this project.



D. Proposed Scope of Services

A summary of key tasks included in this proposal is listed as follows. BWA can work with the District to modify the proposed scope of services as needed to ensure all District objectives are addressed.

- **5-Year Financial Plan:** Develop a comprehensive financial plan that will serve as a financial roadmap for funding the District’s water operating and capital programs while supporting long-term financial health. The financial plan will include evaluation of capital alternatives and financing options, and recommendation of fund reserve targets. The financial plan will clearly identify key assumptions and will project future revenues, expenses, fund balances, debt service, and debt service coverage for the next 5 years. The financial projections will be used to evaluate financial scenarios, identify annual revenue requirements, and evaluate various approaches to raising rates, with the goal of gradually phasing in rate increases over time.

Subsequently, BWA will develop a user-friendly financial model that can be used by the District to evaluate financial scenarios and rates, and track results.

- **Water Rate Study & Cost of Service Analysis** Evaluate the District's existing rates and water budget as well as rate and allocation alternatives or modifications. Conduct a rate survey of other regional agencies. Analyze customer and usage data. Develop rate recommendations designed to a) fund the District's costs of providing water service to each service area, b) provide adequate funding for capital improvements including long-term repairs and replacements, c) be fair and equitable to all customers, d) comply with the legal requirements of Proposition 218, e) anticipate future water costs, and f) achieve the California Urban Water Conservation Council's best management practices for retail conservation pricing.
- **Build Consensus & Implement Recommendations:** BWA has a strong track record of building consensus and public acceptance for final recommendations. Our proposal includes 2 project team meetings, 3 public workshops with the community and Antelope Valley leaders, 2 workshops/presentations to the Board, and 1 summary presentation of key findings and recommendations at the Prop. 218 Rate Hearing. Rate and fee adjustments can be controversial. We have found that ratepayers are generally more accepting of rate increases when they both understand the need for the increases and believe they are being treated fairly. At the District's direction, BWA can assist with drafting the required Proposition 218 rate notice and the rate resolution/ordinance. Our goal will be to build consensus and public acceptance of final recommendations.

E. Proposed Schedule & Budget

A draft project schedule and cost-proposal is included in this proposal. BWA can work with the District to refine the scope, schedule, and budget as needed to meet the District's goals and expectations.

Section 2: Firm & Project Team Qualifications



BARTLE WELLS ASSOCIATES

Leaders in California Water & Wastewater Finance

Bartle Wells Associates (BWA) is an independent financial advisor to public agencies with expertise in water and wastewater rates and finance. Our firm was established in 1964 and is owned and managed by its principal consultants. We have 50 years of experience advising local governments on the complexities and challenges in public finance. We have advised over 500 public agency clients in the western United States, predominantly in California. We have a diversity of abilities and experience to evaluate all types of financial issues faced by local governments and to recommend the best practical solutions.

Bartle Wells Associates has a well-qualified professional team with education and backgrounds in finance, civil engineering, public administration, public policy, and economics. The firm is owned and managed by its principal consultants.

BWA specializes in three professional services: utility rate and fee studies, financial plans, and project financing. We are the only independent financial advisor providing *all three* of these interrelated services to public agencies.

BWA Key Services

- *Financial Plans*
- *Rate & Fee Studies*
- *Project Financing*

RATE AND FEE STUDIES Our *rate studies* employ a cost-of-service approach and are designed to maintain the long-term financial health of a utility enterprise while being fair to all customers. We often phase in rate adjustments over time to minimize the impact on ratepayers. We also have extensive experience developing impact fees that equitably recover the costs of infrastructure required to serve new development. BWA has completed hundreds of water and wastewater rate and fee studies. We have helped communities implement a wide range of water and sewer rate structures and are knowledgeable about the legal requirements governing rates and impact fees including Proposition 218 and Government Code 66000. We develop clear, effective presentations and have represented public agencies at hundreds of public hearings to build consensus for our recommendations.



Our offices are located in Berkeley, in a circa 1900 Victorian Building.

FINANCIAL PLANS Our *financial plans* provide agencies with a flexible roadmap for funding long-term operating and capital needs. We evaluate the wide range of financing options available and develop a plan that recommends the best financing approach. We also help agencies develop prudent financial policies, such as fund reserve targets, to support sound financial management. BWA has developed over 2,000 water and wastewater enterprise financial plans to help public agencies fund their operating and capital programs, meet debt service requirements, and maintain long-term financial health.

PROJECT FINANCING Our *project financing* experience includes over 300 bond sales and numerous bank loans, lines of credit, and various state and federal grant and loan programs. We generally recommend issuing debt via a competitive sale process to achieve the lowest cost financing possible. To date, we have helped California agencies obtain over \$5 billion of bond financing, \$500 million in low-rate SRF loans and grants, and hundreds of millions in bank loans and lines of credit. We work only for public agencies; we are independent financial advisors and do not buy, trade, or resell bonds. Our work is concentrated on providing independent advice that enables our clients to finance their projects on the most favorable terms—lowest interest rates, smallest issue size, and greatest flexibility.

Bartle Wells Associates is a charter member of the ***National Association of Independent Public Finance Advisors*** (NAIPFA), which establishes strict criteria for independent advisory firms. All of our lead consultants are *Certified Independent Public Finance Advisors*.



Bartle Wells Associates is committed to providing value and the best advice to our clients. Our strength is *quality*—the quality of advice, service, and work we do for all our clients.

Business Information

Bartle Wells Associates
1889 Alcatraz Avenue
Berkeley, CA 94703
Tel: 510.653.3399
Fax: 510.653.3769

BWA has seven employees that specialize exclusively in water and wastewater rates and finance. We offer small firm responsiveness, but are also one of the largest firms providing utility rate and financial consulting services in California since that is our sole focus.

BWA Project Staffing

Principal in Charge / Project Manager

Douglas R. Dove, PE, CIPFA
Tel: 510.653.3399 (x110)
E-mail: ddove@bartlewells.com

Project Consultant

Michael DeGroot
Tel: 510.653.3399, (x114)
E-mail: michael@bartlewells.com

Other BWA consultants are available to assist this project team if ever needed.

DOUGLAS R. DOVE



Principal Consultant

Douglas R. Dove is President of Bartle Wells Associates and directs the operation of the firm while maintaining a principal consultant's role. With over 28 years of consulting experience, he specializes in utility rate analysis, strategic financial planning and project financing. Mr. Dove has developed utility rate structures and financing plans for a wide variety of public infrastructure programs. He has managed the procurement of over \$1 billion in municipal debt and over \$300 million in state and federal grants and low-interest loans. Mr. Dove frequently shares his expertise and has given presentations at conferences including the Association of California Water Agencies (ACWA), the American Water Works Association (AWWA), the California Association of Sanitation Agencies (CASA), the California Municipal Rates Group (CMRG), the California Special District's Association (CSDA), the California Municipal Treasurers Association (CMTA), the California Water Environment Association (CWEA) and Water Reuse. By special request in July 2015, Mr. Dove made a presentation to the California Water Resources Control Board regarding water conservation pricing. Mr. Dove is also a published author of a water rate paper in the Journal of the American Water Works Association (*Implementing Consumption-Based Fixed Rates in Davis, Calif.*). Mr. Dove's expertise also includes assisting agencies in securing state and federal grants and loans and in issuing certificates of participation (COPs), revenue bonds, general obligation bonds, assessment district bonds, Marks-Roos revenue bonds, CFD (Mello-Roos) bonds, private placement loans and other types of debt. Mr. Dove recently finished his term on the board of directors of the National Association of Municipal Advisors (NAMA).

Education

M.S., Civil Engineering - University of California, Berkeley

B.S., Civil Engineering – Drexel University, Philadelphia, PA

Representative Projects

- **Foresthill Public Utility District:** Wastewater capacity fees and the water development impact fee for the Salt Creek Water Basin.
- **Del Paso Manor Water District:** Comprehensive water financial plan and rate study.
- **Rio Linda/ Elverta Community Water District:** Comprehensive water financial plan, connection fee and rate study.
- **Madera County, CA:** Rate studies for twenty-three of the county's water and water special service districts
- **City of Imperial, CA:** Water and wastewater financial plans and rate studies.
- **East Bay Municipal Utility District:** Comprehensive water rate study and AB 1600 capacity fee review, Wastewater cost-of-service review and capacity fee review, various other financial studies
- **City of Santa Barbara:** Comprehensive water rate and capacity fee study.
- **Napa-Berryessa Resort Improvement District:** Developed financing plan for water and wastewater public-private partnership (P3). Prepared assessment engineers report. Formed an assessment district and secured \$11.1 million in federal funding from US Department of Agriculture.
- **City of American Canyon:** Comprehensive, multi-year water and wastewater rate study.
- **City of Davis:** Comprehensive water rate study developed with a 15-member Water Advisory Committee. Completed a water capacity fee study for the City as well.
- **City of Modesto:** Provided rate expert litigation support in wastewater rate litigation. Developed water and wastewater cost of service and capacity fee studies.
- **Newhall County Water District:** Provided rate expert litigation support in water rate litigation.
- **City of Monterey:** Developed financing plan and rate study for \$20 million wastewater pipeline rehabilitation project.

- **San Miguel Community Services District, CA:** Water and wastewater financial plans and rate studies.
- **City of Santa Clara:** Wastewater rate and capacity fee study.
- **City of Hesperia:** Comprehensive water and wastewater financial plan and rate study.
- **City of Lemon Grove:** Water and wastewater rate studies and five-year financing plan.
- **City of Brawley:** Water and wastewater rate studies and financing plans.
- **City of Gilroy:** Water and wastewater rate studies.
- **City of Patterson:** Water and wastewater rate studies and five-year financing plans.
- **West Valley Sanitation District (Campbell, CA):** Wastewater rate study, financing plan and bond issuance.
- **City of Ontario/Ontario Redevelopment Agency:** financial advisor on \$134.3 million in development refunding and new money issues (2), which included financing for the Ontario Convention Center.
- **City of Calistoga:** Long range utility financial plan, water and wastewater rates, secured financing for WW treatment plant upgrade (\$6 million SRF loan, \$3 million Small Community Grant, \$3.5 million revenue bonds).
- **El Dorado Irrigation District:** Water and wastewater rate studies.
- **Lake Arrowhead Community Services District:** Financial master plan, \$28 million revenue bond refinancing and water and wastewater rate studies.
- **California Statewide Communities Development Authority:** Financial advisor for statewide pooled revenue bond program (over \$250 million issued for over 32 borrowers).
- **South Bay Water Recycling Program, Phases 1 & 2:** Financial plan and rate study for \$200+ million regional (San Jose area) wastewater recycling program.
- **City of Tulare:** Financial advisor to the city, sale of \$63 million in bonds (3 issues), water and wastewater rate studies.
- **City of Hanford:** Wastewater financial plan and rate study, bond and bank loan issues, procurement of California Infrastructure Bank SRF loan.
- **Big Bear Area Regional Wastewater Agency:** Regional wastewater rate study, sale of bonds (2 issues) and bank loans (2 loans).

Professional Memberships

- National Association of Municipal Advisors (former Board Member)
- League of California Cities
- American Water Works Association
- Association of California Water Agencies
- California Water Environment Association
- California Association of Sanitation Agencies
- California Special Districts Association
- Water Reuse Association

Certifications

Certified Independent Professional Municipal Advisor (CIPMA), Registered Professional Engineer (PE) in California (PE# 45642) and Municipal Advisor – Series 50 Exam

Michael DeGroot



Project Consultant

Michael DeGroot is a consultant with Bartle Wells Associates. He works closely with City staff, engineers, lawyers, and other consultants to develop equitable rate structures for water, sewer, and solid waste enterprises. Mr. DeGroot specializes in developing long-term financial plans, meter and commodity rates, surcharges, and capacity fees for Cities and special Districts. Additionally, he is experienced modifying and implementing Proposition 218 compliant water budget rate structures and drought surcharges.

Education

B.S., Business Administration – U.C. Berkeley Walter A. Haas School of Business, Berkeley, CA

Representative Projects

- **City of Santa Barbara:** Water rate study and water and sewer capacity fees.
- **West Valley Sanitation District:** Detailed financial plan and rate study, including debt funding alternatives for significant expenditure projections related to the \$2 billion wastewater facility upgrade.
- **City of Fresno:** Water and sewer capacity fees.
- **City of Milpitas:** Water rate study.
- **City of Alameda:** City-wide capital improvement budget.
- **City of Foster City:** Water and sewer rate study and alternative rate structure analysis.
- **Contra Costa Water District:** Excess water use charge analysis.
- **Fairfield-Suisun Sewer District:** Sewer rate and capacity fee study.
- **City of Benicia:** Sewer rate analysis and drought option.
- **Stege Sanitary District:** Sewer rate study.
- **Palmdale Water District:** Water rate study.
- **City of California City:** Water and sewer rates, impact fees, and miscellaneous charges.
- **Indian Wells Valley Water District:** Water rate study.
- **Glendale Water and Power:** Water rate study and bill calculator.
- **City of Palmdale:** Sewer rate study.
- **Crestline Sanitation District:** Sewer rate study.
- **Malaga County Water District:** Water and sewer rate study.
- **Sutter Community Services District:** Water rate study and financial plan.
- **City of Hughson:** Water rate study and SRF loan support.
- **Grizzly Flats Community Services District:** Water rate study.
- **City of Santa Clarita:** Feasibility study of the City's takeover and operation of its sewer enterprise from LACSD.

Certifications

MSRB-Registered Municipal Advisor (Series 50)

PROJECT TEAM

BWA uses a **team approach** for most projects, typically assigning two consultants to each assignment, including at least one principal consultant. Our general project approach is to work closely with staff and other members of the project team, identify objectives, set milestones, have frequent communication, and remain flexible to resolve unanticipated issues.

Bartle Wells Associates has a highly-qualified professional team. Our education and backgrounds include finance, civil engineering, business, public administration, public policy, and economics. Bartle Wells Associates has a long track record of completing projects on time and on or under budget.

Bartle Wells Associates will perform all work related to this assignment and does plan to use any subcontractors for this project. Our consulting staff has availability to assist on this project as needed to ensure all project work and deliverables are completed on schedule.

Doug Dove, Project Manager

Doug Dove is president of BWA and one of BWA's principal consultants. He has more than 28 years of professional experience, specializing in all areas of public finance, including utility rate setting, capacity fee implementation, strategic financial planning and infrastructure financing. He has extensive experience developing strategic financial plans and utility rate studies and has consulted for more than 150 California agencies. Doug has substantial experience working with public agency staff and governing bodies to build understanding and consensus for recommendation. *Doug will serve as the primary contact person and manage the day-to-day project work. He will be involved in all aspects of the project from kickoff to implementation.*

Michael DeGroot, Project Consultant

Michael DeGroot is a Project Consultant with over five years of experience developing financial plans and utility rate and fee studies for California water and wastewater agencies. He works closely with public agency staff, engineers, attorneys, and other consultants to develop equitable rate structures for water and sewer utilities. Mr. DeGroot specializes in developing long-term financial plans, meter and commodity rates, surcharges, and capacity fees for cities and special districts. He is experienced developing and implementing Proposition 218 compliant water and sewer rate structures and drought rate surcharges. He is an MSRB registered municipal advisor.



Section 3: Proposed Scope of Services

This section presents a draft scope of services that we believe forms a sound basis for completing this assignment. Bartle Wells Associates can work with the District to finalize a scope of services that meets the District's objectives and schedule.

TASK A. PROJECT INITIATION & INVESTIGATION

1. Project Team Orientation

To initiate our work, hold a kickoff meeting to accomplish the following:

- Identify members of District staff, Board Members, engineering consultants, and other consultants/advisors who will participate in the project.
- Determine the roles and responsibilities of all project participants.
- Establish project schedule and key milestone dates.
- Confirm the key goals and expectations of the project team.

2. Investigation and Data Collection

Assemble the information necessary to understand the District's water system, finances, customers and usage, water budgets, rate and fee structures, legal agreements, debt covenants, and capital program. The objectives of investigation and data collection are to develop a complete understanding of the District and its finances, and to reach an agreement on basic assumptions to be used in the study as well as key alternatives for evaluation.

3. Review Key Background Information

Review key background information including the District's regulatory requirements, bond covenants, and legal agreements. Analyze historical and projected revenues, operating expenses, debt service requirements, and reserve policies such as working capital, renewal, and replacement. Review billing and collection procedures, water budget allocations, surcharges, previously-approved rates, and customer information and usage data.

4. Identify Capital Improvement Program Alternatives for Evaluation

Work with the District and potentially its engineering consultants to identify capital improvement program (CIP) alternatives for evaluation. The goal will be to develop schedules identifying the amount and timing of CIP funding needs and key alternatives. This will include identification of near-term and long-term funding requirements for future repairs and replacements. Identify potential changes to operating and maintenance costs associated with capital improvements.

Task A Deliverables Include:

- Project kickoff meeting
- List of project goals and objectives
- Project schedule and budget
- Project team contact list
- List of key assumptions & alternatives underlying the financial plan & rate study
- Identification of capital program alternatives for financial plan evaluation
- Meet with District staff to review and discuss findings and gain input

TASK B. 5-YEAR FINANCIAL PLAN

1. Develop Forecasts and Projections

Based on evaluation of the data assembled and input provided by staff and other members of the project team, prepare forecasts and projections to be used in the development of financial projections for the District's water enterprise.

Develop projections for the following areas (and others as appropriate):

- **Water Demand & Revenue Volatility:** Using historical water consumption numbers, project the sensitivity of Palmdale water consumption to changes in water prices. Water demand projections will enable BWA to better project future consumption during water rate increase scenarios. Additionally, billing data will be used to analyze revenue volatility for each class of customer.
- **Anticipated Future Water Costs:** Analyze future sources of water supply and related costs for the District. Determine the portion of these costs which are variable versus fixed and how best to plan for them.
- **Capital Improvements Including Long-Term Capital Repairs & Replacements:** Identify future capital costs and alternatives to include in the financial analysis and determine a reasonable amount to include for future, ongoing capital repairs and replacements. BWA often recommends that agencies phase in funding for long-term system rehabilitation.
- **Growth and Development/Redevelopment:** Evaluate historical growth trends and develop appropriate and conservative assumptions for future development and redevelopment that can be incorporated into the financial plan/rate model.
- **Cost Escalation Factors:** Review historical cost trends and work with project team to develop reasonable cost escalation factors for both operating and capital expenditures. Work with the District to identify future changes in operating and maintenance costs that should be accounted for when developing financial projections.
- **Justify Recommended Rate Changes:** Include justification for any water budget, surcharge, rate change or increase in the administrative record. All suggested rate changes will be proportional and equitable based on cost of service and in compliance with California Law including Proposition 218 and AB 1600.

Review projections and alternatives with District staff for agreements on assumptions, interpretation of data, and completeness of approach.

2. Evaluate Financing Alternatives for Capital Improvements

Evaluate options for financing proposed capital improvement projects. Our evaluation will:

- Estimate the amount and timing of any debt, if needed, to finance capital projects.

- Evaluate the alternative borrowing methods available including bonds, COPs, state and federal loan programs such as the State Revolving Fund (SRF), bank loans and lines of credit, as well as pay-as-you-go cash funding.
- If appropriate, recommend type of debt, term and structure, and estimate debt service.

3. Recommend Fund Reserve Targets

Evaluate existing reserve levels and any fund reserve policies. Recommend fund reserve targets based on the District's operating and capital funding needs. Develop an implementation plan for achieving and maintaining the recommended reserve fund levels in future years.

4. Develop Long-Term Financial Projections

Develop cash flow projections showing the financial position of the water enterprise over the next 5 years. The cash flows will project fund balances, revenues, expenses, and will incorporate the forecasts developed with staff input. After developing a base-case cash flow scenario, we can develop alternatives for additional evaluation such as capital project alternatives, project financing alternatives, and the impacts of various levels of water demand, conservation, and costs of supply, etc. During this phase, BWA will work closely with the project team to evaluate financial and rate projections under alternative scenarios and conduct sensitivity analysis to assess the impacts of changes in key assumptions.

5. Forecast Operating Results Reflecting Only Previously Approved Rate Increases

Examine the impact of a "no action" scenario (without additional rate increases) on water system finances. These forecasts can be used as a baseline for comparison with rate alternatives. Discuss the adequacy of adopted rates to support projected operating and capital needs, meet debt covenants, and achieve required fund reserve levels.

6. Evaluate Rate Increase Options

Forecast rate increases and recommended structure needed to meet operating requirements, debt requirements, capital improvements including repairs and replacements, regulatory obligations, and reserve funding levels. Evaluate the financial impact of various rate increase alternatives, such as phasing in rate increases over a number of years. Work with the District's project team to develop rate increase recommendations and/or alternatives for Board and potentially public input.

7. Develop User-Friendly Financial Model

Develop a user-friendly financial model in Excel designed to be used by District staff to update financial projections, evaluate "what if" scenarios and their impacts on finances and rates, and track financial results. BWA recommends the model be as straightforward as possible and avoid unnecessary complexity. We will work with District staff to ensure the model is easy to update and meets the District's needs and objectives.

Task B Deliverables Include:

- Identification of key assumptions for development of financial plan
- Evaluation of financing alternatives for capital improvements
- Recommend fund reserve targets
- Development of 5-year financial projections to evaluate alternatives
- Evaluation of alternative rate increase scenarios
- Development of a user-friendly financial model to evaluate finances & track results
- Meet with the District's project team to present findings, discuss alternatives, gain input, and develop preliminary recommendations

TASK C. WATER RATE & COST OF SERVICE ANALYSIS**1. Review Current Cost Allocations and Water Budget**

Analyze and understand how the current water budget allocates charges to each customer class including the current allocation methodology for commercial/industrial customers, multifamily, and single family residential. Identify possible pass-through costs and review the policies for establishing the Elevation Booster Surcharge and Water Quality Fee.

Provide independent review of the District's existing water rate structure and rates. Review for:

- general equity and compliance with the substantive requirements of Proposition 218
- fixed and variable rate recovery
- industry standards such as guidelines from the American Water Works Association
- California Urban Water Conservation Council best management practices for retail conservation pricing.

2. Conduct Water Rate Survey

Review and summarize water rates and water rate structures of other regional and/or comparable agencies. Summarize results in easily understandable tables and/or charts. Confer with staff on agencies to include in the survey.

3. Analyze Water Consumption Data

Analyze current and historical water usage and utility billing data to determine reasonable and conservative estimates of water demand to use in developing rate options. Water use can fluctuate from year to year depending on various factors such as weather and local and regional conservation efforts. Ideally, we would prefer to analyze 2 to 3 years of utility billing data in order to determine slightly conservative demand projections.

4. Develop & Evaluate Water Budget & Rate Alternatives

Identify potential rate structure alternatives and modifications that could help improve rate equity, conservation incentive, or help achieve other District objectives. Discuss pros and cons of different rate structure options and their general impacts on different types of customers. Rate structure options will be refined as the study progresses based on input from the District's project team.

5. Evaluate Drought Rate Responses

Evaluate the impacts of different levels of required cutbacks in water demand in response to a drought. Develop rate recommendations to help the District achieve the required cuts to water use while ensuring adequate revenue recovery. BWA often recommends a phase in of escalating drought rate responses in response to clear trigger points. BWA will update the drought factor and ensure funding for short-term, dry year water market prices.

6. Develop Equitable Cost Allocations

Optimize the fixed operating cost percentage covered by monthly meter charges and standardize the monthly meter charge for different sized water meters used to serve single family residential customers. Allocate revenue recovery targets identified in the financial plan to appropriate fixed and variable rate components to determine the underlying unit charges that will be used to calculate rates. Apply the underlying unit rates to calculate rates for each customer class and meter size. Rates will be designed to ensure equity between different types of customer classes and comply with the substantive requirements of Proposition 218.

7. Update Allocation Methodology

Add in pass through costs as necessary and update the Elevation Booster Surcharge and Water Quality fee based on identifiable costs. Other adjustments BWA expects to make based on the RFP include:

- a) The addition of a sub-allocation tier and pricing equal to only the indoor allocation for single family residential customers.
- b) Implementation of a variance process for single family residential customers to adjust the 50% factor of landscaping versus lot area.
- c) Historical allocation calculations in multifamily customer class to allow for minimum allocation equal to the indoor allocation.
- d) Updating the allocation methodology for the commercial/industrial customer class to account for large variances in historical water usage.

8. Develop Preliminary & Final Rate Recommendations with District Input

Based on the evaluation of rate structure alternatives and the financial plan update, develop draft rate alternatives for District input. Final rate recommendations will be designed to:

- a) fund the water utility's long-term costs of providing service,
- b) be fair and equitable to all customers,
- c) comply with California Urban Water Conservation Council best management practices,

- g) conform with the District's utility billing system capabilities
- d) provide a prudent balance of revenue stability and conservation incentive,
- e) be easy to understand and administer, and
- f) comply with the substantive requirements of Proposition 218.

9. Evaluate Rate Impacts on a Range of District Customers

Calculate the impacts of rate alternatives on a range of District customers. Discuss additional rate structure adjustments that may reduce the impact on certain customers if warranted.

Task C. Deliverables Include:

- Evaluation of current water rates and budget
- Water rate survey
- Analysis of utility billing data
- Identification and evaluation of rate structure and allocation alternatives and their impacts
- Evaluation of drought rate responses and update of the drought factor
- Detailed cost allocations to support development of equitable rates
- Development of preliminary rate recommendations
- Surcharge and possible pass-through charge rate updates
- Calculation of rate impacts on a range of District customers
- Meet with District to present findings, discuss alternatives, gain input, and develop preliminary and final rate structure recommendations

TASK D. MEETINGS, PRESENTATIONS, REPORTS, & PROP. 218

1. Project Team Meetings (2 project team meetings including 1 kickoff meeting and 1 progress meeting)

Meet with the District's project team to present findings, discuss alternatives and their impacts, gain ongoing input, and develop and hone recommendations. We generally recommend deferring the kickoff meeting until we have had time to review background information and gain an initial understanding of the water system and its finances and rates.

2. Public Workshops (3 presentations/workshops)

Present finding, key alternatives, and preliminary recommendations to the public. Develop PowerPoint presentations summarizing key study objectives, findings, draft recommendations, financial and rate alternatives, and impacts on a range of customers. Incorporate input and hone alternatives and recommendations as warranted to achieve District objectives.

3. Board Meetings/Proposition 218 Hearing (3 presentations/workshops)

Present finding, key alternatives, and preliminary recommendations to the Board of Directors. Develop PowerPoint presentations summarizing key study objectives, findings, draft recommendations, financial and rate alternatives, and impacts on a range of customers. Incorporate District input and hone alternatives and recommendations as warranted to achieve District objectives. Present a summary of findings and recommendations at the Proposition 218 rate hearing. Assist staff in responding to questions as directed by the Board.

4. Prepare Draft & Final Reports

Develop a draft report summarizing key background issues, study objectives, findings, assumptions, methodologies, draft recommendations and alternatives, impacts on ratepayers, and the rate and fee surveys. The report will clearly explain the rationale for recommendations and will be drafted for a non-technical audience in plain English. Submit a draft report for District review and feedback (provide District with hard copies and an electronic copy as needed). Revise report based on District input and develop a final report (provide District with hardcopies and an electronic copy as needed).

5. Proposition 218 Assistance

Identify substantive and procedural requirements for Proposition 218 and discuss requirements and options with District staff. As directed by the District, draft or assist in drafting the required Proposition 218 notice. BWA recommends the notice go beyond the minimum legal requirements and provide clear and concise explanation of the reasons for any rate adjustments as well as any actions the District has taken to help reduce costs. BWA has helped many agencies adopt rates via the Proposition 218 process. We have found that ratepayers are more accepting of rate increases or rate structure modifications when they understand the reasons underlying the adjustments.

6. Public Education and Consensus-Building

Rate and fee adjustments are often controversial. BWA has extensive experience developing clear presentations that facilitate public understanding of the need for rate increases. We understand the importance of building consensus and public acceptance for our recommendations and can assist the District in developing public education materials. BWA will work with the District's Public Affairs Department in developing an outreach program and complete the following:

- 1) Develop the strategic planning forum with the District Management Team;
- 2) Develop a strategic methodology/communication plan to reach customers, stakeholders, and Board Members;
- 3) Develop a multi-faceted campaign, including multi-tiered rate structure support materials (website content, presentation materials, posters, informational brochures, etc.) with a strategic timeline based upon the overall Project schedule;
- 4) Assure compliance with Proposition 218 noticing;
- 5) Provide overall Outreach Management:
 - Facilitate trainings and meetings with the District staff
 - Facilitate and record all community and stakeholder meetings
 - Ensure progress of deliverables and schedule.

Task D Deliverables Include:

- 2 meetings with the District's project team
- 3 Public Workshops
- 3 Board Meetings/Proposition 218 Hearing Attendance
- Develop PowerPoint presentations summarizing key findings, alternatives, and recommendations for meetings and/or public presentations
- Develop draft and final report incorporating District input
- Assist with Prop. 218 notice, public education and/or outreach efforts

Section 4: Experience & References

BWA has provided water and wastewater rate and financial advisory services to over 500 public agencies throughout California. This section includes descriptions and references of some relevant BWA assignments.

West Valley Sanitation District (Campbell, CA)

WVSD provides wastewater collection and disposal services for the cities of Campbell, Monte Sereno, Los Gatos, much of Saratoga and unincorporated areas of the county, serving a population of approximately 109,000. The District's pipeline collection system consists of 414 miles of trunk and main sewer lines and 209 miles of sewer laterals spanning a total of 29.8 square miles.



In FY 2017/18, West Valley Sanitation District (WVSD) faced the need to fund over \$150 million of infrastructure projects over the next ten years related to a) its share of the rehabilitation of the San Jose-Santa Clara Regional Wastewater Facility (RWF) and b) the ongoing rehabilitation of its own sewer collection system.

WVSD retained Bartle Wells Associates to develop a financial plan and 5-year cost of service rate study to fund this extraordinary level of infrastructure improvements, while maintaining its financial strength and minimizing impacts to ratepayers. The City of San Jose had developed its own financing plan for RWF capital improvements. WVSD and other tributary agencies had the option of joining San Jose in a regional funding program. To participate in the joint program, however, WVSD would have to amend its Master Agreement with San Jose and transfer over \$8 million in cash by FY 2017/18 to the Treatment Plant Operational Reserve.

BWA and District staff reviewed the San Jose financing plan and met with San Jose staff to discuss the details of the plan. Based on careful review and analysis of the options, BWA recommended the District pursue the self-funding approach rather than joining San Jose's joint financing program. The plan would save the District money, reduce the immediate impact on rates, and allow it the flexibility to issue debt on its own schedule and in the amounts it desires. WVSD has a very strong credit rating and the option to fund its own share of RWF capital improvements.

Agency Contact:

Contact:	John Newby, District Manager
Address:	100 E Sunnyoaks Ave, Campbell, CA 95008
Phone Number:	(408) 378-2407
Email:	jnewby@westvalleysan.org



Foster City (Estero Municipal Improvement District)

The City provides water and wastewater service to a population of approximately 34,500 in San Mateo County, CA. In 2019, Bartle Wells Associates assisted the City of Foster City in developing water and wastewater rates, customized computer rate models, and a long-range utilities financial master plan. Foster City purchases all of its drinking water from San Francisco's Hetch Hetchy system. The City and San Mateo jointly own a wastewater treatment facility that is operated by the City of San Mateo. The City faced significant capital costs for improvements to the Hetch Hetchy system and the jointly owned wastewater treatment plant.

BWA developed long-range financing plans for the capital projects and recommended prudent minimum reserve fund balance levels for the City's utility operating and capital funds. BWA also recommended changes to the City's water rate structure to reduce vulnerability to revenue shortfalls during droughts and to ensure legal compliance with Proposition 218. The City's water rates were balanced so that fixed meter charges cover the fixed costs of the system, while volumetric charges cover volumetric costs such as water purchases, thereby minimizing the financial impact of conservation.

In a prior study, BWA presented alternative scenarios to Council which included changes to number of tiers, volumetric wastewater rates, and a water budget rate structure. Throughout the project, BWA worked closely with a project team consisting of staff from the City's engineering, finance, and information technology departments.

BWA assisted City staff in developing PowerPoint presentations for Council workshops and rate hearings and in preparing the Proposition 218 notification for the proposed rate increases. The City Council approved the recommended water and wastewater financing plans, rate structure adjustments and rate increases.

BWA incorporated the rate and financing recommendations into a user-friendly computer rate model in Microsoft Excel. The model can be used by City staff each year to update utility cash flow projections and the City's water and wastewater rates.

Agency Contact:

Contact: Edmund Suen, Finance Director
Phone Number: (650) 286-3265
Email: esuen@fostercity.org



City of Santa Barbara

The City of Santa Barbara is located in Santa Barbara County and has a population of approximately 90,000 residents. The City's water and wastewater systems serve approximately 27,500 connections.

BWA completed a water rate analysis in July 2016 resulting in Fiscal Year 2016/17 water rates adopted on August 9th 2016. BWA was retained again by the City in FY 2016/17 to update the water rate model and develop proposed water rates for Fiscal Years 2018, 2019, and 2020. BWA also updated the City's water and wastewater capacity fees.

The rates and fees were developed with the help of City staff and outside legal counsel and with direction of the City Council. The recommended water rates were designed to send a clear conservation signal to City customers through tiers based on the unit costs of the City's six sources of supply. Additionally, BWA analyzed the appropriateness of an existing outside City surcharge. The City Council decided to eliminate the surcharge based on the study results. Proposed water and wastewater capacity fees were developed based on a buy-in methodology to ensure growth pays for the proportional share of the value of existing system capacity.

Agency Contact:

Contact: Kelley A. Dyer, Water Supply Manager
Phone Number: (805) 564-5377
Email: kdyer@SantaBarbaraCA.gov

City of Patterson

The City of Patterson (the City) is a general law City located in western Stanislaus County with a population of approximately 22,000. The City owns and operates its own water system. In 2018, the City retained Bartle Wells Associates to develop a long-term financial plans and rate recommendations for the water enterprises.



Our study included five-years of rate adjustments designed to keep rates in line with cost inflation while providing sufficient revenues for the City's operating and capital programs. BWA also recommended several adjustments to the water rate structure including aligning the fixed rates with the American Water Works Association's (AWWA) standard meter ratios and revising the tier breakpoints. BWA is currently working with the City to update the water and sewer development impact fees and evaluating other alternatives to ensure that growth pays their fair share of infrastructure projects.

Solid Waste Rate Study: BWA is also currently assisting the city in updating its solid waste rates including garbage, recycling and greenwaste collection services.

Agency Contact:

Contact: Mike Willet, Director of Public Works
Address: 1 Plaza, Patterson, CA 95363
Phone Number: (209) 895-8065
Email: mwillet@ci.patterson.ca.us

City of Imperial

The City of Imperial retained Bartle Wells Associates in 2016 to perform a comprehensive water and wastewater rate study. The water and wastewater enterprises were operating at slight deficits and both enterprises were facing the need to fund large capital improvement projects including a major upgrade to the City's water treatment plant and construction of a new wastewater treatment plant.



BWA recommended a series of rate increases designed to meet each utility's operating and capital funding needs and support balanced budgets. BWA also reviewed the City's water and water rate structures and customers classes and recommended modifications designed to equitably recover the costs of providing service, comply with Proposition 218, and achieve City objectives. BWA recommended a uniform water rate structure to reflect the City's single source of water supply from the Imperial Irrigation District.

BWA and the City held a series of public workshops to explain the need for the increases and answer questions from the community. BWA assisted the City with the Proposition 218 noticing and rate adoption process which ultimately resulted in City Council adoption of recommended rate increases and cost-of-service based rate structure modifications.

Agency Contact:

Contact: AJ Gaddis, Administrative Services Director
Phone Number: (760) 355-1153
Email: ajgaddis@cityofimperial.org

Section 5: Proposed Schedule & Data Needs

This section presents a preliminary draft schedule for completing the project with a target of having new rates go into effect on January 1, 2020. BWA will work with District staff to develop key milestones and a final schedule.

PROJECT TASK	April	May	June	July	August	September
Project Initiation & Data Collection						
Water Financial Plan						
Water Rate Study						
Draft & Final Reports						
Kickoff & Project Team Meetings						
Board of Directors Meetings						
Public Workshops						
Proposition 218 Process & Hearing						

Note: Individual project milestones will be established based on consultation with the project team.

Palmdale Water District Water Rate Study Preliminary Data Needs

1) Financial Information

- Current budget
- Previous 2 years of budget actuals
- Fund balances, including reserve accounts, as of December 31, 2018
- Most recent audits (3 years)
- Debt service schedules and covenants

2) Customer & Usage Information

- Customer accounts by descriptors such as customer class, household sizes, elevation, parcel square footage, and meter size for previous 3 years
- Service charge revenue by customer class for last 3 years
- Water usage and billing data for past 3 years in Excel
- Growth projections and any anticipated changes in customer base
- Estimates of future water purchases
- Any anticipated changes in future water supply

3) Capital Improvements & Future Operating Costs

- Long term Capital Improvement Plan (CIP)

- b. Estimate of reasonable level of ongoing future capital repairs & replacements
- c. Any anticipated changes in operating and maintenance costs (e.g. planned new staffing)

4) Other Information

- a. Current rates and surcharges
- b. Current water budget allocation methodology
- c. Description of billing cycle
- d. Any service agreements and contracts with other agencies, districts, cities, etc...
- e. Reserve fund ordinances
- f. Information on any interfund transfers
- g. Any other information you think would be helpful to the study

Section 6: Cost Proposal

Provided below is a draft breakdown of our budget by task. We remain available to work with the District to refine the scope and budget to meet the District's objectives and expectations.

TASK	Estimated Hours	D. Dove @ \$255/hr	M. DeGroot @ \$155/hr	Total Cost
TASK A. PROJECT INITIATION & INVESTIGATION	30	10	20	\$5,650
1. Project Team Orientation				
2. Investigation & Data Collection				
3. Review Key Background Information				
4. Identify Capital Improvement Program Alternatives for Evaluation				
TASK B. 5-YEAR FINANCIAL PLAN	90	30	60	\$16,950
1. Develop Forecasts and Projections				
2. Evaluate Financing Alternatives for Capital Improvements				
3. Recommend Fund Reserve Targets				
4. Develop Long-Term Financial Projections				
5. Forecast Operating Results Reflecting Only Previously Approved Rate Increases				
6. Evaluate Rate Increase Options				
7. Develop User-Friendly Financial Model				
TASK C. WATER RATE & COST OF SERVICE ANALYSIS	90	30	60	\$16,950
1. Review Current Cost Allocations and Water Budget				
2. Conduct Water Rate Survey				
3. Analyze Water Consumption Data				
4. Develop & Evaluate Water Budget & Rate Alternatives				
5. Evaluate Drought Rate Responses				
6. Develop Equitable Cost Allocations				
7. Update Allocation Methodology				
8. Develop Preliminary & Final Rate Recommendations with District Input				
9. Evaluate Rate Impacts on a Range of District Customers				
TASK D. MEETINGS/PRESENTATIONS, REPORTS, & PROP 218	100	50	50	\$20,500
1. Project Team Meetings				
2. Board Meetings and/or Public Workshops				
3. Prepare Draft & Final Reports				
4. Proposition 218 Rate Hearing Presentation				
5. Proposition 218 Assistance				
6. Public Education and Consensus-Building				
TOTAL ESTIMATED HOURS	310	120	190	\$60,050
ESTIMATED DIRECT EXPENSES				
Travel/copies/binding/phone/fax/mail/miscellaneous				\$8,000
Subtotal Estimated Expenses				\$8,000
TOTAL PROJECT COSTS				\$68,050
Contingency/Additional Analysis and/or Meetings (Optional)				\$10,000

1. Bartle Wells Associates is prepared to begin work upon authorization to proceed.
2. During the project development period, Bartle Wells Associates will be available at all reasonable times and on reasonable notice for meetings and for consultation with staff, attorneys, consulting engineers, and others as necessary.
3. Bartle Wells Associates will perform all work related to the assignment. Douglas Dove, a firm principal and president, will be assigned as project manager on this assignment. He will serve as the lead contact person for BWA and will be involved with the project a day-to-day basis. Doug will be assisted by Michael DeGroot, project consultant. This project team may be assisted by other BWA analysts as needed.
4. The fees for services outlined in this proposal will not exceed \$60,050 plus direct expenses estimated not to exceed \$8,000. The total project cost will not exceed \$68,050. The fee is based on the following assumptions:
 - a. All necessary information will be provided by the District in a timely manner.
 - b. Development of a draft, final draft, and final versions of tables, presentations, and reports. Time and expenses involved in revising tables and assumptions may constitute additional services if not achievable within the budget.
 - c. Eight trips to the District for meetings and/or presentations. Additional meetings or presentations may constitute additional services if not achievable within the budget.
5. Progress payments and direct expenses are payable monthly on a time and materials basis as the work proceeds as provided in our Billing Rate Schedule 2019, which will remain in effect through the duration of this assignment.
6. Bartle Wells Associates will maintain in force, during the full term of the assignment, insurance as provided in the Certificate of Insurance attached.
7. If the project is terminated for any reason, we are to be reimbursed for professional services and direct expenses incurred up to the time we receive notification of such termination.
8. This proposal may be withdrawn or amended if not accepted within 90 days of its date.
9. We will not require a formal contract of employment and will consider a letter or e-mail from an appropriate official as sufficient authority to proceed.



BARTLE WELLS ASSOCIATES
BILLING RATE SCHEDULE 2019
Rates Effective 1/1/2019

Professional Services

Financial Analyst I	\$110 per hour
Financial Analyst II	\$130 per hour
Consultant	\$155 per hour
Senior Consultant	\$185 per hour
Senior Project Manager	\$215 per hour
Principal Consultant	\$255 per hour

The hourly rates for professional services include all overhead and indirect expenses. Bartle Wells Associates does not charge for administrative support services. Expert witness, legal testimony, or other special limited assignments will be billed at one and one-half times the consultant's hourly rate.

The above rates will be in effect through December 31, 2019 at which time they will be subject to change.

Direct Expenses

Subconsultants will be billed at cost plus ten percent. Word processing and computer-assisted services related to official statement production are charged as direct expenses at \$75 per hour. Other reimbursable direct expenses incurred on behalf of the agency will be billed at cost plus ten percent. These reimbursable costs include, but are not limited to:

- | | |
|--------------------------------|--|
| ■ Travel, meals, lodging | ■ Automobile mileage |
| ■ Printing and photocopying | ■ Messenger services and mailing costs |
| ■ Special statistical analysis | ■ Graphic design and photography |
| ■ Outside computer services | ■ Special legal services |
| ■ Bond ratings | ■ Legal advertisements |

Insurance

Bartle Wells Associates maintains insurance in the amounts and coverage as provided in the attached schedule of insurance. Additional or special insurance, licensing, or permit requirements beyond what is shown on the schedule of insurance are billed in addition to the contract amount.

Payment

Fees are typically billed monthly for the preceding month and will be payable within 30 days of the date of the invoice. A late charge of 1.0 percent per month may be applied to balances unpaid after 60 days.

This section provides certain disclosures required by the Municipal Securities Rulemaking Board (MSRB) regarding our duties as a Municipal Advisor to the extent any such duties apply to this assignment.

- * Bartle Wells Associates will provide advice and conduct activities with a “duty of care” and a “fiduciary duty” to the District. Our role and responsibilities during this engagement will continue through the completion of the project.
- * Bartle Wells Associates is a registered Municipal Advisor with the Securities and Exchange Commission (SEC Registration No. 867-00740) and the Municipal Securities Rulemaking Board (MSRB ID K0414).
- * Bartle Wells Associates has never been cited for any legal or disciplinary action regarding municipal advisory activities.
- * Bartle Wells Associates has not and will not receive any compensation from any third party seeking to provide services, municipal securities transactions, or municipal financial products related to this transaction. BWA or any of its employees will not engage in any activities that would produce a direct or indirect financial gain for the firm other than compensation for our services identified in this proposal.
- * Bartle Wells Associates is not aware of any conflicts of interest that would affect our ability to provide independent and objective advice and Municipal Advisory services in a manner consistent with the requirements of MSRB Rule G-42.
- * The website address for the Municipal Securities Rulemaking Board (MSRB) is www.MSRB.org. The MSRB’s website provides a municipal advisory client brochure that describes the protections that may be provided by the MSRB rules and how to file a complaint with an appropriate regulatory authority. The municipal advisory client brochure is accessible via a link on www.MSRB.org or can be downloaded from <http://www.msrb.org/~media/Files/Resources/MSRB-MA-Clients-Brochure>.

SCHEDULE OF INSURANCE



SCHEDULE OF INSURANCE

Insured: BARTLE WELLS ASSOCIATES

Bartle Wells Associates will maintain in force, during the full term of the assignment, insurance in the amounts and coverage as provided in this schedule. If additional insurance is required, and the insurer increases the premium as a result, then the amount of the increase will be added to the contract price.

TYPE OF INSURANCE	COMPANY POLICY NUMBER	COVERAGES AND LIMITS	EXP. DATE
Commercial General Liability	Hartford Insurance Company Policy #35-SBA PA6857	<ul style="list-style-type: none"> ▪ \$2,000,000 General Aggregate ▪ \$2,000,000 Products Comp/Op Aggregate ▪ \$2,000,000 Personal & Advertising Injury ▪ \$1,000,000 Each Occurrence 	6/1/19
Excess/Umbrella Liability	Hartford Insurance Company Policy #35-SBA PA6857	<ul style="list-style-type: none"> ▪ \$1,000,000 Aggregate ▪ \$1,000,000 Each Occurrence 	6/1/19
Automobile Liability	Hartford Insurance Company Policy #35-UEC VU2842	<ul style="list-style-type: none"> ▪ \$1,000,000 Combined Single Limit 	6/1/19
Workers Compensation & Employers' Liability	Hartford Underwriters Insurance Company Policy #35-WEC FG7858	Workers' Compensation: Statutory Limits for the State of California. Employers' Liability: <ul style="list-style-type: none"> ▪ Bodily Injury by Accident - \$1,000,000 each accident ▪ Bodily Injury by Disease - \$1,000,000 each employee ▪ Bodily Injury by Disease - \$1,000,000 policy limit 	6/1/19
Professional Liability	Chubb & Son, Inc. BINDO94045	Solely in the performance of services as municipal financing consultants for others for a fee. Limit: \$2,000,000 Per Occurrence & Aggregate (including defense costs, charges, and expenses)	6/1/19



AGENDA ITEM NO. 7.2
Hotel and Travel
Accommodations

Event Name/Date:

Special Districts Summit/West / May 30, 2019

CONTACT INFORMATION

First Name

Last Name

Date

ACCOMMODATION INFORMATION

Rooms and rates are subject to availability. Complete and submit this form as soon as possible to guarantee a room at the host hotel. In the event that the host hotel is booked, every effort will be made to secure a room at the closest hotel within comparable rates to the event discounted rate.

Arrival Date

Departure Date

No. of guests

Room Type

Do you require a smoking room?

☐ Yes ☐ No

Do you need transportation from the airport to the hotel?

☐ Yes ☐ No

Flight Number

Time

ADDITIONAL INFORMATION/REQUESTS

Staff Representative

[< All Events](#)[REGISTER NOW](#)

Overview

Smarter, Faster and Safer is the theme for the 2019 Special Districts program and events. Districts across the US are focused on innovation, data analytics, customer service, process improvement, technology upgrades and other areas that will help them improve efficiency, effectiveness and service delivery while enhancing physical and cyber security.

Special districts serve vital community needs including water, sanitation, parks, roads, transportation, hospitals, public safety and more. Now in its third year, the Special Districts Program – a joint initiative between AT&T and Government Technology magazine - is designed to enable the tens of thousands of special districts to connect, share and learn from one another. In particular, the special districts summits provide an in-person opportunity for special districts to hear inspirational keynotes, leadership discussions and timely topics to help advance their missions as well as network with other districts from their region. Drawing from the recommendations of national and regional advisory boards, the agenda will deliver relevant and actionable content for all regional participants.

Topics will include:

- Cybersecurity
- The Internet of Things
- Driving Efficiency to Stretch the Budget
- The Bits and Bytes of Data
- Communication and Leadership
- Recruitment and Retention
- Resilient Infrastructure
- And more...

With content designed for both the business and technology sides of the organization, each event will focus on how special districts can seize the opportunities that 21st century management and new technologies create to transform the way special districts operate and how they can build a more customer-focused, efficient and effective organization for both residents and businesses.

Speakers



Christina "CK" Kerley - Featured Speaker



Innovation Speaker and Specialist, Futurist

Christina “CK” Kerley focuses Fortune 500s on the 10+ tech of the next 10 years.

A powerhouse of next-level content, “edu-taining” delivery, and razor-sharp insights, CK has wowed audiences at Johnson & Johnson, Microsoft, Amazon, The United Nations, E*TRADE, and Best Buy.

A faculty member at Rutgers Business School for Exec Ed, her in-demand topics span Tech Megatrends, AI, Robotics, IoT, Health Tech, and Mobile. Her eBooks include *Future-Proof* and *The Smart Revolution*.

Passionate about closing the opportunity divide, her pro bono program—impaCKt—gives a leading edge to underserved groups. For CK’s videos, eBooks, and more:

<http://allthingsCK.com>

More

Advisory Board

Government Representatives

Charles Eckstrom

Group Manager, Information Technology
Metropolitan Water District of Southern California

Phillip Headley

Information Technology Manager
Sanitation Districts of Los Angeles County

Randell Iwasaki

Executive Director
Contra Costa Transportation Authority

Darrell Johnson

Chief Executive Officer
Orange County Transportation Authority

Luis Maciel

Director of Information Systems
Coachella Valley Water District

Bill Mao

Chief Information Officer
Orange County Transportation Authority

Anne Mayer

Executive Director
Riverside County Transportation Commission

Ron Moskowitz

Assistant Deputy Director, Information Management
South Coast Air Quality Management District

Tony Mossbarger

Director of Administrative Services
Irvine Ranch Water District

James Ollerton

Director of Information Technology
Elsinore Valley Municipal Water District

Cris Perez

Director of Technology Services
Santa Clarita Valley Water Agency

Bryan Sastokas

Chief Information Officer
Los Angeles County Metropolitan Transportation Authority

Registration Information / Contact Us

Event Date: May 30, 2019

Open to Public Sector only.

Registration - Free

Contact Information

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Special Districts Summit - West



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Venue

Disney's Paradise Pier Hotel

1717 South Disneyland Drive
Anaheim, CA 92802

Host Hotel

Reservations: (714)520-5005

Rate: \$389.00

Cut-off date: 4/29/19 or until block is sold-out.

Government Technology has secured a small block of rooms at Disney's Paradise Pier Hotel, Group rate cannot be guaranteed after the cut-off date.

Please reference the e.Republic/Government Technology Summit

Parking

Government Technology is hosting self-parking. Valet parking is available for \$35 per day.

Agenda

Thursday, May 30

8:30 am Registration and Morning Refreshments

9:00 am Opening Remarks and Framing the Day

9:15 am Keynote – Making Your District Future Ready

Christina “CK” Kerley

In this lively session, Christina “CK” Kerley will showcase the megatrends moving society forward. Where mobile made our phones smart, IoT is turning ALL things smart. While software increased the productivity of our workforces, the rise of the “Co-Bots” will improve each worker’s performance. Computers ushered in The Information Age of the 20th Century, but artificial intelligence will power The Intelligence Era of the 21st. And the Web is breaking out of the box—and outside of our screens—into an exciting new ecosystem of connected objects, products, and places. In this fast-paced tour of the (near!) future that is impacting every aspect of public and private sectors, CK will focus on what’s quickly coming next in next-generation technologies.

10:15 am General Session – 21st Century Leadership

Special district leaders in California face an increasingly complex political, regulatory and financial climate. Coupled with a workforce in transition, aging infrastructure and population growth, leading any special district requires new thinking and new management practices. This session will feature local leaders in a dynamic discussion of their role and how it must continue to evolve.

10:45 am Networking Break

11:00 am General Session – Attracting Talent and Building Your Future Workforce

Special districts are increasingly challenged to attract and retain qualified staff. Retirement, private sector competition and evolving workplace expectations are beginning to stack up against traditional government workplace practices. Questions about mobility, collaboration spaces and tools are becoming common during the interview process and districts are not always prepared to offer competitive answers in today’s fluid and highly-competitive job market. Lastly, many organizations are finding they must change the viewpoint of people who look down on government as an

employer. This interactive session offers a look at what some innovative districts are doing to discard outmoded practices and embrace new paradigms and the tools they use to equip and optimize their workforce.

11:45 am General Session - Security Beyond the Edge

The cyber landscape is constantly shifting, and strategies and safeguards that were considered secure just a few years ago don't cut it anymore. The "edge" is getting more difficult to define. Networks are becoming more distributed. Devices continue to proliferate. The cloud is literally everywhere. IoT is a looming tidal wave. This session looks at current and future trends, threats and strategies on the cyber front.

12:30 pm Lunch

1:10 pm Awards Program

1:30 pm General Session – Breaking Down Data Silos

Special districts, by nature, are in the data collection business and there is no shortage of information from which to extract valuable insights. The challenge is to reinvent how you leverage the vast amounts of information to get real results. Additionally, it has become clear that, to get the most from your data, having an enterprise approach is key. Without that, emerging next-generation tools like predictive analytics, big data analytics, data visualization, cognitive technology and more will not be as effective as they should be. This session explores innovative ways districts are organizing their data to drive smarter decisions, faster responses and better service.

2:00 pm Networking Break

2:15 pm General Session – Modernizing Infrastructure

Whether it is HVAC for a housing agency, wireless meters for a water agency or pulling fiber for any number of reasons, special districts are upgrading their infrastructure. Goals include safety, efficiency, cost reduction and more. This panel will highlight lessons learned in infrastructure modernization projects recently completed or just underway.

3:00 pm Next Steps

3:20 pm Adjourn

Conference times, agenda, and speakers are subject to change.