



Hidden Valley Lake Community Services District

19400 Hartmann Road
Hidden Valley Lake, CA 95467
707.987.9201
707.987.3237 fax
www.hiddenvalleylakecsd.com

Hidden Valley Lake Community Services District Finance Committee Meeting

DATE: October 2, 2017

TIME: 12:00 noon

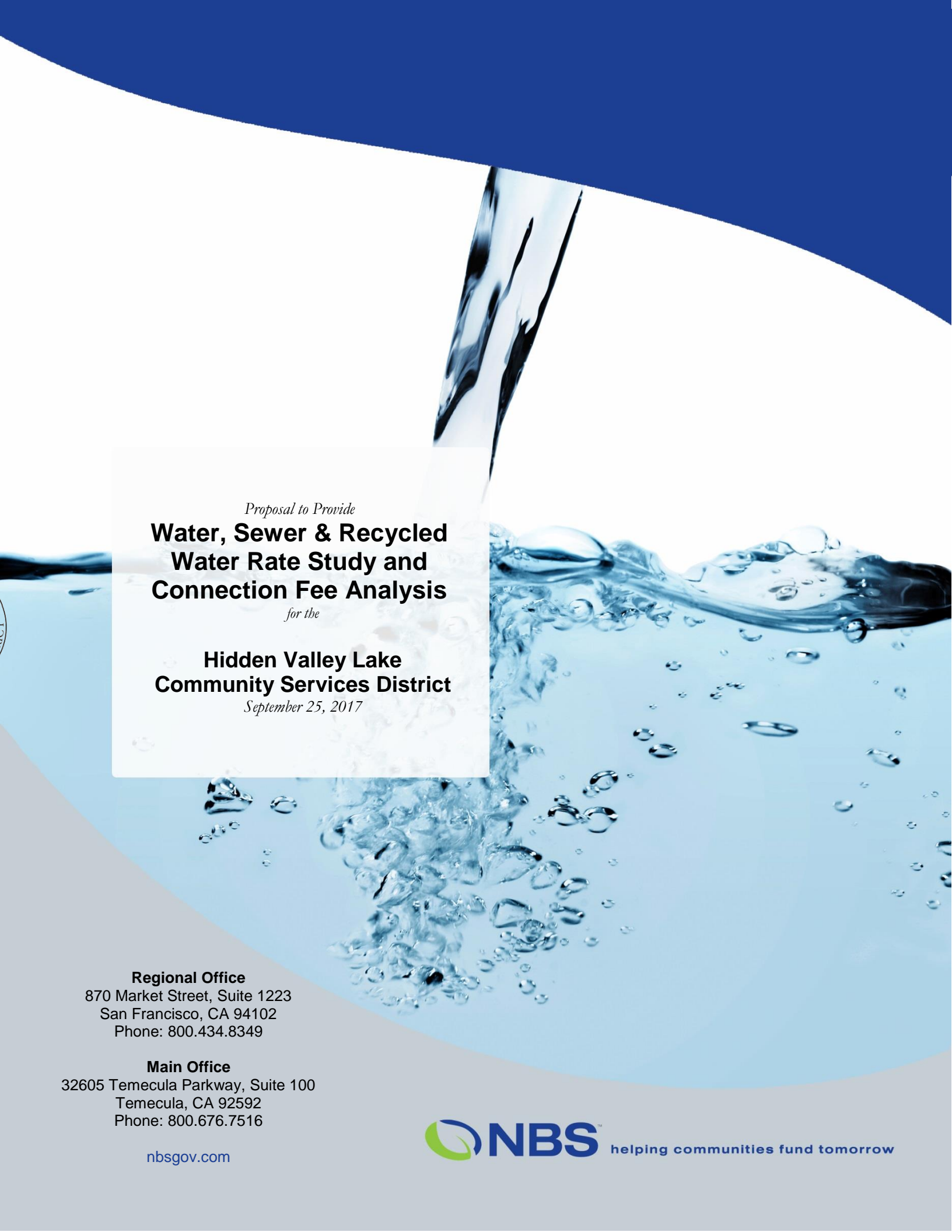
PLACE: Hidden Valley Lake CSD
Administration Office, Boardroom
19400 Hartmann Road
Hidden Valley Lake, CA

- 1) CALL TO ORDER
- 2) PLEDGE OF ALLEGIANCE
- 3) ROLL CALL
- 4) APPROVAL OF AGENDA
- 5) REVIEW FUNDING FOR THE SCHNEIDER ELECTRIC AMI PROJECT
- 6) REVIEW REVISED RATE STUDY AND FUNDING PROPOSAL FROM NBS
- 7) REVIEW FUNDING FOR AQUATIC HARVESTING OF THE RECLAMATION POND
- 8) PUBLIC COMMENT
- 9) ADJOURNMENT

Public records are available upon request. Board packets are posted on our website at www.hvicsd.org/meeting.

In compliance with the Americans with Disabilities Act, if you need special accommodations to participate in or attend the meeting, please contact the District Office at 707-987-9201 at least 48 hours prior to the scheduled meeting.

Public shall be given the opportunity to comment on each agenda item before the Governing Board acts on that item, G.C. 54953.3. All other comments will be taken under Public Comment

A dynamic background image showing water being poured from a height, creating a large splash with many bubbles and droplets. The water is clear and bright blue, set against a white background. The overall composition is clean and modern, with a blue and white color scheme.

Proposal to Provide
**Water, Sewer & Recycled
Water Rate Study and
Connection Fee Analysis**
for the

**Hidden Valley Lake
Community Services District**
September 25, 2017

Regional Office

870 Market Street, Suite 1223
San Francisco, CA 94102
Phone: 800.434.8349

Main Office

32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Phone: 800.676.7516

nbsgov.com



870 Market Street, Suite 1223
San Francisco, CA 94102
Toll free: 800.434.8349

nbsgov.com

September 25, 2017

Mr. Kirk Cloyd
General Manager
Hidden Valley Lake Community Services District
19400 Hartmann Road
Hidden Valley Lake, CA 95467

SUBJECT: PROPOSAL FOR A WATER, SEWER AND RECYCLED WATER RATE STUDY AND CONNECTION FEE ANALYSIS

Dear Mr. Cloyd,

NBS is pleased to provide you with this proposal for a Water, Sewer and Recycled Water Rate and Connection Fee Study based on our conversation earlier this week. We look forward to assisting with the District's ongoing effort to ensure that the rates and connection fees resulting from this study represent reliable and well-conceived plans for funding the water and sewer utilities.

As in the past, we will work closely with key District personnel, Board and, as necessary, the public in developing implementable solutions to the many challenges facing the District's water and sewer utilities. Our proposal offers the District:

- **A Proven Team** – Our team includes a local project manager with more than 30-years of experience and the willingness to personally meet with District staff and community groups.
- **Demonstrated Client Satisfaction** – We believe our greatest single qualification is our record of successful projects and satisfied clients, including our past work with the District.
- **Creative Approach** – We want to ensure we understand all the critical aspects of the Districts planned capital improvements, funding options, and annual costs in order to create a well-thought-out financial plan and rate design. We will plan to leave a placeholder for the results of a salary survey study, which will likely not be available after our initial rate study is completed.
- **Technically Sound Approach** – Our approach and commitment to the District is to develop technically sound rate alternatives and solutions that comply with Prop 218 and fully meet the District's study goals and objectives.

Thank you for providing another opportunity to work the District. Please do not hesitate to contact Greg Clumpner, our proposed Project Manager and the author of this proposal, at either 530.297.5856 (cell), 800.676.7516 (office) or at gclumpner@nbsgov.com if you have any questions.

Sincerely,

Greg Clumpner
Project Manager

Michael Rentner
President & CEO

helping communities fund tomorrow

Proposal to Provide

Water, Sewer and Recycled Water Rate Study and Connection Fee Analysis
for the Hidden Valley Lake Community Services District
Prepared by **NBS** – September 25, 2017

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1. EXECUTIVE SUMMARY

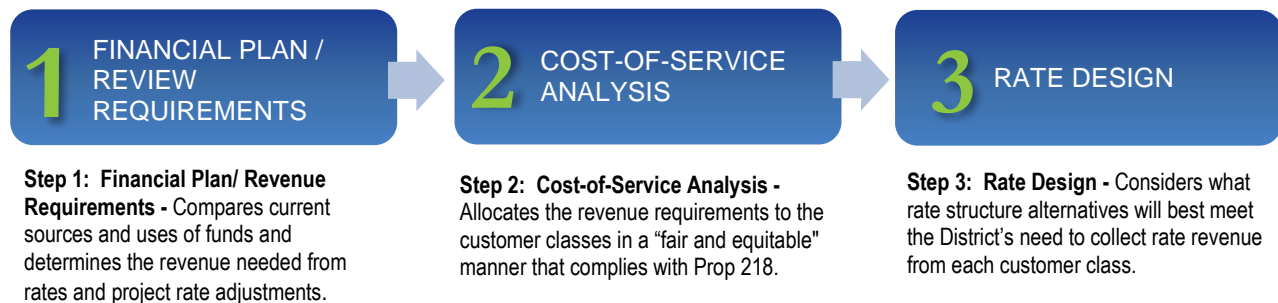
The rate study will largely follow the format and approach previously used. This section summarizes NBS' proposal and the information that will be required to complete this study.

After completing a rate study for the District in 2014 and an address changing Prop 218 requirements (i.e., per the San Juan Capistrano court ruling), the District now needs to update rates to reflect a number of concerns, including:

- Chromium 6 treatment
- Water supply limitations (and plans for a new well)
- Changes in annual operating costs, including potential adjustments resulting from the District's salary survey once results are available
- The need to build adequate CIP and replacement reserves
- SRF loans and debt service payments

These concerns will first be addressed in the financial plans that NBS prepares, which will identify the annual revenue requirements needed to fully fund the District's needed capital improvements. Those revenue requirements will then be evaluated to determine the cost-of-service for each customer class, and then in the rate design that determines the individual rates for each customer. These rate study components are summarized in Figure 1.

Figure 1. PRIMARY COMPONENTS OF A RATE STUDY



Other key components of the study will include:

- Evaluation of customer bill impacts, particularly for customers with above or below average water consumption
- Preparing a rate study report
- Providing Board Workshops to consider various aspects of the proposed rates, along with Board policies and direction related to rate increases and other study assumptions
- Assisting the District with Prop 218 materials required to adopt new rates.

Client testimonial from a recent water and sewer rate and connection fee study:

"I think that the quality and responsiveness of the consulting service by NBS has been outstanding. It has been a pleasure working with [Kim] & Greg these past several months...a totally positive experience. You and Greg have gone the extra mile to make the study the best it can be."

SUSSEX COUNTY, DELAWARE
JEFF JAMES, Director of Engineering

2. Scope of Work

2.1 Study Tasks

Specific Study Tasks – In most water and sewer rate studies, the tasks are similar in a generic sense; we have used water rate illustrations in the task descriptions below but will provide similar tasks for the sewer rate study, and have noted the differences between water and sewer tasks as necessary.

Task 1 – Kick-Off Meeting (by Phone) and Data Collection

Task Objectives: Clearly communicate with District staff to obtain necessary data and discuss specific issues and alternatives for both water and sewer utilities.

Task Deliverables:

- Provide a data request to District staff prior to the kick-off meeting.
- Review of initial data provided.
- Discussions with District staff regarding outstanding data requirements.
- Summary of key water and sewer study issues and how they will be addressed in the study.

The kick-off meeting will be used to review and discuss the overall study objectives, methodologies, and alternative rate designs to ensure we have a mutual understanding of how the study will be conducted. We will also review the data from the District's billing and accounting system and data requirements in general.

Task 2 – Prepare Financial Plans & Sensitivity Analysis

Task Objectives: Prepare detailed financial plans with revenues, expenditures, reserves, coverage ratios, capital project costs, and net revenue requirements. Reserve fund policies will be evaluated as needed. Separate plans will be prepared for the water and sewer utilities.

Task Deliverables:

- 10-year financial projections model that will serve as a financial “roadmap” for the District.
- Summary of current and projected net revenue requirements.
- Recommended types of reserves, such as rate stabilization, O&M and R&R/capital reserves.
- Projected year-end reserve fund levels.
- Calculated debt service coverage ratios.
- Evaluation of overhead cost allocations and any related recommendations.

2.1 Prepare Financial Plans

This task lays the financial groundwork for the cost-of-service rate analysis and rate design in subsequent tasks. The following subtasks are anticipated:

- **Projected Revenues and Expenditures** – Using a cash-basis reflecting the District's system of accounts, NBS will prepare a 10-year projection of revenues and expenses. This will provide the District the financial planning tools needed for “what-if” analyses such as smoothing out future rate increases and maintaining appropriate reserve fund levels in light of revised budget projections.
- **Incorporate Growth Projections and Scenarios** – NBS will evaluate the potential impacts of growth and develop the *sensitivity analysis* that reflects the changes on new rates.
- **Review Capital Improvement Funding** – In light of the potential costs for new Chromium-related water treatment improvements and other water and sewer improvements and replacements, NBS will review the District's CIP plans, including timing, costs, and available reserves, and work with District staff to develop a well-conceived approach to funding these capital needs.

2.2 Prepare Sensitivity Analysis

There are two components to the sensitivity analysis: (1) financial factors, including population growth, projected capital improvement costs and potential changes in staffing costs (related to the District's salary survey), and (2) cost-of-service and rate design factors, which will address potential changes in customer growth and water consumption levels.

NBS will prepare tables that show financial plan impacts, such as net revenue requirements and annual rate increases, over reasonable ranges of projected growth, CIP costs, etc. This analysis is expected to illustrate the degree that these factors may impact the recommended rate alternatives.

Task 3 – Cost of Service Analysis

Task Objectives: To equitably allocate water and sewer revenue requirements by customer class.

Task Deliverables: Cost of service summary tables, to be incorporated into the rate design and final report.

3.1 Cost-of-Service Analysis (Water) - The revenue requirements will be equitably allocated to individual customer classes. We will suggest and evaluate with District staff whether additional customer classes should be considered (e.g., sewer commercial classes that reflect effluent strength – BOD and TSS). Additionally, we will evaluate whether there is a need to incorporate meter sizes using cost-of-service principles.

Functionalization/Classification of Expenses – Functionalizing the expenses means arranging costs into basic cost categories, such as source of supply, transmission, and distribution, as well as administrative and overhead costs. Once the costs have been functionalized, they are then classified to their various cost components, such as fixed capacity, variable (commodity), or customer related costs.

Allocation of Costs to Customer Classes - These costs are then allocated to individual customer classes based on allocation factors specific to each cost classification, producing fixed and variable revenue requirements for each customer class. These allocations will be used for the actual rate calculations.

3.2 Cost of Service Analysis (Sewer) - This task identifies some of the differences in the technical analysis necessary for equitably allocating sewer revenue requirements to each of the customer classes.

Sewer Classification of Expenses – Classifying expenses involves arranging costs into basic cost categories, including flow and strength characteristics (i.e., BOD and TSS), as well as customer costs.

Allocations to Sewer Customer Classes – The next step in the cost-of-service analysis is allocating the sewer costs to each of the customer classes using allocation factors for each of the classes of costs (Volumetric, BOD, TSS and Customer).

As a result of applying the allocation factors to the cost classifications (i.e., the Volume, BOD, TSS, and Customer costs), the revenue required from each customer class is accumulated by customer class. This allocation process results in fair and equitable cost-of-service revenue requirements for each customer class, which is the basis for actual sewer rate calculations in the rate design analysis.

3.3 Cost of Service Analysis (Recycled Water) – The District has one recycled water customer and the District believes current recycled water rates need to be adjusted to appropriately reflect actual costs. NBS will review how costs are currently allocated to recycled water and identify where improvements to this methodology can be made. Based on the cost-of-service allocations for recycled water vs. sewer expenses, proposed new recycled water rates will be developed.

Task 4 – Rate Design Analysis

Task Objectives: In addition to the baseline scenario reflecting the current rates, NBS will evaluate whether there are any additional rate structure adjustments that should be made. The proposed water and sewer rates will incorporate these changes plus those necessary to meet the District's broader rate design goals and objectives.

Task Deliverables: An evaluation of the current rate structure, any recommended rate structure adjustments, and rates for the current and proposed rate structures.

The District is not expecting significant changes to the current rate structure, although rates themselves will be adjusted to reflect the updated financial plans. However, some of the key factors that may be adjusted include the percentage of rate revenue collected from fixed vs. variable service charges (rates). Other factors considered and explained include impacts on revenue stability, the continuity of the current rate design, and ease of understanding.

While this task is primarily applicable to water rates, but we will also evaluate the sewer rate design. Any changes will include a discussion of their relative merits.

4.1 Evaluation of Consumption Patterns - In designing volumetric water rates, it's important to understand the amount of consumption *within* and *between* various customer classes. This type of data is necessary to ensure an accurate projection of the revenue that would be collected from volumetric rates. In particular, NBS will evaluate single-family customers in terms of their levels of consumption and the total water use. It is important to evaluate the District's most recent water consumption data and reflect that in the rate design task and volumetric rates.

4.2 Calculating Fixed and Volumetric Charges - Fixed costs consider the number of accounts, equivalent meters, and the number and size of meters. In contrast, variable costs are typically allocated in proportion to consumption. Although a strict cost-of-service methodology would determine the percentages of rate revenue collected from fixed and variable rates, other factors (such as revenue stability, water conservation goals, and ease of understanding) are typically considered in this process.

Criteria for Choosing the "Right" Rate Design – There are a number of criteria that NBS will consider in developing a recommended rate structure, including:

- How costs allocated to fixed and volumetric rates affect revenue stability.
- How summer peaking patterns are reflected in water rate design.
- How meter sizes are used in calculating fixed charges.
- How to address "price elasticity" reductions in water use in response to rate increases.

Comparison of Monthly Water Bills – We will prepare an analysis of monthly water bills for various types of customers, such as single-family customers with low-, average-, and high water usage under current and proposed rates.

4.3 Recycled Water Rates – Based on the cost-of-service analysis and the project annual water consumption, new recycled water rates will be developed. The intent is to represent actual costs, although some of the key issues will involve value judgements about how costs should be allocated between various customers (e.g., sewer customers vs. recycled water users). This is a key example of where NBS will work closely with District staff and the Board to consider these topics. Of course, since there is only one recycled water customer, there is no need for multiple rate design alternatives.

Task 5 – Connection Fees

Task Objectives: Compare the District’s water and sewer rates to neighboring or comparable communities (e.g., Lake County, Middletown, Calistoga, Kelseyville, etc.).

Task Deliverables: Updated connection fees for water and sewer, plus a separate technical memo outlining the methodology, data sources, analysis, and results from this task.

In light of the District’s planned capital improvement and potential new growth on the horizon, it is appropriate to update connection fees at the same time as rates are being evaluated. And there is a link between rates and connection fees in that allocations of capacity and infrastructure costs needs to be fairly assigned to new and existing customer bases.

Various methodologies have been and are currently used to calculate connection fees (often also called capacity fees or system development charges). The most common include:

- The value of existing (historical) system assets, often called a “buy-in” methodology;
- The value of planned future improvements, also called the “incremental” methodology;
- A combination of these two approaches.

NBS will use a combination approach, which requires new customers to pay both their fair share of existing system assets as well as their share of the planned future capital improvements. As a result, new customers connecting to the District’s water and sewer systems would become equal participants with regard to their financial commitment and obligations.

In calculating the capacity fee, the replacement-cost-new-less-depreciation (RCNLD) value of existing system assets will be used to calculate the buy-in component. NBS uses the Handy Whitman Index of Public Utility Construction Costs, which is a regionally specific construction index that tracks utility construction costs, to estimate the replacement value of the existing system assets. Costs of planned improvements will be based on the District’s estimates and will be based in 2017 dollars.

Task 6 – Regional Rate Comparisons

Task Objectives: Compare the District’s water and sewer rates to neighboring or comparable communities (e.g., Lake County, Middletown, Calistoga, Kelseyville, etc.).

Task Deliverables: NBS will compare water and sewer rates from readily-accessible data for three (3) neighboring communities (District staff can select them). This exercise provides only a generic comparison between the District’s rates and similar agencies for informational purposes. The results of this comparison will be presented in the rate study report.

Task 7 – Prepare a Written Study Report

Task Objectives: Prepare a draft and final rate study report.

Task Deliverables: Prepare the necessary reports that address both water and sewer utilities and provide sufficient documentation for staff, Board, and the public to review and understand the studies.

The report will summarize the findings and recommendations, will include proposed rates for the next five years, and present appropriate customer bill comparisons¹. Tables, graphs, and charts will be used as needed, with an emphasis on providing a clear, concise, and understandable report.

Preliminary study results will be forwarded to District staff well ahead of the draft report. We typically will review initial results (e.g., revenue requirements, financial plans, cost-of-service analysis, and rate design results) with staff at the time they are developed. This helps ensure that District staff are “on-board” with the results before moving ahead with presenting any materials to the District Board or public. We will incorporate the District’s

¹ Although our financial model provides 10-year rate increases, we note that Prop 218 only allows adoption of rates for a maximum of five years.

comments² into the final report.

Task 8 – Prepare Rate Models

Task Objectives: Develop a ten-year financial planning and water and sewer rate models for District staff to use once the rate study is completed. These will include flexibility to plug in salary adjustments once the District completes its salary survey.

Task Deliverables: An MS Excel-based spreadsheet model with separate tabs for study components (e.g., budget, financial plan, cost functionalization, cost allocation factors, fixed charge and volumetric rate calculations, rate schedule tables, and bill comparisons).

NBS does not use proprietary software; in particular we avoid creating “black-box” models that are difficult to understand and follow and, quite frankly, can make the District dependent on the rate consultant to make any future changes. We believe that simplicity and transparency are essential.

We will review the various tables included in the rate model as a part of the progress meetings with District staff. As a result, our goal is that District staff will be familiar enough with the rate model by the time the study is finished that they will be able to make changes and see the impacts of rates and financial plans.

Task 9 – Meetings and Presentations

Task Objectives: Meet with District staff, community groups, and Board as requested. Also, provide guidance and advice on the Prop 218 process and materials.

Task Deliverables: Provide three (3) meetings with the District Board and staff and/or community groups as directed by District staff.

NBS will plan to meet with District staff and management in order to successfully adopt and implement the recommended rate study results. Additional meetings/presentations can be provided as needed. For budgeting purposes we have assumed:

- Three (3) on-site meetings with District staff and/or community/building industry groups.
- Meetings with the Board include materials to present an overview of the studies and recommendations, answer questions, and ensure staff-prepared Prop 218 materials are adequately clear and acceptable in terms of their representation of the results of the studies.
- Advise and guide the District regarding Prop 218 process and materials.

Task 10 – Prop 218 and Miscellaneous Assistance

Task Objectives: Assist the District with the Prop 218 process and materials and, if needed, consult with District staff on other issues such as non-standard subdivision projects (growth).

Task Deliverables: In addition to providing the necessary Prop 218 rate tables, NBS will provide technical review of Prop 218 notices³. Other assistance will be defined as needed.

NBS will provide general review of the Prop 218 materials, provide necessary rate tables. We assume that previous District Prop 218 notices will provide the starting point, and that District legal counsel will provide the final review for compliance with applicable laws and requirements. The District has noted other issues, such as non-standard development projects (related to connection fees) that may require NBS assistance. These issues will be handled as needed, but are not included in the project budget at this time.

² We assume the District's staff comments will be on an electronic Microsoft Word file using track-changes mode.

³ NBS does not provide legal review, so the District will need its attorney to provide this service.

Client testimonial from a recent rate study:

“From the initial meetings, to working through the complex details, to Board presentations and ultimately to the public workshops; you have far exceeded our expectations on what we hoped to achieve... you hit a grand slam for us.”

DESERT WATER AGENCY
MARTIN KRIEGER, Finance Director

3. PROJECT ORGANIZATION AND KEY PERSONNEL

3.1

Project Team Organizational Chart

One of our greatest strengths, and a key to a successful project, is a team that works cohesively and efficiently, in addition to having the expertise for resolving complex issues. NBS staff has demonstrated their ability to successfully complete studies similar to the District's. We treat our clients as partners by developing an intimate knowledge of their needs and responding with strategic and timely solutions. The functional relationships of our proposed project team are detailed as follows (*Detailed resumes are provided in the Appendix of this proposal*):

Exhibit A.
NBS Project
Team for the
Hidden Valley
Lake CSD.



3.2

PROPOSED STAFF

The NBS project team brings together several key attributes that we believe will be critical to the success of this project:

GREG CLUMPNER – PROJECT MANAGER

Project Role and Responsibilities: Mr. Clumpner will manage the technical and administrative aspects of the project and serve as the primary point of contact for District staff. He will work closely with the District's project manager and other NBS team members to develop the overall approach, consisting of technical rate alternatives best suited to the District's needs, creative options to consider, and final report and presentations to the District's Board and public.

Mr. Clumpner's role will play a central part in evaluating alternatives that require a creative, outside-the-box thinking process whereby we intend to provide a creative approach to the District's rate issues, including developing alternatives and options capable of *demonstrating* that they are a best fit to the District's unique characteristics and issues. Greg will also serve as the primary author of project reports and will handle presentations.

City of Winters
SHELLY GUNBY,
Director of Financial
Management

"Greg worked closely with the City of Winters team responsible for the project, and was responsive and professional in all ways. The information Greg presented to the City Council was thorough and informative, and there was little public discussion or opposition to the rates recommended."

Summary of work experience: Mr. Clumpner's 30-year professional career has focused on financial and economic analyses for municipal water, wastewater, and recycled water agencies. As the Director of the Utility Rate Practice at NBS, he is also a regular presenter at water and wastewater industry conferences on topics such as rate design, conservation rates, and utility financial management topics. He joined NBS in January 2012 after three years as the California rate and finance business class leader at HDR Engineering. He also created and managed Foresight Consulting where, for six years, his practice focused on water and sewer rate analyses. Greg has completed over 200 similar studies during his career.

Mr. Clumpner brings a history of solving complex rate problems. Besides the normal array of rate structure alternatives, he takes a creative approach to constructing options that comply with the legal and technical constraints of Prop 218 and industry standards. For example, he has the capabilities to develop unique solutions to rate problems (i.e., never before implemented approaches), including rate alternatives with different combinations of fixed and volumetric charges, tiered rates, etc.

Additionally, since Mr. Clumpner works with Prop 218 legal counsel on an on-going basis, he knows the general legal constraints as well as when to solicit critical legal input to ensure alternatives will meet specific legal requirements. Most notably, the recent court rulings (e.g., the San Juan Capistrano and Palmdale Water District cases) have detailed legal requirements that should be reflected in any rate structure alternative.

KIM BOEHLER – ASSOCIATE DIRECTOR

Project Role and Responsibilities: Ms. Boehler will provide assistant project manager support and technical review as needed, including review of financial models and cost-of-service analyses for the water and sewer rate alternatives, sensitivity analyses, and other aspects of this study.

Summary of work experience: With 10 years in NBS' Financial Consulting practice and over 90 similar studies in California, Ms. Boehler prepares water and wastewater utility rate and capacity fee studies for cities and special districts throughout California. Ms. Boehler is responsible for developing financial models,

cost-of-service analyses, rate structure alternatives, and related financial analyses. She worked directly with Mr. Clumpner on a daily basis performing similar rate studies.

CARMEN NARAYANAN – CONSULTANT

Project Role and Responsibilities: Under the direction of Mr. Clumpner and Ms. Boehler, Ms. Narayanan will perform many of the data collection and analysis tasks, implement the financial models and cost-of-service analyses, and will help develop rate models for both water and sewer rate alternatives.

Summary of work experience: Ms. Narayanan offers eight years of combined experience in financial analyses (three with NBS), budgeting and financial projections, as well as general business management. Ms. Narayanan provides support to project teams completing water and wastewater utility rate studies, cost allocation plans and user fee studies for cities and special districts in California. Ms. Narayanan provides support for the development of financial models, establishing revenue requirements, multi-year financial plans, rate adjustment strategies, performing cost-of-service analysis and rate design for utility rate studies.

CRAIG BREWER, RATE ANALYST

Role and Responsibilities: Under the direction of the project manager, Craig Brewer will support the project team in performing large scale data analysis and validation, data input and will also help develop the financial plans. As needed, he will facilitate data collection and reminders for City staff in order to move projects forward on the agreed upon timeline for completion.

Work Experience: Craig Brewer has a Bachelor's of Science degree in Applied Mathematics and offers over two years of experience working directly with cities and special districts in California on financial analyses, large scale data analysis and database management.

TIM SEUFERT – CLIENT SERVICES DIRECTOR

Project Role and Responsibilities: Mr. Seufert will ensure NBS' study team delivers the high quality work products and service standards that differentiate NBS from other firms. However, he will not be charging time to this project.

Summary of work experience: Tim Seufert is a Director located in NBS' San Francisco office. He has a dozen years of local government experience with special financing tools in California. He also has a decade of corporate financial experience, and has been involved with projects for municipalities, school districts, counties, and fire and other special districts from their inception and feasibility stage to their completion. He has been a presenter at training seminars and an author on local government finance issues.

4. PROPOSED FEE & SCHEDULE

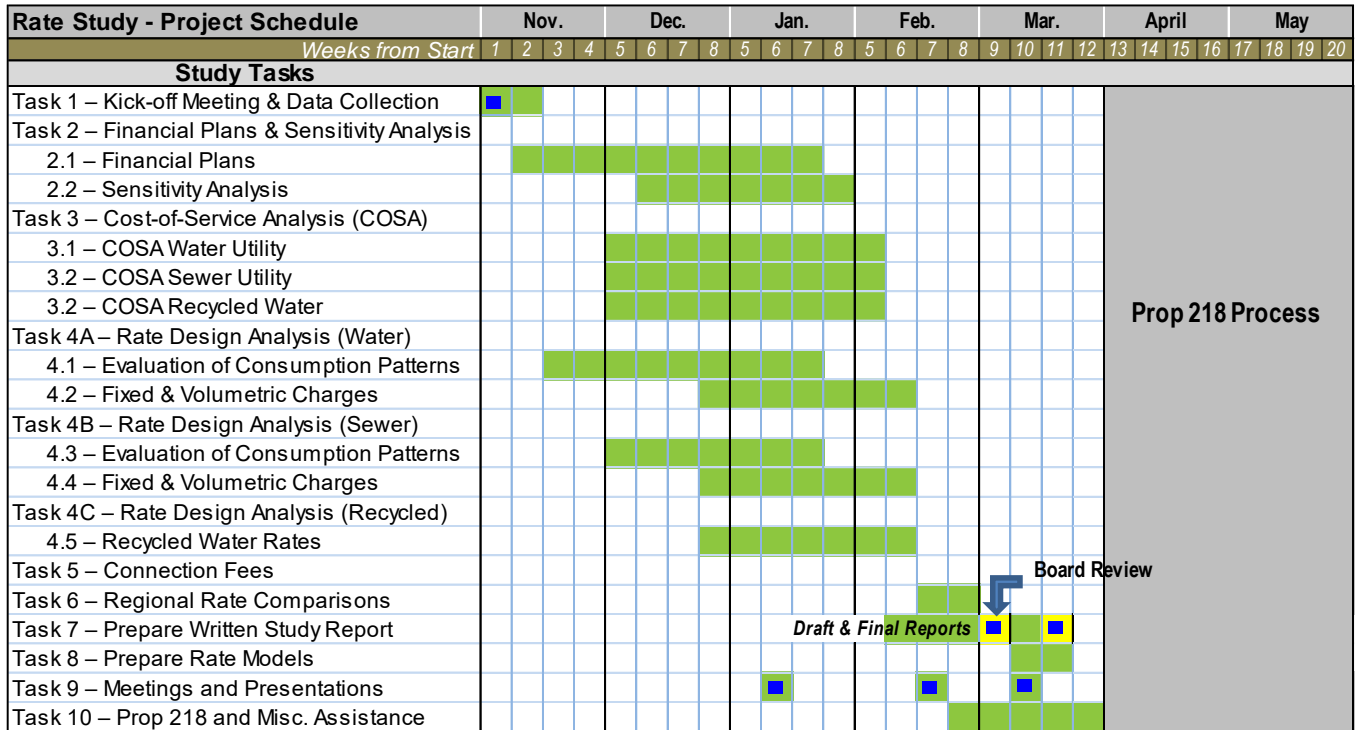
Proposed Study Fee – Our detailed project budget is shown below. Our professional fees are based on our understanding of the District’s needs and the effort we believe is necessary to complete the scope of services/task plan described. We express this honestly and transparently through our price proposal.

RATE STUDY PROJECT BUDGET - Hidden Valley Lake CSD						
Rate Study Tasks	Consultant Labor (Hours)				Grand Totals	
	Project Manager (Clumpner)	Associate Director (Boehler)	Consultant (Narayanan)	Rate Analyst (Brewer)	Consultant Labor (Hrs.)	Consultant Costs (\$)
<i>Hourly Rate</i>	\$240	\$180	\$160	\$130		
Task 1 – Kick-off Meeting & Data Collection	6.0	-	8.0	4.0	18.0	\$3,240
Task 2 – Financial Plans & Sensitivity Analysis						
2.1 – Financial Plans	4.0	2.0	10.0	10.0	26.0	\$4,220
2.2 – Sensitivity Analysis	4.0	-	6.0	-	10.0	\$1,920
Task 3 – Cost-of-Service Analysis (COSA)						
3.1 – COSA Water Utility	6.0	1.0	10.0	6.0	23.0	\$4,000
3.2 – COSA Sewer Utility	4.0	1.0	10.0	-	15.0	\$2,740
3.2 – COSA Recycled Water	4.0	-	8.0	-	12.0	\$2,240
Task 4A – Rate Design Analysis (Water)						
4.1 – Evaluation of Consumption Patterns	1.0	-	8.0	8.0	17.0	\$2,560
4.2 – Fixed & Volumetric Charges	4.0	1.0	14.0	6.0	25.0	\$4,160
Task 4B – Rate Design Analysis (Sewer)						
4.3 – Evaluation of Consumption Patterns	1.0	-	4.0	-	5.0	\$880
4.4 – Fixed & Volumetric Charges	4.0	1.0	8.0	4.0	17.0	\$2,940
Task 4C – Rate Design Analysis (Recycled)						
4.5 – Recycled Water Rates	4.0	-	10.0	-	14.0	\$2,560
Task 5 – Connection Fees	6.0	1.0	16.0	6.0	29.0	\$4,960
Task 6 – Regional Rate Comparisons	2.0	-	2.0	6.0	10.0	\$1,580
Task 7 – Prepare Written Study Report	8.0	2.0	12.0	-	22.0	\$4,200
Task 8 – Prepare Rate Models	1.0	1.0	2.0	2.0	6.0	\$1,000
Task 9 – Meetings and Presentations (total of 2)	16.0	-	-	-	16.0	\$3,840
Task 10 – Prop 218 and Misc. Assistance ¹	6.0	1.0	4.0	-	11.0	\$2,260
Task Totals	81.0	11.0	132.0	52.0	276.0	\$49,300
Reimbursable Expenses (<i>travel expenses</i>)						\$500
GRAND TOTAL NOT TO EXCEED	81.0	11.0	132.0	52.0	276.0	\$49,800

1. Miscellaneous assistance will be defined on an as-needed basis. Additional budget may be needed.

Project Schedule – The following schedule is an overview of the preliminary study schedule. We will plan to further discuss a detailed schedule at the kick-off meeting along with the expected timing for individual task completions.

While NBS will plan to be flexible as needed to meet the District’s needs, we also want to ensure there is sufficient time for this study, including time for the District staff and Board to review the alternatives. Therefore, we would like to discuss the District’s deadlines and whether more time can be allocated to the actual development of the analysis, meeting with District staff and community and building industry groups as needed, and performing a thorough discussion of the pros and cons of the new alternatives under consideration.



Prop 218 Process

Board Review

Draft & Final Reports

- Active task work.
- Draft and Final Reports
- Meeting or Presentation (estimated, to be scheduled as needed)

APPENDIX - RESUMES

Resumes for key staff members are provided on the following pages.

RESUME HIGHLIGHTS

- 30-years of experience in financial and economic analyses
- Consulting practice focuses on municipal water, wastewater, and recycled water utilities
- Completion of over 200 rate studies

EDUCATION

- M.S., Agricultural/Managerial Economics, U.C. Davis, 1983
- B.S., Environmental Planning, UC. Davis, 1977

PROFESSIONAL AFFILIATIONS

- Vice-Chair, City of Davis Utility Rate Advisory Committee
- Former Chairman, City of Davis Planning Commission
- Past President, Sacramento Economics Roundtable
- Association of California Water Agencies (ACWA), Member
- American Water Works Association (AWWA), Member

RECENT SPEAKING ENGAGEMENTS

- The “Perfect Storm” or the “New Normal”? Meeting the Challenges of Maintaining Financial Viability, Utility Management Conference, Miami, February 2012.
- Pricing Recycled Water: The Multiple-Choice Question - What Approach Best Fits Your Agency? AWWA Conference, Reno, 2011.
- The New Financial Reality, ACWA Spring Conference, Sacramento 2011.
- New Urban Design Concepts: Implications for Municipal Utilities, CWEA, 2010
- The Tale of Two Meters – Customer Equity and Water Budget Rates, AWWA, Las Vegas, 2009
- Conservation Rates and the New Age of Supply Shortages, AWWA Conference, 2007

BIOGRAPHY

Mr. Clumpner’s 30-year professional career has focused on financial, economic, and cost-of-service rate analyses for municipal water, wastewater, recycled water and solid waste agencies. He regularly presents technical papers at industry conferences and client workshops. His practice has increasingly focused on management consulting related to municipal utility operations and capital improvements.

- **Utility Cost-of-Service Rate Studies:** Mr. Clumpner has prepared more than 200 multi-year financial plans, cost-of-service analysis, and rate design studies as well as conservation-oriented water rates, funding analysis for water, sewer, and solid waste utilities. These rate studies have primarily been for California clients, although he has also completed projects in Malaysia, Sri Lanka, Egypt, and Mexico.
- **Management Consulting & Strategic Planning:** His management consulting and strategic planning experience includes system operations, financial analyses, and long-term funding strategies for municipal agencies. He also has an extensive background in system valuations of capital facilities and systems, facility acquisitions, and municipal versus private operations.
- **Project Financing/Bond Feasibility Studies:** His financing/bond feasibility study experience includes successfully preparing bond feasibility reports resulting in the issuance of more than \$500 million in revenue bonds to finance the acquisition or construction of municipal facilities.

“You have done a great job on this project, especially with the challenges we faced. I would be happy to serve as a client reference whenever needed in the future. Please have any of your prospective clients call me.”

JIM ABERCROMBIE
GENERAL MANAGER
EL DORADO IRRIGATION DISTRICT

[Greg Clumpner served as the Project Manager in completing a Cost-of-service Study of Water, Sewer and Recycled Water Rates for the District]

RESUME CONTINUED...

SAMPLE OF RELEVANT PROJECTS

City of Redding, CA – Water, Sewer, and Solid Waste Rate and Impact Fee Study NBS is currently completing an extensive cost-of-service study of water, sewer, and solid waste rates and system development charges for the water and sewer utilities. A key part of this study was working with a Citizens Advisory Group that reviews and provides recommendations to the City Council. Key tasks include reviewing financial/rate setting policies, preparing financial plans, revenue requirements, cost-of-service analysis, and developing alternative rate designs. *Client project manager: Brian Crane, Public Works Director. Phone: 530.245.7155 bcrane@ci.redding.ca.us.*

Valley of the Moon Water District, Sonoma, CA – Water Rate Study. This comprehensive rate study evaluated the District's rate structure along with zonal elevation charges. Water consumption data and billing records provided the basis for developing rate and cost allocation alternatives, with the intent of improving revenue stability. *Client contact: Dan Muelrath, General Manager. Phone: 916.725.6873. dmuelrath@vomwd.com*

Desert Water Agency, Palm Springs, CA – Water Rate Analysis to Address Tribal/Non-Tribal Rates. In 2012, when the District was preparing for a new budget cycle, NBS reviewed the District's internal update to the utility rate model, to ensure that the rate model was generating accurate outcomes and that the Water utility was on track to implement the planned rate increases for the next two years. In 2013, NBS started a specialized rate study to determine water rates for Tribal and Non-Tribal lands under a new Federal law restricting local agency charges to Tribal lands and residents. *Client contact: Martin Krieger, Finance Director. Phone: 760.323.4971. martin@dwa.org*

City of Fort Bragg, Fort Bragg, CA – Water, Wastewater and Storm Drain Cost-of-Service Rate Study. To update its 2008 water and sewer rate analysis and evaluate alternative rate structures, this rate study prepared detailed analyses of financial projections, cost-of-service based cost allocations, and rate design alternatives under the direction of City staff and the City's financial advisory committee. NBS also reviewed rate structure alternatives and proposed new rates for the water, wastewater and storm drainage utilities based on well-accepted industry practices. *Client project contact: Linda Ruffing, City Manager. Phone: 707.961.2823 ext. 118. LRuffing@fortbragg.com*

El Dorado Irrigation District, Placerville, CA – Water, Sewer, and Recycled Water Cost-of-Service and Rate Design Study. Greg Clumpner conducted an extensive and high-visibility cost-of-service study of water, sewer, and recycled water rates, including working with a 10-person cost-of-service study committee and regular updates with the district board. Key tasks include reviewing existing and recommending changes to financial/rate setting policies, alternative rate design methodologies, and recommended water, sewer, and recycled water rates. *Client project manager: Jim Abercrombie, EID General Manager. Phone: 530-642-4055. jmabercrombie@eid.org*

Lake County Special Districts Office, Lakeport, CA – Multi-Agency Sewer & Water Rates and Connection Fees. This complex study evaluated the water and sewer rates for the 10 water districts and six sewer districts the County operated. The primary objective of this study was to evaluate and update the customer classes and rate structures for these small districts, develop equitable rates and fees, and lay the ground work for funding necessary capital improvements needed in many of the individual districts. This study evaluated the county's policies and procedures and administrative practices. *Client project manager: Mark Dellinger, Administrator. Phone: 707.263.0119. markd@co.lake.ca.us*

City of Santa Paula, CA – Water and Sewer Rate Study and Workshops. NBS is currently preparing water and sewer rate studies for Santa Paula and conducting community workshops intended to solicit community input for the rate design addressed in the cost-of-service rate studies. Key aspects of this study are high costs for sewer treatment services provided by a PERC Water-operated treatment plant and high raw water costs, which have increased by over 300% in the last 5 years. Re-designing both water and sewer rate structures is also a key objective. NBS staff includes Greg Clumpner and Kim Boehler. *Client project manager: Sandy Easley, Finance Director. Phone: 805.525.4478, ext. 204. SEasley@spcity.org*



RESUME HIGHLIGHTS

- Ten years of experience
- Over 90 cities, counties, and special districts served
- Specialist in financial, rate and cost analysis for municipal water and wastewater utilities
- American Water Works Association (AWWA), Member

EDUCATION

- Bachelor of Science, Business Administration and concentration in Finance, California State University, San Bernardino

SPEAKING ENGAGEMENTS

- “Drought Impacts and Recycled Water Pricing” and “Water and Sewer Rate Studies and Key Issues Affecting Rates in California,” American Water Works Association Water Education Seminar, August 2014
- “Recycled Water Pricing Methodologies”, CWEA, May 2014 (co-presented with Greg Clumpner)
- “Water and Sewer Rate Studies and Key Issues Affecting Rates in California,” American Water Works Association Water Education Seminar, August 2013
- “Financial Viability and the “New Normal” - The Unique Challenges of California Wastewater Agencies” and “Maintaining Financial Viability in the Face of the “Perfect Storm” – Meeting the Challenges in California Today,” CWEA, April 2012 (co-presented with Greg Clumpner)

“... Kim Boehler displayed the superb technical knowledge needed to complete the study. Further, the willingness of each of you to go above and beyond most expectations by grinding through multiple iterations of the study as requested by the City on short notice was exemplary.”

CITY OF REDDING KENT MANUEL, SENIOR PLANNER

[Kim Boehler served as the primary consultant in completing a multi-utility rate and connection fee study for the City]

BIOGRAPHY

Kim Boehler is a Senior Consultant at NBS. Her primary area of expertise is in performing financial and cost-of-service rate analysis for municipal water and wastewater utilities. She has a comprehensive understanding of agency funding needs through her work completing cost allocation plans and user fee studies and providing special financing district administration services to cities, counties and special districts in California at NBS. The following are her responsibilities in the Utility Rate Practice at NBS:

- Ms. Boehler prepares water and wastewater utility rate and capacity fee studies for cities and special districts throughout California.
- She has completed projects for over 40 agencies in this capacity by developing financial models, cost-of-service analyses, rate structure alternatives, and related financial analyses.
- Her high level of expertise in spreadsheet and database platforms provides support, research, documentation, and analysis required as deliverables to NBS clients.
- Her technical skills are essential in analyzing and manipulating large and complex data sets extracted from client information systems, operating and capital budgets and staffing or systems plans.
- She also prepares comprehensive rate study reports, presents study results to City Councils, Boards and Citizen’s Committees, and works with stakeholders to develop rate adjustment strategies.

RESUME CONTINUED...

RELEVANT PROJECT EXPERIENCE

- City of Arvin, Sewer Rate Study
- Avila Beach Community Services District, Water and Wastewater Rate and Connection Fee Study
- Calaveras County Water District, Water and Wastewater Rate Study
- Citrus Heights Water District, Water Rate Study
- City of Colton Water Rate and Connection Fee Study
- City of Colton and Grand Terrace Sewer Rate Study
- Cucamonga Valley Water District, Water and Recycled Water Connection Fee Study
- Cucamonga Valley Water District, Water Rate Study
- Culver City, Wastewater Rate Study
- Desert Water Agency, Water, Wastewater and Recycled Water Rate Study
- Desert Water Agency, Water Rate Analysis to Address Tribal/Non-Tribal Rates
- Dixon-Solano Water Authority, Water Rate Study
- East Valley Water District, Water and Wastewater Financial Plans
- City of Fort Bragg, Water, Wastewater and Storm Drain Rate Study
- City of Greenfield, Water and Wastewater Utility Revenue Requirement Analysis
- City of Livermore, Water Rate and Connection Fee Study
- City of Los Altos, Storm Drain Master Plan Financing Analysis
- City of Redding, Water, Wastewater and Solid Waste Rate Study and Connection Fee Analysis
- Rural North Vacaville Water District, Water Rate Study
- City of San Carlos, Wastewater Revenue Requirement Analysis
- City of Santa Paula, Water and Wastewater Rate Study
- San Mateo County, Wastewater Rate Study
- City of Sausalito, Wastewater Rate Study City of Solvang, Water and Wastewater Rate and Connection Fee Study
- Suisun-Solano Water Authority, Water Rate Study
- City of Taft, Wastewater and Solid Waste Rate Study
- City of Thousand Oaks, Water and Wastewater Rate Study
- City of Waterford, Water and Wastewater Rate and Connection Fee Study
- West County Wastewater District, Wastewater Rate and Connection Fee Study
- City of Winters, Water and Sewer Rate Study



RESUME HIGHLIGHTS

- Six years of management experience and knowledge of Finance and Accounting methods.
- Extensive experience working with analysis software, databases, and spreadsheets.

EDUCATION

- Master of Business Administration, University of California, Davis Graduate School of Management
- Bachelor of Business Administration, University of Montevallo

BIOGRAPHY

Carmen Narayanan is a Consultant at NBS for the Financial Consulting Group's Utility Rate Practice. She offers six years of combined experience in annual financial analyses, annual budgets and projections, as well as business and general office management.

Ms. Narayanan provides support to project teams completing water and wastewater utility rate studies, cost allocation plans and user fee studies for cities and special districts in California. Ms. Narayanan provides support for the development of financial models, establishing revenue requirements, multi-year financial plans, rate adjustment strategies, performing cost-of-service analysis and rate design for utility rate studies. Ms. Narayanan's years of technical skills are essential to the work performed by NBS.

Prior to working at NBS, Carmen held various management positions, which included operations, finance and accounting expertise.

RELEVANT PROJECT EXPERIENCE

- City of Eureka and Humboldt CSD, Water and Sewer Rate Studies
- City of Redding, Water and Sewer Rate Study
- San Lorenzo Valley Water District, Water and Sewer Rate Study
- Yuba City, Water and Sewer Rate Study
- City of Benicia, Water and Sewer Rate Study
- Cucamonga Valley Water District, Water and Sewer Rate Study
- Hidden Valley Lake Community Services District, Water Rate Study
- City of Lancaster, Recycled Water Rate Study
- Pajaro Sunny Mesa, Water Rate Study
- City of Sacramento, Impact Fee Study
- Twentynine Palms Water District, Water Rate Study
- City of Vallejo, Water Rate Study
- Valley of the Moon, Water Rate Study
- City of Yuba City, Water and Wastewater Rate Study

PROPOSAL



**PROPOSED COST FOR HARVESTING AQUATIC VEGETATION
AT HIDDEN VALLEY LAKE CSD**

18 days w/
trailer, truck & driver
28,200

Daily rate:	\$1,500 per day	\$1,500 x 1 days
Weekly rate:	\$1,400 per day	\$1,400 x 5 days
Monthly rate:	\$1,300 per day	\$1,300 x 22 days

(Optional: Conveyor Trailer, Truck and driver is \$150 per day)

*Includes Harvester, Crew, Fuel, and Lodging.
Subject to full terms and conditions of the full Proposal*