



Hidden Valley Lake Community Services District SPECIAL MEETING

DATE: November 09, 2017
TIME: 5:30 p.m.
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) PRESENTATIONS:
- 6) DISCUSS AND POSSIBLE ACTION: Authorize the General Manager to sign a construction contract with Gregg Simpson Trucking for the repair of the Wastewater Treatment Plant Access Road & Pond Levee for a total contract amount of \$117,555.10.
- 7) DISCUSS AND POSSIBLE ACTION: Discuss and approve the General Manager to execute an Agreement for Services contract with NBS for water, sewer and recycled rate study in the amount of \$49,800.00.
- 8) DISCUSS AND POSSIBLE ACTION: Discuss and approve the General Manger to enter into an agreement with Schneider Electric to proceed with the "Hidden Valley Lake Community Services District water and energy conservation project".
 - a. Reimbursement Resolution
 - b. Authorizing Resolution
 - c. Pledged Revenues and Funds Resolution
- 9) PUBLIC COMMENT
- 10) BOARD MEMBERS COMMENTS
- 11) ADJOURNMENT

Public records are available upon request. Board Packets are posted on our website at www.hvcsd.org.

In compliance to the Americans with Disabilities Act, if you need special accommodations to participate in or attend the meeting please contact the District Office at 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.

**ACTION OF
HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT**

DATE: November 09, 2017

AGENDA ITEM: Discussion and Possible Approval: Authorize the General Manager to sign a construction contract with Gregg Simpson Trucking for the construction of the Wastewater Treatment Plant Access Road & Pond Levee Repairs for a total contract amount of \$117,555.10.

RECOMMENDATIONS:

Authorize the General Manager to sign a construction contract with Gregg Simpson Trucking for the construction of the Wastewater Treatment Plant Access Road & Pond Levee Repairs for a total contract amount of \$117,555.10.

FINANCIAL IMPACT:

Construction costs = \$117,555.10, with a total construction budget that includes construction, contingency, management and inspection costs to not exceed \$214,000, as per Resolution 2017-12.

BACKGROUND:

The WWTP access road and pond levee road were subjected to excessive rain and extraordinary use during the winter storms of early 2017. Eighteen million pounds travelled over these roads when conditions were extremely saturated. Eroded road surfaces are now in need of repair.

APPROVED
AS RECOMMENDED

OTHER
(SEE BELOW)

I, Kirk Cloyd, Secretary to the Board, do hereby certify that the foregoing action was regularly introduced, passed, and adopted by said Board of Directors at a special board meeting thereof held on November 09, 2017 by the following vote:

Ayes:

Noes:

Abstain:

Absent

Secretary to the Board

Hidden Valley Lake Community Services District

Bid Tab Summary

WWTP ACCESS ROAD & POND LEVEE REPAIRS PROJECT

Bids opened October 17, 2017 - 11:00 a.m.

Item No.	Item Description	Estimated Quantity	Unit of Measure	Unit Cost	Engineer's Estimate	Gregg Simpson Trucking		CATS4U, Inc.		Team Ghilotti, Inc.	
						Unit Cost	Bid Price	Unit Cost	Bid Price	Unit Cost	Bid Price
1	Mobilization	1	LS	\$8,000.00	\$8,000	\$8,072.00	\$8,072.00	\$7,430.00	\$7,430.00	\$8,000.00	\$8,000.00
2	Aggregate Base (Pond Levee Road)	165	Ton	\$145.00	\$23,925	\$135.85	\$22,415.25	\$152.00	\$25,080.00	\$187.00	\$30,855.00
3	Aggregate Base (Access Road Shoulder)	40	Ton	\$200.00	\$8,000	\$254.00	\$10,160.00	\$181.00	\$7,240.00	\$277.00	\$11,080.00
4	Asphaltic Concrete Surface	305	Ton	\$230.00	\$70,150	\$195.75	\$59,703.75	\$225.00	\$68,625.00	\$256.00	\$78,080.00
5	Electrical Box	3	Each	\$4,500.00	\$13,500	\$5,734.70	\$17,204.10	\$3,785.00	\$11,355.00	\$6,250.00	\$18,750.00
Total					\$123,575		\$117,555.10		\$119,730.00		\$146,765.00

item 4 math error: bid form \$73,125
with total bid of \$124,230.00

RESOLUTION 2017-12

RESOLUTION OF THE HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS AUTHORIZING GENERAL MANAGER KIRK CLOYD TO FACILITATE LEVEE AND ROAD REPAIR DAMAGED BY THE WINTER STORMS OF 2017 (STORMFLOW 2017)

WHEREAS, the Hidden Valley Lake Community Services District ("District") incurred significant road and levee damage as a result of excessive rain events in 2017; and

WHEREAS, public safety efforts to pump and haul wastewater out of the WWTP could not be avoided, but nevertheless permanently damaged the levee and access road; and

WHEREAS, the District is committed to maintaining a fully compliant, and efficient wastewater treatment operation as a whole; and

WHEREAS, the District is committed to maintaining a safe and healthy work environment for staff traversing both the reclamation pond levee, and the access road to the Wastewater Treatment Plant (WWTP).

NOW, THEREFORE, BE IT RESOLVED that the Hidden Valley Lake Community Services District Board of Directors authorizes General Manager Kirk Cloyd to facilitate levee and road repair damaged by Stormflow 2017, with project costs not to exceed \$214,000.00

PASSED AND ADOPTED on September 7, 2017 by the following vote:

AYES : Directors, Lieberman, Graham, Herndon and Mirbegian

NOES : None

ABSTAIN : None

ABSENT : Director Freeman



Jim Lieberman
President, Board of Directors

ATTEST:



Kirk Cloyd
Secretary to the Board of Directors



**ACTION OF
HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT**

DATE: November 09, 2017

AGENDA ITEM: Discussion and Possible Action: Discuss and approve the General Manager to execute an Agreement for Services contract with NBS for water, sewer and recycled rate study.

RECOMMENDATIONS:

Authorize General Manager to execute Agreement for Services contract with NBS for water, sewer and recycled water rate study, following review and approval of contract terms by District Counsel. Maximum contract value (initial contract and any subsequent scope of work amendments) not to exceed \$49,800.00 unless authorized by the Board.

FINANCIAL IMPACT:

Sufficient funding is available in budget line items 120-5110 (Sewer Contractual Services) and 130-5110 (Water Contractual Services) of the FY 2017-2018 budget.

BACKGROUND:

The District is seeking to retain a consultant to conduct a water, sewer and recycled water rate study this summer (July-August). The results of the study will provide the basis for establishing water, sewer and recycled water rates that adequately and equitably fund the District’s water, sewer and recycled water operations, while minimizing rate fluctuations. This study will explore tying future rate increases to the CPI for our area; similar to other districts, to avoid such costly endeavors. Staff submitted a request for proposal to NBS based on their knowledge of the District and prior gathering of data for the 2014 rate study in order to save on consulting fees. NBS submitted a proposal for services at a cost of \$49,800.00. Staff believes the NBS cost proposal is responsive and will best meet the District’s needs.

Staff is requesting authorization to retain NBS to conduct the forthcoming rate study for \$49,800.00.

APPROVED
AS RECOMMENDED

OTHER
(SEE BELOW)

Modification to recommendation and/or other actions:

I, Kirk Cloyd, Secretary to the Board, do hereby certify that the foregoing action was regularly introduced, passed, and adopted by said Board of Directors at a special board meeting thereof held on November 09, 2017 by the following vote:

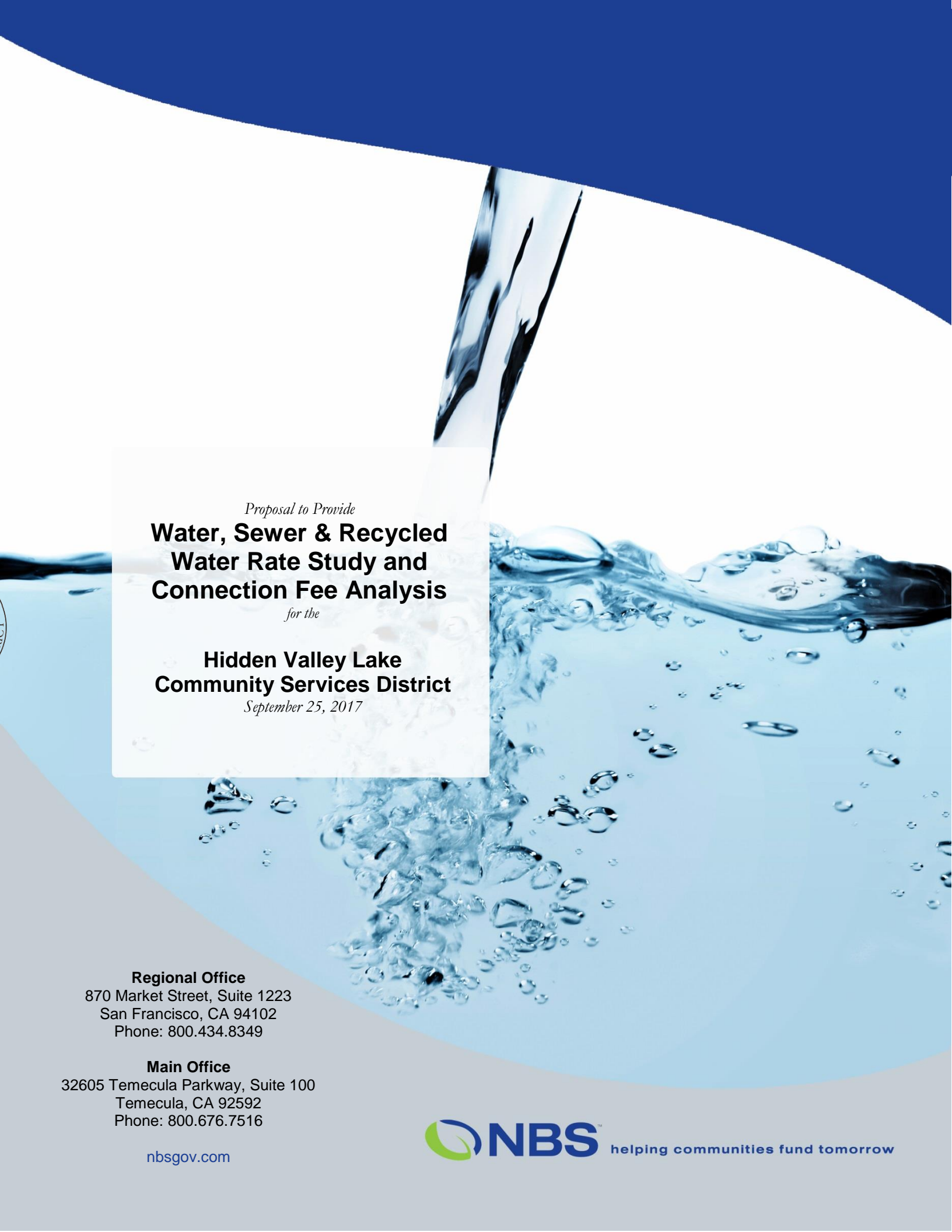
Ayes:

Noes:

Abstain:

Absent

Secretary to the Board

A dynamic background image showing water being poured from a glass, creating a large splash with many bubbles. The water is clear and bright blue, set against a white background. The splash is centered and extends across the width of the page.

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
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nbsgov.com

 **NBS**™ helping communities fund tomorrow



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

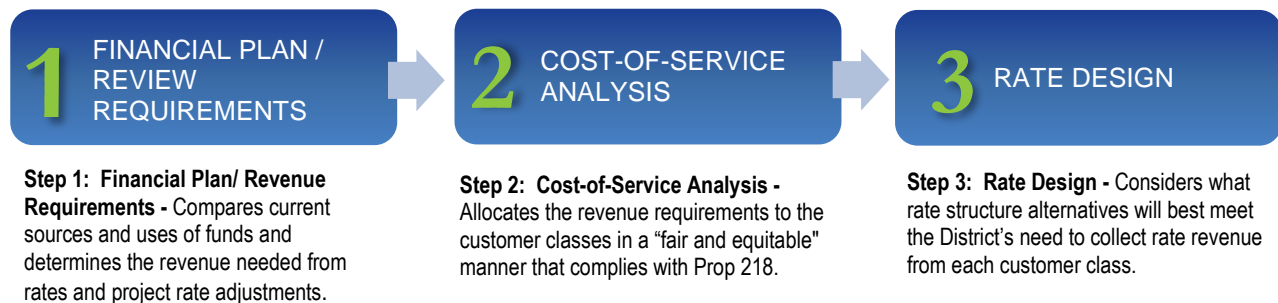
The rate study will largely follow the format and approach previously used. This section summarizes NBS' proposal and the information that will be required to complete this study.

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

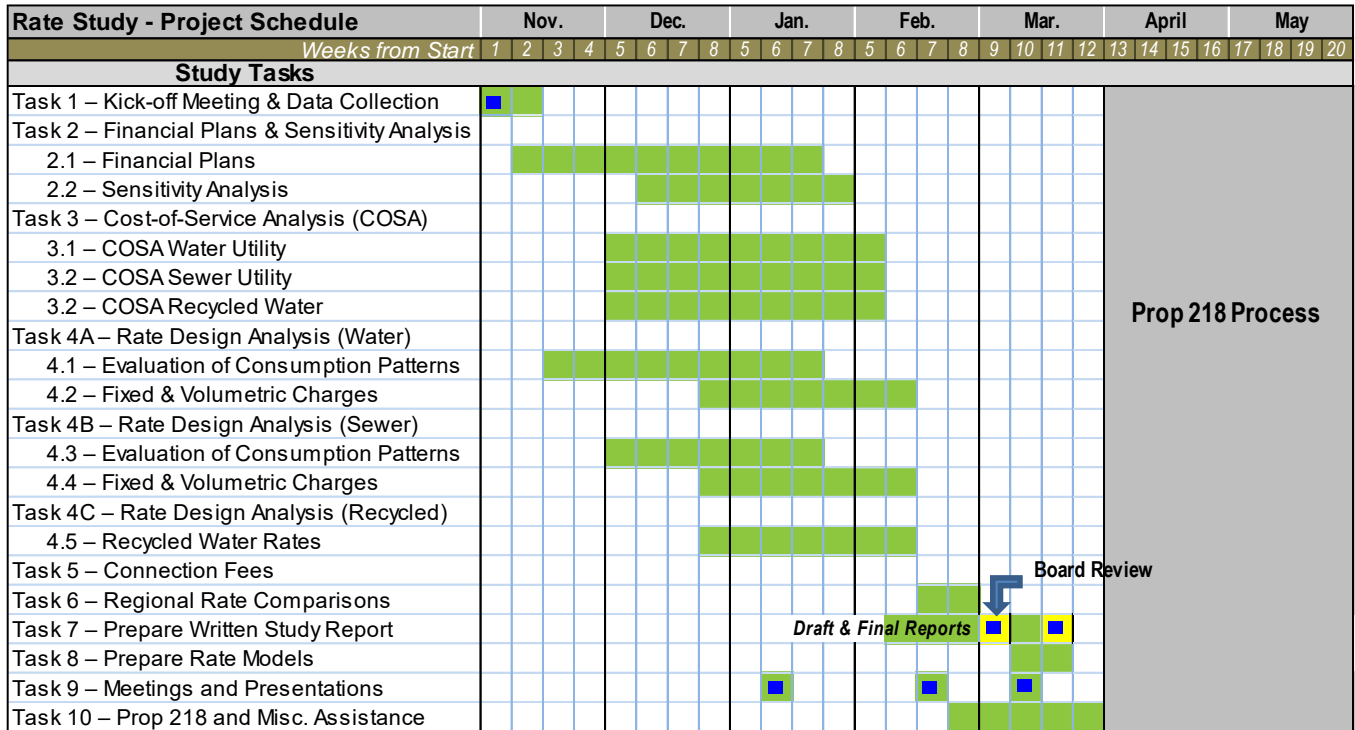
Proposed Study Fee – Our detailed project budget is shown below. Our professional fees are based on our understanding of the District’s needs and the effort we believe is necessary to complete the scope of services/task plan described. We express this honestly and transparently through our price proposal.

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

**ACTION OF
HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT**

DATE: November 09, 2017

AGENDA ITEM: Discuss and recommend the General Manager to enter into an agreement with Schneider Electric to proceed with the “Hidden Valley Lake Community Services District water and energy conservation project”

RECOMMENDATIONS: Recommend the General Manager execute the construction agreement and applications necessary to file for the Green Project Reserve Grant as well as the Notice to Proceed (NTP) upon grant approvals.

FINANCIAL IMPACT: The project is ready to move forward into a construction phase. Turnkey costs are \$1,645,341. 50% of the project cost will be covered by a grant and 50% of the project cost will be a low interest, 20-year revolving fund loan from the State Water Resources Control Board. The duration of the debt payments match with the manufacturer’s water meter warranty, and the District will be able to complete a major capital project with a modest net savings, based on cash flow models, of \$435,000.

More importantly, The District will be able to re-deploy staff, saving the equivalent of 159 hours a month, by not having to manually read the meters. Back office savings will be realized as water billing will be less labor intensive. Additionally, Staff was forecasting the need to hire additional employees in order to support our known backlog of deferred maintenance – this cost of nearly \$100,000, can be avoided through this project.

Cash flow models reflect a 20-year debt service, at a fixed 1.7% interest, of \$48,887. It is important to note that the first debt service payment will occur 12 months after project completion. Total debt service is \$977,342. The same cash flow model projects new water revenues in year 1, at \$42,732. Savings are escalated at a modest 5% per year, for 20 years, and will produce an overall savings of \$1,412,974. By the time the first debt service payment is due, the District will have then banked \$42,732 and can then support small deficits between revenues and debt, for the first 3 years, with positive cash flow in year 4 and project repayment in year 13. From years 14-20 the District will be able to bank all savings. Guaranteed water revenues from Schneider reflect 90% of projected revenues, or an overall guarantee of \$1,271,677.

Schneider Electric policy is to allow no contractor change orders, so all our costs are known up front.

BACKGROUND: In June 2017, the Board approved a design/build plan to move forward on an energy and water efficiency project related to the District’s buildings and domestic water system. The firm of Schneider Electric was authorized to move forward to evaluate and quantify the cost effectiveness of this plan. Tasks/goals outlined in this plan include pursuing a State grant to upgrade the District’s water meter system, building energy savings, increasing water revenues and saving staff time upon project completion. Since that time, Schneider Electric representatives have completed the design/build efforts and quantified savings and revenues to the District.

LOOKING FORWARD: Schneider Electric is also assisting the District in completing the Grant application, which is nearly complete. We expect to submit final paperwork on or before November 30th. An estimated 4-month turnaround for grant approvals puts construction during spring through fall of 2018.

Should the Grant application be unsuccessful, the District will be under no contractual nor financial obligation to Schneider Electric. Construction will commence only after the Grant is approved by the State and the District General Manager issues a Notice to Proceed (NTP).

Civic Spark employees are expected to assist in the back-office preparation of existing Tyler Technologies billing system to receive automatically transferred billing information.

The project also includes an application called Eye-On-Water. The District will be able to view all accounts and receive proactive alerts for such issues as leaky faucets and vandalism. Individual users will have access via computers, handhelds and phones to their own use.

Schneider Electric is a company with a 182-year record of successful performance. The particular division of Schneider Electric we are contracting with has a 20-year track record with over 650 completed projects – all with zero instances of litigation.

Attachments:

1. Energy Services Agreement (ESA)
2. Grant required resolutions:
 - a. Reimbursement Resolution
 - b. Authorizing Resolution
 - c. Pledged Revenues and Funds Resolution

APPROVED
AS RECOMMENDED

OTHER
(SEE BELOW)

Modification to recommendation and/or other actions:

I, Kirk Cloyd, Secretary to the Board, do hereby certify that the foregoing action was regularly introduced, passed, and adopted by said Board of Directors at a special board meeting thereof held on November 09, 2017 by the following vote:

Ayes:

Noes:

Abstain:

Absent

Kirk Cloyd, Secretary to the Board

REIMBURSEMENT RESOLUTION

RESOLUTION NO: 2017-15

WHEREAS, the Hidden Valley Lake Community Services District (the "Agency") desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its water and wastewater system, including certain treatment facilities, pipelines and other infrastructure (the "Project"); and

WHEREAS, the Agency intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys ("Project Funds") provided by the State of California, acting by and through the State Water Resources Control Board (State Water Board); and

WHEREAS, the State Water Board may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"), and

WHEREAS, prior to either the issuance of the Obligations or the approval by the State Water Board of the Project Funds the Agency desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the Agency; and

WHEREAS, the Agency has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Agency for the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, THE AGENCY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The Agency hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the State Water Board of the Project Funds.

SECTION 2. The reasonably expected maximum principal amount of the Project Funds is \$ 1,645,341.00.

SECTION 3. This resolution is being adopted no later than 60 days after the date on which the Agency will expend moneys for the construction portion of the Project costs to be reimbursed with Project Funds.

SECTION 4. Each Agency expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

SECTION 5. To the best of our knowledge, this Agency is not aware of the previous adoption of official intents by the Agency that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 6. This resolution is adopted as official intent of the Agency in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

SECTION 7. All the recitals in this Resolution are true and correct and this Agency so finds, determines and represents.

AYES: _____

NOES: _____

ABSENT: _____

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Directors held on November 09, 2017.

(Name, Signature, and Seal of the Clerk or Authorized Record Keeper of the Governing Board of the Agency)

AUTHORIZING RESOLUTION

RESOLUTION NO: 2017-16

BE IT RESOLVED BY THE Board of Directors OF THE Hidden Valley Lake Community Services District (the "Entity"), AS FOLLOWS:

The General Manager (the "Authorized Representative") or designee is hereby authorized and directed to sign and file, for and on behalf of the Entity, a Financial Assistance Application for a financing agreement from the State Water Resources Control Board for the planning, design, and construction of Hidden Valley Lake Community Services District water and energy conservation project (the "Project").

This Authorized Representative, or his/her designee, is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto.

The Authorized Representative, or his/her designee, is designated to represent the Entity in carrying out the Entity's responsibilities under the financing agreement, including certifying disbursement requests on behalf of the Entity and compliance with applicable state and federal laws.

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Directors held on November 09, 2017.

(Name, Signature, and Seal of the Clerk or Authorized Record Keeper of the Governing Board of the Agency)

PLEGGED REVENUES AND FUND(S) RESOLUTION

RESOLUTION NO: 2017-17

BE IT RESOLVED, the Hidden Valley Lake Community Services District (the "Entity") hereby dedicates and pledges the Water Enterprise fund, the Wastewater Enterprise fund and Net Revenues thereof to payment of any and all Clean Water State Revolving Fund and/or Water Recycling Funding Program financing for Hidden Valley Lake Community Services District water and energy conservation project, 39393 (the "Project"). The Entity commits to collecting such revenues and maintaining such fund(s) throughout the term of such financing and until the Entity has satisfied its repayment obligation thereunder unless modification or change is approved in writing by the State Water Resources Control Board. So long as the financing agreement(s) are outstanding, the Entity's pledge hereunder shall constitute a lien in favor of the State Water Resources Control Board on the foregoing fund(s) and revenue(s) without any further action necessary. So long as the financing agreement(s) are outstanding, the Entity commits to maintaining the fund(s) and revenue(s) at levels sufficient to meet its obligations under the financing agreement(s).

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Directors held on November 09, 2017.

(Name, Signature, and Seal of the Clerk or Authorized Record Keeper of the Governing Board of the Agency)

EMWD Honored for Metering Program

Post Date:11/01/2017

Perris, CA — Eastern Municipal Water District (EMWD) was honored in late October week with the 2017 Sensus Reach Customer Service Award for its smart-metering technology which is benefitting thousands of customers throughout its service area.

EMWD received the honor at a conference in Dallas, TX, which focused on advanced metering technology for water, gas, and electricity customers throughout the nation.

Earlier this year, EMWD expedited its meter technology upgrade and is actively converting more than 1,000 manually read meters to smart meters each month. It is projected every meter within EMWD's 555-square mile service area will be a smart meter by mid-2019.

Smart meters are a vital tool toward water savings and increased operational efficiencies. The meters send hourly usage reports to EMWD and can help identify if there is a potential leak at a property through prolonged water usage.

Since February 2016, EMWD has notified more than 12,000 customers of potential leaks. More than 95-percent of customers took corrective action and no longer show continuous water usage patterns. Customers are notified through their preferred method of communication – email, text, or phone call.

“EMWD is appreciative of Sensus for this honor,” EMWD Board President David Slawson said. “Our organizations have worked together to use available technology to assist our customers in reducing water waste. The overwhelmingly positive customer feedback has affirmed how valuable this program is to our ratepayers.”

The new meter technology will eventually allow customers to use a portal to monitor their usage in real time, project monthly bills, and identify if there are potential leaks at their properties.

EMWD will also achieve long-term cost savings through the meter upgrades. By transitioning to automated meters, EMWD is avoiding driving nearly 170,000 miles per year to read meters manually. That is the equivalent of driving cross-country almost 60 times. It also helps save in fuel costs, reduces the need for fleet vehicles dedicated solely toward meter-reading activities and reduces EMWD's carbon footprint.

<https://www.emwd.org/Home/Components/News/News/646/36>



ENERGY AND WATER SERVICES CONTRACT

This is an Energy Services Contract (this "Contract") by and between Schneider Electric Buildings Americas, Inc. ("ESCO") and Hidden Valley Lake Community Services District ("Customer"), dated _____, 20__ whereby ESCO agrees to provide and perform the energy conservation measures ("ECMs") set forth in the attached schedules and exhibit(s) which are listed below and incorporated fully herein, subject to the terms and conditions set forth herein:

- Schedule A: Scope of Work**
- Schedule B: Performance Assurance Support Services Agreement**
- Schedule C: Performance Guarantee**
- Schedule D: Measurement & Verification ("M&V") Plan**
- Schedule E: Customer Responsibilities for Performance Guarantee**
- Exhibit A: Performance Assurance Support Services**
- Exhibit B: Project Schedule**

Hidden Valley Lake Community Service District	Schneider Electric Buildings Americas, Inc.
By _____ (Signature)	By _____ (Signature)
Print Name _____	Print Name _____
Title _____	Title _____

DEFINITIONS

1. "Actual Savings" is defined as the sum of the total savings realized using the procedures defined in Schedule D plus all adjustments and non-measured savings.
2. "Annual Savings Guarantee" is the amount of energy savings and or water revenues guaranteed by ESCO for a twelve (12) month period beginning on the Savings Guarantee Commencement Date and any subsequent twelve (12) month anniversary thereafter.
3. "Change Order" is defined as a written change in the Project executed by both parties.
4. "Contract Documents" consist of this Contract with the terms and conditions set forth herein, the Schedules identified above, other documents listed in the Contract and any mutually agreed upon written modification issued after execution of this Contract. The intent of the Contract Documents is to include all items necessary for the proper execution and completion of the Work by ESCO. The Contract Documents are correlative and complimentary, and ESCO'S performance shall be required only to the extent consistent with the Contract Documents.
5. "Day" as used herein shall mean calendar day unless otherwise specifically designated.
6. "Excess Savings" is the amount of Actual Savings in excess of the Performance Guarantee to date

including any savings achieved during construction.

7. "Financing Agreement" means the financing arrangement that Customer will utilize to provide the funds to pay the Contract Sum. (See Article 2)
8. "Guarantee Year" is the twelve (12) month period beginning on the Savings Guarantee Commencement Date and each subsequent twelve (12) month anniversary thereafter.
9. "Implementation Contract" means those portions of this Contract that refer to the Project.
10. "Performance Guarantee" is the sum of the Annual Savings Guarantee for each year of the guarantee term as set forth in Schedule C or unless terminated earlier in accordance with the Contract Documents.
11. "Performance Period" is defined as the period beginning on the Savings Guarantee Commencement Date and extending through the time period as defined in the Performance Guarantee.
12. "Project" refers to scope of work, as set forth in Schedule A: Scope of Work, made to facilities of Customer.
13. "Savings Guarantee Commencement Date" means the first day of the first utility billing period following the month in which ESCO delivers to Customer the project warranty letter.
14. "Substantial Completion" refers to and shall mean the date the individual scopes of work are sufficiently implemented in accordance with the Contract Documents that Customer may utilize the Project for the use for which it is intended, and is fully complete except for minor items, adjustments and/or corrections.
15. "Warranty Period" is as defined in Article 4.3.
16. "Work" means the services required by the Contract Documents, whether completed or partially completed and, includes all labor, materials, equipment and services provided or to be provided by ESCO to fulfill ESCO'S obligations. The Work may constitute the whole or a part of the Project.

TERMS AND CONDITIONS OF IMPLEMENTATION PORTION OF CONTRACT

ARTICLE 1 – DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION

1.1 ESCO projects it will achieve Substantial Completion of the Work within 255 days from the date first written above (the “Contract Time”), subject to adjustments of this Contract Time as provided in the Contract Documents and District issuance of the Notice to Proceed (NTP).

ARTICLE 2 – CONTRACT SUM AND PAYMENTS

2.1 The total of all implementation contract payments shall be \$1,637,341 (the “Contract Sum”). Construction progress payments shall be made to ESCO monthly based on the percentage completion of items delineated on a “Schedule of Values” completed during the prior month. The Schedule of Values will be developed by ESCO and provided to Customer at the beginning of project implementation. The Schedule of Values will be based upon the project cost less the project mobilization payment.

2.2 ESCO may submit “Payment Request Forms” and payments shall be made to ESCO on a monthly basis during construction, in an amount equal to the value of services rendered since the last payment. After receiving a “payment Request Form” Customer shall promptly seek appropriate reimbursement pursuant to the State grant funding the Work. Customer shall pay ESCO promptly upon receipt of reimbursement pursuant to the State grant agreement.

2.3 Within ten (10) days from the date upon which Customer receives project funding from one of the sources identified for this project (State Revolving Fund Loan, state or federal grants, etc.), Customer shall make payment to ESCO for expenses incurred to date and project mobilization expenses (“Project Mobilization Payment”) in the amount of 10% of the implementation contract payment total of the Contract Sum.

2.4 For the initial one (1) year beginning at the Savings Guarantee Commencement Date, Customer shall receive the services as described in the Performance Assurance Support Services Agreement (“PASS Agreement”) at no additional cost. Thereafter, the PASS Agreement shall automatically renew for a period of one (1) year, whereby Customer can maintain the current service or upgrade the level of service as provided for in Schedule B. After the Initial Term, Customer may terminate this PASS Agreement at any time thirty (30) days or more before the end of the then current term.

2.5 Payments may be withheld on account of (1) Defective Work not remedied, (2) claims filed by third parties, (3) failure of ESCO to make payments properly to the “Subcontractor(s)” or for labor, materials or equipment, (4) repeated failure to carry out the Work in accordance with the Contract Documents, or (5) the State withholding of any requested reimbursement pursuant to the grant agreement.

2.6 Final payment shall not become due until ESCO has delivered to Customer a complete release of all liens arising out of this Contract covering all labor, materials, and equipment for which a lien could be filed, or a bond satisfactory to Customer to indemnify Customer against such lien. Notwithstanding the foregoing, Customer may withhold funds in compliance with the State grant agreement, including but not limited to retention payments.

2.7 The making of final payment shall constitute a waiver of claims by Customer except those arising from (1) liens, claims, security interests or encumbrances arising out of the Contract and which are unsettled, (2) failure of the Work to comply with the requirements of the Contract Documents, or (3) terms of special warranties required by the Contract Documents.

2.8 The Project is dependent on successful grant and low interest loan acceptance by the State Water

Resources Control Board. Should the grant and low interest loan application not be accepted, then HVLCSD is under no obligation to pay ESCO for services rendered under this Agreement.

ARTICLE 3 – CUSTOMER

3.1 Except for permits and fees, which are the responsibility of ESCO under the Contract Documents, Customer shall secure and pay for necessary approvals, easements, assessments and charges required for the use or occupancy of permanent structures or permanent changes in facilities.

3.2 If with the Warranty Period, ESCO fails to correct Work that is not in material accordance with the requirements of the Contract Documents (“Defective Work”) or repeatedly fails to carry out the Work in accordance with the Contract Documents, Customer, upon fourteen (14) days prior written notice to ESCO, and if ESCO does not correct or diligently commence to correct such failure within such notice period, may order ESCO to stop the Work, or any portion thereof, until the cause for such order has been eliminated. However, the right of Customer to stop the Work shall not give rise to a duty on the part of Customer to exercise this right for the benefit of ESCO or any other person or entity. Customer may order ESCO to stop the work, without penalty Customer, for reasonable worker safety, or public health and safety concerns.

3.3 Customer agrees to repair or replace as necessary any defective existing equipment that is intended to be reused.

3.4 Information under Customer’s control shall be furnished by Customer with reasonable promptness as requested by ESCO.

3.5 Customer shall notify ESCO in writing of any or all uses or restrictions in usage of all areas of Customer’s facility. Notwithstanding the foregoing, oral or verbal warnings issued by Customer or its employees, regarding any site condition or changed condition shall be followed by ESCO or its subcontractors.

3.6 The foregoing are in addition to any other duties and responsibilities of Customer set forth herein or in any other Contract Documents, including but not limited to those duties and responsibilities set forth in Schedule E.

ARTICLE 4 – ESCO

4.1 ESCO shall supervise and direct the Work, using ESCO'S skill and attention. ESCO shall be solely responsible for and have control over means, methods, techniques, sequences and procedures and for coordinating all portions of the Work under the Contract, unless Contract Documents give other specific instructions concerning these matters.

4.2 Unless otherwise provided in the Contract Documents, ESCO shall provide and pay for labor, materials, tools, equipment and machinery necessary for the proper execution and completion of the Work.

4.3 ESCO warrants to Customer for a period of one (1) year from the date of Substantial Completion that the materials and equipment manufactured by ESCO will be of good quality and new unless the Contract Documents require or permit otherwise, and further warrants that the Work will conform to the requirements of the Contract Documents and will be free from defects, except for those inherent in the quality of the Work the Contract Documents require or permit. Work, materials, or equipment not conforming to these requirements may be considered defective. ESCO'S warranty excludes remedy for damage or defect caused by abuse, alterations to the Work not executed by or for ESCO, improper or insufficient maintenance, improper operation, or normal wear and tear and normal usage. ESCO shall repair or replace defective material or equipment and re-perform Work to correct any defect within the Warranty Period. ESCO does not warrant products not manufactured by ESCO, but it will pass on to Customer any manufacturer's warranty to the extent permitted. THE FOREGOING WARRANTIES AND REMEDIES ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES AND REMEDIES WHETHER STATUTORY,

EXPRESS OR IMPLIED (INCLUDING ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR PARTICULAR PURPOSE AND ALL WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OR TRADE), AND ESCO WILL NOT BE RESPONSIBLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES OF CUSTOMER. ESCO'S RESPONSIBILITY IN WARRANTY OR CONTRACT SHALL NOT EXCEED THE CONTRACT PRICE PAID FOR THE SPECIFIC PRODUCT OR SERVICE THAT GIVES RISE TO THE CLAIM EXCLUDING THIRD PARTY CLAIMS FOR PERSONAL INJURY, DEATH OR PROPERTY DAMAGE OR AS MAY BE REQUIRED BY LAW.

4.4 Unless otherwise provided in the Contract Documents, ESCO shall pay sales, consumer, use, and other similar taxes which are legally enacted when bids are received or negotiations concluded, whether or not effective or merely scheduled to go into effect, and shall secure and pay for the building permit and other permits, licenses and inspections necessary for proper execution and completion of the Work.

4.5 ESCO shall comply with and give notices required by laws, ordinances, rules, regulations, and lawful orders of public authorities bearing on performance of the Work.

4.6 ESCO shall keep the premises and surrounding areas free from accumulation of waste materials or rubbish caused by operations under the Contract. At completion of the Work, ESCO shall remove from and about Project waste materials, rubbish, ESCO'S tools, equipment, machinery and surplus material. ESCO acknowledges and agrees that Customer considers proper site housekeeping to be a safety issue subject to a stop work notice pursuant to Section 3.2 above.

4.7 ESCO shall provide Customer access to the Work in preparation and progress wherever located.

4.8 ESCO shall pay all royalties and license fees, shall defend suits or claims for infringement or patent rights, and shall hold Customer harmless from loss on account thereof.

4.9 ESCO shall indemnify, defend, and hold harmless Customer, and agents and employees thereof from and against all third party claims, damages, losses and expenses, including, but not limited to, reasonable attorney's fees, arising out of or resulting from performance of the Work provided that such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the Work itself), but only to the extent not caused by the negligence or willful misconduct of Customer, or its agents, representatives, employees, officers, directors or assigns.

4.10 NOTWITHSTANDING PROVISION OF THIS AGREEMENT TO THE CONTRARY, IN NO EVENT SHALL EITHER PARTY, ITS OFFICERS, DIRECTORS, AFFILIATES OR EMPLOYEES BE LIABLE FOR ANY FORM OF INDIRECT, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF USE, LOSS OF PRODUCTION, LOSS OF PRODUCT, LOSS OF REVENUE, PROFITS OR LOSS OF DATA DAMAGES WHETHER SUCH DAMAGES ARISE IN CONTRACT OR TORT, IRRESPECTIVE OF FAULT, NEGLIGENCE OR STRICT LIABILITY OR WHETHER SUCH PARTY HAS BEEN ADVISED IN ADVANCE OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT AND TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE MAXIMUM LIABILITY OF ESCO FOR DAMAGES HEREUNDER SHALL NOT EXCEED THE CONTRACT PRICE. THE PRECEDING SENTENCE SHALL NOT APPLY TO ANY CLAIM FOR BODILY INJURY, OR TO ANY OTHER CLAIM TO THE EXTENT OF SUBCONTRACTOR'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

ARTICLE 5 – DISPUTE RESOLUTION

5.1 In the event of a dispute between the Parties, prior to instituting any legal proceeding or action, the party claiming dispute shall notify the other party in writing of the nature of said dispute and request a meeting to confer regarding resolution thereof. The Parties shall meet and confer within ten (10) days of the date of said notice and shall endeavor in good faith to resolve the dispute by agreement or they may provide, by written mutual agreement, for the dispute to be resolved through mediation or arbitration. If the

Parties do not agree to either or both mediation and/or arbitration, or agreement or resolution through mediation or arbitration cannot be achieved within sixty (60) days, the Parties may enforce their respective rights as they shall individually or collectively determine consistent with the laws of the State of California.

5.2 The arbitration proceeding location shall be in the county in which the Project is located.

ARTICLE 6 – SUBCONTRACTS

6.1 A Subcontractor is a person or entity who has a direct contract with ESCO to perform a portion of the Work at the site.

6.2 Unless otherwise stated in the Contract Documents or the bidding requirements ESCO, if requested in writing by Customer, shall furnish in writing to Customer the names of the Subcontractors to whom ESCO plans to award Work. Contracts between ESCO and Subcontractors shall (1) require each Subcontractor, to the extent of the Work to be performed by the Subcontractor, to be bound to ESCO by the terms of the Contract Documents, and to assume all the obligations and responsibilities which ESCO, by the Contract Documents, assumes toward Customer, and (2) allow to the Subcontractor the benefit of all rights, remedies and redress afforded to ESCO by these Contract Documents.

ARTICLE 7 – CHANGES IN THE WORK

7.1 Customer may request order changes in Work consisting of additions, deletions or modifications, whereby, the Contract Sum and Contract Time shall be adjusted accordingly. Such changes in the Work shall be authorized by written Change Order that shall be mutually agreed to and signed by Customer and ESCO. The parties shall negotiate in good faith and use their best efforts to execute any Change Order, and any Change Order must be fully executed in writing by Customer and ESCO prior to any actual changes being implemented.

7.2 Notwithstanding anything to the contrary contained in the Contract Documents, changes to the Contract Sum and Contract Time shall be changed only by Change Order.

7.3 The cost or credit to Customer from a change in the Work shall be determined by mutual agreement and, in the absence of a mutual agreement being reached within a reasonable amount of time after the request for such Change Order was made, the cost or credit to Customer shall be decided by the dispute resolution process as provided in the Contract Documents.

7.4 In the event of any suspension or delay due to the acts or omissions of Customer or Customer directives to stop Work for any reason, through no fault of ESCO or its subcontractors, the Contract Time for Substantial Completion shall be extended to reflect such period of interruption and the Contract Sum shall be equitably adjusted to recover ESCO'S costs of demobilization, delay and remobilization related to such suspension or delay. ESCO agrees it will cooperate with Customer and mitigate such costs to the extent and efforts commercially reasonable. If such suspension or delay continues for more than ninety (90) consecutive days, through no act or fault of ESCO or its subcontractors, ESCO may terminate this Contract and recover from Customer payment for Work executed to the date of the suspension or stop work directive, excepting any Work or costs that are properly disputed pursuant to the dispute resolution process provided in the Contract Documents.

ARTICLE 8 – TIME

8.1 The date of Substantial Completion is the date certified by ESCO in accordance with Article 9.3.

8.2 If ESCO is delayed at any time in progress of the Work by changes ordered in the Work, by labor disputes, fire, unusual delay in deliveries, abnormal adverse weather conditions not reasonably anticipatable, unavoidable casualties or any other causes which are beyond the control of ESCO, then the parties hereto agree to execute a Change Order allowing for a mutually agreeable extension of time for performance of ESCO'S Work to cover such delay.

ARTICLE 9 – PAYMENTS AND COMPLETION

9.1 Payments shall be made as provided in Article 2 of the Contract and as may be modified by the State grant agreement.

9.2 Payments may be withheld on account of (1) Defective Work not remedied, (2) claims filed by third parties, (3) failure of ESCO to make payments properly to the Subcontractors or for labor, materials or equipment, (4) repeated failure to carry out the Work in accordance with the Contract Documents, including but not limited to failure to maintain a safe work environment, or (4) State withholding of payments to Customer pursuant to the State grant agreement.

9.3 Customer shall determine Substantial Completion and issue a Notice of Substantial Completion.

9.4 Final payment shall not become due until (1) ESCO has delivered to Customer a complete release of all liens arising out of this Contract covering all labor, materials, and equipment for which a lien could be filed, or a bond satisfactory to Customer to indemnify Customer against such lien, and (2) ESCO has completed all required punch-list items to the satisfaction of Customer.

9.5 The making of final payment shall constitute a waiver of claims by Customer except those arising from (1) liens, claims, security interests or encumbrances arising out of the Contract and which are unsettled, (2) failure of the Work to comply with the requirements of the Contract Documents (3) terms of special warranties required by the Contract Documents, or (4) the indemnification provided in Section 4 of the Agreement.

ARTICLE 10 – PROTECTION OF PERSONS AND PROPERTY

10.1 ESCO shall be responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with the performance of the Contract. ESCO shall take all reasonable precautions for safety of, and shall provide reasonable protection to prevent damage, injury or loss to (1) employees on the Work and other persons who may be affected thereby, (2) the Work and materials and equipment to be incorporated therein, and (3) other property at the site or adjacent thereto.

10.2 ESCO shall give notices and comply with applicable laws, ordinances, rules, regulations and lawful orders of public authorities bearing on safety of persons and property and their protection from damage, injury or loss.

10.3 The scope of work or service to be performed by ESCO pursuant to this Contract, and the compensation to be paid to ESCO hereunder for Work or services performed, expressly exclude any Work or service of any nature associated or connected with the identification, abatement, cleanup, control or removal of environmentally hazardous materials beyond what is specifically defined and identified in Schedule A of this Contract. "Hazardous Materials" to include, but not be limited to, asbestos and PCBs discovered in or on the premises. Customer agrees that all duties and obligations in connection with any hazardous materials located in or on the premises, other than those defined in Schedule A, are strictly the responsibility of Customer. Customer warrants and represents to the best of Customer's knowledge there are no hazardous materials in or on the premises which will affect, be affected by, come in contact with, or otherwise impact upon or interfere with the Work to be performed by ESCO pursuant to this Contract.

10.4 Should ESCO become aware or suspect the presence of hazardous materials beyond those to be addressed in Schedule A during performance of its Work under this Contract, ESCO will be authorized to cease Work in the affected area immediately, and will promptly notify Customer of the conditions discovered. Should ESCO stop Work because of the discovery or suspicion of hazardous materials, the time for performance of ESCO'S Work or service will be extended to cover the period required for abatement, cleanup, or removal of the hazardous materials. ESCO will not be held responsible for any claims, damages, costs, or expenses of any kind associated with the period during which ESCO has stopped Work as a result of hazardous materials. If appropriate, ESCO will be entitled to an equitable

adjustment of the Contract Sum for any increased costs or other charges incurred by ESCO in connection with the existence of its rights under this paragraph.

10.5 Customer will be responsible for taking all necessary steps to correct, abate, clean up, or control hazardous materials not addressed by ESCO in Schedule A in accordance with all applicable statutes and regulations. Customer specifically agrees, to the extent allowed by state law, to indemnify and to hold ESCO, its officers, agents and employees harmless from and against any and all claims, demands, damages, or causes of action in any way arising out of the release of hazardous materials into the air, soil, or any water system or water course, or any actions taken in connection with same, or any failure to act.

10.6 Upon discovery of the presence of hazardous materials beyond those to be addressed in Schedule A during performance of its Work under this Contract, Customer may terminate this Agreement without penalty, subject to payment to ESCO for Work executed to the date of the termination.

ARTICLE 11 – INSURANCE AND BONDS

11.1 ESCO shall maintain adequate levels and types of insurance coverage appropriate to its business and profession and as may be required by applicable law and the Contract Documents. Such insurance shall be in companies authorized to do business in the jurisdiction in which the Project is located with an A.M. Best's rating of at least A- VII and as a minimum shall include Workers' Compensation and Employer's Liability at statutory limits, Automobile Liability covering all owned, hired and other non-owned vehicles and Commercial General Liability covering public liability, property damage and completed operations with limits not less than \$2,000,000 per occurrence. Certificates of such insurance shall be provided to Customer prior to commencement of the Work.

11.2 ESCO shall provide payment and performance bonds for 100% of the Contract Sum to secure the faithful performance of the Work, compliance with the terms of this Contract and to insure ESCO'S payment obligations to its Subcontractors and suppliers related to the Work. Notwithstanding any provision to the contrary herein, any payment and performance bonds associated with this Contract guarantee only the performance of the installation portion of the Contract, and shall not be construed to guarantee the performance of: (1) any efficiency or energy savings guarantees, (2) any support or maintenance service agreement, or (3) any other guarantees or warranties with terms beyond one (1) year in duration from the completion of the installation portion of the Contract.

ARTICLE 12 – TERMINATION OF THE CONTRACT

12.1 If Customer has received payment per the State grant funding agreement, and fails to make payments to ESCO as required in this Contract, through no fault of ESCO, ESCO may, upon fourteen (14) days written notice to Customer, terminate the Contract and recover from Customer payment for all Work completed up to the date of the ESCO's notice to Customer, all materials on site or in secured warehouses, any costs for cancellation of contracts or restocking fees and reasonable overhead and profit.

12.2 If Customer (1) fails or neglects to maintain Customer responsibilities as set forth in Schedule E, or (2) fails to fulfill any of its other obligations or responsibilities under the Contract Documents, ESCO may, after delivery of written notice and providing Customer fourteen (14) days to cure, terminate the Contract, including, but not limited to the termination of any obligation of ESCO to provide the Performance Guarantee.

12.3 If ESCO breaches a material provision of this Contract, Customer, after delivery of written notice and providing ESCO fourteen (14) days to cure such breach, may make good such deficiencies and may deduct the cost thereof from the payment then or thereafter due ESCO.

12.4 Any remedies provided for in this Article 12, shall not be exclusive of any additional remedies available to a party pursuant to this Contract, in equity or in the law.

ARTICLE 13 – OTHER CONDITIONS OR PROVISIONS

13.1 If any provision of this Contract shall be held to be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby.

13.2 Nothing herein shall be deemed to establish a relationship of principal and agent between ESCO and Customer, or any of their respective agents or employees, and this Contract and the Contract Documents may not be construed as creating any form of legal association or arrangement that would impose liability upon one party for the act or failure to act of the other party.

13.3 This Contract shall be governed by the laws of the state where the Project is located.

13.4 This Contract sets forth the entire understanding between the parties and supersedes all prior oral or written understandings relating to the subject matter herein. This Contract may not be altered or modified except by a written instrument signed by a duly authorized representative of each party.

SCHEDULE A: SCOPE OF WORK

Customer hereby acknowledges and agrees that the scope of work shall be limited to, and ESCO shall only perform, the following:

Water Meter Replacement & Retrofit

The following water meters will be installed with Advanced Metering Analytics (AMA) cellular transmitters as part of this project. These components will allow the meter readings to be recorded remotely using cellular communication.

Water Meter Retrofits

Size	Type	Quantity	Description
5/8"	Badger E Series	See note	Stainless steel housing with ultrasonic reader. ORION LTE cellular transmitter
3/4"		2296	
1"		6	
1 1/2"		1	
2"		7	

The project includes all necessary project management, labor, and materials to perform the water meter retrofits with AMA as shown above. This scope was created using information from Customer water billing system, surveys, and estimates from this information. This scope covers the active meter account quantities and types listed above.

- Existing 5/8" meters are being upgraded to 3/4" meters as part of this project.
- Existing Customer meters already converted to ORION LTE cellular transmitters are not included.
- Hidden Valley Lake Community Service District customers will be notified of the meter replacement before performing the actual work. If necessary, the meter work will be scheduled with the customer to avoid any detrimental interruptions.
- The existing piping structure will be examined to verify its condition. Should the service line be in a condition that the existing piping will be damaged or the existing piping has a pre-existing leak then no installation will be performed and Customer will be notified for further review.
- Should major pipe reconfiguration and/or vault reconstruction be required to incorporate the new meter, no installation shall be performed and Customer will be notified for further review.
- When needed, Customer will provide an employee to assist in locating meters and to shut off main valves in situations where the meter isolation valves do not hold. Installation time is estimated at four months of on-site work.
- A contingency of \$30,000 is included in the project for replacement of meter boxes, meter box lids or other items required at the direction of Customer.
- Meter box lids will be replaced with a new composite lid if the cellular system can't pick up an acceptable signal from an individual meter. If the project contingency is exceeded, additional lids will be replaced as an addition to the project price.
- Meter boxes shall be inspected. If meter boxes are damaged and need to be replaced, the boxes will be replaced with Customer approval. If the project contingency is exceeded, additional boxes will be replaced as an addition to the project price.
- Meters will be isolated from the up-stream line pressure by use of the inlet curb stop valve. If the curb stop does not exist or if the valve does not operate properly and the installation cannot be performed Customer will be notified for further review.
- Replacement meter will be installed using new inlet and outlet gaskets. Installation of strainers, test valves, bypasses or piping modifications is not included.
- Schneider Electric takes responsibility for underground piping and valves for 12 inches on either side of the meter resulting from meter removal or installation. Any leaks caused by the installation of the new meter will be repaired with like for like materials by Schneider Electric.
- Meters must be accessible to the installation team. The definition of an accessible meter includes:
 - Meter account and location data are accurate

- Meter access is not blocked (ex: car parked over meter or meter located in a fenced area with a dog)
 - Residential type meter is located no more than 18" below the top of the meter box
- If a meter is not accessible, then no installation will be performed and Customer will be notified for further review.
- Staging area and storage for new meter inventory will be supplied by Customer.
 - A hose bib if available and accessible will be opened at the residence to allow line flushing and the purging of any air in the system. The curb stop valve will be reopened and the new meter will be inspected for leaks.
 - Water meters replaced as part of this project will be returned to Customer.
 - If needed, Customer agrees to provide traffic safety during installation as required.
 - As routes are completed, the customer agrees to complete their inspections and sign offs according to the Schneider Electric route acceptance and sign off procedures.
 - Customer agrees to provide support for hard to find meter locations and system isolation assistance when needed.

Advanced Metering Analytics (AMA)

The Advanced Metering Analytics system will include the following:

- Cellular-based BEACON AMA System
- BEACON AMA cloud-based software
- Interface to HVLCSD's billing software (interface file from Tyler Technologies provided by HVLCSD)
- Training to Operate System
- 1 year of product support, Beacon data hosting, and Eye-On Water
- Tyler Technologies Utility Meter Data Sync with Scheduler – license, implementation and 1 year of product support
- Tyler Technologies Mass Meter Swap for new water meters

Scope of work details

- If required during system integration, facilities for the information system manager will be supplied by Customer.
- Schneider Electric will provide support for the data integration into the city's billing system.
- Schneider Electric will coordinate route installations working closely with the city's billing department to execute the project in a planned and organized manner.
- Schneider Electric will provide training for Customer personnel for the new BEACON AMA system.
- Communication for the system will be cellular-based.
- Interface file fees from Customer's billing software is the responsibility of Customer.

Smart Thermostats

WiFi programmable thermostats will be installed for the HVAC units listed below.

- The new thermostats will have integrated scheduling capability to switch between occupied and unoccupied heating/cooling setpoints.
- Once set up on the local WiFi network, the unit temperatures and statuses will be viewable from the web interface or iPhone/Android app.
- Unit Schedules and setpoints will be viewable and editable from the web interface or iPhone/Android app.
- When the thermostat is scheduled unoccupied, it will maintain the unoccupied heating/cooling setpoints.

Site	Area served
Main Office	Open office serving split system
Main Office	Office areas
Main Office	Conference room

SCHEDULE B: PERFORMANCE ASSURANCE SUPPORT SERVICES AGREEMENT

This Performance Assurance Support Services Agreement (this "PASS Agreement"), is by and between Schneider Electric Buildings Americas, Inc. ("ESCO"), and Hidden Valley Lake Community Service District ("Customer"). To the extent that the terms and conditions in this PASS Agreement conflict with the terms and conditions in the Contract, the terms and conditions of this PASS Agreement shall control. Any capitalized terms used and not defined herein are as defined in the Contract.

**Hidden Valley Lake Community
Service District**

**Schneider Electric Buildings
Americas, Inc.**

By _____ (Signature)	By _____ (Signature)
Print Name _____	Print Name _____
Title _____	Title _____
Date _____	Date _____

A. TERM

This PASS Agreement shall commence at the Savings Guarantee Commencement Date and continue for one (1) year (the "Initial Term") and shall automatically renew for additional one (1) year periods thereafter. After the Initial Term, Customer may terminate this PASS Agreement at any time prior to thirty (30) days to the end of the then current term.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, OR IN ANY CONTRACT DOCUMENT, IN THE EVENT THAT THE PASS AGREEMENT IS CANCELED OR TERMINATED BY CUSTOMER FOR ANY REASON OTHER THAN NON-PERFORMANCE OR BREACH OF THIS AGREEMENT BY ESCO, THE PERFORMANCE GUARANTEE SET FORTH IN SCHEDULE C SHALL BE DEEMED TO HAVE BEEN MET AND FULFILLED NULL AND VOID AND OF NO FURTHER FORCE OR EFFECT AS OF THE EFFECTIVE TERMINATION DATE OF THE PASS AGREEMENT AND ESCO SHALL HAVE NO FURTHER OBLIGATIONS OR LIABILITIES ASSOCIATED WITH SUCH PERFORMANCE GUARANTEE.

B. SERVICE SCOPE AND PAYMENT

ESCO shall provide the Performance Assurance Support Services (the "Services") to Customer as set forth in Exhibit A, Section 1 during the Initial Term.

After the end of Initial Term and each subsequent term thereafter, Customer may either (1) continue with the same level of Services as set forth in the previous term, (2) change the Services level by selecting one or more of the options as set forth in Exhibit A, Section 2 of this PASS Agreement, or (3) terminate this PASS Agreement and the Performance Guarantee in accordance with the termination provisions contained herein.

The available Services options may be amended from time to time at the sole discretion of ESCO.

1. After the Initial Term, the prices set forth in Exhibit A shall be adjusted upwards annually in accordance with the increase in Consumer Price Index ("CPI").
2. After the Initial Term, payment for each year's PASS Agreement is due within thirty (30) days of the start of that year's term. ESCO reserves the right to add 1.5% per month to any balance due beyond thirty (30) days of invoice date. Customer acknowledges and understands that all charges are exclusive of any applicable federal, state, or local use, excise, sales taxes or similar fees whether charged to or against ESCO or Customer for the Services. Customer may utilize purchase orders for ease of administration and ordering purposes in implementation of this PASS Agreement (to include: specific products or services, scope of work, quantities, price and delivery terms only), however, no pre-printed, additional, inconsistent or different terms contained or referenced in such purchase order shall have any force or effect, it being the intent of the parties that the terms of this PASS Agreement shall apply.

C. ACCESS

Services provided under this PASS Agreement will be performed during normal working hours (normal working hours shall mean 8:00 a.m. to 5:00 p.m., local time, Monday through Friday, excluding ESCO holidays) unless specifically stated otherwise in the PASS Agreement. However, ESCO may have the need to access Customer facilities during non-normal working hours and on holidays in order to identify and troubleshoot energy savings issues. Therefore, Customer will provide and permit ESCO reasonable access to Customer's facility and equipment to the extent necessary for ESCO'S personnel to perform the Services. Customer shall also provide access to key personnel to discuss facility operating requirements. ESCO will use commercially reasonable efforts to minimize any disturbance with Customer's operations while providing the Services.

D. RELATIONSHIP

Customer and ESCO are independent contracting parties. Nothing in this PASS Agreement shall be construed to make either party or any of its employees, the partner, joint venture, agent, or legal representative of the other for any purpose whatsoever, nor grants either party any authority to assume or create any obligation on behalf of or in the name of the other party. As an independent contractor, the mode, manner, method and means employed by ESCO in the performance of the terms and conditions of this PASS Agreement shall be of ESCO'S selection and under the sole control and direction of ESCO. Under the terms of this PASS Agreement, neither Customer nor any company in which it owns a controlling interest shall be required to furnish ESCO or any of its employees with any benefits, including but not limited to severance benefits, unemployment compensation or worker's compensation.

E. INSURANCE

Customer and ESCO shall each maintain insurance coverage, including without limitation, Workers' Compensation and Employer's Liability at statutory limits, Automobile Liability covering all owned, hired and other non-owned vehicles, and Commercial General Liability covering public liability and property damage with limits generally required for its respective industry and operations with not less than \$1,000,000 minimum coverage per occurrence. Such insurance shall be with reputable and financially responsible carriers authorized to transact business in the state in which the facility is located and the services are being performed with an A.M. Best's rating of at least A- VII.

F. LIMITATION OF LIABILITY

NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGE OF ANY KIND, INCLUDING WITHOUT LIMITATION, LOSS OF REVENUE OR PROFIT REGARDLESS OF THE FORM OF ACTION OR THEORY OF RECOVERY, EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE TOTAL CUMULATIVE LIABILITY OF ESCO WITH RESPECT TO THIS AGREEMENT OR ANYTHING DONE IN CONNECTION THEREWITH, SUCH AS THE USE OF ANY DELIVERABLE FURNISHED HEREUNDER

SHALL NOT EXCEED THE PRICE PAID FOR THE SERVICE PERFORMED THAT GIVES RISE TO THE CLAIM ON WHICH SUCH LIABILITY IS BASED. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION F OR IN ANY CONTRACT DOCUMENT, THIS LIMITATION OF LIABILITY DOES NOT EXCUSE PERFORMANCE OR PAYMENTS PURSUANT TO THE PERFORMANCE GUARANTEE SET FORTH IN SCHEDULE C, UNLESS THIS PASS AGREEMENT IS TERMINATED AS STATED IN SECTION 1 ABOVE.

G. EXCUSABLE DELAY

Any delay or failure of either party to perform its obligations hereunder (with the exception of payment, as subject to State payments to Customer) shall be excused, and time to perform extended, and shall not be held liable if and to the extent that the delay or failure to perform is caused by an event or occurrence beyond the reasonable control of the party whose performance is interfered with, and without its fault or negligence and which by the exercise of due diligence, said party is unable to prevent.

H. SUCCESSORS

Neither this PASS Agreement nor any rights arising hereunder may be assigned, pledged, transferred or hypothecated by ESCO without the consent of Customer; such consent cannot be unreasonably withheld. No Work performed pursuant to this PASS Agreement may be subcontracted in whole or in part by ESCO without the prior written consent of Customer; such consent cannot be unreasonably withheld.

I. ENTIRE AGREEMENT

This PASS Agreement sets forth the entire understanding between the parties and supersedes all prior oral or written understandings relating to the subject matter herein. This PASS Agreement may not be altered or modified in any way except by written instrument signed by a duly authorized representative of each party.

J. SEVERABILITY

If any provision of this PASS Agreement shall be held to be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby.

K. GOVERNING LAW

This PASS Agreement will be governed, interpreted and construed by, under and in accordance with the laws, statutes and decisions of the state in which the Services are to be performed, without regard to its choice of law provisions. Venue shall be in the federal, state or municipal courts serving the county in which the Services are performed.

SCHEDULE C: PERFORMANCE GUARANTEE

Projected Savings in the table below are informative in nature only. The Performance Projections and Guarantee provided by ESCO will be as follows:

Year	Projected Measured Savings	Projected Non-Measured Savings	Annual Projected Savings	Guaranteed Measured Savings	Guaranteed Non-Measured Savings	Annual Guaranteed Savings	Cumulative Guaranteed Savings
1	\$42,732	\$138	\$42,870	\$38,459	\$138	\$38,597	\$38,597
2	\$44,869	\$145	\$45,014	\$40,382	\$145	\$40,527	\$79,123
3	\$47,112	\$152	\$47,264	\$42,401	\$152	\$42,553	\$121,676
4	\$49,468	\$160	\$49,627	\$44,521	\$160	\$44,681	\$166,357
5	\$51,941	\$168	\$52,109	\$46,747	\$168	\$46,915	\$213,272
6	\$54,538	\$176	\$54,714	\$49,084	\$176	\$49,260	\$262,532
7	\$57,265	\$185	\$57,450	\$51,538	\$185	\$51,723	\$314,255
8	\$60,128	\$194	\$60,322	\$54,115	\$194	\$54,310	\$368,565
9	\$63,135	\$204	\$63,339	\$56,821	\$204	\$57,025	\$425,590
10	\$66,291	\$214	\$66,505	\$59,662	\$214	\$59,876	\$485,466
11	\$69,606	\$225	\$69,831	\$62,645	\$225	\$62,870	\$548,337
12	\$73,086	\$236	\$73,322	\$65,778	\$236	\$66,014	\$614,350
13	\$76,741	\$248	\$76,988	\$69,066	\$248	\$69,314	\$683,664
14	\$80,578	\$260	\$80,838	\$72,520	\$260	\$72,780	\$756,444
15	\$84,606	\$273	\$84,880	\$76,146	\$273	\$76,419	\$832,864
16	\$88,837	\$287	\$89,124	\$79,953	\$287	\$80,240	\$913,103
17	\$93,279	\$301	\$93,580	\$83,951	\$301	\$84,252	\$997,355
18	\$97,943	\$316	\$98,259	\$88,148	\$316	\$88,465	\$1,085,820
19	\$102,840	\$332	\$103,172	\$92,556	\$332	\$92,888	\$1,178,708
20	\$107,982	\$349	\$108,330	\$97,183	\$349	\$97,532	\$1,276,240
Total	\$1,412,974	\$4,563	\$1,417,537	\$1,271,677	\$4,563	\$1,276,240	\$1,276,240

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, OR IN ANY CONTRACT DOCUMENT, IN THE EVENT THAT THE PASS AGREEMENT IS CANCELED OR TERMINATED BY CUSTOMER FOR ANY REASON, THE PERFORMANCE GUARANTEE SET FORTH IN SCHEDULE C SHALL BE DEEMED TO HAVE BEEN MET AND FULFILLED AS OF THE EFFECTIVE TERMINATION DATE OF THE PASS AGREEMENT AND ESCO SHALL HAVE NO FURTHER OBLIGATIONS OR LIABILITIES ASSOCIATED WITH SUCH PERFORMANCE GUARANTEE.

The procedure used to calculate savings is described in Schedule D.

GUARANTEED SAVINGS RECONCILIATION

Customer, if required, will send ESCO all necessary utility or energy data as set forth in Schedule E herein. Within sixty (60) days of receipt of such information for the previous Guarantee Year, ESCO will determine the Actual Savings for such Guarantee Year hereafter defined as "Savings Reconciliation".

In the event the Actual Savings are less than the amount stated above, ESCO may, at its sole option, either pay Customer the net present value of the series of annual savings reconciliations at 5 % interest rate, each calculated as the difference between the Annual Savings Guarantee and the Actual Savings amount for the corresponding twelve (12) months, calculated as shown herein, or ESCO may elect to pay only for the savings shortfall to date and extend the measurement period for twelve (12) months at no cost to Customer. ESCO will make payments for any savings shortfall to Customer within thirty (30) days of that year's Savings Reconciliation. At the end of this extended measurement period, ESCO will again determine the savings for the remaining guarantee periods using the methodology as set forth in Schedule D and will again choose to reconcile any shortfalls with the same options presented at the conclusion of the initial measurement period. ESCO will make payments for any savings shortfalls to Customer within thirty (30) days of the Savings Reconciliation.

Customer acknowledges that population growth or shrinkage and changes in commercial business,

industrial business and wholesale accounts may affect water consumption and its associated water and sewer revenue. Additionally, revenue will depend on factors other than improved meter accuracy, such as, consumption, water utility rates, and weather among others. The guarantee is limited solely to the accuracy of the water meters, operating under normal conditions.

SCHEDULE D: MEASUREMENT & VERIFICATION PLAN

WATER/SEWER RATE DATA

The cost of water in any period will be determined by applying the rates as defined below to the water/sewer water used in a given period for each applicable meter. Rates will escalate annually at 5%.

Water Rates

Description	Base Charge	Tier 1	
		> kGal	\$/kGal
5/8	\$33.93	0	\$3.0747
3/4	\$49.74	0	\$3.0747
1	\$81.37	0	\$3.0747
2	\$255.28	0	\$3.0747

Sewer Rates

Description	Base Charge	Tier 1	
		> kGal	\$/kGal
Residential	\$45.39	0	\$3.4757
Commercial	\$45.39	0	\$3.4757

MEASUREMENT & VERIFICATION DETAILS

OPTION A – WATER METER REPLACEMENT

- A. Overview of M&V Plan, and Savings Calculation
- B. Water/Sewer Water Savings Calculations
- C. Key Parameter Measurement Strategy
- D. Parameter Estimates
- E. Cost Savings Calculations

A. Overview of M&V Plan, and Savings Calculation

Savings in this section are determined by using an “Option A: Retrofit Isolation – Key Parameter Measurement” approach as described in the International Performance Measurement & Verification Protocol (IPMVP Volume I, EVO 10000-1:2012). The remainder of this section describes the water savings calculations, key parameter measurements that will be conducted, parameters that will be estimated and those values, and how cost savings will be calculated. The water and cost savings that are determined using this one-time measurement approach will be the annual savings values used for each year of the Performance Period.

B. Water/Sewer Water Savings Calculations

Provided within this section is an explanation of the calculations that will be used to perform water/sewer water savings calculations for this verification method.

Equations and Analysis of Water/Sewer Water Savings

Savings are calculated as the difference in total billed water consumption from the baseline conditions, and the Performance Period conditions. The below equations will be used to determine savings for water and sewer water.

The baseline billed water consumption is simply the water consumption billed each month across all accounts during the period of November 2015 to October 2016.

The billed water consumption for the Performance Period is a calculated value to allow for a fair comparison to the baseline conditions. To arrive at the Performance Period billed water consumption, the first step is to compute the actual baseline water consumption from the billed baseline water consumption and baseline water meter accuracy. A fair comparison of performance requires the Performance Period actual consumption to be equal to this calculated actual baseline water consumption. The billed consumption for the Performance Period is calculated similarly to the method used to determine the actual baseline consumption but instead uses Performance Period water meter accuracy data. The formulas below define this process.

Equation 1 – Billed Baseline Water Consumption

$$H_m = \sum_{i=1}^{12} B_i$$

Where,

H_m = Billed annual baseline water consumption for account m

B_i = Billed water consumption for calendar month i

Equation 2 – Actual Baseline Water Consumption

$$C_m = \sum_{i=1}^{12} B_i \times \left(\sum_{j=1}^k \frac{P_j}{A_j} \right)$$

Where,

C_m = Actual annual baseline water consumption for account m

P_j = Percent of water consumption for flow rate category j

A_j = Baseline accuracy of water meter in flow category j

Equation 3 – Performance Period Water Consumption

$$D_m = C_m$$

Where,

D_m = Actual annual Performance Period water consumption for account m

Equation 4 – Billed Performance Period Water Consumption

$$E_m = \sum_{i=1}^{12} B_i \times \left(\frac{\sum_{j=1}^k P_j \times F_j}{\sum_{j=1}^k P_j \times A_j} \right)$$

Where,

E_m = Billed annual Performance Period water consumption for account m

F_j = Performance Period accuracy of water meter in flow category j

Equation 5 – Increased Billed Water Consumption

$$G = \sum_{m=1}^n E_m - H_m$$

Where,

G = Water consumption metered and billed due to project on all accounts

C. Key Parameter Measurement Strategy

This section outlines the measurements that will be conducted to determine the measured values in the equations provided above in Paragraph B. Of the four variables that are included as non-calculated inputs to the equations, three will be determined by measurements. Those three are B_i (billed water consumption for calendar month i), A_j (baseline accuracy of water meter in flow category j), and F_j (Performance Period accuracy of water meter in flow category j). The sub-sections below define what will be measured during each phase of the project and the requirements for those measurements.

Pre-Implementation Measurements and Documentation

B_i (billed water consumption for calendar month i) will be recorded for each meter included in the project. This data has been collected by Customer through the water billing performed during the date range specified in Paragraph B. No additional measurements will be taken in association with parameter B_i .

A_j (baseline accuracy of water meter in flow category j) will be determined by taking samples of the accuracy of the pre-project water meters. This will be completed before the existing meters have been replaced. Accuracy will be computed by dividing measured consumption by the actual water flow during a short-term test. These tests may be performed at the meter location or at a remote testing facility. The average accuracy percentage for each class will be used as the appropriate A_j figure for each meter. The table below will be used to list the results of these measurements.

	Baseline Meter Accuracy Percentage (A_j)			
	Flow Category 1	Flow Category 2	Flow Category ...	Flow Category K
Pre-Meter Class 1				
Pre-Meter Class 2				
Pre-Meter Class ...				

Pre-Meter Class Z				
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Post-Implementation Measurements and Documentation

No Post-Implementation Period measurements are required. All post-project measurements will be performed during the Performance Period.

Performance Period Measurements and Documentation

F_j (Performance Period accuracy of water meter in flow category j) will be determined by taking samples of the accuracy of the post-project water meters. This will be completed at least 12 months after the Date of Commencement of this Contract. Accuracy will be computed by dividing measured consumption by the actual water flow during a short-term test. These tests may be performed at the meter location or at a remote testing facility. The average accuracy percentage for each class will be used as the appropriate F_j figure for each meter. The table below shows the minimum sample sizes for each post-project meter class and will be used to record the results of the measurements. There may be different numbers of pre- and post-project meter classes. ESCO may elect to perform additional measurements beyond the sample size minimums for use in determining the F_j values. The minimum sample size for each meter class will be the smaller of 10 meters and 1% of the new population of the meter class.

	Minimum Sample Size	Performance Period Meter Accuracy Percentage (F_j)			
		Flow Category 1	Flow Category 2	Flow Category ...	Flow Category K
3/4" Meters	50				

D. Parameter Estimates

Of the parameters identified under the equations for water savings in Section B, only P_j (percent of water consumption for flow rate category j) will be estimated. Each water meter will be assigned flow rate by meter size. The table below defines the estimated P_j values for each meter size.

Category	Percentage of Water Consumption (P_j)		
	Max. Flow	Int. Flow	Min. Flow
Residential	7%	78%	15%
Commercial	20%	70%	10%

E. Cost Savings Calculations

Provided below are the methods and equations used to determine the cost savings associated with this particular methodology.

Cost Savings are calculated as the difference between the baseline and Performance Period energy/water costs using the utility rates as defined above in Schedule D: Water/Sewer Water Rate Data. The applicable water rates will be applied to the baseline and Performance Period water consumption as determined in Paragraph B for each meter.

NON-MEASURED SAVINGS

A. Overview of M&V Plan, and Savings Calculation

B. Annual Non-Measured Savings

A. Overview of M&V Plan, and Savings Calculation

The Actual Savings associated with this methodology will be agreed upon as outlined herein and will not be verified by measurements after implementation has occurred. Customer and ESCO agree to accept the annual savings values included in Section B with no additional verification. In the event that verification steps are performed by Customer or ESCO, the annual savings values included in Section B will still be the reported savings and values used for reconciling the guarantee in Schedule C. Section B details the agreed upon savings by measure and by category.

B. Annual Non-Measured Savings

Utility Cost Savings

Once the construction of each of the measures below has reached Substantial Completion, the annual savings in the table below will be prorated monthly for each measure until the Savings Guarantee Commencement Date. The annual savings in the table below for each measure will be claimed for each Guarantee Year after the Savings Guarantee Commencement Date and will escalate at 5% annually.

Utility Cost Savings Measure	Cost Savings
Main Office Thermostat Savings	\$138

Any savings accrued prior to the Savings Guarantee Commencement Date will be considered Excess Savings.

SCHEDULE E: CUSTOMER RESPONSIBILITIES FOR PERFORMANCE GUARANTEE

GENERAL RESPONSIBILITIES

Customer acknowledges and agrees that proper maintenance is essential to any energy conservation program. Therefore, Customer agrees to undertake the following responsibilities:

Customer agrees to: (1) provide, or cause its suppliers to provide, periodic utility invoices to ESCO within ten (10) days of receipt, (2) execute all Customer responsibilities as outlined herein, and (3) provide to ESCO reasonable access to all Customer facilities and information necessary for ESCO to perform its responsibilities. ESCO agrees to comply with all Customer site access safety and security restrictions and requirements. Access will include, but is not limited to, the following items:

- All buildings listed within this Contract
- All buildings served by the meters listed within this Contract
- All mechanical equipment rooms in the buildings listed within this Contract
- All temperature control and energy management systems which control part or all of any of the buildings listed within this Contract
- Personnel with responsibility for operating and/or managing any of the buildings listed within this Contract
- Monthly utility invoices and billing history for all of the meters listed within this Contract
- Construction documents, equipment inventories, and other documents that may be helpful in evaluating a cause for adjustment as listed within this Contract
- Any data from meters or sub-meters relevant to M&V associated with this Contract
- Water meters required for accuracy sampling. If access is not provided, the missing meter's performance will be estimated as equal to the projected performance.

Customer will solely be responsible for providing communications and/or network interface to all buildings for operation and PASS support.

Customer will perform daily facilities monitoring and promptly review any alarm summaries.

Customer will designate a "Primary Operator" of the system. The Primary Operator is defined as the individual who will be trained by ESCO during the installation period and will be responsible for daily operation and maintenance of the equipment and systems necessary to achieve the Performance Guarantee. Customer will notify ESCO within five (5) days after the departure or termination of the Primary Operator. Within ten (10) days of the departure of the current Primary Operator, Customer will designate a new Primary Operator and shall provide ESCO access to train the new Primary Operator. ESCO shall train a new Primary Operator at the sole expense of Customer on a time and materials basis.

MAINTENANCE RESPONSIBILITIES

Customer agrees to use its best efforts to maintain the ECMs in original operating condition ("Original Operating Condition") with allowance for normal wear and tear. If an ECM is operating at any state other than the Original Operating Condition as defined above ("Failed ECM"), Customer agrees to (1) repair or replace the ECM immediately, and (2) contact a PASS representative at 1-800-274-5551 option 4, within 24 hours of such event. ESCO reserves the right to adjust the amount of Performance Guarantee associated with the Failed ECM for the duration of the failure in the Annual Savings Guarantee.

Customer will agree to maintain all parts of the Project site(s) where the ECM(s) reside including but not limited to components, equipment, machinery, energy management systems, structure of the facility(s), computer hardware, network and IT systems, either existing or newly installed. Customer must comply with the general maintenance requirements specified by equipment manufacturers and the maintenance tasking

guidelines included in the operating and maintenance manual. Customer will be responsible to provide to ESCO documentation that proper maintenance has been performed at ESCO'S request within fifteen (15) days of written request.

Notwithstanding anything to the contrary contained herein, all ECM(s) must be maintained in proper working condition in all cases where the performance of said ECM(s) affects or could affect the ability to achieve, measure or verify the Annual Savings Guarantee. Should Customer refuse to perform the required maintenance as required in this Contract, ESCO and Customer shall agree to one of the following means of recourse: (1) ESCO will adjust the Performance Guarantee associated with that ECM pursuant to Schedule E, or (2) ESCO may terminate this Performance Guarantee and any and all obligations and liabilities of ESCO associated therewith upon fifteen (15) days written notice.

MAINTENANCE TASKING FOR WATER METER ACCURACY

As part of this Agreement, Customer and ESCO concur that proper maintenance is an essential part of a complete revenue generation program. Therefore; Customer agrees to maintain all new and existing water meter equipment involved with the Agreement, to ensure maximum operating efficiencies. Standard preventative maintenance and periodic metering testing procedures should be followed to improve equipment performance and extend equipment life. Customer must make available to ESCO testing and maintenance logs, if requested. Any unusual meter conditions must be promptly reported to ESCO for further inspection.

EXHIBIT A: PERFORMANCE ASSURANCE SUPPORT SERVICES

SECTION 1 – SERVICES DURING INITIAL TERM

ESCO will determine the savings in accordance with the measurement and verification plan defined in Schedule D. ESCO will provide a savings report detailing all measurements and savings calculations.

SECTION 2 – SERVICES AFTER INITIAL TERM

After the end of Initial Term and each subsequent year thereafter, Customer may either (1) renew, (2) change the Service level by tracking more or less meters, or (3) terminate this PASS Agreement. All prices will be calculated at the time of renewal.

Exhibit B - Project Schedule

The following is an example of a possible schedule for this contract. Factors such as grant submission, grant approval, and issuance of the Notice to Proceed will impact the actual construction schedule. It is anticipated that once the Notice to Proceed has been issued and the grant funded that construction will take approximately six months.

Task Name	Duration	Start	Finish
Council Approval	5 days	Tue 10/17/17	Mon 10/23/17
SFR Grant Process	105 days	Tue 11/21/17	Mon 4/16/18
Grant Approval	1 day	Tue 4/17/18	Tue 4/17/18
Grant Funding	1 day	Tue 4/17/18	Tue 4/17/18
City to Issue NTP	1 day	Thu 4/19/18	Thu 4/19/18
Issue Subcontracts	10 days	Fri 4/20/18	Thu 5/3/18
Order Material	45 days	Fri 5/4/18	Thu 7/5/18
Mobilization	2 days	Fri 7/6/18	Mon 7/9/18
Installation	100 days	Tue 7/10/18	Mon 11/26/18
Testing and Verification	15 days	Tue 11/27/18	Mon 12/17/18
Close Out Documentation	10 days	Tue 12/18/18	Mon 12/31/18
Substantial Completion	0 days	Mon 12/31/18	Mon 12/31/18

Financial Summary
Hidden Valley Lake CSD

Projected Savings	
Revenue Recovery:	\$ 42,732
Escalation:	5.00%
Savings Guarantee Term (yrs):	20
Projected Construction Savings:	

(Note: HVLCS D has had an 11%, 8% & 8% increase each of the last three years.)

Guarantee Savings	Measured	Non-Measured	Escalation
	Annual Utility Savings:	\$ 38,459	\$ 323
Operations & Maintenance:			
Capital Cost Avoidance:			
Construction Utility Savings:			

Cost	
Total Project Pricing:	\$ 1,645,341
Capital Contribution:	
Grant:	\$ 822,670.50
Finance Amount:	\$ 822,671
Utility Rebate:	

Finance Terms	
Annual Interest Rate (%):	1.70%
# of Payment Periods per Yr:	1
Lease Term (yrs):	20
Payment Factor:	0
Payment per Period:	\$ 48,867

Year	Cost			Year:
	Project Payment	Guaranteed Surplus	Projected Surplus	
Construction				
0	\$0.00	\$ 42,732	\$42,732	2018
1	\$ (48,867)	\$ (10,085)	\$ (6,135)	2019
2	\$ (48,867)	\$ (8,146)	\$ (3,998)	2020
3	\$ (48,867)	\$ (6,110)	\$ (1,755)	2021
4	\$ (48,867)	\$ (3,972)	\$ 601	2022
5	\$ (48,867)	\$ (1,728)	\$ 3,074	2023
6	\$ (48,867)	\$ 629	\$ 5,671	2024
7	\$ (48,867)	\$ 3,104	\$ 8,398	2025
8	\$ (48,867)	\$ 5,703	\$ 11,261	2026
9	\$ (48,867)	\$ 8,431	\$ 14,268	2027
10	\$ (48,867)	\$ 11,296	\$ 17,424	2028
11	\$ (48,867)	\$ 14,304	\$ 20,739	2029
12	\$ (48,867)	\$ 17,463	\$ 24,219	2030
13	\$ (48,867)	\$ 20,779	\$ 27,873	2031
14	\$ (48,867)	\$ 24,262	\$ 31,711	2032
15	\$ (48,867)	\$ 27,918	\$ 35,739	2033
16	\$ (48,867)	\$ 31,758	\$ 39,970	2034
17	\$ (48,867)	\$ 35,789	\$ 44,412	2035
18	\$ (48,867)	\$ 40,022	\$ 49,075	2036
19	\$ (48,867)	\$ 44,466	\$ 53,973	2037
20	\$ (48,867)	\$ 49,133	\$ 59,115	2038
Total	\$ (977,341)	\$ 305,016	\$ 435,633	