



NOTICE AND CALL OF SPECIAL MEETING

Notice is hereby given that I, Dan Mortensen, Chair of the Finance and Administration Committee, have called a SPECIAL MEETING of the Agency's Finance and Administration Committee.

Said SPECIAL MEETING of the Finance and Administration Committee to be held on:

Wednesday, July 17, 2019 at 6:00 PM

Santa Clarita Valley Water Agency
27234 Bouquet Canyon Road
Santa Clarita, California 91350
Rio Vista Water Treatment Plant
Training Room

Enclosed with and as part of this Notice and Call is an Agenda for the meeting.

Signed: Dan Mortensen
Dan Mortensen, Chair *by ED*

Date: 07-24-19

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Date: July 10, 2019

To: **Finance and Administration Committee**
Dan Mortensen, Chair
B. J. Atkins
Ed Colley
Robert DiPrimio
Maria Gutzeit
R. J. Kelly

From: Eric Campbell
Chief Financial and Administrative Officer

A handwritten signature in black ink, appearing to read "Eric Campbell", is positioned to the right of the "To:" list.

A special meeting of the **Finance and Administration Committee** is scheduled to meet on **Wednesday, July 17, 2019 at 6:00 PM** at **Rio Vista Water Treatment Plant** located at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350 in the Training Room.

SPECIAL MEETING AGENDA

<u>ITEM</u>		<u>PAGE</u>
1.	Public Comments	
2. *	Interview Ratepayer Advocate Candidates and Recommend Board Approval of a Resolution to Enter Into a Contract with Final Selection of Ratepayer Advocate	5
3.	Adjournment	

* Indicates attachments
◆ To be distributed

NOTICES:

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning (661) 297-1600, or writing to Santa Clarita Valley Water Agency at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that Agency staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the Agency to provide the requested accommodation.

Pursuant to Government Code Section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Santa Clarita Valley Water Agency, located at 27234 Bouquet Canyon Road, Santa Clarita, California 91350, during regular business hours. When practical, these public records will also be made available on the Agency's Internet Website, accessible at <http://www.yourscvwater.com>.

Posted on July 10, 2019.



COMMITTEE MEMORANDUM

DATE: July 10, 2019

TO: Finance and Administration Committee

FROM: Eric Campbell *EC*
Chief Financial and Administrative Officer

SUBJECT: Interview Ratepayer Advocate Candidates and Recommend Board Approval of a Resolution to Enter into a Contract with the Final Selection of the Ratepayer Advocate

SUMMARY AND DISCUSSION

At the November 6, 2018 regular Board meeting, the Board of Directors adopted the Rate Setting Process and Ratepayer Advocate Plan (Plan). The Plan requires the Agency to solicit the services of a Ratepayer Advocate through a request for proposal and enter into a professional services agreement.

The Ratepayer Advocate shall be independent of any Agency staff and report directly to the Board for purposes of its review and recommendations regarding rates and fees. Eligible firms, team or individuals shall have sufficient experience and qualifications in the area of public agency rate design, budget preparation and public agency fiscal management.

The Ratepayer Advocate will need to be hired in August 2019 in order to report on the updated Facility Capacity Fees that will need to be adopted prior to January 1, 2020.

The Request for Proposal resulted in the Agency receiving three responses, which are attached for Committee review.

FINANCIAL CONSIDERATIONS

Fees from the respondents range from \$99,708 - \$140,520 for services that will include the FY 2019/20 Facility Capacity Fee Update, and the FY 2020/21 updates to the Wholesale and Retail rates.

RECOMMENDATION

That the Finance and Administration Committee interview the ratepayer advocate candidates and recommend the Board approve the attached resolution to enter into a contract with the firm selected as ratepayer advocate.

EC

Attachments

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RESOLUTION NO. ____

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SANTA CLARITA VALLEY WATER AGENCY
TO ENTER INTO A CONTRACT WITH
(COMPANY NAME) AS THE RATEPAYER ADVOCATE**

WHEREAS, Section 14(3)(b) of Senate Bill 634 (Chapter No. 833, 2017), the bill creating the Santa Clarita Valley Water Agency (the “Agency”), required the Agency to develop a rate-setting process that includes an independent ratepayer advocate; and

WHEREAS, the ratepayer advocate is to advise the Board of Directors and provide information to the public before the adoption of new wholesale and retail water service rates and charges; and

WHEREAS, the ratepayer advocate shall be selected by and report directly to the Board of Directors and shall be independent from Agency staff and advocate on behalf of customers within the Agency’s boundaries to the Board of Directors; and

WHEREAS, the ratepayer advocate shall have access to all pertinent Agency documents and information to independently advise the Board of Directors and inform the public;

WHEREAS, the Board of Directors shall develop and adopt any necessary rules and procedures to further define the role of the ratepayer advocate; and

WHEREAS, the Board of Directors may not eliminate the ratepayer advocate role before January 1, 2023 and may only do so after that time by a four-fifths vote of the Board of Directors.

WHEREAS, the ratepayer advocate proposals were scored in four functional areas: (1) clarity of proposed scope of work, (2) clarity and scope of communication/outreach, (3) relevant experience and (4) cost; and

WHEREAS, the Finance and Administration Committee reviewed interested candidates’ proposals to serve as ratepayer advocate and recommended the selection of (company name); and

WHEREAS, the recommended agrees that it presently has no interest, and covenants that will not acquire any interests, direct or indirect, financial or otherwise, that would conflict with the performance of the duties of the ratepayer advocate; and

WHEREAS, the Board finds that, after considering the recommendation of the Finance and Administration Committee, (company name) offers services that meets Agency needs.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the Santa Clarita Valley Water Agency does authorize the General Manager to execute a contract in the amount not to exceed (\$XXXX) with (company name) for ratepayer advocate services.

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Ratepayer Advocate RFP Evaluation Matrix



Scoring Instructions: Each candidate should be given a score for each of the listed criteria, within the range of 0 - 10, where a 0 is the lowest rating, and 10 is the highest rating possible. The candidate's total points will be used to rank the order of preference by the reviewer. Highest score will represent the first choice.

Proposal Criteria	Points	
Clarity and Proposed Scope of Work	10 points	SCORE
Does the proposal clearly and thoroughly understand the scope of work?	0-10	
Notes:		
Clarity and Scope of Communication / Outreach Plan	10 points	SCORE
Comparatively, how well does the candidate identify the proposed communication plan (number and types of meetings they will attend; assistance in developing notifications, etc)?	0-10	
Notes:		
Relevant Experience	10 points	SCORE
Comparatively, how well does the proposed staff experience fit our needs and compare to the other candidates?	0-10	
Notes:		
Agreement to Agency Contracting Terms	10 points	SCORE
Has the candidate identified problems with the standard language in the Agency contract? If so, is the exception worrisome?	0-10	
Notes:		
Clarity of Cost Breakdown	10 points	SCORE
Is it clear how the candidate came up with their project cost? Does it appear reasonable?	0-10	
Notes:		
Total Points	50 points max	

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Ratepayer Advocate RFP Evaluation Matrix



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Notes:		
Relevant Experience	10 points	SCORE
Comparatively, how well does the proposed staff experience fit our needs and compare to the other candidates?	0-10	
Notes:		
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Has the candidate identified problems with the standard language in the Agency contract? If so, is the exception worrisome?	0-10	
Notes:		
Clarity of Cost Breakdown	10 points	SCORE
Is it clear how the candidate came up with their project cost? Does it appear reasonable?	0-10	
Notes:		
Total Points	50 points max	

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Ratepayer Advocate RFP Evaluation Matrix



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Notes:		
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Notes:		
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Comparatively, how well does the proposed staff experience fit our needs and compare to the other candidates?	0-10	
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Agreement to Agency Contracting Terms	10 points	SCORE
Has the candidate identified problems with the standard language in the Agency contract? If so, is the exception worrisome?	0-10	
Notes:		
Clarity of Cost Breakdown	10 points	SCORE
Is it clear how the candidate came up with their project cost? Does it appear reasonable?	0-10	
Notes:		
Total Points	50 points max	

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SANTA CLARITA VALLEY WATER AGENCY
PROPOSAL: RATEPAYER ADVOCATE
(RFP 1819-R-10418)

April 1, 2019



HF&H Consultants, LLC

SANTA CLARITA VALLEY WATER AGENCY

27234 Bouquet Canyon Road
Santa Clarita, CA 91350-2173



**RATEPAYER ADVOCATE
(RFP 1819-R-10418)**

PROPOSAL
COST ESTIMATE
RFP ADDENDUM 4
STATEMENT OF QUALIFICATIONS

April 1, 2019

HF&H CONSULTANTS, LLC

201 North Civic Drive, Suite 230
Walnut Creek, CA 94596



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HILTON FARNKOPF & HOBSON

HF&H CONSULTANTS, LLC

Managing Tomorrow's Resources Today

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John W. Farnkopf, PE
Laith B. Ezzet, CMC
Richard J. Simonson, CMC
Marva M. Sheehan, CPA
Robert C. Hilton, CMC

April 1, 2019

Mr. Eric Campbell
Chief Financial & Administrative Officer
Santa Clarita Valley Water Agency
27234 Bouquet Canyon Road
Santa Clarita, CA 91350-2173

Subject: **RFP 1819-RA-10418**
Proposal to Provide Ratepayer Advocate Services

Dear Mr. Campbell:

This proposal is prepared in response to the Santa Clarita Valley Water Agency's (SCV Water) subject Request for Proposals. Our proposal describes our qualifications and proposed services. With our proposal we have included an addendum acknowledgement and our Statement of Qualifications, which provides additional information about HF&H.

I. PROJECT UNDERSTANDING

Our understanding of SCV Water's requirements is based on the RFP, which describes the need for a Ratepayer Advocate, the responsibilities of the Ratepayer Advocate, and the term of the services. In addition, our understanding was supplemented by answers provided by SCV Water on February 13, 2019 to our questions. Without needlessly repeating information provided in the RFP, our understanding is generally summarized in Section 14(b) of SB 634, which states:

On or before January 1, 2019, the agency shall develop a rate setting process that includes an independent ratepayer advocate to advise the board of directors and provide information to the public before the adoption of new wholesale and retail water service rates and charges. The ratepayer advocate shall be selected by and report directly to the board of directors and shall be independent from agency staff. The ratepayer



owned water companies (such as the Valencia Water Company). In 2009, I assisted in renewing the 25-year rate-making agreement, converting from the utility enterprise to the cash methodology, which is typically used by municipal water suppliers in setting rates.

In the course of this work, I conducted independent analyses on behalf of the wholesale customers to ensure that their rates were set according to the stipulated methodology. I also developed expertise in both the utility and cash approaches, which covers all of the conventional methods for setting water rates. I also frequently interacted with other major wholesalers in California (e.g., Metropolitan Water District of Southern California, San Diego County Water Authority, Santa Clara Valley Water District, Contra Costa Water District, etc.) and nationwide (e.g., Cities of Portland, Seattle, Denver, Milwaukee, Dallas, Detroit, etc.).

From working as a wholesale rate advocate since 1978, I have learned that the public is best served when the wholesale water supplier and its wholesale water purchasers can maintain a common, forward-looking approach to planning. When differences inevitably arise, an effective advocate will propose solutions that build consensus.¹

- **Retail Water Rates** - You will see a list of our retail water rate clients, most of which are located in California and many of which we have served for long durations. We have a solid record of consistently high client satisfaction, as shown in the client satisfaction survey.

On occasion, our rate consulting requires assistance in preserving rate payer interests. Such studies can take the form of peer reviews in which we independently review rate studies prepared by others. Most recently, we conducted a peer review of sanitary sewer charges. The consultant derived the rates using a stock model that could not be followed without reading formulas in worksheet cells. The formulas were so complex that district staff could not verify the model's accuracy. We conducted a peer review recommending ways to make it easier to follow the flow of numbers so that the model could be readily

¹ For further information about our work on behalf of the SFPUC's wholesale customers, we refer you to Allison Schutte, legal counsel for the Bay Area Water Supply and Conservation Agency (aschutte@hansonbridgett.com, 415-995-5823). We have worked for BAWSCA from 1978 to 2019.

Mr. Eric Campbell
April 1, 2019
Page 5



just begun the seventh such study, whose results will be reported as part of the District's budgeting and rate setting process.⁴

We typically meet on-site at the District to make Board presentations once or twice each year. Travel time and expenses to and from Oakland to Burbank are not significantly greater than from parts of the Los Angeles, Orange, or Santa Barbara Counties.

In addition to these projects and clients, I have extensive industry experience that I draw on when I develop rates that are consistent with industry practices. This experience is demonstrated by my participation in publishing manuals of practice and guidelines that have been widely used by rate-making practitioners.

- As a Group 3 member of the California Urban Water Conservation Council, I participated in drafting the original and several subsequent versions of the pricing best management practices for setting water rates in California.
- I was a contributing editor to *California Water Rate Setting Under Proposition 218: A Practical Guidebook*, a publication of the American Water Works Association California-Nevada Financial Management Committee, 2018.
- I was a review editor of *Private Property Infiltration and Inflow Control*, a publication of the Water Environment Federation, 2016.
- I was a review editor of *Building Better Water Rates for an Uncertain World*, a publication of the Alliance For Water Efficiency, 2014.
- I was a review editor of *User Fee Funded Stormwater Utilities*, a publication of the Water Environment Federation, 2013.
- I authored Chapter XI, "Implementing Rate Studies," of *Financing and Charges for Wastewater Systems*, a publication of the Water Environment Federation, 2004.

III. STAFFING

I am part of a team at HF&H. Working closely with me is Rick Simonson, whose résumé is included in the SOQ. Rick has 19 years of experience with HF&H. He has been the project manager on the projects for the Town of Hillsborough, Dublin San Ramon Services District, and United Water Conservation District. We would work

⁴ For more information on this project, we refer you to Mauricio Guardado, General Manager at United Water Conservation District (mauriciog@unitedwater.org, 805-525-4431.) We have worked for UWCD from 2011 to the present.



attributable to serving retail customers are not allocated to wholesale customers; and (b) the allocation of costs that are common to retail and wholesale service are allocated based on standard measures of benefit (e.g., demand, capacity, accounts, etc.). With respect to operating costs, we will pay particular attention to how overhead is allocated. With respect to capital costs, we will pay particular attention to how the projected annual capital improvements compare with the average annual historical booked value of recent capital additions.⁵ Overall, we will also compare revenue requirement projections with the recent historical expenditures to assess whether there is a tendency to set rates on conservatively high budgets.

We will evaluate the policies for maintaining operating and capital reserve funds. We will pay particular attention to the types of reserves and the target balance that is set for each reserve to see how they compare with industry standards.

A comparison of the actual expenditures with the actual revenues in recent years will also be made to determine that revenues are not exceeding the cost of providing service.

(2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed. To confirm that this standard is met, we will evaluate the staff report's cost-of-service analysis to determine whether each retail customer class is paying its share of the cost of service and that no interfund subsidies exist between retail and wholesale service.

(3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel. To confirm that this standard is met, we will evaluate the staff report's rate design to determine whether appropriate levels of revenue are being generated by fixed service and variable quantity charges. For any tiered quantity charges, we will would expect a version of the American Water Works

⁵ In *Cole v. Soquel Creek Water District* (2018), plaintiff Cole sued the District for having set its rates to construct certain facilities that were not constructed due to regulatory delays. The trial court ruled in Cole's favor; the District is currently making refunds. This is the first court challenge of this type in California.



blended with potable water costs to derive a single, composite rate for both recycled and potable water service.^{7,8}

- **Facility Capacity Fee** - Capacity charges are a type of development impact fee that is governed by the Mitigation Fee Act.⁹ Here the applicable standard is similar to Proposition 26: “fees or charges shall not exceed the estimated reasonable cost of providing the service.”¹⁰ This is done by showing that there is a reasonable relationship between the amount of the fee and the facilities that benefit development.¹¹ As previously explained in Section II above, we typically approach capacity charge studies by basing the charge on the average cost of capacity and making adjustments to fit the case. In valuing capacity, the treatment of depreciation, developer contributions, and outstanding principal on debt must be carefully considered. Fairly recovering the costs borne by ratepayers on behalf of growth must be clearly demonstrated.

We note that recent legislation (SB 1069) requires that capacity charges for accessory dwelling units must be prorated based on either square footage or fixture units. We would expect this requirement to be reflected in the staff report.

Our approach to applying these standards of review would essentially be a peer review of each of the three staff reports. We would review and comment on staff’s models documenting the analysis; we would not prepare independent models. Our independent report would address how staff’s reports comply with these standards.

In addition to preparing and presenting our independent report to the Board, we also will assist with public outreach campaigns to ensure that the public receives the information required by SB 634, which will include assistance with the preparation of the Proposition 218 notice to retail ratepayers.

⁷ The *San Juan Capistrano* decision clearly approves of blending the costs of all water resources for purposes of setting rates. Even though customers may not all receive recycled water, they still benefit from paying for recycled water because it expands the portfolio of water supplies. Paying for recycled water for other customers to use frees up potable water for those who can only use potable water.

⁸ For more information on a recent recycled water rate study, we refer you to Colleen Winchester, Senior City Attorney at the City of San José (Colleen.Winchester@sanjoseca.gov, 408-535-1987).

⁹ California Government Code 66000 *et seq.*

¹⁰ Section 66013(a).

¹¹ Section 66001.



staff is that they appreciate the sincere effort we make to work with their ratepayers and elected officials to build consensus that yields lasting benefits.

You will see from our staffing that we can offer senior staff with decades of experience in water rate making. With that much experience, we are able to make recommendations that reflect nationwide industry practices as well as practices unique to California. And, although we have local experience downstream at United Water Conservation District, we have not worked for any of the water agencies comprising SCV Water and are therefore free of conflict of any kind.

HF&H reviewed SCV Water's Sample Agreement and we respectfully request a modification to the Indemnification language. Below we provide replacement text to Section 4.2 (RFP Page 48-49). If this language is not acceptable to SCV Water, we are confident that we can negotiate with SCV Water's risk department in order to come to an agreement on acceptable language that does not put HF&H at an unreasonable risk disadvantage.

"4.2 Indemnity.

4.2.1 Scope of Indemnity. To the fullest extent permitted by law, Consultant shall defend, indemnify and hold SCV Water, its directors, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any alleged acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's services, the project or this Agreement, including without limitation the payment of all consequential damages, expert witness fees and attorney's fees and other related costs and expenses. Notwithstanding the foregoing, to the extent Consultant's Services are subject to Civil Code Section 2782.8, the indemnity and defense obligations set forth herein and in Section 4.2.2 shall be limited to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and defense costs shall not exceed the Consultant's proportionate percentage of fault.

SANTA CLARITA VALLEY WATER AGENCY

27234 Bouquet Canyon Road
Santa Clarita, CA 91350-2173



**RATEPAYER ADVOCATE PROPOSAL
(RFP 1819-R-10418)**

COST ESTIMATE

April 1, 2019

HF&H CONSULTANTS, LLC

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Walnut Creek, CA 94596



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**Santa Clarita Valley Water Agency
Fee Estimate
Facility Capacity Fees**

	Project Managers	Analysts	Total	Comments
	Farnkopf / Simonson	Michalczyk / Sasser		
FACILITY CAPACITY/CONNECTION FEES				
1. Initiate project				
Background review	8	6	14	
Scoping session with Staff (on-site)	5	0	5	Both project managers will attend; All three service studies will be discussed
2. Prepare Ratepayer Advocate Report				
Review existing COS study/staff report	10	8	18	
Review rate design	4	8	12	
F&A Committee meetings (4)	24	10	34	One project manager will attend committee meetings
Communicate results				
Prepare draft and final reports	16	8	24	
Present draft report to Board	16	6	22	Both project managers will attend
3. Implementation				
Assist with public outreach	4	8	12	
Present final report to Board	10	2	12	One project manager will attend
Assist with Proposition 218	N/A	N/A	N/A	
Total Hours	97	56	153	
Hourly rate	\$ 270	\$ 160		
Hourly Costs	\$ 26,190	\$ 8,960	\$ 35,150	
Reimbursable Expenses (e.g., travel)			\$ 4,600	
Total Cost			\$ 39,750	

**Santa Clarita Valley Water Agency
Fee Estimate
Wholesale Water Fees**

	Project Managers	Analysts	Total	Comments
	Farnkopf / Simonson	Michalczyk / Sasser		
WHOLESALE WATER RATES				
1. Initiate project				
Background review	8	6	14	
Scoping session with Staff (on-site)	5	0	5	Both project managers will attend; All three service studies will be discussed
2. Prepare Ratepayer Advocate Report				
Review existing COS study/staff report	10	6	16	
Review rate design	10	6	16	
F&A Committee meetings (4)	16	6	22	One project manager will attend committee meetings
Communicate results				
Prepare draft and final reports	12	10	22	
Present draft report to Board	8	3	11	Both project managers will attend.
3. Implementation				
Assist with public outreach	8	8	16	
Present final report to Board	5	2	7	Both project managers will attend
Assist with Proposition 218	2	2	4	
Total Hours	84	49	133	
Hourly rate	\$ 270	\$ 160		
Hourly Costs	\$ 22,680	\$ 7,840	\$ 30,520	
Reimbursable Expenses (e.g., travel)			\$ 2,800	
Total Cost			\$ 33,320	

SANTA CLARITA VALLEY WATER AGENCY

27234 Bouquet Canyon Road
Santa Clarita, CA 91350-2173



**RATEPAYER ADVOCATE PROPOSAL
(RFP 1819-R-10418)**

RFP ADDENDUM 4

April 1, 2019

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**RATEPAYER ADVOCATE PROPOSAL
(RFP 1819-R-10418)**

STATEMENT OF QUALIFICATIONS

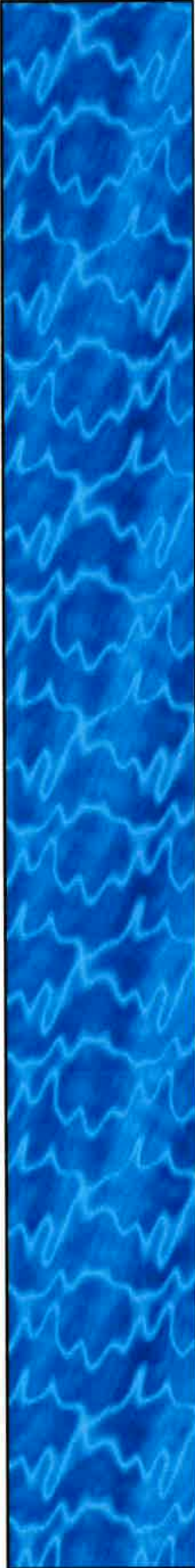
April 1, 2019

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STATEMENT OF QUALIFICATIONS

WATER, WASTEWATER, AND STORMWATER CONSULTING SERVICES

2019



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STATEMENT OF QUALIFICATIONS

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- John Farnkopf, Senior Vice President
- Rick Simonson, Vice President
- Geoffrey Michalczyk, Associate
- Gabe Sasser, Associate

INTRODUCTION

This Statement of Qualifications describes the consulting services HF&H Consultants, LLC, provides to water, wastewater, and stormwater municipalities. Our core services include:

- *Financial Planning* – Preparation of multi-year financial projections to determine funding requirements from available sources.
- *Rates* – Developing rate designs that meet rate-making objectives.
- *Development Impact Fees* – Deriving charges for connecting to facilities in compliance with legal requirements.
- *Management Studies* – Analyzing organizational efficiency, institutional relationships, and growth strategies.
- *Resource Management and Economics* – Evaluating the impacts of resource constraints on operational capabilities and contractual commitments.
- *Litigation and Regulatory Support* – Assisting with contractual compliance audits, inter-agency negotiations, rate and fee analysis.

These services are delivered with a distinctive approach:

- *More than analysts* – Attention to the details that matter to clients.

- *No cookie cutters* – Unique analytical approaches that result in practical solutions.
- *Decision managers* – Skilled techniques for evaluating alternatives.
- *Consensus builders* – Strong presentation skills in public hearings.

These services are described in greater detail in this Statement, which includes a list of clients for whom we have performed these services. All of the projects listed have involved the key staff members whose résumés are included in this Statement. Please contact John Farnkopf, Senior Vice President (925-977-6953), if you require additional information.

Our Statement of Qualifications concludes with a summary of our most recent client satisfaction survey.

In addition to its water, wastewater, and stormwater services, the firm provides a wide range of solid waste consulting services including rate reviews and studies, contract audits and negotiations, feasibility studies, operational studies, and capital improvement planning.

Mission Statement

Our mission is to be the first choice and recognized leader among municipal agencies for high quality consulting services in selected geographic and service markets.

CONSULTING SERVICES

HF&H Consultant's consulting services are listed below. A listing of HF&H Consultant's current and historical clients is also included in the following pages.

Financial Planning

- Revenue requirement analysis
- Multi-year financial plans
- Revenue programs
- General Fund reimbursement studies
- Reserve fund management
- Interfund transfer policies

Capital Funding

- Capital financing alternatives
- Engineer's certificates
- Economic feasibility analysis
- Stormwater program funding strategies

Cost Allocation Studies

- Cost-of-service studies
- Multi-purpose project allocations
- Inter-agency allocations
- Recycled water regional allocations
- Cash and utility rate making

Rates, Charges, and Fees

- Rate structure diagnostic evaluations
- Rate structure designs
- Customer bill impacts
- Affordability analysis
- Outside-city rate increases
- Price elasticity impacts
- Indexed pass-through costs
- Customer class audits
- Administrative and field service fees

Development Impact Fees and Valuations

- Full cost recovery models
- Utility asset valuations
- Depreciation studies
- Renewal/replacement funding

Stakeholder Facilitation

- Council and Board presentations
- Community workshops
- Citizens advisory groups
- Industrial customer focus groups
- Decision management techniques
- Customer surveys
- Mediations

Management Studies

- Benchmarking
- Strategic planning
- Organization structures reviews
- Management/institutional reviews
- Performance audits
- Incorporation/consolidation studies

Litigation Support

- Rate and fee litigation
- Environmental remediation
- Water supply contracts
- Contract compliance
- Expert witness testimony

Contract Negotiations

- Wholesale/retail water supply
- Regional wastewater treatment
- Recycled water supply and pricing
- Water/Wastewater privatizations
- Metering and billing services
- JPA formation

Legal/Regulatory Compliance

- Proposition 218
- Public Utility Commission practices
- Ordinance/resolution preparation

Client	Type of Study	Year	Project Emphasis
Alameda Countywide Clean Water Program	Stormwater Funding	2003	Proposition 218 Compliance
Aleshire & Wynder, LLP	Litigation Support	2011 to 2015	Groundwater Replenishment Cost Allocations
Amador Water Agency	Litigation Support Water Rate Review	1996 1998	Dept. of Corrections Water Rates Rate Update
City of Anaheim	Sewer Rates Litigation Support	2012 2013	Confirm Revenue Sufficiency Enterprise Overhead Reimburse- ments
City of Antioch	Public Safety Cost Recovery	2016	Water, Sewer Enterprise Reimburse- ments
City of Ashland, OR	Water and Wastewater Rates	1994	Demand Management, Debt Issu- ance
Bay Area Stormwater Management Agencies Association	Stormwater Funding Strategies	2008	Permit Renewal
Bay Area Water Supply and Conservation Agency	Review Administration of Wholesale Water Supply Contract	2004	Compliance with Rate-making Provi- sions
	Overhead Cost Allocation	2005	Benchmark Comparisons
	Review Flow-Based Allocation Formulas	2007	Simplification of Water Accounting
	Review Impact of Organizational Changes on Cost Accounting	2007	Water/Power Allocations
	Rate of Return	2008	National Survey of Industry Prac- tices
	Wholesale Water Supply Contract Negotiations	2009	Rate-Making Methodology
	Shortage Allocations	2009	Dry-Year Conditions
	Supply Allocations	2010	Long-Term Conditions
	Wholesale Rates	2011	Restructuring
	Hydroelectric Cost Allocations	2012	Water/Power Split
Water supply allocations	2016	Water Transfers	
Capital Improvement Planning	2018	Benchmarking	
Bear Creek Valley Auth., OR	Capital Replacement Strategy	1996	Depreciation, Rate Analysis

Client	Type of Study	Year	Project Emphasis
California State University - Monterey Bay	Water and Sewer Rates and Capacity Charges	2017 to present	Contract Negotiations With Local Agency
California Water Service Co.	Cost Allocation (Salinas)	1997	Historic Benefits Analysis
	Water Supply Development (Tassajara Valley)	1998	Organizational, Institutional, and Financial Aspects
	Water Supply Feasibility (Visalia)	2005	System Expansion
City of Camarillo	Water Rates	1997	Conservation Oriented Rates
Carmichael Water District	Water Rates	1998	Metering Residential Customers
	Water Rates	1999	Proposition 218 Compliance
Castro Valley Sanitary District	Capital Improvement Plan	2013	Economic Validation
	Sewer Rates	2019	Flow-Based Commercial Rates
Central Contra Costa Sanitary District	Wastewater Capacity Fees	2003	Diagnostic Evaluation
City of Ceres	Water Rates	2008	Financial Stabilization, \$3,000,000 Financing
	Water Rate Update	2010	Metered Water Rates
	Regional Wastewater Planning	2010	JPA Formation
	Water Rates	2012	Tiered Water Rates
	Water Connection Fees	2013	Competitiveness
	Water Rates and Connection Fees Update	2017	Post-Drought Demand Rebound
City of Cerritos	Street and Stormwater Program Funding	2006	Proposition 218 Compliance
	Litigation Support	2011	Groundwater Replenishment Assessment
City of Chino	Public Safety, Governmental Assets and Right-of-Way Maintenance Cost Recovery	2015	Water, Sewer, Solid Waste, Stormwater Enterprise Reimbursements
Clear Creek Community Services District	Water Financial Security Package	2017	Proposition 1 Grant Funding
City of Clovis	Wastewater Rates	1996	Capital Cost Allocation
	Commercial Wastewater Rates	2002	Fixed and Variable Charges
	Water and Wastewater Rates and Capacity Fees	2003	Growth Allocations
	Water and Wastewater Rates	2004	Restructure Fixed Charges

Client	Type of Study	Year	Project Emphasis
East Bay Municipal Utility District	Litigation Support	1992	Rate Equity, Water Conservation
	Wet Weather Facilities Regulatory Strategies	2006	Benefit-Cost Analysis
City of East Palo Alto	Consolidation Study	1996	Water, Wastewater, Stormwater, Lighting Services
	Sanitary District Consolidation	2002	LAFCo Process, Public Outreach
East Palo Alto Sanitary District	Management Study	1999	Organizational Restructuring
City of El Monte	Sewer Rates	2008	Sewer Enterprise Formation
City of Fairfield	Water Rates	1989	Debt Coverage, Rate Equity
	Engineer's Certificate	1993	Debt Coverage
	Engineer's Certificate	1996	Debt Coverage
	Engineer's Certificate	2003	Debt Coverage
Fairfield-Suisun Sewer District	Wastewater Rates	1994	Industrial Water Reclamation, Rate Equity
	Wastewater Rates and Connection Fees	2002	Rate update and Comparison of Non-residential Connection Fees
Fair Oaks Water District	Water Rates	1998	Metering Residential Customers
City of Fillmore	Wastewater JPA Formation	2002	Treatment Plant Financing, Cost Allocations, JPA Agreement
City of Folsom	Stormwater Utility Formation	2005	Feasibility Analysis
Foresthill Public Utility District	Water Rates and Capacity Charges	2019	Rate Restructuring
City of Foster City	Water and Sewer Connection Fees	2016	Periodic Update
City of Fremont	Stormwater Funding	2011	Financial Study
City of Galt	Sewer Rates	2014	SRF Loan
	Sewer Rates	2015	Debt Financing
City of Glendale	Public Safety Cost Recovery	2012	Enterprise Reimbursements
	Public Safety Cost Recovery	2017	Update Prior Study
Greater Vancouver Water District	Wholesale Seasonal Rates	1998	Price Elasticity
	Wholesale Seasonal Rates	2002	Cost of Service Allocations
	Wholesale Rate Structures	2003	Fixed/Variable Options
Groveland Community Services District	Water Rates and Capacity Fees	1995	Debt Issuance, Debt Coverage
Hanson, Bridgett, Marcus, Vlahos & Rudy, LLP	Litigation Support (San Francisco Bay Area Water Users Association)	1978-84	Wholesale Water Rates
	Wholesale Water Rates	2007	Contract Negotiations
City of Hayward	Water and Sewer Capacity Charges	1999	Develop Model

Client	Type of Study	Year	Project Emphasis
City of Los Banos	Wastewater Rates and Connection Fees	2006	Evaluating Alternative Capital Projects
	Water and Sewer Rates	2010	Treatment Plant Expansion
Los Trancos County Water District	Future Water Demand	2002	Conversion from Septic to Sewer System
Lukins Brothers Water Company	Water System Valuation and Sale	2004	California PUC Rate-Making Practices
		2006	Negotiations of Sale
Malaga County Water District	Management Study	1998	Incorporation Feasibility
City of Manteca	Stormwater Fees	2003	Funding Options
Marin Municipal Water District	Water Rates	2013	Restructuring
	Watershed Vegetation Management	2013	Program Economics
McCutchen, Doyle, Brown & Enersen	Expert Witness Testimony (Arbitration)	1995	Groundwater Contamination (Citizens Utilities Company)
	Litigation Support (Groundwater Basin Remediation)	2001	California PUC Rate-Making Practices (San Gabriel Valley Water Company)
City of Menlo Park	Water Rates	1995	Customer Billing, Rate Structure
Metropolitan Water District of Southern California	Capacity (Growth) Charges, Tier I Water Supply Contract	1997 - 2002	Impacts on Member Agencies and Developers
City of Mill Valley	Sewer Rates	2010-11	Regulatory Compliance
	Sewer Rates	2011	Flow-Based Residential Rates
City of Modesto	Wastewater Capacity Fees	1996	Cost Allocation, Project Financing
	Peer Review	2006	Water Rate Revenue
	Peer Review	2007	Sewer Capacity Charge
	Peer Review	2007	Sewer Rate Revenue
	Peer Review	2007	Water Capacity Charge
Regional Wastewater Planning	2010	JPA Formation	
City of Morgan Hill	Water/Wastewater Rates and Capacity Fees	2002	Rate Structure Review
City of Mountain View	Water and Sewer Rate Review	1998	Qualitative Assessment of Rate Structures
Natural Resources Defense Council	Water and Wastewater Rates	2010-13	Tiered Rate Standards, Flow-Based Sewer Rates, Marginal Cost Pricing
	Water Rate Structures	2014	Proportionality standards
City of Newport, OR	Sewer Rates	1998	Debt Issuance
City of Newport Beach	Water Rates	1998	Impact of Annexation
	Sewer, Stormwater, and Recycled Water Rates	2013 to 2017	San Juan Capistrano Compliance

Client	Type of Study	Year	Project Emphasis
City of Paso Robles	Water/Wastewater Rates and Capacity Fees	2001	Rate Structure Design
	Water Capacity Fees	2005	Methodology Review
	Water/Wastewater Capacity Fees	2006	Update
	Water Capacity Fees	2008	Developer Negotiations
City of Petaluma	Wastewater Privatization Agreement	1997	Rate Payer Safeguards
	Water and Sewer Rates and Capacity Fees	2002	Infrastructure Financing, Stormwater Funding
	Litigation Support	2013	Stormwater Funding
	Water, Sewer Connection Fees	2014	Industrial Customers
	Grant Application	2014	Digester CNG Facility
City of Pittsburg	Water Treatment Plant Operations	2009	Privatized Operations
Placer County Water Agency	Treated and Untreated Water Rates	2005	Consolidation of Geographic Zones
	Treated Water Rates	2007	Fixed/Variable Revenue
City of Pleasanton	Water Rates	1993	Increasing Block Residential Rates
	Water Rates	1994	Seasonal Irrigation Rates
	Water Rates	1995	Lifeline Rates
	Water Rates, Water Resources	1996	Water Supply Evaluation
	Water Rates	1997	Update
	Water Rates	1999	Update
	Water Rates	2000	Update
	Water Rates	2002	Update
	Water Rates	2003	Update
	Water Rates	2007	Increasing Block Rates
	Water Rates	2008	Update
	Water Rates	2009	Rate Restructuring
City of Portland, OR	Pretreatment Program Review	1999	Regulatory Program Evaluation
City of Red Bluff	Water and Sewer Service	2019	Consolidation Of Outside-City Customers Into City
City of Redondo Beach	Water Rate Review	1999	Private Water Company Rate Application
City of Redwood City	Sewer/Stormwater Rates	1999	Proposition 218 Compliance
	In-Lieu Transfer	2006	Proposition 218 Compliance
City of Rio Vista	Water/Wastewater Contract Operations	2001	Cost-Plus Contract Negotiations
City of Rohnert Park	Water and Sewer Rates	1999	Unmetered Residential Water Customers
	Water and Sewer Connection Fees	2001	Connection Fees
	Water and Sewer Rate Update	2002	Usage-Based Rates

Client	Type of Study	Year	Project Emphasis
City of San Luis Obispo	Public Safety, Right-of-Way Maintenance Cost Recovery	2014	Water, Sewer Enterprises
San Mateo County	Sewer Rate Study Sewer Rate Study	2018 2019	Rate Model Flow-Based Residential Rates
San Mateo Countywide Water Pollution Prevention Program	Stormwater Funding Strategies	2008	Permit Renewal
City of Santa Ana	Public Safety, Governmental Asset, and Right-of-Way Maintenance Cost Recovery	2012 2014	Water Enterprise Update
City of Santa Clara	Urban Water Management Plan	1992	Water Shortage Contingency Plan
Santa Clara Valley Urban Runoff Pollution Prevention Program	Cost Allocation/Program Management Cost Allocation/Program Management	2005 2016	Cost Allocation Formula; Program Cost, Scope, Term; Benchmark Comparison Update
Santa Clara Valley Water District	Cost of Service Analysis Expert Witness Testimony Litigation Support	2000 2008 2009	Cost Allocation Approaches Rate Analysis Cost of Service
Santa Luz Golf & Country Club	Recycled Water Rates	2016	Consistency With Industry Practices
Santa Margarita Water District	Water Rates	1998	Irrigation Rates
City of Santa Monica	Environmental Program Cost Allocations to Enterprise Funds	2007	Proposition 218 Compliance
City of Santa Paula	Wastewater JPA Formation	2002	Treatment Plant Financing, Cost Allocations, JPA Agreement
City of Santa Rosa	Water and Sewer Rates Net Benefits Analysis	1998 2003	Public Participation Process Regional Recycled Water Alternatives

Client	Type of Study	Year	Project Emphasis
South Coast Water District	Financial Planning Consolidation Study	2018	Modeling Financing Options
		2018	Modeling Feasibility
South El Monte Joint Defense Group	Groundwater Remediation Damages	2004	Evaluation of Damage Claims
Southeast Water Coalition	Cost Allocation Analysis of Replenishment Assessment Cost Allocation Analysis	2006	Interbasin Subsidy
		2009	Update
Stanford University	Water Supply Assessment	2008	Shortage Allocations
Straw & Gilmartin	Expert Witness Testimony (Arbitration)	1995	Groundwater Contamination Damages (Citizens Utilities Company)
Tamalpais Community Services District	Wastewater Financial Plan	2004	Capital Improvement Program Funding Alternatives
City of Tracy	General Fund Reimbursement	2016	Water, Sewer, Solid Waste Enterprises
City of Ukiah	Water Rates, Sewer Rates, and Capacity Charges On-Going Services Water Connection Fees	2009	Financial Stability During Water Supply Shortage
		2010-11	Sanitary District Detachment
		2011	Update
Union Sanitary District	Connection Fees Internal Financial Controls Joint Powers Financing Authority Review Reserve Fund Review Sewer Rates Sewer Rates	1990	Project Financing, Cost Allocation
		1998	Management Practices
		1999	Debt Retirement
		2000	Adequacy of Reserves
		2015	Rate Modeling
		2016 to present	Capital Planning Modeling
United Water Conservation District	Groundwater Extraction Charges Annual Update Annual Update Annual Update Annual Update Annual Update Annual Update Annual Update	2011	Proportionality Between Agriculture and M&I Groundwater Charges
		2012	Litigation Support
		2013	Litigation Support
		2014	Litigation Support
		2015	Litigation Support
		2017	Litigation Support
		2018	Litigation Support
		2019	Litigation Support
Veterans Home of California, Yountville	Water Rates Wastewater Rates	2001	Surplus Water Charges
		2001	Contract Compliance

CLIENT SATISFACTION SURVEY



Johnston, Gremaux & Rossi, LLP

CERTIFIED PUBLIC ACCOUNTANTS

January 2, 2013

HF&H Consultants, LLC
201 N. Civic Drive, Suite 230
Walnut Creek, CA 94596

To the Partners of HF&H Consultants, LLC:

In November 2012, Johnston, Gremaux & Rossi, LLP was retained by HF&H Consultants, LLC to conduct and compile the results of a client satisfaction survey, in accordance with the procedures described below. This letter documents the procedures we followed in compiling the survey results and reports our findings for the Company as a whole.

Procedures:

Johnston, Gremaux & Rossi, LLP used the following procedures to conduct and compile the results of the client satisfaction survey:

- HF&H Consultants, LLC provided Johnston, Gremaux & Rossi, LLP with an Excel client list of the clients from the years 2008 and 2012 that included names and e-mail addresses of recipients who should receive the survey.
- Johnston, Gremaux & Rossi, LLP set-up an online survey with Survey Monkey, an online survey vendor, on November 7, 2012 to be used exclusively for HF&H's client satisfaction survey in which the results would be reported directly to Johnston, Gremaux & Rossi, LLP. The online survey was kept open for about 3 1/2 weeks (November 7, 2012 through November 30, 2012).
- Two e-mail reminders were sent on November 14th and November 26th to those who had not responded to the online survey.
- A total of 160 survey requests were sent out to recipients and as of November 30th we had received 59 responses. On December 5, 2012, Johnston, Gremaux & Rossi, LLP compiled the responses. Our findings are presented below.

333 Civic Drive, Pleasant Hill, California 94523 • Tel (925) 944-1881 • www.jgrcpa.com

RÉSUMÉS



JOHN W. FARNKOPF, P.E.

Senior Vice President



Industry Experience

- Water, wastewater, reclaimed water, and stormwater utilities
- Municipal and investor-owned rate making
- Water resources engineering

Education and License

- B.S., Civil Engineering, University of California, Berkeley
- B.A., Philosophy, University of California, Berkeley
- Civil Engineering C31652, California

Professional History

- HF&H Consultants, LLC: 1989 to present
- Price Waterhouse: 1986 to 1989
- Leedshill-Herkenhoff, Inc.: 1984 to 1986
- Stetson Engineers, Inc.: 1977 to 1984
- Novato Sanitary District No. 6: 1975 to 1976

Professional Memberships

- American Water Works Association, Financial Management Committee (CA-NV Section)
- California Association of Sanitation Agencies
- Water Environment Federation

Range of Experience

Over 43 years of utility industry experience including water resources engineering and management consulting before co-founding HF&H, where he directs the firm's water, wastewater, and stormwater consulting services.

Expertise

- *Rates and Charges* – multi-year revenue requirement models, cost-of-service analysis, rate structure design
- *Financial Planning* – stormwater funding strategies, reserve fund management
- *Development impact fees* – water and wastewater capacity charges; stormwater impact fees
- *General Fund Reimbursements* – public safety, governmental facilities, right-of-way maintenance
- *Management Studies* – benchmarking, organizational audits, contract compliance

Publications

- *California Water Rate Setting Under Proposition 218: A Practical Guidebook*, contributing editor for the American Water Works Association California-Nevada Financial Management Committee, 2018.
- *Private Property Infiltration and Inflow Control*, review editor for the Water Environment Federation, 2016.
- *Building Better Water Rates for an Uncertain World*, contributing author, Alliance For Water Efficiency, 2014.
- *User Fee Funded Stormwater Utilities*, review editor for the Water Environment Federation, 2013.
- *Financing and Charges for Wastewater Systems*, authored Chapter XI "Implementing Rate Studies," Water Environment Federation Manual of Practice, 2004.

- "The Palo Alto Reclamation Project: Economic Justifiability versus Financial Feasibility," presented to the San Francisco Bay Area Water Recycling Task Force, 1993.
- "Allocating Reclamation Costs to Water and Waste Water Rates," invited speaker at the 68th Annual Conference of the Western Economic Association International, 1993.
- "Pricing Reclaimed Water," presented at the American Water Works Association/Water Environment Federation Joint Management Conference, 1993.
- "Developing Reclaimed Water Pricing Policies," presented to the San Francisco Bay Area Water Recycling Task Force, 1992.
- "Drought Impacts on San Francisco's Wholesale Water Purchases," testimony presented to the State Water Resources Control Board, Bay Delta Hearings, Water Rights Phase, 1992.
- "The Ability of Manufacturing Industries to Cope with Permanent Water Supply Reductions," testimony on behalf of the Santa Clara County Manufacturing Group presented to the State Water Resources Control Board, Bay Delta Hearings, Water Rights Phase, 1992.
- "Characteristics of Conservation-Oriented Rates," Proceedings, American Water Works Association National Conference, 1992.
- "Impacts of Water Supply on Bay Area Industrial Water Users," presented at the California Water Planning Conference sponsored by the Association of Bay Area Governments, 1991.
- "Allocating Water Supplies during Droughts," Proceedings, American Society of Civil Engineers National Conference on Environmental Engineering, 1991.
- "Setting Wholesale and Retail Rates in Times of Drought," presented at the Drought Response Water Rate Structure Workshop sponsored by the San Diego County Water Authority, 1991.
- "Capacity Charges: Theory, Practice, and the Law," presented at the California Nevada Spring Conference of the American Water Works Association, 1990.
- "Fixed Asset Valuation Procedures," presented at Fixed Asset Valuation and Management for Local Governments and Utilities, a Price Waterhouse seminar, 1988.
- "Bay Area Water Supplies: Imported, Reclaimed, and Local Sources," testimony presented to the State Water Resources Control Board, Bay Delta Hearings, Phase I, 1987.
- "Elements of River Meanders," California Engineer, University of California, Berkeley, 1978.



GEOFFREY MICHALCZYK

Associate Analyst



Range of Experience

Municipal finance and accounting analyst specializing in the financial management of water and wastewater utilities. Joined HF&H in 2016 and focuses on rate studies and long-term financial planning.

Expertise

- *Rates and Charges* – multi-year revenue requirement models, cost-of-service analysis, rate structure design
- *Financial Planning* – stormwater funding strategies, reserve fund management
- *Development Impact Fees* – water and wastewater capacity charges; stormwater impact fees
- *General Fund Reimbursements* – public safety, governmental facilities, right-of-way maintenance
- *Cost Allocations* – overhead allocations, analytical review, Prop 218 compliance

Recent Projects

- *City of Daly City: Water Rates*
- *West Bay Sanitary District: Sewer Rates*
- *City of La Verne: Cost Allocations*
- *City of Brentwood: Administrative Cost Reimbursement Study*
- *San Mateo County: Sewer Rates*
- *Cobb Area Water District: LAFCO Consolidation*
- *Oakwood Lake Water District: Water and Sewer Rates*
- *City of Newport Beach: Sewer Rates*
- *City of Ceres: Water Rates*
- *City of Long Beach: Right-of-Way Cost Allocations*
- *City of Tracy: Enterprise Reimbursement*
- *City of Glendale: Enterprise Reimbursement*

Industry Experience

- Water, wastewater, stormwater, and solid waste utilities
- Rate making for municipal-owned utilities
- City-wide overhead cost allocations

Education

- B.S., Economics & Political Science, University of Utah
- M.S., Financial Analysis, Saint Mary's College of California
- M.B.A., Saint Mary's College of California

Professional History

- HF&H Consultants, LLC: 2016 to present
- Bartle Wells Associates: 2015 to 2016
- Peterson Holding Company: 2014 to 2015

SANTA CLARITA VALLEY WATER AGENCY

Proposal For Ratepayer Advocate
RFP 1819-RA-10418
Robert D. Niehaus, Inc. | April 1, 2019



Eric Campbell
Chief Financial & Administrative Officer
Santa Clarita Valley Water Agency
27234 Bouquet Canyon Road
Santa Clarita, CA 91350

April 1, 2019

Subject: Proposal to Provide Consulting Services for Ratepayer Advocate – RFP 1819-RA-10418

Dear Mr. Campbell,

Robert D. Niehaus, Inc. (RDN) is pleased to submit our proposal to provide professional consulting services for Santa Clarita Valley Water Agency's independent Ratepayer Advocate. The purpose of the Ratepayer Advocate is to provide a third-party review to the Board of Directors and customers when future water rates and facility capacity/connection fees are being evaluated, adding an additional layer of transparency for Board consideration and availability for ratepayer concerns. RDN will work with Agency staff and the Finance and Administration Committee during the rate and fee setting processes to analyze underlying assumptions and review the unique characteristics of the Agency's financial condition.

To best serve the Agency and your customers, RDN will leverage our extensive California rate-setting expertise with Ichiko Kido serving as the Ratepayer Advocate, supported by Dr. Robert Niehaus, Anthony Elowsky, and Bjorn Kallerud. Together, our team has completed over 700 projects with economic, financial, and market analysis experience across California and worldwide since the firm's founding in 1983. The strengths of the RDN team include:

- **Expert water demand projections** – as economists, we are particularly adept at forecasting water demand. We will analyze the Agency's historical water consumption patterns, growth trends, and the elasticity of customer demand in response to various rate increase scenarios by employing statistical programming languages such as Stata and R. Based on these analyses, we will produce accurate financial planning support to ensure the Agency's revenue stability while promoting water use efficiency.
- **Effective customer engagement** – We deliver tailored communication strategies for complex rate issues. We will assist the Agency public information officer with the development of understandable documents and guidance to educate Agency customers. When customers understand why and how they are paying for their services, it dramatically increases their satisfaction.
- **Comprehensive understanding of California water rate regulations** – We are well-versed with Proposition 218, Proposition 26, and Government Code section 66013, as well as new State water-use efficiency legislation (AB1668, SB606, and SB555). We are proud that none of our rates have ever been challenged in court.

Our past and current client's best represent our performance and quality of work. We encourage you to contact the references included in this proposal. Please coordinate with Ichiko Kido, our proposed Ratepayer Advocate, (805) 962-0611, Ichiko@RDNiehaus.com, if you would like to discuss our proposal, which is valid for a 120-day period. We look forward to a successful, collaborative, and productive partnership with the Agency and its customers.

Respectfully submitted,

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

Ichiko Kido, MBA
Program Manager/Sr. Financial Analyst

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QUALIFICATIONS

RDN Firm Overview

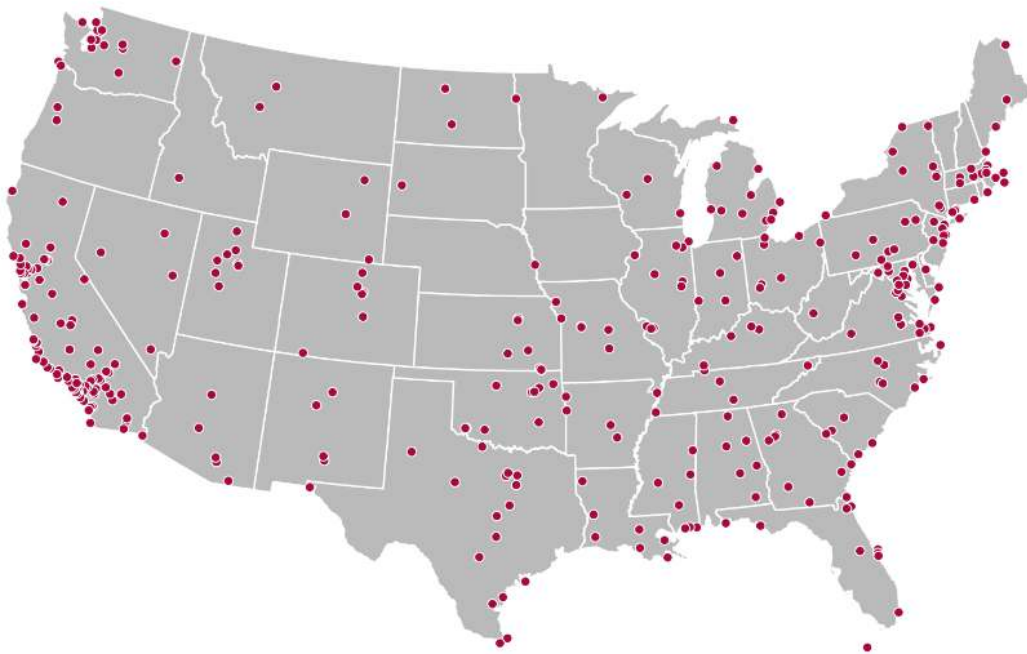
Robert D. Niehaus, Inc. is a professional economic consulting firm, headquartered in Santa Barbara, CA, that delivers solutions to California utilities, State/Local entities, Federal agencies, and the Department of Defense. RDN operates with uncompromising honesty and integrity and is passionately committed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

RDN BY THE NUMBERS

- **\$4M** Annual Revenue/**24** Employees
- **700+** Projects Accomplished Worldwide
- **48/50** States Served
- **35+** Years Consulting for Utility Systems
- **One** Expert Rate Analysis Team

RDN has provided consulting services for water, wastewater, stormwater, land development, housing, and energy projects throughout California and worldwide since the firm's founding in 1983. Our staff have completed over 700 projects with economic, financial, and market analysis experience. Our proposed Project Team has considerable experience in water rate analyses, regional economic impact assessments, cost-benefit evaluations, data management, public relations support, and econometric modeling and forecasting of water demand. As a local business, we are extremely knowledgeable about the concerns of Southern California water systems, specializing with purveyors in Santa Barbara, Ventura, Los Angeles, San Bernardino, and Orange Counties.

Figure 1. RDN's Continental United States Experience



No Conflicts of Interest or Significant Developments

RDN will perform the role of Ratepayer Advocate free of any conflicts of interest. We have not participated in any rate setting process of SCV Water or its predecessors within the last three years. We do not have any interests or covenants and will not acquire and interests, direct or indirect, financial or otherwise, that would conflict with the performance of the duties as the Ratepayer Advocate. We are not an engineering firm that could benefit from increased capital improvement funds for design and construction management services. We also are not a financial advisor that might show preference to debt financing, for example, because of potential compensation from bond sales.

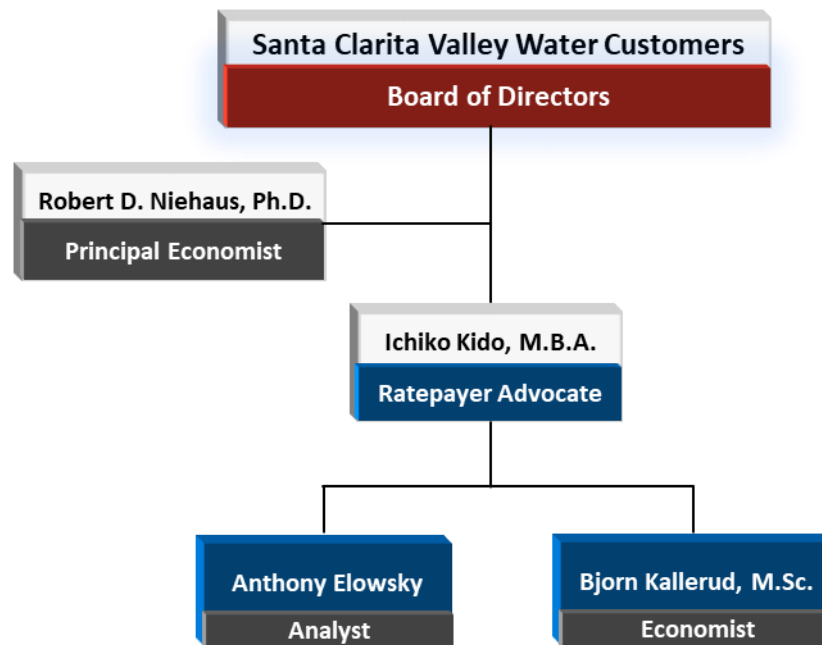
Furthermore, RDN has not experienced significant developments such as a change in ownership or restructuring in our 35-year consulting history, nor do we anticipate any major changes in the foreseeable future.

Project Team

Our proposed Ratepayer Advocate project team comprises four RDN consultants, led by our Principal Economist, Dr. Robert Niehaus, and Ratepayer Advocate, Ichiko Kido. Our team has worked together on numerous water and capacity fee studies, and all four consultants work in our Santa Barbara, CA office. Brief resumes are included on the following pages and full resumes are appended to this proposal.

Although we do not anticipate Ichiko Kido leaving RDN in the next three years (14-year tenure with RDN), our procedure to backfill the role of Ratepayer Advocate is to nominate one of our senior rate design and public outreach experts for Agency consideration and acceptance. RDN's Ratepayer Advocate will be retained by the Agency for up to three years, comply with the terms and conditions in the Agency's professional services agreement, and serve at the pleasure of the Board of Directors.

Figure 2. RDN Organization Chart



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

Project Role and Responsibilities:

Dr. Robert Niehaus will oversee all aspects of the rate-review. Dr. Niehaus will be responsible for assuring timely, high-quality, within-budget performance and the Agency's complete satisfaction with all efforts on this project. Additionally, he will review all deliverables for accuracy and economic rigor, particularly the Ratepayer Advocate Analyses and Reports. Dr. Niehaus will lead major internal project meetings and work closely with the Ratepayer Advocate, Ichiko Kido, throughout this project.

Experience and Qualifications:

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

Ichiko Kido, MBA, Ratepayer Advocate

Project Role and Responsibilities:

Ms. Ichiko Kido will fill the role of Ratepayer Advocate and be the primary point of contact between RDN and the Agency. Ms. Kido will present the study findings to Agency staff and SCV Water customers. Ms. Kido will lead the team of RDN analysts in performing the rate and fee reviews. She will attend all public meetings (4) and board meetings (2), assist with the Agency's public outreach campaign, and assist the Agency with the Proposition 218 process.

Experience and Qualifications:

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

Ms. Kido currently serves as the Project Manager for five water rate studies: Apple Valley View Mutual Water Company, Thunderbird County Water District, Patterson County Water District (currently providing Proposition 218 support), Apple Valley Heights County Water District, and Orosi Public Utility District; and a comparative rate analysis for an investor-owned utility company through a law firm in Los Angeles, California. Ms. Kido received her M.B.A. from the Martin V. Smith School of Business and Economics, California State University Channel Islands.

Anthony Elowsky, Analyst

Project Role and Responsibilities:

Mr. Anthony Elowsky's experience is integral to data management throughout the rate review process. Mr. Elowsky will support Ms. Kido as she reviews Agency rate proposals. Mr. Elowsky will assist in the production of the Ratepayer Advocate's independent report and public outreach materials. Additionally, if Ms. Kido is unavailable at any time during the contract period, Mr. Elowsky will perform any necessary tasks and report the outcome to Ms. Kido.

Experience and Qualifications:

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

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

Bjorn Kallerud, M.Sc., Economist

Project Role and Responsibilities:

Mr. Bjorn Kallerud's will employ econometric modelling on possible use scenarios and develop revenue and expense projections for the Agency's proposed rates. During the rate review and reporting phase, Mr. Kallerud also will work closely with Ms. Ichiko Kido to ensure data accuracy. Additionally, Mr. Kallerud will draft the sections of the Ratepayer Advocate Review Report pertaining to the specific data that he analyzes.

Experience and Qualifications:

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

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

PAST PERFORMANCE

Team RDN’s financial, economic, and public outreach expertise provides us with a unique ability to evaluate Agency rates, advocate for customers, and perform Proposition 218 outreach support. With over 90 percent of our work resulting from repeat business, RDN prides itself in continuing relationships that we have developed from over three decades of consulting. A sample of our past and current projects with similar engagements are highlighted below.

California Rural Water Association (CRWA)

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

Project Description: RDN commenced a long-term contractual relationship with the CRWA to conduct a series of water and wastewater rate studies for their client agencies. In association with the CRWA, RDN performs studies for underserved communities throughout the state of California, serving dozens of rural agencies annually. Recent experience includes several systems near SCV Water: Mariana Ranchos County Water District (2018 Water Rate Study); Apple Valley Foothill County Water District (2018 Water Rate Study); Daggett Community Services District (2018 Water Rate Study); Sheep Creek Water Company (2019 Water Rate Study); and Thunderbird County Water District (2019 Water Rate Study).

Moulton Niguel Water District (MNWD) Peer Review

Contact: Jonathan Cruz, Financial Planning Manager
Email: jcruz@mnwd.com
Phone: 949-831-2500
27500 La Paz Road, Laguna Niguel, CA 92667

Project Description: Moulton Niguel Water District retained RDN to perform a peer review of their financial plan, cost of service analysis, and rate setting procedure. RDN reviewed and validated MNWD’s extensive rate model and drafted a report detailing and reviewing the long-range financial plan, rate design, and cost of service analysis for three separate water systems—potable, recycled, and wastewater. We also supported MNWD staff in presenting and explaining recommendations at the Board meetings.

Los Angeles Department of Water and Power (LADWP) Rate Analysis for Natural Resources Defense Council (NRDC)

Contact: Edward Osann, Senior Policy Analyst
eosann@nrdc.org
Phone: 310-434-2300
1314 Second Street, Santa Monica, CA 90401

Project Description: In order to promote conservation in the LADWP service area, the NRDC contracted RDN to develop rate alternatives using econometric modeling. RDN’s study included data collection and water rate analyses for the LADWP. Using our in-house water rate model, we conducted a series of sensitivity and scenario analyses on over 600,000 accounts to design water rate structures that would

meet the NRDC's conservation goals and preserve the District's financial stability. Additionally, we advised NRDC on how to present and explain these rate proposals to LADWP in a simple and effective way.

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

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

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

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

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

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

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

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

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

APPROACH TO PROJECT

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

Santa Clarita Valley Water Agency Background

Santa Clarita Valley Water Agency (SCV Water; Agency) is located in the northwestern portion of Los Angeles County and approximately 35 miles from downtown Los Angeles. The majority of the service area is located in Los Angeles County, encompassing most of the valley and adjacent hill country along the upper Santa Clara River. Approximately 20 square miles of the service area extends into unincorporated rural portions of Ventura County. The service area is a semi-arid region and includes the City of Santa Clarita, plus surrounding unincorporated portions of Los Angeles and Ventura Counties. Communities in the unincorporated areas include Castaic, Stevenson Ranch, and Val Verde.

SCV Water was created on January 1, 2018 by an act of the State Legislature (SB 634) through the merger of the three water agencies in the Santa Clarita Valley and serves a population of 273,000 through 70,000 retail water connections. The merger included Castaic Lake Water Agency and its Santa Clarita Water Division, Newhall County Water District, and the Valencia Water Company. The Castaic Lake Water Agency was formed as a wholesale water agency to acquire, treat, and deliver State Water Project water supply throughout the Santa Clarita Valley. The Santa Clarita Water Division, Newhall County Water District, and the Valencia Water Company were the retail water purveyors. The SCV Water service area has a population of 273,000 and covers approximately 195 square miles. Population at build-out is estimated to be 420,000. SCV Water also provides wholesale water to Los Angeles County Waterworks District #36.

Project Understanding

To be consistent with the Agency Act, SCV Water was required to develop a rate setting process by January 1, 2019 that included an independent Ratepayer Advocate function. The Ratepayer Advocate advises the Board and provides information to the public before the adoption of new wholesale rates, retail water rates, and facility capacity fees/connection charges. We understand that the Agency requires a robust review and update of its rate structures and rate implementation plan, as well as public relations and Proposition 218 support. RDN has recently accomplished a very similar assignment for the Moulton Niguel Water District. This peer review demonstrated our thoroughness in analyzing their financial plan, cost of service analysis, and rate setting procedure.

RDN is dedicated to providing our professional knowledge to support the customers of the SCV Water, as well as building consensus for necessary rate changes. As qualified rate professionals, RDN is particularly adept at explaining rates simply and clearly, ensuring that Agency customers will have full understanding of why the rate adjustments are needed and what their bills will look like once new rates are implemented. In addition to the eighteen meetings (six meetings for three rate/fee settings) specified in the RFP over the three-year assignment, RDN will attend three public hearings and a project scoping meeting. RDN's Ratepayer Advocate will be available to answer any customer or Board questions throughout the entire engagement. We will advocate for SCV Water customers and serve at the pleasure of the Board.

Project Approach & Scope of Services

RDN follows industry best practices, standards, and principles of cost-of-service ratemaking embodied in the American Water Works Association (AWWA) *Manual M1, Principles of Water Rates, Fees, and Charges*. In coordination with Agency staff, our approach employs an interactive decision-making process to identify objectives and rate-setting goals and to build consensus for recommended rate adjustments. Our proposal includes at least 22 meetings and presentations to ensure Agency understanding and satisfaction, as well as ratepayer support.

Our proposed scope of services is summarized below:

Task 1. Project Management – identify the Agency’s goals and objectives of the study; establish project management and quality control procedures; participate in project scoping.

Task 2. Review Cost of Service Study – review cost of service requirements as produced by the Agency and make recommendations as needed.

Task 3. Review Rate Design – prepare an independent review of proposed retail rates, wholesale rates, and facility capacity fees/connection fees, and make recommendations as needed.

Task 4. Develop Independent Review Report – review the Agency’s draft executive rate report and provide independent analysis which includes various analyses of the underlying assumptions and a comparison to industry best practices. RDN will draft a review report to document our findings, recommendations, rate impact analysis, and rate comparison surveys with plentiful graphs and figures for visual support.

Task 5. Attend Public Meetings – attend at least six public meetings as an independent advocate for Agency ratepayers for each rate category. These meetings will include four meetings with the Finance and Administrative (F&A) Committee and two meetings with the Board of Directors. Advocate on behalf of the public to the Board.

Task 6. Assist with Public Outreach Campaign – assist and review public outreach materials such as website postings, advertising, bill inserts and flyers, fact sheets, or make direct contact with SCVWA constituency. RDN will provide the Agency with any needed materials to successfully inform and educate customers before the Proposition 218 hearing.

Task 7. Proposition 218 Support – build trust and consensus for potential rate adjustments through proven Proposition 218 implementation strategies. Ensure ratepayers understand the justification for rate adjustments through public meetings and the Proposition 218 rate notice. Ensure Agency compliance with all procedural requirements: Proposition 218, Proposition 26, and the Agency Act/Government Code 66013. RDN will deliver additional optional support as requested.

SCOPE OF WORK

Task 1. Project Management

RDN’s systematic approach to project management and quality assurance and control are detailed below, as well as a high-level summary of the project scoping meeting.

Task 1.1. Project Management

RDN incorporates best practices from the Project Management Institute’s (PMI) Project Management Body of Knowledge (PMBOK) to establish processes that guide management procedures. Our management approach is based on transparency, open communications, and collaboration during contract start-up and throughout execution. Through our internal due diligence, we affirm that our proposed Project Team is highly unlikely to change during this engagement and that we have sufficient staff available to meet the project deadlines outlined in the RFP.

Table 1. RDN’s Project Management Approach

Initiating	<ul style="list-style-type: none">Processes performed to define a new project or a new phase of an existing project by obtaining authorization to start the project or phase
Planning	<ul style="list-style-type: none">Processes required to establish the scope of the project, refine the objectives, and define the course of action required to attain the objectives that the project was undertaken to achieve
Executing	<ul style="list-style-type: none">Processes performed to complete the work defined in the project management plan to satisfy the project specifications
Monitoring and Controlling	<ul style="list-style-type: none">Processes required to track, review, and regulate the progress and performance of the project, identify any areas in which changes to the plan are required, and initiate the corresponding changes
Closing	<ul style="list-style-type: none">Processes performed to finalize all activities across all Process Groups to formally close the project or phase

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

Task 1.2. Quality Assurance

Our systematic quality assurance process ensures that all RDN work performed on this project will be accurate, precise, and of the highest quality. RDN’s Principal Economist, Dr. Robert Niehaus, will lead major internal project meetings and work closely with the Ratepayer Advocate, Ichiko Kido, throughout this project. Dr. Niehaus’ primary responsibility is to review all deliverables for consistency, accuracy, and validity, as well as ensuring sound rate-making principles in line with industry best practices. Ms. Kido

reviews every model, analysis, and report, working closely with each Analyst and Economist to ensure comprehensive, accurate results.

We also employ the principle of Kaizen, where our Economists and Analysts are encouraged to make continuous innovations, empowering our data-driven team to suggest process improvements that translate into superior results. Our goal is to set the industry benchmark for excellence in the rate-setting services we provide to our clients.

Task 1.3. Project Scoping Meeting

RDN recommends a project scoping meeting with SCV Water staff to accomplish the following:

- Discuss the primary goals and objectives of Ratepayer Advocate function in the process of setting rates and charges
- Establish project management and communication protocols between the Agency and Ratepayer Advocate
- Define the project scope, tasks, schedule, budget, and deliverables
- Gather necessary data to begin initial reviews of the Agency’s financial condition under current rates

Table 2. Task 1. Project Scoping Meeting Deliverables

Meetings	<ul style="list-style-type: none"> ▪ On-site project scoping meeting
RDN Deliverables	<ul style="list-style-type: none"> ▪ Project scoping meeting agenda ▪ Project schedule, budget, goals
Agency Deliverables	<ul style="list-style-type: none"> ▪ Required data for initial reviews ▪ Goals and objectives for Ratepayer Advocate Function

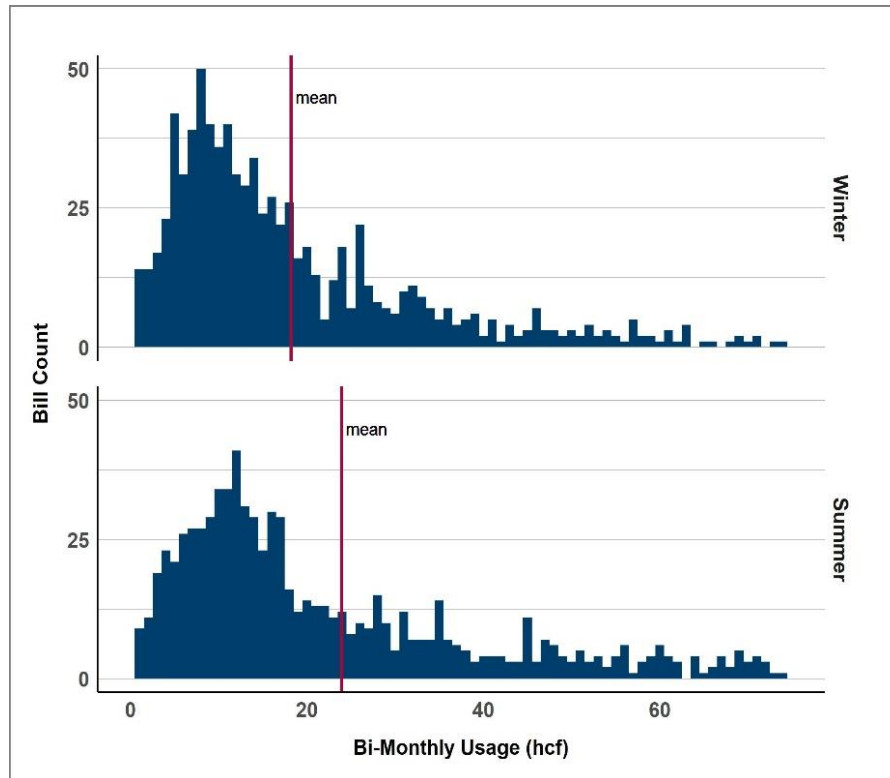
Task 2. Review of Existing Cost of Service Studies

RDN will review the Agency’s cost of service requirements for each class of the Agency’s retail water customers to ensure the costs are allocated commensurate with their service requirements. We will also review cost of service requirements for the Agency’s individual wholesale customers based on the specific type and level of service provided, and consideration of the way in which the Agency provides service.

Task 2.1. Review Demand Projections/Revenue Analysis

We will review the Agency’s demand projections and revenue analysis under the Agency’s current rates. Water consumption patterns are influenced by price signals and other factors such as weather/rainfall and State mandated conservation programs. As economic consultants, our staff are particularly adept at forecasting water demand. We will evaluate historical water consumption patterns, Agency growth trends to project future water consumption, and the elasticity of customer demand in response to various rate increase scenarios. We will make recommendations if necessary based on our detailed multi-level analyses utilizing individual billing records of SCV Water retailed and wholesale customers.

Figure 3. Example of Historical Mean Usage by Number of Bills



Task 2.2. Review Capital Funding

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

Task 2.3. Review Reserve Policies

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

Task 2.4. Review Cash Flow Analysis

SCV Water will develop cash flow projections summarizing the financial position of the water system over the next five years. This analysis will project revenues, expenses, and net balances to estimate the annual rate increases needed to fund day-to-day operation, pay-as-you-go, debt obligations, and reserve fund targets. Working with the Agency’s projection on future changes to O&M and water supply costs, RDN will review historical cost trends to develop operating and capital cost escalation factors.

RDN will review the cash flow analysis for the retail and wholesale water systems, carefully evaluating expenses that may be shared between the two systems. Our analysis will examine whether expenses are proportionately shared and applied to each entity. The cost incurred from operation of a water system must be categorized by its type in order to accurately allocate costs to the end users. We will review the

Agency’s expense items line by line and categorize them into 1) direct vs. indirect costs, and 2) variable vs. fixed costs.

Table 3. Task 2. Review of Cost of Service Deliverables

RDN Deliverables	▪ Feedback on the Cost of Service Analysis
Agency Deliverables	▪ Financial information and input

Task 3. Review of Rate Design

We will review the Agency’s rate report while gathering the necessary clarification and supporting information to successfully evaluate proposed rates. Rates will be evaluated based on the general rate-making principles set forth in utility rate-making practice such as the AWWA Manual M1, and the rate setting goals established in the scoping meeting. Facility Capacity Fees and Connection Fees are important components of a water system’s funding source for capital improvements. RDN will review the required nexus between the impact created by new development and the amount of the fee meeting the level of substantial evidence, ensuring customers are not paying twice for infrastructure – once through Facility Capacity Fees and again through rates.

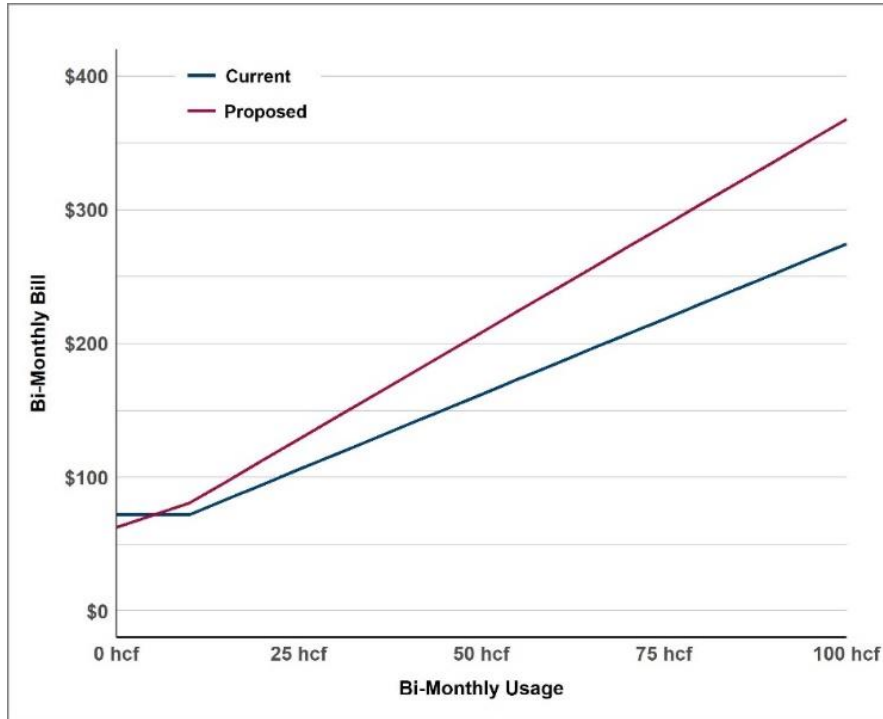
Task 3.1. Evaluate Rates and Rate Setting Principles

RDN will review the fairness and equitability of the proposed rates. The rates should generate revenues from each customer class commensurate with their service requirements identified in the cost of service analysis. RDN will also evaluate if the proposed rates are structured to promote conservation and water use efficiency. We will assess the effectiveness of the tier widths to ensure that the proposed rate structure will send a strong price signal to the segment of customers who might otherwise overuse their water. We will evaluate Agency’s tiered rates to ensure the pricing of each tier has a strong nexus with the relevant costs for each tier. We will also assess the proportion of two types of revenues: revenues recovered from fixed charges and revenues from volumetric charges. This is a critical assessment for the Agency in order to balance revenue stability and its conservation effort.

Task 3.2. Assess Bill Impacts on Customers

RDN will perform detailed bill impact studies to assess the financial impacts on Agency customers if proposed rates are implemented. We will compare bills under current rates versus the proposed rates by monthly usage. We utilize statistical programming languages called “R” and “Stata” to quickly observe bill impacts on individual customers and evaluate how different types of users (small users vs. big users) will be impacted by the proposed rates. RDN will make recommendations for ways to minimize the impacts on all users to the extent possible to ensure equitability and fairness.

Figure 4. Example of Bill Impact Analysis by Usage



Task 3.3. Conduct Rate Comparison Study

With the direction of Agency representatives, RDN will compile data on local water purveyors to complete a comparison analysis. Potential comparison agencies may include, but are not limited to, Los Angeles County Water Works District 36, Los Angeles Department of Water and Power, Calleguas Municipal Water District (for wholesale rates), Las Virgenes Municipal Water District, and Palmdale Water District. The Comparison Analysis, which will be included in the Independent Report, will allow the Agency Board and customers to form a broad overview of rates in the local area among comparable Agencies.

Task 3.4. Conduct Sensitivity Analysis for Proposed Rates

RDN will help the Agency ensure that the proposed rates provide stable funding for each system during normal years and drought years in order to best provide service for their customers. We will evaluate reserve funding goals, cash flow goals, and any other goals at Agency discretion under multiple scenarios to confirm the designed rates are responsive in every possible situation.

We will also review the proposed rates using a multi-scenario economic approach with a variety of consumption projections. In the case of extended periods of drought, water agencies are typically faced with a combination of reduced sales and increased costs. This makes it difficult to meet financial obligations with consequential impacts to reserve levels and infrastructure conditions due to potentially high levels of deferred maintenance. RDN will perform a sensitivity analysis to project the range of potential fluctuation in the revenue stream based on the varied consumption projections. We will identify the revenue recovery expected from the proposed rates and determine if it is an acceptable level within the projected range.

Table 4. Task 3. Review of Rate Design Deliverables

RDN Deliverables	<ul style="list-style-type: none"> ▪ Independent rate review analysis and report ▪ Bill Impact Study ▪ Rate Comparison Study ▪ Sensitivity Analysis for proposed rates
Agency Deliverables	<ul style="list-style-type: none"> ▪ Agency rate report

Task 4. Develop an Independent Report

Using the independent analysis outlined in Task 3, RDN will produce a draft report summarizing rate recommendations within 60 days of receiving the Agency report. The independent report will be responsive to Agency needs and to ratepayer concerns, and will contain variety of detailed analyses. The extensive tables and graphs created in R provide consistent flawless visual support throughout the report.

Figure 5. Example of Report Table Generated in R

Customer Class	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024
	Current	Test Year				
Complete Meter Count	26,544	27,059	27,584	28,122	28,669	29,226
Single Family Residential	25,129	25,632	26,144	26,667	27,200	27,744
Multi-Family Residential	544	549	555	560	566	572
Commercial-Industrial	616	623	630	639	647	654
Irrigation Only	235	235	235	235	235	235
Other	20	20	20	20	20	20

Task 4.1. Draft Independent Analysis

RDN’s independent analysis will summarize and present all applicable data and analysis in a digestible way for Agency staff, the Board, and other stakeholders. Recommendations will be based on industry best practices, as well as any applicable Agency directives. In order to best advocate for ratepayers, RDN will ensure that all recommendations are made independent from SCV Water staff. The draft analysis will include justifications for each RDN recommendation.

Task 4.2. Facilitate Board Review

For each rate review, RDN will attend a public meeting to present the conclusions of the independent report to the Board and stakeholders. These meetings will include a PowerPoint presentation outlining the key factors described in the independent report. After the presentation, the Ratepayer Advocate will be available to answer questions and clarify details of the rate review.

Task 4.3. Disseminate to Ratepayers

RDN will publish the independent report at least 30 days in advance of any proposed adoption of revised retail water rates. The web posting will include relevant information used to complete the independent analysis. RDN will be available to answer ratepayer questions until the rates or fees are finalized.

Table 5. Task 4. Draft Independent Report Deliverables

RDN Deliverables	<ul style="list-style-type: none"> ▪ Independent Rate Review Report
Agency Deliverables	<ul style="list-style-type: none"> ▪ Provide input ▪ Comments, responses, and recommendations to draft report

Task 5. Attend Public Meetings

RDN’s Ratepayer Advocate will attend all public meetings and present study results as necessary to address questions and comments from Agency stakeholders.

Task 5.1. Finance and Administrative Committee Meetings (12)

We will provide opportunities for transparent, two-way communication with all interested stakeholders and customers. RDN will prepare presentations and/or take-away materials and record meeting minutes for four Finance and Administrative Committee Meetings per report. The Ratepayer Advocate will be available to committee members to answer any questions that may arise about the proposed rates, the independent evaluation, or the methodology.

Task 5.2. Board Meetings (6)

RDN will attend two board meetings per report to advocate for Agency customers. The Ratepayer Advocate will present the effects of the proposed rates for each customer class, including the effects on users with high and low volume water needs. The RDN team will provide the meeting attendees with a detailed analysis of the proposed rates, and a comparison against other local water purveyors.

Table 6. Task 5. Attend Public Meetings Deliverables

Meetings	<ul style="list-style-type: none"> ▪ Four F&A Committee meetings per report (12 total) ▪ Two Board Meetings per study (six total)
RDN Deliverables	<ul style="list-style-type: none"> ▪ Meeting materials ▪ Recorded meeting minutes
Agency Deliverables	<ul style="list-style-type: none"> ▪ Provide input

Task 6. Assist with Public Outreach Campaign

The RDN team will assist with the Agency’s public outreach campaign by advising the production of outreach materials. This may include FAQs, newsletters, bill inserts, mailers, brochures, or flyers. The Ratepayer Advocate will provide plain language descriptions of the proposed rates and the methodologies that were used to design and evaluate the rates. Additionally, at the request of agency staff, the RDN team will review all public outreach materials for consistency and provide feedback on design elements.

Task 7. Proposition 218 Support

Closely aligned with Task 6, the scope of work for Task 7 reflects an optimal multi-faceted outreach campaign for Proposition 218 messaging and support. Our Ratepayer Advocate will be available to assist the Agency public information officer with the development of all Proposition 218 support.

Task 7.1. Proposition 218 Notice

The Ratepayer Advocate will work with Agency staff and its legal counsel to prepare the required compliance documents including the Proposition 218 Notice. We will encourage clear, simple language and visual messaging for easy understanding. RDN staff will ensure the documents include all required language, including translations, if determined necessary. The Ratepayer Advocate will review the Agency’s Proposition 218 Notice in a timely manner to ensure all ratepayers receive the document 45-days prior to the public hearing.

Task 7.2. Proposition 218 Support

RDN will collaborate with Agency staff to ensure retail water rates are adopted consistent with proposition 218 requirements. This includes appropriate procedures for a noticed public hearing, mailing of notices to property owners and customers of record, and a majority protest process. For wholesale water rates, RDN will help ensure Proposition 26 compliance, including two weeks’ notice and a public hearing. Pursuant to the Agency Act and Government Code section 66013, RDN will help ensure facility capacity fees and connection charges are adopted after a public meeting in which supporting information is available to the public at least ten days prior.

Task 7.3. Attend Public Hearing

RDN will collaborate with Agency staff to prepare and present the study results to Agency stakeholders and customers and address public questions and comments at the Proposition 218 Public Hearing.

Table 7. Tasks 6 and 7. Public Outreach Campaign and Proposition 218 Support

Meetings	<ul style="list-style-type: none">▪ One Proposition 218 hearing for each independent rate review
RDN Deliverables	<ul style="list-style-type: none">▪ Public Outreach Campaign support▪ Proposition 218 Meeting materials▪ Recorded meeting minutes
Agency Deliverables	<ul style="list-style-type: none">▪ Proposition 218 Notice

PROJECT FEE AND SCHEDULE

Preliminary Fee Proposal

Table 8 presents our preliminary fee and expense, not-to-exceed cost estimate. RDN has estimated the level of effort required to complete the tasks identified in the RFP. Located just 80 miles from SCV Water, RDN’s proposed fees and expenses throughout the entire course of the application are fixed at \$90 per meeting for travel, or \$1,980 for 22 proposed meetings. Our total estimated not-to-exceed Ratepayer Advocate cost for all services (Capacity Fees, Wholesale Rates, Retail Rates) and expenses is \$140,520.

Table 8. Preliminary Fee Proposal

Tasks	Niehaus	Kido	Kallerud	Elowsky	Total Hours	Total Cost
TASK 1. PROJECT MANAGEMENT	60	135	25	25	245	\$42,100
1. Project Management	30	100	-	-	130	\$23,900
2. Quality Assurance	30	25	15	15	85	\$14,900
3. Project Scoping Meeting (1)	-	10	10	10	30	\$3,300
TASK 2. REVIEW OF EXISTING COST OF SERVICE STUDIES	12	57	87	66	222	\$25,845
1. Review Demand Projections/Revenue Analysis	3	1	45	15	64	\$6,620
2. Review Capital Funding	3	16	6	12	37	\$4,820
3. Review Reserve Policies	3	20	12	15	50	\$6,265
4. Review Cash Flow Analysis	3	20	24	24	71	\$8,140
TASK 3. REVIEW OF RATE DESIGN	6	80	36	38	160	\$20,530
1. Evaluate Rates and Rate Setting Principles	6	20	2	16	44	\$6,180
2. Asses Bill Impacts on Customers	-	20	16	2	38	\$4,850
3. Conduct Rate Comparison Study	-	20	2	16	38	\$4,500
4. Conduct Sensitivity Analysis for Proposed Rates	-	20	16	4	40	\$5,000
TASK 4. DEVELOP AN INDEPENDENT REPROT	3	75	20	20	118	\$15,965
1. Draft Independent Analysis	3	30	10	10	53	\$7,240
3. Facilitate Board Review	-	30	10	10	50	\$6,400
4. Disseminate to Ratepayers	-	15	-	-	15	\$2,325
TASK 5. ATTEND PUBLIC MEETINGS	-	120	-	-	120	\$18,600
1. Finance and Administrative Committee Meetings (12)	-	80	-	-	80	\$12,400
2. Board Meetings (6)	-	40	-	-	40	\$6,200
TASK 6. ASSIST WITH PUBLIC OUTREACH CAMPAIGN	-	40	-	-	40	\$6,200
TASK 7. PROPOSITION 218 SUPPORT	-	60	-	-	60	\$9,300
1. Proposition 218 Notice	-	20	-	-	20	\$3,100
2. Propostion 218 Support	-	20	-	-	20	\$3,100
3. Attend Public Hearing (3)	-	20	-	-	20	\$3,100
ESTIMATED RDN EXPENSES (22 Meetings)						\$1,980
TOTAL HOURS	81	567	168	149	965	
HOURLY RATE	\$280	\$155	\$100	\$75		
TOTAL PROJECT COSTS	\$22,680	\$87,885	\$16,800	\$11,175		\$140,520

Billing Rates

As requested in the RFP, Table 9 presents RDN’s billing rates effective April 1, 2019 through March 31, 2020.

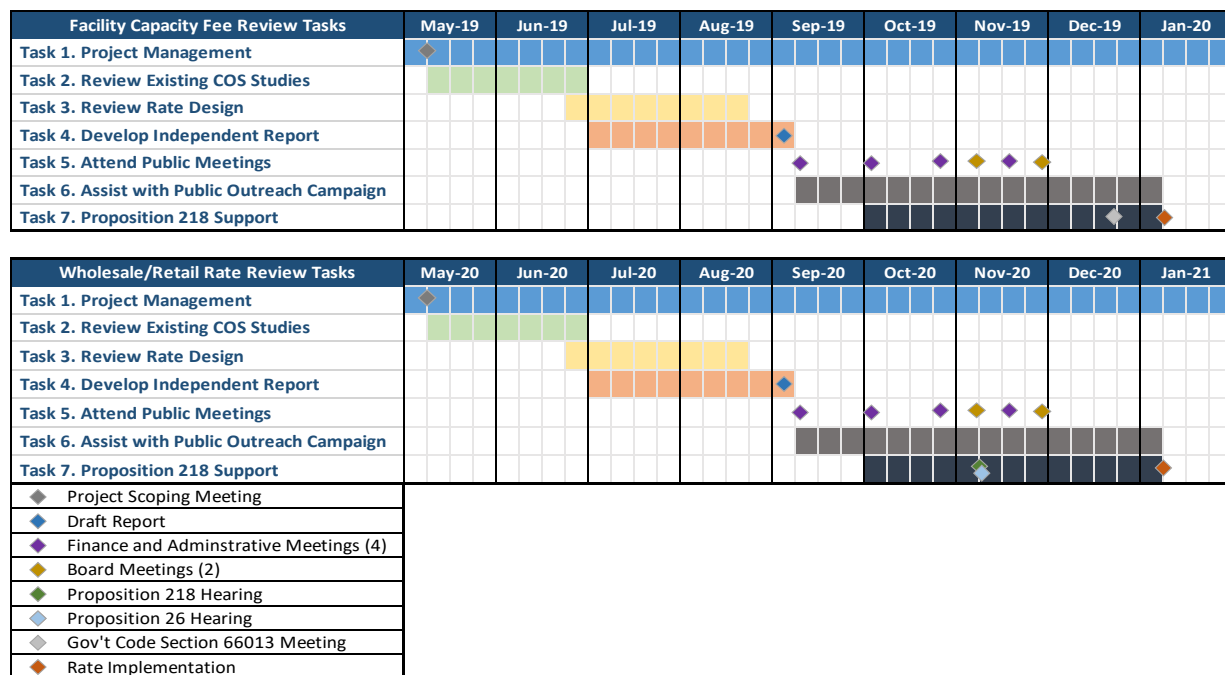
Table 9. Billing Rates

Robert D. Niehaus, Inc.	2019 Billing Rate Schedule
Ichiko Kido	
Ratepayer Advocate	\$155 per hour
Robert Niehaus	
Principal Economist	\$280 per hour
Bjorn Kallerud	
Economist	\$100 per hour
Antony Elowsky	
Rate Analyst	\$75 per hour

Preliminary Project Schedule

Table 10 presents a preliminary draft schedule for completing the project with a target rate implementation date of January 1, 2020 for Facility Capacity Fees and January 1, 2021 for Wholesale and Retail Rates. RDN will work with Agency staff at the Project Scoping Meeting to review and finalize the schedule, meetings, and key milestones.

Table 10. Project Timeline



PROFESSIONAL SERVICES AGREEMENT

RDN has reviewed SCV Water's standard professional services agreement (SCV Water Contract Terms and Conditions) and is willing to accept the terms without modifications. RDN has no exceptions and affirms compliance with all insurance requirements.

APPENDIX

The appendix to this proposal includes the RFP's Attachment 4 Acknowledgement Receipt of Addenda #1, as well as full resumes for RDN's proposed Ratepayer Advocate Project Team.

TECHNICAL SPECIALTIES

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

PROFESSIONAL HISTORY

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

EDUCATION

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

PROFESSIONAL MEMBERSHIPS

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

Robert D. Niehaus

Managing Director/Principal Economist

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

RELEVANT PROJECT EXPERIENCE

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

Ichiko Kido, M.B.A.

Program Manager/Senior Financial Analyst

TECHNICAL SPECIALTIES

- Public Agency Rate Design
- Cost of Service Rate Studies
- Budget Preparation
- Fiscal Management
- Rate Comparison analysis
- Housing Market Analysis
- Data Analysis
- Technical Report Review
- Survey Interviewing
- Statistical Analysis

PROFESSIONAL HISTORY

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

EDUCATION

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

PROFESSIONAL MEMBERSHIPS

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

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

RELEVANT PROJECT EXPERIENCE

Ventura River Water District

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

California Rural Water Association

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

Moulton Niguel Water District

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

Carpinteria Valley Water District

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

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

Fremont Valley Preservation Project

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

Golden State Water Company

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

Anthony Elowsky

Analyst

TECHNICAL SPECIALTIES

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

PROFESSIONAL HISTORY

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

EDUCATION

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

PROFESSIONAL MEMBERSHIPS

- American Water Works
Association
- California Rural Water
Association

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

RELEVANT PROJECT EXPERIENCE

Mariana Ranchos County Water District

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

Patterson Community Services District

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

Manatt, Phelps, & Phillips, LLP

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

Bjorn Kallerud, M.Sc.

Economist

TECHNICAL SPECIALTIES

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

PROFESSIONAL HISTORY

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

EDUCATION

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

PROFESSIONAL MEMBERSHIPS

- National Association of
Business Economics

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

RELEVANT PROJECT EXPERIENCE

Apple Valley Heights County Water District

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

U.S. Department of Defense Travel Management Office

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

Sheep Creek Water Company

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



*Prepared for Santa Clarita
Valley Water Agency*

RATEPAYER ADVOCATE

RFP 1819-RA-10418



PROPOSAL | APRIL 2019

April 1, 2019

Mr. Eric Campbell, Chief Financial and Administrative Officer
Santa Clarita Valley Water Agency
27234 Bouquet Canyon Road,
Santa Clarita, CA 91350

Subject: Request for Proposal Ratepayer Advocate – RFP 1819-RA-10418

Dear Mr. Campbell:

The formation of the Santa Clarita Valley Water Agency has created a unique opportunity for the region's water supplies, finances, and operations to be managed by a central entity. Along with those opportunities come the challenges of ensuring that the Agency's rate structure efficiently and equitably distributes costs to its customers and provides an adequate source of revenue to fund the Agency's operational and capital costs.

As the Agency took shape over the last several years, the water industry in California has also undergone significant changes. The historic drought in 2015 and the associated demand and revenue reductions continue to shape rate planning across the state. Agencies are under increased scrutiny to develop a cost of service nexus for their rates, and uncertainty remains regarding future demands and statutory guidelines and their consequences for water sales revenue. As the premier cost-of-service firm in California, Carollo Engineers, Inc. has helped multiple agencies across the state confidently address these issues.

The Santa Clarita Valley Water Agency needs a trusted and tested advisor to review the cost of service analysis developed by Agency staff to ensure it balances fiscal sustainability with ratepayer equity and affordability. Carollo's combined engineering and financial expertise is uniquely suited to accomplish these goals.

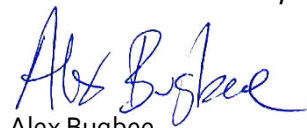
Our Financial Management Group has successfully delivered financial studies to more than 300 utilities. With the knowledge, resources, and capabilities needed to serve as the Agency's Ratepayer Advocate, Carollo will support the Agency and its customers to determine the best method of equitably recovering its costs. Our review and report will consider several key questions:

- Are the Agency's funding goals met over the next several years under a range of scenarios?
- What is the impact to ratepayers—considering both affordability and equity?
- Is there a definable nexus between the Agency's rates and its cost of service?
- What uncertainties exist over the next several years, and how can the rate structure mitigate these uncertainties?

Carollo values this opportunity to support the Agency and assist its Board of Directors as its Ratepayer Advocate. Should you have any questions regarding this proposal, please contact us at 213-489-1587.

Sincerely,

CAROLLO ENGINEERS, INC.



Alex Bugbee
Project Manager

EXPERIENCE AND QUALIFICATIONS

FIRM EXPERIENCE

Carollo Engineers, Inc. is the largest engineering firm in the United States dedicated solely to water-related engineering—it's all we do. This targeted expertise allows us to focus on developing cost-effective, innovative, and reliable solutions to help our clients implement best value solutions to protecting public health and the environment. It also allows us to recruit the brightest minds in the water industry, train our staff on the issues impacting water and wastewater, and lead the industry with innovative ideas tailored to the specific needs of our clients. Carollo is guided by a culture of teamwork and integrity. Embracing the firm's rich history and solid reputation for offering professional excellence, our

employees have a shared mission to provide exceptional service to our clients. We are dedicated to overcoming challenges, seizing opportunities, and "Working Wonders with Water."

National Water and Wastewater Experts

Carollo is the nation's largest environmental engineering firm specializing exclusively in the planning, design, and construction of water and wastewater facilities. Since 1933, Carollo has successfully completed more than 20,000 projects for public sector clients. Carollo is currently ranked within Engineering News-Record's (ENR) top 100 design firms and among the top firms for water and wastewater treatment plant design.

Water-Related Rate Study Leaders

For 86 years, Carollo has provided water and wastewater system planning and financial services to utilities throughout California and the United States. In recent years, Carollo has become one of the largest rate consultants in California. Collectively, our proposed project team for this study has provided financial planning services for more than 300 utilities. We have performed work for clients with service area populations ranging in size from several hundred to 4 million residents. Our comprehensive financial studies for public agencies include financial modeling, cost allocations, and rate and fee development.

Carollo Financial Management Group (FMG)

To achieve success in the cost-conscious and results-driven modern utility market, it is important for utilities to provide creative technical solutions executed within the context of sound business practices. Combined with the technical expertise in water and wastewater systems, the Carollo Financial Management Group (FMG) has been successfully helping its clients like no other consultant can in the industry.

WATER
OUR FOCUS
OUR BUSINESS
OUR PASSION

Innovative Solutions

Innovation is vital to all we do. We work tirelessly to advance the science and engineering of water, finding the most creative and technically sound solutions to your specific needs.

Superior Service

Your satisfaction means everything. It defines who we are and determines our future. You won't find a higher level of service in the industry.

Talented People

Our people set us apart. From recent graduates to career professionals, Carollo employs some of the best engineers, scientists, and support staff in the industry – all focused 100% on water.

Collaborative Culture

We seek long-term relationships founded in meeting our commitments, developing mutual trust and respect, and fostering a collegial collaborative working environment.

WATER
OUR FOCUS
OUR BUSINESS
OUR PASSION

Carollo's exclusive focus on water helps attract talented people who have passion and expertise for water. We apply that passion and expertise to create innovative, cost-conscious solutions delivered with service that exceeds expectations.

The FMG works with utility managers to effectively administer business operations with creative solutions to evolving challenges. As a leading environmental engineering and consulting firm focused in the utility market, our experts understand the unique hurdles that agencies face. It is important for utilities to continue to provide creative technical solutions. However, these solutions must be executed within the context of sound, innovative business practices to be successful in the competitive and results-driven modern utility market. Our goal is to provide utilities with the information and advice to allow them to provide successful creative solutions.

The FMG is comprised of professionals who have proven and practical experience delivering innovative business solutions to the public sector that are specifically tailored









to each client's needs. We provide a broader range of services than just rate studies. Our services are grouped within one of the following six disciplines:

- › Cost of Service and Rate Structure Analysis
- › Revenue Requirements
- › Finance, Funding and Economic Sustainability
- › Connection/Impact Fee Development
- › Fiscal Policy Creation and Review
- › Custom Financial Models

Our mission is clear: we serve our clients to build vibrant, high-performing organizations through value appreciation in both service and utility equity.

Comprehensive Financial Planning Experience

Our combined financial and engineering expertise provides us with the unique ability to efficiently allocate rates in a fair and equitable way, thus reducing potential Proposition 218 concerns. Our technical expertise, paired with proven financial strategies, allows us to anticipate and meet the specific objectives for this study. While not a complete list, the matrix below demonstrates the breadth and depth of our financial services expertise.

								
	Capital Planning and Funding	Cost of Service Rate Structure Analysis	Revenue Requirements	Fiscal Policy Review	Connection/Impact Free	Custom Financial Model	Bond Coverage Evaluation	Stakeholder Involvement/ Public Outreach
City of Boynton Beach, FL	●	●	●	●	●	●	●	●
City of Carlsbad, CA	●	●	●	●	●	●	●	●
City of Las Vegas, NV	●	●	●	●	●	●	●	●
City of Reedley, CA	●	●	●	●	●	●	●	●
City of Los Angeles, CA	●	●	●	●	●	●	●	●
City of Modesto, CA	●	●	●	●	●	●	●	●
City of Oceanside, CA	●	●	●	●	●	●	●	●
City of Oklahoma City, OK	●	●	●	●	●	●	●	●
City of Omaha, NE	●	●	●	●	●	●	●	●
City of Portland, OR	●	●	●	●	●	●	●	●
City of Riverside, CA	●	●	●	●	●	●	●	●
City of Pasadena, CA	●	●	●	●	●	●	●	●
City of Sacramento, CA	●	●	●	●	●	●	●	●
City of San José, CA	●	●	●	●	●	●	●	●
City of Scottsdale, AZ	●	●	●	●	●	●	●	●
City of Seattle, WA	●	●	●	●	●	●	●	●
City of Simi Valley, CA	●	●	●	●	●	●	●	●
City of Upland, CA	●	●	●	●	●	●	●	●
Clean Water Service, OR	●	●	●	●	●	●	●	●
Eastern Municipal Water District, CA	●	●	●	●	●	●	●	●
El Paso Water Utilities Public Service Board, TX	●	●	●	●	●	●	●	●
El Toro Water District, CA	●	●	●	●	●	●	●	●
Inland Empire Utilities Agency, CA	●	●	●	●	●	●	●	●
Irvine Ranch Water District, CA	●	●	●	●	●	●	●	●
King County, WA	●	●	●	●	●	●	●	●
Manatee County, FL	●	●	●	●	●	●	●	●
Marin Municipal Water District, CA	●	●	●	●	●	●	●	●
Marina Coast Water District, CA	●	●	●	●	●	●	●	●
Monte Vista Water District, CA	●	●	●	●	●	●	●	●
Northwest Water Commission, IL	●	●	●	●	●	●	●	●
Orange County Sanitation District, CA	●	●	●	●	●	●	●	●
Palmdale Water District, CA	●	●	●	●	●	●	●	●
Sacramento County Department of Water Resources, CA	●	●	●	●	●	●	●	●
Sacramento Regional County Sanitation District, CA	●	●	●	●	●	●	●	●
San Diego County Water Authority, CA	●	●	●	●	●	●	●	●
San Francisco Public Utility Commission, CA	●	●	●	●	●	●	●	●
Santa Ana Watershed Project Authority, CA	●	●	●	●	●	●	●	●
Santa Margarita Water District, CA	●	●	●	●	●	●	●	●

TECHNICAL COMPETENCE

Carollo has a depth of resources few other firms can match. Carollo's project team provides the management and technical expertise, personal attention, and resources required to successfully serve as your Ratepayer Advocate.

In their purest form, rate studies are an elementary math equation, which can be performed by numerous consultants. However, in light of the increasingly litigious rate environment (Prop 218), uncertain demand forecasting, and ratepayer awareness/sensitivity, it is crucial that the Ratepayer Advocate has an experienced team that can effectively guide and assist the Agency in undertaking the following challenges:

CHALLENGE 1. CALIFORNIA LEGAL STANDING

The Agency needs a trusted and tested advisor to develop defensible cost-of-service analysis and transparent rates for its customers. Recent cases, such as Palmdale Water District and San Juan Capistrano, and the recent recall at Yorba Linda Water District, are prime examples of what not to do. Unlike some other firms, Carollo has not lost a case on the grounds of

cost-of-service (Prop 218 or 26), and rather has been the firm that agencies have leaned on to help navigate the legal landscape.

Proven Legal Understanding

We understand Prop 218 and recent legal opinions and the potential implications of these challenges. Our combined financial and engineering approach is necessary to achieve a defensible cost-of-service framework to validate the Agency's existing and future work. With a true engineering basis providing the foundation of the analysis, the Agency can pinpoint the specific attributes of the system related to providing various water demands. This approach sets us apart as a winning team.

CHALLENGE 2: COST-OF-SERVICE NEXUS

The development of a nexus between how costs are incurred and who receives the benefits is crucial to the cost of service process. The burden of proof for this nexus falls on the Agency, and by extension the rate Agency's Ratepayer Advocate, to prove.

Carollo's combined financial and engineering expertise crosses over to provide accurate financial results.

Too often, rate studies are viewed through a single financial lens, and are too heavily focused on the cash flow and debt coverage tests. While these are critical assessments, this framework only reveals half the picture. The "why" and the "who"—why those costs are incurred, and who they are benefitting—cannot be overlooked for any rate study in California. Without that review, the rates are not based upon cost of service principles, and are open to challenge. Our team's approach addresses the full picture by combining both engineering and financial lenses.

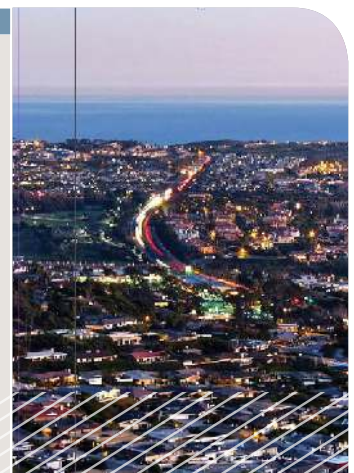
Combined Engineering and Financial Understanding

Our approach draws a traceable line from costs to who is benefitting from those costs. It is the only equitable way to calculate rates. We do not simply rely on "the numbers" to

IN ACTION

Bolstering fixed cost recovery for South Coast Water District **WITH A HYBRID FIXED DEMAND CHARGE**

In 2016, the South Coast Water District (SCWD) faced a challenge that was felt by virtually all retail water suppliers in Southern California: how to maintain revenue resiliency, amid declining usage and water sales. Carollo worked with SCWD on its most recent rate study, and introduced an innovative method to increase fixed revenue, while still providing customers with the ability to control their bill. The demand charge is a fixed charge that is determined by a customer's peak water usage in the prior year. The charge is set for that customer for the year, providing the District with fixed revenue, and also providing the customer the ability to adjust the fee with time. With the inclusion of the demand charge, SCWD's fixed revenue went from 36% to 60% of total revenues.



tell the story to your ratepayers and Board, and we never use generic allocation factors. With our sound engineering basis to explain “who” and “why,” ratepayers can understand the complexities, which could be easily glossed over. As the Ratepayer Advocate, we will work to foster understanding of these cost-of-service principles among the board, Agency staff, and the public.

CHALLENGE 3: UNCERTAIN CUSTOMER DEMANDS

Projected water demand plays a crucial role in rate-setting as it is a significant driver for costs and the basis of much of the Agency’s revenue. California is only two years removed from its most severe drought in recent memory. The prolonged, multi-year drought challenged many water agencies to balance conservation messaging with unyielding revenue requirements.

Leaders in Demand Planning and Data Analysis

Our team leads the industry in data analysis for water and wastewater utilities and financial studies. Our approach uses a number of detailed methods to understand your system and your customer demands. This Our understanding of the Agency’s customer profile will be a key component of understanding and reviewing the Agency’s rate and fee proposals.

CHALLENGE 4: COMMUNICATION AND OUTREACH

Public perception and engagement are critical underpinnings to a successful rate study and implementation. It is a crucial step that cannot be overlooked. Too often though, rate

studies postpone stakeholder feedback until too late in the process, leaving the door open to political and legal challenges.

Track Record of Public Engagement

Carollo’s philosophy is to engage with stakeholders early, and to keep them involved in the process. Much of this starts with your Board of Directors. Furthermore, we can support your Proposition 218 process. We have developed bill impact calculators for use on other agencies’ websites, and can use this to support your rate adoption process.

Our approach is built upon numerous successful studies across California and the United States. This team has worked together with a number of peer agencies across Southern California, and maintains a clean Proposition 218 record.



ORGANIZATIONAL CHART AND TEAM RESUMES

The success of this project lies in the experience and abilities of the project team. A successful project team must demonstrate practical and relevant experience in all of the technical aspects of the project, a well-conceived work plan and project approach, and a commitment to the project goals. We have dedicated a team to your project that will fulfill these requirements in totality.

The team selected for this project has collaborated closely on multiple studies. We will work to foster total project understanding among all critical team members so that in the event that the Ratepayer Advocate is unavailable, other senior team members can step in seamlessly.

Our proposed team has completed several successful water rate studies together, which provides enhanced abilities meeting the SCV Water's unique needs and delivering the project. Our team is illustrated in the organization chart below. Resumes are provided on the following pages.





Alexander T. Bugbee, E.I.T.

Alexander Bugbee is a lead analyst in Carollo's Financial Management Group with eight years of experience asset management and utility rates and financing. His primary expertise includes assisting water and wastewater agencies develop asset management plans, rehabilitation and replacement programs, program funding and implementation strategies, and financial and econometric models, as well as compiling and analyzing the necessary background data.

Education

BS Mining Engineering,
Pennsylvania State
University, 2009

Licenses

Engineer-in-Training,
Pennsylvania

His combined experience in engineering and financial analyses benefits the project team by providing an asset management strategy that considers infrastructure needs along with financial capacity and feasibility to develop a truly implementable plan.

He has successfully completed asset management, financial and economic analyses, and cost of service studies for many agencies throughout California, including the cities of Los Angeles, Oceanside, Oxnard, Glendale, Simi Valley, West Sacramento, San Jose, Riverside as well as Union Sanitary District, San Diego County Water Authority, the Inland Empire Utilities Agency and several other cities and special districts throughout the state.

Relevant Experience

→ Lead financial analyst for the Inland Empire Utilities Agency, California Connection Fee and Rate Study. He led a comprehensive financial analysis and rate and fee study to develop a financial plan for the implementation of the agency's recent Integrated Resources Plan recommendations and updated connections and service fees to support it. Along with updates to existing rates and fees, a new One Water Regional Connection Fee was developed to provide funding for recycled water and water resources projects and initiatives.

→ Analyst for the On-Call Financial Study for the City of Oceanside, California. He developed a financial model for the Solid Waste Department, which allows the client to predict future cash flows and fund balances based on past performance and expected rate changes in order to optimize the rate impact to customers and develop accurate operational budgets. He provides continued support to the client and makes model modifications as deemed necessary. Also provided as-needed support to the Water and Wastewater Departments including maintenance, updating, and modifications of existing financial models. He also worked with the departments to revamp the models to improve user interface and functionality.

→ Site assessment lead and analyst for the Public Works Integrated Master Plan for the City of Oxnard, California. He coordinated and led mechanical and structural condition assessments of the City's water and wastewater systems. The assessed wastewater facilities included the City's regional wastewater treatment plant as well as over 15 wastewater lift stations. Water facilities included wells, blending stations, and treatment facilities. The results of the condition assessments were used to develop a master plan CIP for the water and wastewater facilities. He later incorporated the CIP into a cost of service analysis aimed at providing funding for the extensive rehabilitation and replacement needs.

→ Analyst for the Update of Capacity Charge project for the San Francisco Public Utilities Commission (PUC), California. He updated the PUC's capacity charges for water and wastewater. His responsibilities included analyzing the results of a variety of calculation methods for the capacity charge.

→ Lead financial analyst for City of San Jose, San Jose-Santa Clara Regional Wastewater Facility Funding Strategy, CA. Developed a ten-year CIP funding strategy for a ten-year \$1.5 billion capital program. He developed long term financial projections for the regional wastewater system as well as the City of San Jose to assess the financial impact of CIP on owner and member agencies. The analysis incorporated sev-

Alexander T. Bugbee, E.I.T.

eral policy best practices related to reserves, debt coverage, and funding sources designed to help the agencies achieve favorable financing conditions.

→ Project manager for the Water and Wastewater Cost-of-Service and Rate Study Update for the City of Del Mar, California. Carollo collaborated with the City and utilized the existing water and wastewater financial models in order to create cost and time efficiencies. As an optional task, Carollo developed new models for each utility, including clean water rate model.

→ Analyst for the Water Rate Study for the City of Upland, California. The City had been utilizing one-time revenues to offset revenue shortfalls from rates. IN addition, the City had not increased its fixed rate in over 20 years. Carollo evaluated the existing water rates, usage, and financial data to develop a financial model and new rate structure, which provided sufficient revenues increasing revenue predictability through an increased fixed rates and increased customer equity ratepayers. Alex's responsibilities included analysis of usage and financial data and assisting in the development of a financial model for the City's Water Utility. He also performed a cost-of-service analysis in order to design fixed and variable water rates for various customer classes.

→ Analyst for the Capacity Fee Study for the San Diego County Water Authority, California. He performed data analysis and assisted in the development of a capacity fee model.

→ Analyst for the Financial Analysis of Wastewater Operations as part of the Comprehensive Wastewater Master Plan for the Rodeo Sanitary District (RSD), California. He developed a financial model to analyze the impact of the proposed capital improvement plan (CIP) on RSD's finances and on customer rates. He also assisted in the creation of an integrated CIP funding strategy designed to provide sufficient funding while minimizing the effects on customer rates.

→ Financial analyst for the 2015 Wastewater Cost of Service Study, City of Carlsbad, California. The project included developing the revenue requirement, cost

of service analysis, and functional allocation. It also provided recommendations for a new customer class rate.

→ Site assessment lead and analyst for the Water and Recycled Water Master Plan for the City of Glendale, California. He led an assessment of selected water facilities including pump stations, wells, treatment facilities, and reservoirs. He the utilized the results of the site assessments to develop an asset rehabilitation and replacement program, which he then incorporated into a funding and connection fee analysis aimed at creating an implementable CIP strategy based on a series of priority based project phasing options.

→ Site assessment lead and asset management analyst for the Waterworks Facilities Assessment and Cost of Service Study for the City of Simi Valley, California. He coordinated and led mechanical and structural condition assessments of the City's water utility that included wells, pump stations, reservoirs, and treatment facilities. This information was used along with other records to develop an asset condition registry, a rehabilitation and replacement program, and a CIP which was later incorporated into a cost of service analysis.

→ Site assessment lead and analyst for the Pump Station Master Plan for the Union Sanitary District, Union City, California. He coordinated and led mechanical, structural, and electrical condition assessments of the District's wastewater pump station and force main system. The evaluated facilities included three high capacity wastewater pump stations with maximum capacities ranging from 11 MGD to over 50 MGD and onsite storage facilities, surge towers, and other auxiliary systems. The results of the physical assessments were used in conjunction with a hydraulic evaluation to develop an asset management and replacement plan for the pump stations and forced mains systems.

→ Site assessment lead and asset Management Analyst for the Water Master Plan Update for the City of West Sacramento, California. He led mechanical, structural, and electrical assessment of the City's 58 MGD capacity surface water treatment plant.



Jennifer R. Ivey, P.E.

Jennifer Ivey is a vice president with Carollo with 20 years of extensive experience in multi-year financial planning, impact fee, bond feasibility, and cost of service, rate, and charge studies throughout Texas and the U.S., as well as civil and environmental design projects. Her combined financial and engineering expertise crosses over to provide accurate financial results based on sound engineering and cost causation foundation. She is currently active in industry associations including the American Water Works Association (AWWA) National Rates and Charges Committee and was a contributing author for AWWA's updated *Principles of Water Rates, Fees, and Charges M1 Rates Manual*. She was also co-chair of the 2019 Utility Management Conference in Nashville, Tennessee.

Education

MBA Finance, Southern Methodist University, 2003

BS Civil Engineering, University of Texas, Austin, 1998

Licenses

Professional Engineer, Texas

Professional Affiliations

American Water Works Association (AWWA)

Water Environment Association, Texas (WEAT)

Water Environment Federation (WEF)

Chi Epsilon National Civil Engineering Honor Society

Relevant Experience

→ Principal-in-charge for the Water Rate Cost of Service Study, Santa Fe Irrigation District, California. Jennifer's team is cross referencing historical demand data at the household level with a variety of other data sources to establish a detailed baseline demand profile and then project future demands. These other data sources include land use, household size, lot size, landscaping, pools and water features, median home value, and geographic location.

→ Project manager for the Utility Cost of Service and Rate Study, San Francisco Public Utilities Commission, California. Carollo developed the SFPUC 2014 comprehensive connection fee and cost of service rate study for the Water, Wastewater, and Stormwater to define customer equity and comply with Proposition 218 in accordance with California Government Code §66013. Jennifer led and managed the team to allocate revenue requirements to functional categories and develop cost-based rates that comply with Proposition 218 requirements. The Study included allocation of wastewater costs between dry weather (wastewater) and wet weather (storm water). Community outreach component included video messaging, bus tours, and multi-lingual meetings, in addition to mandated Proposition 218 notifications.

→ Technical advisor for the Cost of Service Rate and Charge Study, San Diego County Water Authority, California. Carollo established the revenue requirement, allocated it to rate categories, and designed the rates to equitably collect these costs. Carollo received unanimous approval of planned increased after facilitating a series of success-

ful workshops with the member agencies. Jennifer provided additional review and played a role of "devil's advocate" to generate a thorough assessment of the findings prior to customer and stakeholder review. Quality Consultant for study to allocate operating and capital costs to functional components and develop cost-based rates. Presented study process and findings to Member Agencies and SDCWA Board of Directors. Study included calculation of capacity charges and annexation application fee.

→ Principal-in-charge for the Water and Wastewater Rate Structure Study, City of Sacramento, California. Project Lead and Quality Consultant for study to identify alternative rate structures for water and wastewater utilities and develop recommended rates using preferred rate structures. Presenting study process and findings to utility management. Study includes extensive public outreach component and Proposition 218 notifications.

→ Technical advisor for the Water Cost of Service Rate Study, Riverside Public Utilities, California. Quality Consultant for cost of service study to calculate cost-based water rates. Study includes Proposition 218 public notification process.

→ Technical advisor for the Cost of Service Study, Eastern Municipal Water District, Perris, California. Quality Consultant for study to develop methodology to allocate operating and capital costs to functional components and calculate cost-based rates. Presented study findings and recommendations to Board of Directors. Study includes Proposition 218 notification process.

Jennifer R. Ivey, P.E.

- Technical advisor for the Cost of Service Study, Hi-Desert Water District, Yucca Valley, California. Analyzing existing customer data to develop reasonable estimate of capacity requirements for various types of commercial customers and cost associated with providing service. Study will result in a fee assessed to new commercial customers.
- Project manager for the Water and Wastewater Cost of Service Rate Design and Associated Financial Planning Services, Oklahoma City Water Utilities Trust, Oklahoma. She managed the study to develop cost of service rates and system development charges. She and her team analyzed customer billing and financial data to determine revenue requirements, allocated revenue requirements to functional categories and rate components to determine class cost of service. The study also included transitioning rates toward cost of service, presenting study findings and recommendations to stakeholders and training staff on use of financial planning and rate models.
- Project manager for the Water and Wastewater Rate Study, City of Arlington, Texas. She managed a Water and Wastewater Rate Study for Arlington to determine annual revenue requirements for 10-year period, cost of service by customer class, and recommended rate structure and rates. Study included full customer billing analysis, development of cost of service rate model, and presentations to elected officials and public stakeholders.
- Lead analyst for the Water/Wastewater Cost of Service Rate Study, City of Austin, Texas. She performed a cost of service and rate study for water and wastewater utilities. Prepared several issue papers to educate Public Involvement Committee (PIC) about issues relating to cost of service methodologies and rate design, including cost allocations to BOD, TSS, and other measures of wastewater strength. Presented issue paper topics to PIC and utility's Executive Committee. Developed cost of service and rate models for water and wastewater utilities. Prepared report summarizing study assumptions, analysis, and recommendations.
- Analyst for the Comprehensive Rate and Charges Study, City of Columbus, Ohio. She performed a cost of service and rate study for the City of Columbus' Division of Sewerage and Drainage. Using the City's existing rate model, entered data for the previous two years to update the model and determine the recommended rate structure to meet the division's revenue requirements. In addition to the sewer rate study, performed a sewer capacity fee study using both the buy-in approach and the incremental approach to calculate the recommended capacity charges for each meter size. Prepared a report summarizing the results of the rate study and the capacity fee study with the recommended rates and charges.
- Project manager for the Water and Wastewater Rate Study, City of Farmington, New Mexico. Managed a Water and Wastewater Rate Study for Farmington to determine annual revenue requirements for 10- year period, cost of service by customer class, and recommended rate structure and rates. Study included analysis of multiple CIP scenarios based on growth alternatives.
- Project manager for the Wholesale Water and Wastewater Cost of Service Rate Studies, City of Fort Worth, Texas. Managed cost of service rate studies for the City of Fort Worth's wholesale water and wastewater customers using the utility basis approach to determine the wholesale revenue requirements. Input current test year data into the existing cost of service and rate model to determine the recommended wholesale water rates for 2006, 2012, and 2015 and wholesale wastewater rates for 2008 and 2011. Prepared detailed reports summarizing the results of each study and presented study findings and proposed rates at several meetings of the Wholesale Water and Wastewater Advisory Committee and Subcommittee.
- Project manager for the Water and Wastewater Cost of Service Rate/Impact Fee Study, City of Houston, Texas. Managed a study that included development of a 10-year financial plan, cost of service analysis, rate structure design, development of land use assumptions, and evaluation of capital improvements program.



Jeffrey J. Mosher

Jeff Mosher has 27 years of experience serving public and private-sector clients in the planning and implementation of water, wastewater, and recycled water treatment systems. He serves as Carollo's Principal Technologist and is a nationally recognized expert in alternative water supplies, including desalination and non-potable, onsite, and potable reuse applications. His experience spans technical, scientific, engineering, regulatory, and policy topics associated with water projects. He has broad experience in working with utilities in planning, permitting, and implementing projects, and has extensive experience with the development and implementation of water regulations.

Education

MS Civil and Environmental Engineering, George Washington University, 1996

BS Chemistry, College of William and Mary, 1985

Professional Affiliations

Water Environment Foundation Disinfection and Public Health Committee

Water Environment Foundation Water Reuse Committee

AWWA Water Reuse Committee

International Water Association Water Reuse Specialty Group

Awards

2017 WateReuse Person of the Year Award

2016 Water Environment Federation President's Award

2015 American Membrane Technology Association Member of the Year

Mr. Mosher has served as the Principal Investigator (PI) and participated on a number of successful projects for the Water Research Foundation, Water Environment & Reuse Foundation (WE&RF), Water Environment Research Foundation, and WateReuse Foundation. He is noted for managing projects with wide-ranging policy implications. He was the PI for the top two WE&RF final reports in 2017 in terms of website downloads: *Risk-Based Framework for the Development of Public Health Guidance for Decentralized Non-Potable Water Systems* (SIWM10C15) and *Potable Reuse Research Compilation: Synthesis of Findings* (REUSE-15-01).

Mr. Mosher has managed over 15 independent advisory panels reviewing alternative water supply projects, including groundwater recharge projects with recycled water. These panels reviewed log reduction credit approaches for the groundwater recharge projects. He has also been involved in the regulatory review and/or development of potable reuse, including groundwater recharge projects, in California, Nevada, Washington, and Florida.

He is an experienced facilitator and manager of workshops, meetings, and stakeholder-driven projects. He has facilitated dozens of meetings and workshops of all sizes over the past 20 years.

Mr. Mosher is the former Executive Director of the National Water Research Institute, the former Chief Research Officer of the Water Environment & Reuse Foundation, and the former Director of Research for the WateReuse Research Foundation.

Recent Work History

→ Carollo Engineers, Inc.; Los Angeles, California (2018-present)

→ Water Environment & Reuse Foundation; Alexandria, Virginia (2016-2018)

→ National Water Research Institute; Fountain Valley, California (2005-2016)

→ WateReuse Research Foundation; Alexandria, Virginia (2002-2005)

→ Association of Metropolitan Water Agencies (1999-2001)

Relevant Experience

→ Currently, for the Water Research Foundation and WateReuse Florida, managing a year-long stakeholder effort to develop a potable reuse science and technology based guidance document that will inform

the development of potable reuse regulations and the implementation of potable reuse projects in Florida, including the review of groundwater recharge criteria and the assignment of log reduction credits for pathogens. The project involves planning, organizing, and facilitating public meetings with stakeholders addressing the topics and elements of a direct potable reuse regulation.

→ For the Water Research Foundation facilitated the *Northern Nevada Indirect Potable Reuse Feasibility Study Panel* (2017). Managed and facilitated an independent advisory panel for an indirect potable reuse (IPR) project sponsored by Washoe County (NV) and Tumwater Municipal Water District. The panel meeting involved project partners, regulators, and other stakeholders. Specific topics included treatment, water

Jeffrey J. Mosher

quality, monitoring, and the role of groundwater in pathogen attenuation and the assignment of log reductions credits.

→ In support of NWRI, led the development of a direct potable reuse guidelines document for AZ Water and WaterReuse Arizona. The report was based on two stakeholder workshops and was used to modify water reuse regulations in Arizona and will serve as a resource document for utilities in Arizona. One of the facilitated workshops was held with utilities only and the second workshop was held as an open session at a state-wide conference to ensure a wider audience of utilities, regulators, and other stakeholders.

→ Administered an expert panel to develop the WE&RF report, "Framework for Direct Potable Reuse," which was the first comprehensive guidance report on the technical, management, and operational aspects of DPR for utilities, regulators, consultants, and other stakeholders to use in considering DPR as a viable water supply alternative. The process involved planning and facilitating several panel meetings and stakeholder meetings to inform the process.

→ On behalf of the California State Water Resources Control Board (SWB), managed a 2-year high-visibility effort involving the facilitation of an expert panel and a stakeholder group.

Facilitated 12 meetings of an Expert Panel addressing the feasibility of criteria for direct potable reuse (DPR), which was mandated by the California legislature; and Facilitated 11 public meetings of an Advisory Group of stakeholders to provide recommendations to the SWB on DPR.

The SWB developed a report on DPR for the state legislature based on the Expert Panel and Advisory Group reports.

→ Administered and facilitated an expert panel to develop the WE&RF publication "Risk Based Framework for the Development of Public Health Guidance for Decentralized Non-Potable Water Systems" (SWIM10C15), which established log removals for pathogens and addressed management and operations on onsite systems. As

part of the project, facilitated expert panel meeting and broader stakeholder meetings of county and state public health officials from around the U.S. providing input into the panel process.

→ Organized and administered the Advanced Asset Management Workshop held in Oakland, California. Partners included NWRI, U.S. Environmental Protection Agency (EPA) and East Bay Municipal Utility District. Managed and planned 125-person workshop to improve the asset management assessment skills of water utilities, raise awareness of the sustainable management of assets, and address core questions involved in asset management techniques.

→ Project Manager for *Outreach and Communications for the D.C. Tillman Groundwater Replenishment Project*. This project for the Los Angeles Bureau of Sanitation (LA SAN) and Los Angeles Department of Water and Power (LADWP) involves the planning and conducting focus groups and a phone survey with the City of Los Angeles to develop messages and a communication plan for the D.C. Tillman Groundwater Replenishment Project.

→ For the WaterReuse Foundation, managed a project to develop a National Water Reuse Database of water reuse projects across the U.S. The project involved the development and implementation of a national survey of water and wastewater agencies and the development of a searchable database of the results. The database is administered by the WaterReuse Association. <https://watereuse.org/educate/water-reuse-101/national-water-reuse-database/>

→ As a consultant for the U.S. EPA, managed several survey and database development projects. Participated in the development of the Information Collection Rule survey. The effort included the design and development of a database to organize and store the survey results of water systems across the U.S. In addition, participated in the implementation of the first Infrastructure Needs Survey, which is used to estimate the Drinking Water State Revolving Loan eligible needs of systems by state.



Mark J. Panny

Mark Panny is a professional analyst in Carollo's Utility Advisory Services group, located in Durham, North Carolina. He specializes in data management, analysis, and data visualization using the latest tools such as Power BI and Tableau. His technical background combined with his business acumen have made Mr. Panny a strategic team member on asset management efforts, by translating risk-based prioritization into sound capital planning. During his time at Carollo, Mr. Panny has contributed to a variety of financial and engineering planning projects for municipal utilities throughout California and across the U.S., including Orange County Sanitation District, City of Boynton Beach, Los Angeles Bureau of Sanitation, Eastern Municipal Water District, Manatee County, DuPage County, and many more. This experience will be utilized to accurately and efficiently review your data and generate the insights needed to support this project and its recommendations.

Education

MEM Water Resources Management, Duke University, 2014

BA History, Lafayette College, 2010

Professional Affiliations

American Water Works Association

Relevant Experience

- Project manager for Wholesale Rate Study for Eastern Municipal Water District, California. EMWD manages production, delivery, and recharge of a shared groundwater basin along with several other local retail agencies. Carollo developed a cost of service based allocation methodology and rate calculation for EMWD to charge each of the participating agencies.
- Project manager for Water and Sewer Rate Study for City of Papillion, Nebraska. Carollo is performing a cost of service rate study for the City's water and sewer enterprises. The City has a three-tiered water rate structure, and Carollo is confirming the breakpoints between those tiers as part of the update.
- Project manager for Napa Sanitation District Capacity Charge and Cost Allocation Study. The Study provided several capacity charge calculation methodologies, and reviewed cost of service methodology in anticipation of NapaSan's next sewer service charge update. Carollo also researched and made recommendations on several special rate topics, including billing methodologies and fixed/variable rate structure alternatives.
- Lead analyst for Proposition 218 Support for Santa Margarita Water District, California. SMWD maintains water budgets for all of its residential potable water customers and some of its recycled water customers. Mark analyzed three years of usage data to help SMWD confirm its rate calculations and revise budget allocations as necessary.
- Lead analyst for the Water Rate Cost of Service Study, Santa Fe Irrigation District, California. Carollo's team is cross referencing historical demand data at the household level with a variety of other data sources to establish a detailed baseline demand profile and then project future demands. These other data sources include land use, household size, lot size, landscaping, pools and water features, median home value, and geographic location.
- Lead analyst for Water Rate Study for City of Upland, California. The City was significantly affected by lost revenue during the drought. Mark developed a model that allowed the City to compare multiple scenarios at once, balancing the needed revenue increases to support the CIP with customer impacts. Mark also developed a bill calculator dashboard that the City embedded on its website, supporting the Proposition 218 process and engaging the community.
- Lead analyst for Water and Sewer Rate Study for Marina Coast Water District, California. Carollo conducted a full cost of service study for MCWD's water and sewer enterprises, with cost centers split across its two service areas (Marina and Fort Ord). Mark led the customer data analysis and the financial model development. MCWD had significant capital expenses planned, and the rate model facilitated planning for those.
- Financial analyst for the Water, Sewer, and Recycled Water Rate Study for the South Coast Water District, California. Carollo completed a comprehensive cost

Mark J. Panny

of service and rate design study. The review addressed recent changes to the California legal environment, notably the San Juan Decision, as well as mandates from the State to cut water use by 25 percent. In addition, Carollo held nine public workshops with the Board and community to develop rates in an open, transparent, and communicative process.

→ Lead analyst for the 2016 Cost of Service Rate Study for the City of San Clemente, California. The study provided a financial roadmap for investing in continued system maintenance and equitably recovering system costs from the City's water customers. To facilitate the study, Carollo held successful 2x2 meetings with the Council to better facilitate and identify the City's needs and challenges. Moving away from annual rate settings, Carollo developed a 10-year revenue requirement analysis and recommended a multi-year rate plan.

→ Financial analyst for the San Diego County Water Authority (SDCWA), California, Cost of Service Rate and Charge Study. Carollo Developed an independent rate model to review and confirm the appropriateness and legality of the water rates and charges methodology for compliance with American Water Works Association cost of service standards and industry best practices. Carollo established the revenue requirement, allocated it to rate categories, and designed the rates to equitably collect these costs. Carollo received unanimous approval of planned increased after facilitating a series of successful workshops with the member agencies. Carollo is currently doing other studies for SDCWA.

→ Lead analyst on Rebate Program review for Orange County Sanitation District (OCSD). Analyzed several years of rebate applications received and processed by OCSD, and calculated new usage factors for all customer classes. Mark modeled the ongoing impact of the rebate program, considering the revenue risk and administrative burden, and developed recommendations for adjusting the program to address these issues. This

analysis allowed for an update of the District's rate structure and rebate process.

→ Lead analyst on Cost of Service and Rate Design Study for Eastern Municipal Water District, California. Carollo developed a comprehensive cost allocation for EMWD based on the District's various sources of supply. Mark prepared a full analysis of the District's current customer usage patterns, and modeling customer impacts based on changes to EMWD's budget-based rate structure.

→ Analyst for the Irvine Ranch Water District in Irvine, California, Cost-of-Service and Rate Design Study. Mr. Panny conducted data analysis of usage and financial records spanning multiple years. He developed financial and rate models to project future cash flows, perform cost-of-service analysis, and determine necessary water, wastewater, and recycled rates.

→ Financial analyst for the Utility Cost of Service and Rate Study for the San Francisco Public Utilities Commission (SFPUC), California. Carollo is updating the comprehensive cost of service rate study for Water and Wastewater to define customer equity and comply with Proposition 218 in accordance with California Government Code §66013. The study includes allocation of wastewater costs between dry weather (wastewater) and wet weather (storm water).

→ Lead analyst for the City of Sacramento, California, Sewer System Transfer Study. Mr. Panny dissected both the City's and adjacent District's operations and maintenance data, as well as capital improvement program data, to develop a financial analysis representing various scenarios of system ownership and operations of the systems in the region. The quantitative analysis allowed both parties to assess the relative performance of scenarios for financial needs and staffing needs, while also assessing qualitatively the performance of the scenarios.



Education

BA Accountancy, Boise State University, 2011

AA Applied Science, College of Southern Idaho, 2003

Kim Y. Lightner

Kim Lightner joined Carollo's Marketing Group in 2005 and transitioned into the Carollo's Financial Management Group as a financial analyst in 2017. As a staff analyst, she has experience in model updates, cost-of-service analyses, and rate design for water, wastewater, and solid waste utilities. She also assisted with stormwater models and/or rate surveys for Los Angeles Sanitation (LASAN), Riverside, and City of Del Mar. Also as a fiscal administrator, she assists her clients with State Revolving Fund (SRF) applications and disbursement requests and other related needs.

Relevant Experience

→ Support analyst for the Comprehensive Wastewater Master Plan for the City of Riverside Public Utilities, California. As a part of the Master Plan, Carollo assisted in the financial model updates. Kim assisted with updating the financial model, including detailed revenues, expenditures, CIP, Asset registry, and cost allocation. In addition, she surveyed stormwater programs in the neighboring agencies and prepared the memo, which helped the City determine possible stormwater fee structures.

→ Support analyst for the Water and Sewer Rate Consulting Services for the San Francisco Public Utilities Commission (SFPUC), California. Carollo is developing the SFPUC comprehensive connection fee and cost-of-service rate study. The analysis detailed San Francisco's water and sewer/stormwater systems to define customer equity and comply with Proposition 218 in accordance with California Government Code §66013. The developed rates were designed to recover a proportional and fair value for new customers to purchase capacity within the existing water and wastewater systems. Kim assisted with survey of and collecting data from other local, California, and national agencies.

→ Analyst for the Wastewater Cost-of-Service for the City of Carlsbad Municipal Water District, California. Carollo was recently awarded for the City of Carlsbad's 2019 Water, Wastewater, and Recycled Water Cost-of-Service Study (COSS). Kim is helping with the wastewater financial model and is currently updating detailed revenues and expenditures, capital improvement projects, funding, and debt services. She will also review and update functional allocation

and develop rate design for the Wastewater Model. The project is anticipated to be finished by July of 2019.

→ Analyst for the Water and Wastewater Cost-of-Service and Rate Study Update for the City of Del Mar, California. Carollo collaborated with the City and utilized the existing water and wastewater financial models in order to create cost and time efficiencies. As an optional task, Carollo is developing new models for each utility, including clean water rate model. Kim assisted with updating the models, including detailed revenues and expenditures, capital improvement projects, funding, debt services, and asset registry. She also helped with cost-of-service analysis and rate design, and with building report for each utility.

→ Support analyst for the Financial Rate Study for the City of Oxnard, California. As a part of the Integrated Master Plan, Carollo provided financial support. Led by Alex, Kim assisted and updated the City's Water, Wastewater, and Environmental Resources financial models, including detailed revenues and expenditures. She also contributed to cost-of-service analysis and rate design, along with water rate survey in the neighboring agencies.

→ Support analyst for the On-Call Financial Support for the City of Oceanside, California. Carollo developed near- and long-term financial forecasts, updated the capital facilities charges, and analyzed the retail and wholesale rate structures for water, wastewater, and solid waste systems. Carollo is continuously providing financial support to the City as a need arises. Kim assisted with updating the financial model, including revenues, expenditures, and new

Kim Lightner

CIP projects. In addition, she is helping with the draft report.

→ Support analyst for the Program Support Services TD 03 Wastewater Rate Study for the City of Los Angeles, California, Department of Public Works, and Bureau of Sanitation. In order to develop new financial model, Kim assisted with compiling and sorting the data that were spanned for four years at four different wastewater treatment plants.

→ Analyst for the Refuse Division Financial Model Update for the City and County of Honolulu, Hawaii. Carollo was contracted to update the existing financial model with actual operating and cost information for Fiscal Year (FY) 2017, FY 2018, and FY2019 and future operating and capital budgets and revenues. The model was updated and documented, to be used as basis for various Refuse Division services. Kim updated the model and created the dashboard to show snapshot of each component of the study.

→ Support analyst for the Financial Model Update for the City of Arcadia, California. Carollo updated the model and estimated the impacts of changes in rates, revenues, and expenditures. Kim assisted with updating the client's Sewer fund data, including detailed revenues and expenditures for the financial model and created scenarios based on salary study.

→ Support analyst for the Wastewater Flow and Loading Study for the Confidential Client, California. Based on the existing rate model, Carollo is completing a Wastewater Flow and Loading Study and a resulting handbook, which will provide a defensible basis for setting flow and loading assumptions. Kim surveyed the sample agencies and gathered data, including, rate structures, loading factors, and capacity charges.

→ Fiscal administrator for the Pinole-Hercules Water Pollution Control Plant Upgrades for the Cities of Pinole and Hercules, California. As a fiscal administrator, Kim reviews all supporting documents making sure they comply with the State

requirements and prepares the State Revolving Fund (SRF) disbursement requests, including forms 259, 260, and 261 for the cities of Pinole and Hercules. She communicates and facilitates between the Cities and the State Water Resources Control Board when an issue arises. She also monitors each city's escrow account and collaborates with the Cities and Paying Agent to facilitate account payables in timely manner. She prepares monthly reports to show snapshot of all outstanding invoices, escrow account balances, and SRF request status.

→ Fiscal administrator for the Elsinore Valley Municipal Water District (EVMWD), California, Regional Water Reclamation Facility (RWRF) Upgrade and Expansion Project Management Services. Carollo is providing Program Management Services to EVMWD, and Kim is helping with the SRF-related needs for each of three projects: RWRF HCWRF DCS to SCADA Conversion, Upgrade, and Expansion. For each project, she reviews all supporting documents making sure they comply with the SRF requirements and prepare a package of documents. In addition, Kim prepares quarterly report for each project and helps package it with monthly progress reports and all related meeting minutes.

→ Fiscal administrator for the \$22-million Pure Water Project for the City of San Diego, California. The project is a multi-year phased program using proven water purification technology in a 30-mgd water purification facility. Disinfection processes include Ozone/BAF, MF/UF, RO, UV AOP, post-stabilization process, chlorination, and de-chlorination. Kim assisted with the review of Carollo's and other nearly 20 subconsultants' monthly invoices and their supporting documents before submitting to the clients. In addition, she developed a Subcontractor's Monthly Summary model, which tracks and breakdowns each invoice by subcontractors' expenses per month.



Madeline A. Atkins

Madeline Atkins specializes in financial analysis and modeling, water utility management, hydrology modeling, project management, and data analytics. She previously served as the President of the Duke Water Network and is a founding member of the Nicholas School Financial Initiative Working Group.

Education

MEM Water Resources,
Duke University, 2018

BA Environmental
Studies, Case Western
Reserve University, 2015

Relevant Experience

- Analyst for the San Diego County Water Authority Financial Rate Modeling Program Update, San Diego, California. Assisting in the upgrade of the Financial Rate Modeling Program (FRMP) and in the review of the Water Authority's cost of service.
- Analyst for the South Orange County Wastewater Authority Treatment Cost Allocation Analysis, Dana Point, California.
- Project manager of the Fuqua School of Business Client Consulting Practicum, Durham, North Carolina. Provided expertise to our client on developing innovative finance mechanisms for coastal restoration in Louisiana. Responsible for client and external stakeholder communication, work plan management, performing financial models, and presentation of deliverables.
- Water Utility Finance Research Assistant, for The Environmental Finance Center at the University of North Carolina, Chapel Hill, North Carolina. Performed a financial analysis of water, wastewater, and stormwater utility debt in North Carolina. Combined debt data with utility rates, capital needs, and affordability data to address future financial capacity. Utilized technical writing skills by publishing blogs for public audiences on complex financial topics.
- Environmental Consultant for the Duke Law School, Environmental Law and Policy Clinic, Durham, North Carolina. Provided confidential environmental science counsel to a case team of attorneys to meet the goals of our client. Analyzed technical documents and translated their meaning to our client. Facilitated weekly case team meetings and met key deadlines for deliverables to our client, and led meetings with state government officials and community groups.
- Graduate Fellow for the Natural Resources Defense Council, Chicago, Illinois. Performed an analysis of all fifty states use of their EPA State Revolving Funds for use of leveraging in financing infrastructure. Provided policy analysis of the National Flood Insurance Program to incorporate climate-smart solutions for repeatedly flooded homes. Conducted interviews with homeowners to record flood experiences. Produced a report of my cumulative research used by NRDC for congressional advocacy efforts.
- Water Infrastructure Finance Research Assistant at the Nicholas Institute for Environmental Policy Solutions, Durham, North Carolina. Researched the extent that water infrastructure spending through the State Revolving Funds is responsive to federal regulations of affordability and equity across all states. Annotated merged, and analyzed large data layers for all states using Excel and ArcGIS. Created a database management system.
- Federal Policy Engagement Analyst for The Nature Conservancy, Arlington, Virginia. Coordinated with TNC state chapters to organize the annual Advocacy Day to bring two-hundred members to Washington D.C. for two days of meetings with congressional members. Led meetings with congressional representatives of the North Carolina delegation to discuss conservation concerns in their districts.

REFERENCES

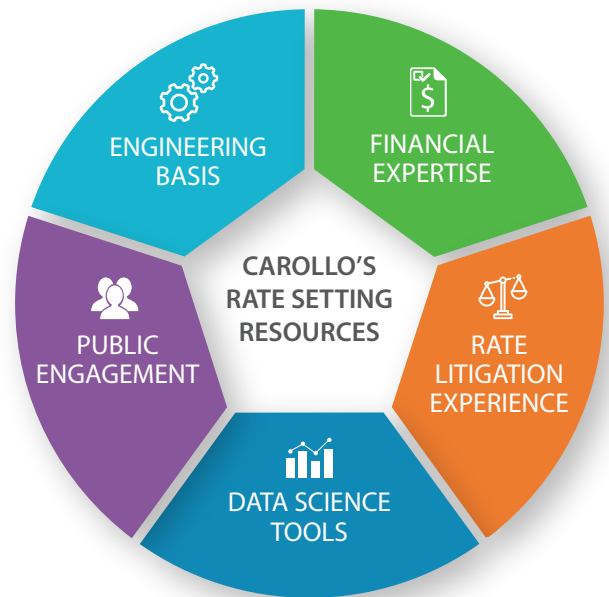
Provided in this section are a sampling of recent projects similar to those required in this RFP. We encourage you to call any of the clients to better understand the expertise and commitment of our project team.

WHAT SETS US APART

Our experts understand the unique hurdles that agencies like SCV Water face. Our engineering understanding combined with our financial experience allows us to provide creative technical solutions tailored to each client. Our goal is to provide you with the information and advice to help you implement defensible and innovative solutions.

The FMG has proven practical experience delivering innovative business solutions tailored to each client's needs. We provide a broad range of services in addition to rate studies. Our services are grouped into the following disciplines:

- › Cost of Service and Rate Structure Analysis
- › Revenue Requirements
- › Finance, Funding and Economic Sustainability
- › Connection/Impact Fee Development
- › Fiscal Policy Creation and Review
- › Custom Financial Models



Carollo has the necessary resources to support the Agency and Board as the Ratepayer Advocate.

COST OF SERVICE RATE STUDY

Eastern Municipal Water District | Perris, California



Eastern Municipal Water District (EMWD) provides retail and wholesale water, wastewater, and recycled water service to over 750,000 residents in a rapidly growing region of western Riverside County, California. EMWD retained Carollo to conduct a full cost of service analysis of all three of its rate structures.

The historic California drought and the cost of service requirements of the state constitution were primary drivers in the study. EMWD, like many agencies in California, saw demands drop by more than 25 percent in just a few months in spring and summer of 2015. Carollo worked closely with EMWD to develop rate recommendations that would increase revenue resiliency amidst decreasing sales.

EMWD is a pioneer in the use of water budgets and tiered rates for residential customers as tools for incentivizing household conservation. Carollo conducted statistical analyses of usage at the household level and made recommendations for refining water budgets to more closely reflect actual demands. Additionally, Carollo structured a cost of service allocation so that each tier was directly driven by the costs incurred for each source of water supply in EMWD's supply portfolio of groundwater, desalter water, and imported purchased water.

Rate structure simplification and consolidation was a key objective for this study. EMWD previously maintained over 40 unique water rate codes. Carollo developed several recommendations for simplifying the rates to provide ease of understanding for customers. Part of this consolidation included adjusting a number of legacy rate structures. Upon delivering the recommendations of the study, Carollo held a number of public meetings with the Board of Directors and developed a phased-in approach for customers whose actual increases went beyond the average increase for a typical customer.

DURATION OF ASSIGNMENT

7/2015 - Ongoing

CAROLLO'S ROLE

Prime Consultant

TEAM INVOLVEMENT

Mark Panny, Project Manager
Jennifer Ivy, Principal-in-Charge and QA/QC

CLIENT REFERENCE

Mr. Charles Turner, Director of Finance
P | 951-928-3777, Ext 4363
E | turnerc@emwd.org

Carollo helped EMWD chart a path forward for revenue resiliency, and adapted their already innovative rate structure to better reflect the realities of a post-drought customer base.

WATER COST OF SERVICE AND RATE DESIGN REVIEW

Pasadena Water and Power | City of Pasadena, California



The City of Pasadena Water and Power (PWP) contracted with Carollo in January 2018 to perform a technical review of PWP's internally prepared cost of service analysis and rate design. The main components of the Water Cost of Service and Rate Design Review project included a review of PWP's cost of service analysis and functional allocation, a review of PWP's block sizing and proposed rate methodologies, updating and streamlining of PWP's customer impact assessment models, and the development of an alternative rate structure proposal based on the information and analyses provided by PWP.

Throughout the project, Carollo worked closely with PWP staff to gain an understanding of PWP's revenue requirements, customer usage patterns, cost-of-service methodology, and proposed rate structure. Information provided by PWP was then used to confirm cost allocation and rate calculation methodologies and develop an alternative rate structure proposal. Additionally, Carollo assisted in developing a rate scaling methodology to set future year's rates, assessed bill impacts of changes to PWP's capital improvement charge structure, and analyzed billing records to identify outlier and anomalous customer usage.

DURATION OF ASSIGNMENT

2/2018 - 4/2018

CAROLLO'S ROLE

Prime Consultant

TEAM INVOLVEMENT

Alexander Bugbee, PM and Senior Analyst
Mark Panny, Financial Analyst
Jennifer Ivy, Project Lead and QA/QC

CLIENT REFERENCE

Mr. Clarence Siruno
Principal Financial and Rate Analyst
P | 626-744-4005
E | csiruno@cityofpasadena.net

Carollo provided an impartial third-party review of PWP's internally developed cost-of-service and rate analysis that the Staff used to refine their proposed rate structure.

AGRICULTURAL RATES TASK FORCE ASSISTANCE AND WATER COST OF SERVICE ANALYSIS AND RATE STUDY

Riverside Public Utilities | City of Riverside, California



Carollo recently completed a comprehensive Cost of Service Analysis and Rate Design study for the City of Riverside's water utility. Carollo worked closely with the City to develop and review multiple rate structure options and modifications to create an overall rate structure that reflects the City's unique water supply, operational characteristics, and extensive capital program. The proposed rate structure updates were designed to provide Proposition 218 compliant rates in light of new case law and the impacts of the ongoing drought and statewide conservation efforts.

After the completion of the study, the City Council created an Agricultural Rates Task Force made up of public stakeholders to develop policies and rates for agricultural customers of the water utility. In 2018, the City retained Carollo to provide assistance to the Task Force. Through-out the effort, Carollo has provided support by educating the Task Force on cost-of-service and rate-setting, reviewing rate and policy proposals from the task force for adherence to rate making principles and evaluating their financial impacts, and providing general guidance to the City and the Task Force as new proposals arise.

Previously Carollo acted as an intermediary between the City's water and wastewater utilities to build an initial cost sharing scheme for recycled water production and delivery.

DURATION OF ASSIGNMENT

2015 - Ongoing

CAROLLO'S ROLE

Prime Consultant

TEAM INVOLVEMENT

Alexander Bugbee, PM and Senior Analyst
Mark Panny, Financial Analyst
Jennifer Ivy, Project Lead and QA/QC

CLIENT REFERENCE

Mr. Brian Seinturier, Fiscal Manager
P | 951- 826-2215
E | bseinturier@riversideca.gov

Carollo has assisted the City of Riverside with its utility financial planning since 2001.

WATER AND WASTEWATER RATES & CHARGES STUDY

San Francisco Public Utilities Commission | San Francisco, California



San Francisco Public Utilities Commission (SFPUC) has aggressively sought to implement environmentally and socially conscious programs, while undertaking critical capital investments to maintain long-term system reliability.

Carollo developed the 2014 comprehensive cost-of-service rate study for SFPUC. A detailed cost-of-service analysis evaluated expenses including O&M, administration costs, and existing and future debt service related to construction of facilities. As part of the study, Carollo developed and implemented connection fees to recover a proportional and fair value for new customers to purchase capacity within the existing water and wastewater systems.

After determining the annual revenue requirement, Carollo developed and evaluated multiple rate recovery alternatives along with acceptable levels of revenue increase. In collaboration with SFPUC and the Rate Fairness Board, Carollo actively involved in the public outreach throughout this process. The proposed water and wastewater rates were designed to provide sufficient funding of current annual costs in addition to the roughly \$7.5 billion, multi-year Water and Sewer System Improvement Plans.

Carollo recently completed the 2018 Water and Wastewater Rate Study. The new study is considering a range of policy issues, including evolving legal requirements, financial impact of the drought, changes in industry practice in affordability, stormwater management, and conservation incentives.

DURATION OF ASSIGNMENT

6/2016 - 5/2018

CAROLLO'S ROLE

Prime Consultant

TEAM INVOLVEMENT

Jennifer Ivey, Project Manager
Mark Panny, Financial Analyst and QA/QC

CLIENT REFERENCE

Ms. Kristina Cordero
Financial Planning Director
P | 415-487-5235
E | kcordero@sflower.org

Carollo worked closely with SFPUC to develop a financial plan and rate structure that funds significant system upgrades, while at the same time limits the impact to the City's residents.

PROJECT UNDERSTANDING AND APPROACH

As the Ratepayer Advocate, Carollo will work with staff and the Finance and Administration (F&A) Committee during the rate and fee setting processes to analyze underlying assumptions and provide input. Throughout the process, we will leverage our diverse industry knowledge and rate-setting experience to confirm the methodologies and suggest alternatives as necessary, serve as a technical resource to Staff and the Board for cost-of-service and related questions, and ultimately develop a written report of our findings to be presented to the Board and the public.

SCOPE OF WORK

The proposed scope of work outlines Carollo's anticipated activities as the Ratepayer Advocate. At its core the scope aims to provide an independent review of proposed retail rates, wholesale rates, facility capacity fees, and connection fees. We will provide input and recommendations to Staff and the Finance and Administration Committee as rates and fee proposals are developed and work on behalf of the Board and the public to review the draft proposal.

Based on the request for proposals, we have developed the scope to provide services for three rate and fee updates as follows:

- › Facility Capacity Fees: to be implemented January 1, 2020
- › Wholesale Water Rates: to be implemented January 1, 2021
- › Retail Water Rates: to be implemented January 1, 2021

Task 1: Project Kick-Off and Scoping

Carollo's core project team will facilitate a project kick-off meeting with Agency staff. The meeting will outline key objectives, determine priorities, and if necessary, modify the scope of work and schedule. At the kick-off we will develop a project plan with key deliverables and

milestone dates and establish project management and communication protocols to ensure that the information needs of both SCV Water and Carollo are satisfied.

Task 2: Review of Agency Rate Proposals

Carollo hopes to be engaged with the Agency throughout the rate setting process to provide continual feedback and input as the Agency's rate proposals are developed. We anticipate that the review of the Agency's proposals will focus on the four major components that typically constitute a rate study: (1) Revenue Requirements, (2) Customer Usage Analysis, (3) Cost-of-Service Analysis, and (4) Rate Design Analysis. However the scope of the review could be expanded as directed by the Board or staff, or as dictated by project requirements.

Task 2.1: Revenue Requirements and Funding Needs Review

The revenue requirement analysis is the foundation of the rate study. It determines the amount of total revenue needed in a given year to meet your expected financial obligations. Carollo will analyze the short- and long-term sufficiency of the fund's existing revenues against existing and forecasted operational and capital expenditures.

Carollo will review the revenue requirements analysis using the three critical metrics below, with the ability to include additional tests at the Agency's request or as deemed appropriate by the Agency's specific financial

needs. Throughout the process we will draw on our experience to evaluate the appropriateness of the Agency's projections and policies and to provide input on best management practices and how they may apply to the Agency.

Cash Flow and Funding Needs

Review: Forecasting of future expenditure and capital funding needs and expected revenues is critical to meeting the Agency's financial stability and strategic goals. Carollo's hands-on approach and comprehensive modeling capabilities will allow us to evaluate the impacts and accuracy of various expenditures and escalation factors.

Debt Coverage Review: Capital financing is a valuable and crucial tool for any water agency. Continued access to advantageous financing relies on meeting current bond obligations. Carollo will conduct a debt coverage test for the Agency's existing and projected debt service and recommend additional revenues in years where debt coverage is low.

Financial Policies Review:

Reserve fund targets, debt management practices, and other financial policies are critical elements of the revenue requirements analysis. Carollo will evaluate the Agency's policies based on the Agency's specific needs and requirements, compare to industry best practice and the practices of other similar agencies, and provide input as necessary.

Facility Capacity Fees: Calculated based on an amount of costs to recover (which may be defined based on existing assets, future growth related capital projects, or a combination thereof) and on the



Revenue Requirement Analysis

Compares existing revenues of the utility to its operating, capital, and policy driven costs to establish the adequacy of the existing cost recovery levels.



Cost of Service Analysis

Identifies and apportions annual revenue requirements to functional rate components based on its application of the utility system.



Rate Design

Considers both the level and structure of the rate design to collect the distributed revenue requirements from each class of service.

Rate-Setting Process: Step-by-Step

number of customers or equivalent meter units from which those costs will be recovered. Carollo will review the Facility Capacity Fee calculations to evaluate whether the level of revenue to be generated by the fees is appropriate and provide input to the Board and Staff as necessary. based on existing assets, future growth related capital project, or a combination thereof) and on the number of customers or equivalent meter units that those costs will be recovered from. Carollo will review the Facility Capacity Fee calculations to evaluate whether the level of revenue to be generated by the fees is appropriate and provide input to the Board and Staff as necessary.

Task 2.2: Customer Usage Analysis Review

Carollo will review the Agency's evaluation of water usage trends over the timeframe of data provided. Due to the variable nature of the Agency's water rates, it is important to evaluate a multi-year trend and determine potential revenue lulls during low-usage years. If necessary, we will use statistical software to quickly analyze customer billing records and provide usable

information, such as consumption breakpoints used in evaluating different rate structures and conservation incentives.

An important component of the review will be examining the usage data and calibrating billing records against actual rate revenues to prevent over or under estimation of the customer base. This is a critical step in setting appropriate and sufficient rates. We will also develop consumption profiles, as needed, which illustrate usage patterns by customer class (residential, commercial, governmental, institutional, and irrigation users). In addition to an analysis of each customer class, we may examine the data to identify potential outliers that have unique consumption profiles.

Task 2.3: Cost of Service Allocation and Proposition 218, Proposition 26, and CGC 66013 Review

Water rates in California must comply with the requirements set by Proposition 218. Our review of the cost of service analysis will determine whether the Agency's proposal provides a logical nexus between the costs incurred by the Agency and the rates assessed to individual

customers. The Agency’s cost allocation will be reviewed in detail to determine the appropriateness of the allocation methodology. We will provide input and guidance to the Agency on alternative allocation methods as necessary.

Similarly, wholesale water charges and rates must adhere to Proposition 26 which requires that any charges are proportional to the services received. An important aspect of the review of wholesale water rates will also be the confirmation that the rates collect the full cost of providing wholesale services and are not supplemented by retail rate revenues.

The Facility Capacity Fees are governed by California Government Code 66013. Carollo will review the Facility Capacity Fees Analysis to determine that an appropriate level of funding is allocated to be collected through the fees. This analysis may include reviewing information provided by the Agency including long-term growth and demand

forecasts, asset registries, capital improvement plans, and capital project growth allocations.

Task 2.4: Rate Design Analysis and Review

Carollo has worked with many agencies of similar size and complexity in developing innovative rate structures that meet the unique needs of our clients. We will draw on this experience as we review the Agency’s proposed rate and fee structures and provide input and feedback to the Board and staff.

Carollo will perform a detailed review of the proposed rate and fee structures and evaluate the basis upon which the rates are calculated. As part of this review, Carollo will:

- › Review composition and construction of all customer classes and recommend any changes.
- › Determine whether the proposed rate structures are thoroughly documented and comply with all

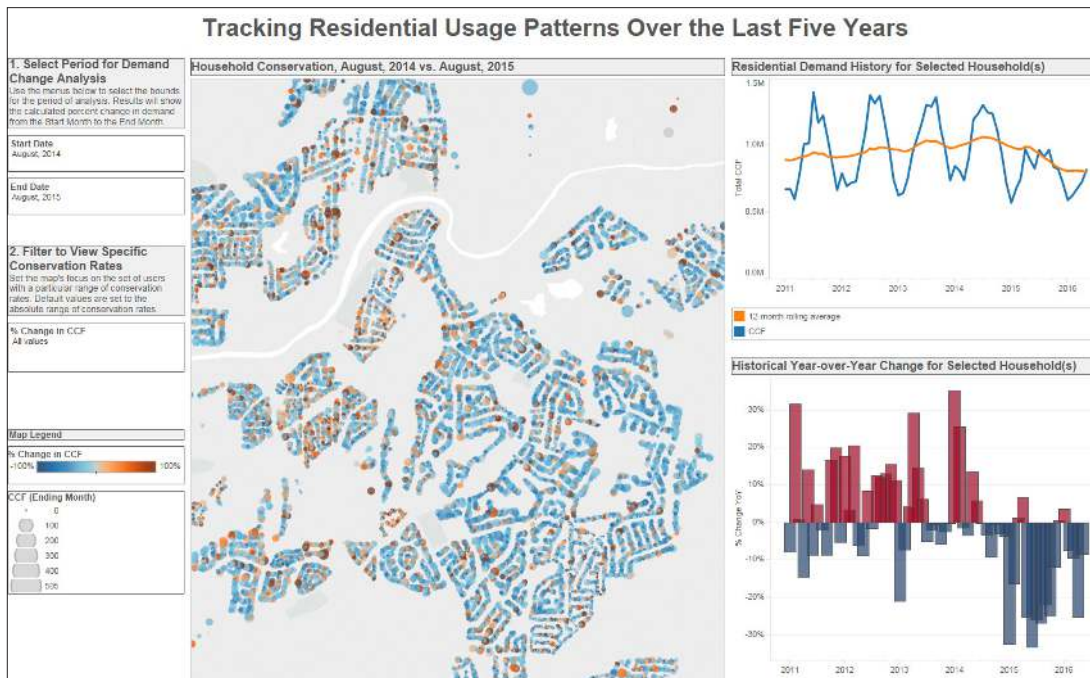
laws, regulations, and Agency policies.

- › Consider the level of existing rates, social and economic factors of the community, and expense to implement.
- › Consider fiscal impacts of demand reductions (mandatory drought restrictions), capital project funding requirements, and compliance with reserves and debt covenants.
- › Address forecasted bill impacts of representative customers in each customer class.
- › Provide rate comparisons of neighboring and comparable utilities.

TASK 3: DELIVERABLES

Written Ratepayer Advocate Reports

Draft and final versions of written Ratepayer Advocate Reports will be provided to present the methodology, process, results, and



Our team leads the industry in data analysis for water and wastewater utilities and financial studies. Our approach uses a number of detailed methods to understand your system and your customer demands. This understanding will build the foundation of a successful rate study (sample dashboard from Oceanside, California, project).

recommendations of each proposal review including:

1. Facility Capacity Fees
2. Wholesale Water Rates
3. Retail Water Rates

A final version of each report will be provided no later than 60 days of Carollo's receipt of the applicable draft reports from the Agency and prior to any formal public notice or any proposed rate and fee changes.

Supporting Documentation and Analysis

Carollo will also provide any supporting documentation and analyses completed during the review of the Agency's proposal. As necessary, materials will be formatted and packaged to be made available to the public for review via the Agency's website.

TASK 4: MEETINGS AND WORKSHOPS

Task 4.1: Rate Design Analysis and Review

Carollo's Ratepayer Advocate will attend public meetings to answer questions, provide input, and deliver presentations as needed. Based on the Request for Proposals, we anticipate four Finance and Administration Committee and two Board meetings for the project.

Task 4.2: Proposal Review Workshops

The proposed work effort includes time for Carollo to conduct onsite or WebEx workshops with Agency staff to review the Agency's draft proposals and to communicate Carollo's recommendations. As envisioned, one onsite meeting and two WebEx meetings are anticipated

for the Facility Capacity Fees, and one onsite meeting and two WebEx meetings are anticipated for the Wholesale and Retail Water Rates.

TASK 5: OUTREACH AND NOTICING ASSISTANCE

Throughout the review and implementation process, Carollo will be available to assist the Agency's public information officer with the development of outreach materials and preparation of responses to ratepayer questions and concerns. We will leverage our extensive public outreach experience to assist in the development of plain language information about the proposed rates and/or fees and FAQs. The information provided may be used in website postings, advertising, bill inserts and flyers, fact sheets, or for direct contact with ratepayers or other stakeholders. Additionally, Carollo will be available to assist in the development and/or review of the Agency's Proposition 218 notice.



ESTIMATED PROJECT BUDGET

Task	Rate	JEFF MOSHER PIC	JENNIFER IVEY QA/QC	ALEX BUGBEE RATEPAYER ADVOCATE	MARK PANNY LEAD ANALYST	ANALYTICAL SUPPORT	SUPPORT/CLERICAL	TOTAL HOURS	CAROLLO LABOR COST	EXPENSES (1)	PECE (2)	OTHER DIRECT COSTS	TOTAL COST
1	Kickoff and Scoping Meeting	2	8	8	8	\$133	\$99	26	\$5,654	\$2,000	\$312	\$2,312	\$7,966
2	Review of Agency Rate Proposals	0	6	24	36	12	0	78	\$13,638	\$0	\$936	\$936	\$14,574
2.1	Revenue Requirements and Funding Needs Review	0	6	24	36	12	0	78	\$13,638	\$0	\$936	\$936	\$14,574
	Facility Capacity Fees		2	8	12	4		26	\$4,546		\$312	\$312	\$4,858
	Wholesale and Retail Water Rates		4	16	24	8		52	\$9,092		\$624	\$624	\$9,716
2.2	Customer Usage Analysis Review	0	6	12	20	12	0	50	\$8,778	\$0	\$600	\$600	\$9,378
	Facility Capacity Fees		2	4	4	4		14	\$2,510		\$168	\$168	\$2,678
	Wholesale and Retail Water Rates		4	8	16	8		36	\$6,268		\$432	\$432	\$6,700
2.3	Cost of Service Analysis Review	2	6	24	36	12	0	80	\$14,204	\$0	\$960	\$960	\$15,164
	Facility Capacity Fees	1	2	8	12	4		27	\$4,829		\$324	\$324	\$5,153
	Wholesale and Retail Water Rates	1	4	16	24	8		53	\$9,375		\$636	\$636	\$10,011
3	Ratepayer Advocate Reports	2	12	20	64	0	12	110	\$19,074	\$0	\$1,320	\$1,320	\$20,394
	Facility Capacity Fees	1	4	8	24		4	41	\$7,131		\$492	\$492	\$7,623
	Wholesale and Retail Water Rates	1	8	12	40		8	69	\$11,943		\$828	\$828	\$12,771
4	Meetings and Workshops												
4.1	Public Meetings	0	4	36	12	0	0	52	\$10,096	\$300	\$624	\$924	\$11,020
	Finance and Administration Committee Meetings (4)		2	24	8			34	\$6,542	\$200	\$408	\$608	\$7,150
	Board Meetings (2)		2	12	4			18	\$3,554	\$100	\$216	\$316	\$3,870
4.2	Agency Proposal Review Workshops	0	0	24	24	0	0	48	\$8,472	\$100	\$576	\$676	\$9,148
	Onsite Staff Workshops (2) - includes prep time			12	12			24	\$4,236	\$100	\$288	\$388	\$4,624
	WebEx Meetings (4)			12	12			24	\$4,236		\$288	\$288	\$4,524
5	Outreach and Noticing Assistance	0	4	36	20	0	0	60	\$11,344	\$0	\$720	\$720	\$12,064
	Facility Capacity Fees		2	12	8			22	\$4,178		\$264	\$264	\$4,442
	Wholesale and Retail Water Rates		2	24	12			38	\$7,166		\$456	\$456	\$7,622
PROJECT TOTALS		6	46	184	220	36	12	504	\$91,260	\$2,400	\$6,048	\$8,448	\$99,708

Notes:

(1) Travel and per diem

(2) Project Equipment and Communication Expense

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