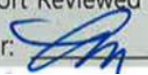


Agenda Report Reviewed by:
City Manager: 

**CITY OF SEBASTOPOL
CITY COUNCIL
AGENDA ITEM**

Meeting Date: April 4, 2023
To: Honorable Mayor and City Councilmembers
From: Ana Kwong – Administrative Services Director
Dante Del Prete – Public Works Superintendent
Toni Bertolero – GHD
Subject: Approve recommendation to select Raftelis to conduct the Water Rate Study and Authorize the City Manager to execute the Agreement with Raftelis not to exceed \$74,142
Recommendation City Council adopt the water rate study contract
Funding: Currently Budgeted: Yes No N/A
Net General Fund Cost: \$0
If Cost to Other Fund(s),
Fund: Water \$37,071, Sewer \$37,071

Costs authorized in City Approved Budget AK (verified by Administrative Services Department)

INTRODUCTION/PURPOSE:

This item is to request that the City Council Approve recommendation to select Raftelis to conduct the Water Rate Study and Authorize the City Manager to execute Agreement with Raftelis to conduct and prepare a Water Rate Study not to exceed \$74,142.

BACKGROUND:

The City of Sebastopol operates and maintains a water system that provide services to approximately 3,000 customers in our small community. The cost of pump, treat and distribute water and collect, treat and dispose of wastewater is required to ensure that the City’s water and sewer rates adequately recover the City’s costs in providing those services and comply with California law. On January 20 2023, the Administrative Services (Finance) Department issued requests for proposals (RFPs) for assistance in conducting a utility rate study (water and wastewater) to the professional consulting community. The goal of the study is to ensure that the City’s water utility is adequately funded in the short run and financially sustainable in the long run. The experts with experience in utility plant and equipment replacement, current operating requirements, and related financing models were sought to help the City.

DISCUSSION:

The last rate study was completed in 2019-2020. On January 7, 2020, the City Council approved a series of 4 years of water and sewer rate adjustments. The last of these approved rate adjustments was implemented on July 1, 2022. The City issued Request for Proposals (RFPs) to seven professional firms, all known to have experience in the field; and has received timely responses from three firms. The firms were all considered “responsive” to the significant requirements included in the RFP.

CONSULTANT	PROPOSAL AMOUNT
NBS	74,700
Raftelis	74,142
Willdan	47,825

The NBS, Raftelis and Willdan Financial Services responded to the RFP. The responses were analyzed and ranked based on what fits best with the City’s needs, and consideration of the following criteria:

- A. Responsiveness of the proposal in clearly stating the understanding of the work to be performed and in demonstrating the intention and ability to perform the work.*
- B. Consultant’s experience in conducting rate studies for cities of a similar nature, size, and complexity, and the consultants commitment to maintaining technical expertise in the municipal financial environment.*
- C. Technical experience and professional qualifications of the team. The number of key and supervisory personnel who will directly participate in the rate study.*
- D. Cost. Although a significant factor, cost will not be the primary factor in the selection of a firm.*
- E. Consultant’s experience in complying with applicable federal and state regulations relating to non-discrimination and equal employment opportunity.*

Although all consultants were considered to be qualified to conduct a high-quality water and wastewater rate analysis, Raftelis was considered to be the superior choice based on the following differentiating factors:

Experience:

All three consultants have adequate experience to conduct a valid utility rate study for a California city. Raftelis clearly demonstrates their knowledge and the ability to successfully guide the City to meet the objective of the project. Additionally, Raftelis has an edge over Wildan and NBS for their breadth and depth of rate studies with the most recent studies conducted with neighboring agencies for City of Sonoma, City of St. Helena and City of Calistoga. In particular, Raftellis’ experience in modeling and developing rates with small agencies, such as the City of Sebastopol, that include drought surcharges and their strong experience with developing rates and providing financial strategic planning for capital projects placed their ranking higher than the other two firms.

Consultants’ Qualifications:

All consultants are considered highly qualified with large team based in California. They are proposing experienced utility rate analysts to work with the City. All firms have enough employees to ensure that work will not be interrupted should personal and/or scheduling conflicts arise during the engagement. Raftelis was considered superior for their direct assigned analyst to perform the tasks and the ability to develop optimal rate structures and deliver a sustainable financial plan including providing guidance to City on compliance with drought rates study. Their assigned project manager and project team were highly qualified and their strong communication skills also placed their ranking higher than the other two firms.

Cost and Hours:

NBS was the high bidder at \$74,700; and Raftelis bid \$74,142 and Willdan was the lowest bidder of \$47,825.

Item	Scope of Work	NBS		Raftelis		Willdan	
		Hours	Cost	Hours	Cost	Hours	Cost
1	Project Initiation, Management, and Data Collection	23	3,900	32	6,300	14	2,180
2	Financial Plan Development - Water and Wastewater	68	11,350	72	14,870	101	15,145
3	Cost of Service Analysis	104	17,900	26	5,630	28	4,350
4	Rate Design	131	22,900	54	10,870	45	6,850
5	Drought Rates (Drought Surcharge)	-		25	5,595	-	
6	Rate Study Report and Rates Presentation	82	13,650	84	18,286	52	7,590
7	Noticing & Public Hearing	16	5,000	53	12,591	42	11,710
	Total	424	74,700	346	74,142	282	47,825

Following a thorough review of the proposals by a group of supervisors (Administrative Services Director, Public Works Superintendent, Toni Bertolero) and staff ranking of the RFP responses, City staff is recommending Raftelis for the water and wastewater rate studies. Based on the estimated timeline listed below of the proposed rate study and to ensure that the gap from the last rate increase to a new rate structure isn't too far apart, consultant shall initiate work as soon as contract approved and signed with a completion date of December 2023.

An estimated timeline for the study of water and wastewater rates would be as follows:

- Approval of Contract – April 2023
- Project Initiation & Data Collection – April 2023
- Financial Plan Development (Cost of Service Analysis, Rate Design & Drought Rate Surcharges) – May – July 2023
- Rate Study Report and Rates Presentation to City Council (If City Council moves forward) – August – September 2023
- Noticing and Public Hearing – September & October 2023
- Final Adoption – November – December 2023
- Rate Implementation – January 2024

GOALS:

Goal 1: Maintain the long term financial stability and sustainability of the City of Sebastopol and Operate City government in a fiscally responsible and responsive manner

1.1.1 Create City Policy to Maintain Operating Reserves and Create Emergency Reserves which complies with the City's Strategic Plan, provides for optimal staffing levels, minimizes service level reductions, and develops a plan for the General Fund to obtain long-term financial stability

Goal 2: Maintain, Improve and Invest in the City's infrastructure (Water, Sewer, Streets, Circulation, Park, Storm Drains and Public Facilities).

ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA), Section 15273. Rates, Tolls, Fares, and Charges, states that CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies which the public agency finds are for the purpose of:

1. Meeting operating expenses, including employee wage rates and fringe benefits;
2. Purchasing or leasing supplies, equipment, or materials;
3. Meeting financial reserve needs and requirements;
4. Obtaining funds for capital projects, necessary to maintain service within existing service areas.

PUBLIC COMMENT:

As of the writing of this staff report, the City has not received any public comment. However, staff anticipates receiving public comment from interested parties following the publication and distribution of this staff report. Such comments will be provided to the City Council as supplemental materials before or at the meeting. In addition, public comments may be offered during the public comment portion of this item.

PUBLIC NOTICE:

This item was noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to schedule meeting date.

FISCAL IMPACT:

The FY 22-23 City Adopted Budget allocates approved funding for \$60,000 for the water and sewer rate study consultant services split evenly between water and sewer fund. The cost of the contract amount exceeded the allocation, therefore, the residual of \$14,143 is being requested for a budget increase in account number 500-44-02-4210 for 7,071 and 510-44-02-4210 for \$7,071.

RECOMMENDATION:

Staff recommends the City Council approve the selection of Raftelis; approval of Budget Amendment Resolution, and authorize the City Manager to execute the Agreement with Raftelis for conducting and preparing a water and sewer rate study.

Attachment(s):

- Resolution
- Raftelis Proposal

RESOLUTION NUMBER: 2023-XX

CITY OF SEBASTOPOL

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEBASTOPOL AUTHORIZING A BUDGET AMENDMENT TO INCREASE THE BUDGET FROM \$60,000 TO \$74,142 FOR WATER AND SEWER RATE STUDY

WHEREAS, the City of Sebastopol operates and maintains a water system that provide services to approximately 3,000 customers in our small community; and

WHEREAS, the cost of pump, treat and distribute water and collect, treat and dispose of wastewater is required to ensure that the City's water and sewer rates adequately recover the City's costs in providing those services and comply with California law; and

WHEREAS, the goal of the study is to ensure that the City's water utility is adequately funded in the short run and financially sustainable in the long run; and

WHEREAS, the last rate study was completed in 2019-2020. On January 7, 2020, the City Council approved a series of 4 years of water and sewer rate adjustments. The last of these approved rate adjustments was implemented on July 1, 2022; and

WHEREAS, the City issued Request for Proposals (RFPs) to seven professional firms, all known to have experience in the field; and has received timely responses from three firms; and

WHEREAS, following a thorough review of the proposals by a group of supervisors and staff ranked the RFP responses, and recommends Raftelis for the water and wastewater rate studies; and

WHEREAS, based on the timeline of the proposed rate study and to ensure that the gap from the last rate increase to a new rate structure isn't too far apart, consultant shall initiate work by early June 2023 with a completion date of September 2023.

WHEREAS, the FY 22-23 City Adopted Budget allocates approved funding for \$60,000 for the water and sewer rate study consultant services split evenly between water and sewer fund. The cost of the contract amount exceeded the allocation, therefore, the residual of \$14,143 is being requested for a budget increase in account number 500-44-02-4210 for 7,071 and 510-44-02-4210 for \$7,071;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Sebastopol does hereby approve a budget amendment for the cost of the contract amount of \$74,142.

The above and foregoing Resolution was duly passed, approved, and adopted at a meeting by the City Council on the 4th day of April 2023, by the following vote:

VOTE:

Ayes:

Noes:

Absent:

Abstain:

APPROVED: _____

Mayor Neysa Hinton

ATTEST: _____
Mary Gourley, Assistant City Manager/City Clerk, MMC

APPROVED AS TO FORM: _____
Larry McLaughlin, City Attorney

City of Sebastopol

Utility Rate Study

PROPOSAL / FEBRUARY 9, 2023

1 North Calle Cesar Chavez, Suite 102, Santa Barbara, CA

Contact Person: Kevin Kostiuk

P: 213.262.9309 / E: kkostiuk@raftelis.com





Diversity and inclusion are an integral part of Raftelis' core values.

We are committed to doing our part to fight prejudice, racism, and discrimination by becoming more informed, disengaging with business partners that do not share this commitment, and encouraging our employees to use their skills to work toward a more just society that has no barriers to opportunity.



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

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

Table of Contents

- C. Letter of Transmittal 1
- D. Rate Study Team..... 3
- Experience & References 19
- F. Scope and Provisions..... 25
- G. Cost Data 32
- H. Additional Data 33
- Appendix: Pricing Form..... 36

C. LETTER OF TRANSMITTAL

February 9, 2023

Ms. Ana Kwong
Administrative Services Director
City of Sebastopol
7120 Bodega Avenue
Sebastopol, CA 95472

Subject: Proposal for Utility Rate Study

Dear Ms. Kwong:

Raftelis is pleased to submit this proposal to conduct a Water and Wastewater Utility Rate Study for the City of Sebastopol (City). We believe that our unique combination of qualifications, resources, and recent experience, will ensure a value-added project that will benefit the City and its ratepayers.

Raftelis is confident in our ability to develop optimal rate structures and deliver a sustainable financial plan that satisfies the requirements of Proposition 218. We have assisted numerous agencies in California with successfully implementing conservation-based rate structures, with special consideration for cyclical drought conditions and long-term passive conservation. The proposed Raftelis project team has completed similar rate studies for many California agencies including the City of Camarillo, Mammoth Community Water District, San Benito County, Placer County Water Agency, and the City of Ventura. Other recent experience includes completed studies in Glendale, AZ, and ongoing projects at the cities of Calistoga and St. Helena.

The nexus between rates and costs incurred is critical to develop and propose alternative rate structures and must consider long-term baseline customer demands, mandated conservation in times of shortage, and increased scrutiny of water rates from the public at large. Upon completion of the City's financial plan and rate model development, it is vitally important to present the study in a clear and transparent report. The Study Report will present proposed rates and any structural changes in an easy-to-understand format aiding in public understanding.

Our proposed project team has extensive experience and a reputation for quality service. I will serve as Project Director and be responsible for the project's success to your satisfaction. I have 17 years of professional experience, 10 with Raftelis, with a focus on water cost-of-service, drought rate modeling, and alternative water rate structure evaluation. Theresa Jurotich, PE, PMP will serve as Project Manager and the main point of contact for the consultant team, managing the day-to-day aspects of the project and ensuring it stays on schedule, on budget, and effectively meets the City's objectives. Theresa has 24 years in the utility consulting industry and is registered with the Securities and Exchange Commission as a Municipal Advisor Representative. She has co-authored the American Water Works Association M1 on water rates and charges and Water Environment Federations M27 on wastewater financing and charges. Sudhir Pardiwala PE, will serve as Technical Reviewer. With over 40 years of industry experience, including work on approximately 300 financial studies for water and/or wastewater utilities, Sudhir will provide insights into a variety of cost-of-service and rate-setting matters. Additionally, Sudhir is a

licensed Professional Engineer in California and is registered with the Securities and Exchange Commission as a Municipal Advisor Representative.

In addition to the project team, we will have access to Raftelis' skilled California and national consultants to conduct analyses and prepare deliverables. With more than 130 consultants, these staff have varied backgrounds in environmental science, engineering, finance, accounting, economics, data science, local government, utility management, and communications.

Raftelis is excited to have the opportunity to assist the City with this critical study. If you have any questions, please don't hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read 'K Kostiuk', with a stylized flourish at the end.

Kevin Kostiuk
Senior Manager

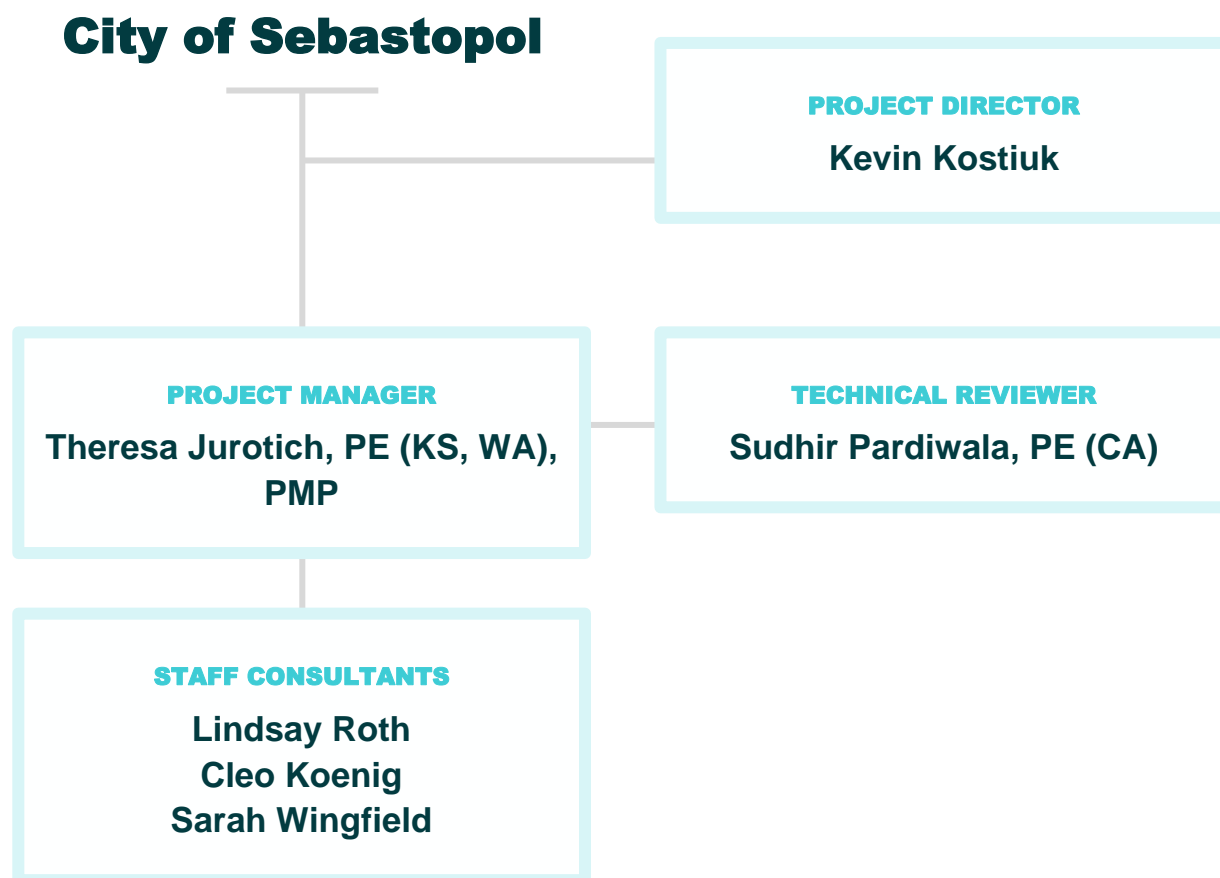
D. RATE STUDY TEAM

Rate Study Team

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

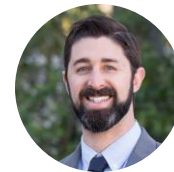
Our team includes senior-level professionals to provide experienced project leadership with support from talented consultant staff. This close-knit group has frequently collaborated on similar successful projects, providing the City with confidence in our capabilities.

Here, we have included an organizational chart showing the structure of our project team. On the following pages, we have included resumes for each of our team members as well as a description of their role on the project.



Kevin Kostiuk

PROJECT DIRECTOR
Senior Manager



ROLE

Kevin will be responsible for overall project accountability and will be available to provide quality assurance and control, industry perspective, and insights into the project.

PROFILE

Kevin has a background in economics and accounting and possesses extensive analytical skills. His expertise lies in water resources management, environmental economics, environmental policy, and federal water supply and flood control policy. He has authored an article on potable reuse in Journal AWWA discussing the treatment, financing structures, and pricing of treated water at advanced purification treatment plants; an article on municipal water demand pattern changes during the recent State-wide drought; and an article on proactive financial planning in times of drought for California Society of Municipal Finance Officers (CSMFO) Magazine. Most recently Kevin presented at the AWWA UMC discussing a recent evaluation of the conceptual CustomerSelect rate model for Soquel Creek Water District.

KEY PROJECT EXPERIENCE

City of Camarillo (CA)

Raftelis has provided rate consulting services to the City of Camarillo (City) for the past seven years with Kevin serving as lead analyst the past three years. In the current rate cycle Kevin serves as project manager. The City adopts rates on a two-year cycle and the most recent study included rebuilding long term financial plan models, revising the wastewater utility’s rate structure, and performing a cost-of-service analysis for the sewer utility. Kevin has made presentations to the City Manager, City’s Utility Committee, and City Council in consecutive years. Kevin successfully presented rates to City Council in December 2016, November 2017, and November 2018.

During the height of the most recent state-wide drought, the City contracted with Raftelis to evaluate emergency drought rates as a conservation and revenue recovery tool. Kevin adapted the existing financial plan model and developed multiple scenarios based upon the City’s water supply condition stages. Kevin developed drought rates utilizing the City’s financial plan at each stage and estimating water reductions. The rates were not adopted prior to the end of the state-wide drought however the drought tool is available for quick implementation should drought conditions return. Raftelis is currently contracted with the City for another two-year rate and capacity fee study for 2019 with Kevin as project manager.

Placer County Water Agency (CA)

In 2016, Raftelis developed a cost-of-service model with the ability to allocate various costs based on different variables including user class, water sales, accounts, among others. Considerations for water availability and reliability, retail versus wholesale water, and raw versus treated water were incorporated to appropriately allocate

Specialties

- Water & Drought rate design
- Water budget rate structures
- Utility cost-of-service
- Sustainable Groundwater Management Act
- Data analysis
- Environmental policy analysis

Professional History

- Raftelis: Senior Manager (2023-present); Manager (2020-2022); Senior Consultant (2014-2019); Consultant (2014-2015)
- Turner New Zealand, Inc.: Director of Operations (2009-2012); Accounting Manager (2007-2009)
- Lesley, Thomas, Schwarz & Postma, Inc.: Staff Accountant (2007)

Education

- Master of Environmental Management - Duke University (2014)
- Bachelor of Arts in Business-Economics & History - University of California, Santa Barbara (2006)

costs first to user groups and then to customer classes. The Agency provides four types of water service: raw, treated, wholesale, and retail. The first step in the cost of service was a cost allocation between the four services, before continuing to a cost-of-service analysis for each. The study was completed in October 2017 with a new water system organization, amended rate structures, and updated rates implemented January 1, 2018. Additional to the water system evaluation and cost-of-service study, Raftelis developed a water budget model for PCWA's internal use. The water budget model allows PCWA to examine their Single Family Residential (SFR) customers' usage patterns relative to efficiency standards, climate, and account level characteristics. The model will aid in water management and give insight into water demand pattern changes with the Agency's new rate structure and rates.

In 2021, PCWA engaged Raftelis to conduct an updated cost-of-service study for its water service, with the goal of developing a proposed water rate schedule for the next five years. Raftelis developed an updated financial plan model for PCWA's Water Division and performed an updated water cost-of-service analysis. A key focus was ensuring sufficient funding for PCWA's significant repair & replacement capital program. The proposed rates were successfully adopted by PCWA's Board of Directors in May 2022.

Mammoth Community Water District (CA)

Raftelis provided the Mammoth Community Water District (District) with a 10-year financial plan model for both the water and wastewater enterprises, as well as performing a cost-of-service analysis for the water enterprise. The district carries out operating and capital activities that are indirectly assigned to the two enterprises. Kevin worked with District staff to carry out a cost allocation study to distribute administrative costs appropriately. Raftelis recommended changes to the water rate structure as part of the study to simplify the rates and make them more legally defensible. The study took place at the height of the statewide drought and as part of the project Kevin developed drought rates for the District to implement in times of mandatory conservation or water supply shortage. Being an agency with a large seasonal population Raftelis worked with staff to determine the most appropriate and effective means of charging the drought rates. Kevin designed drought rates for each stage of the District's water conservation plan, effective on the meter-based fixed charge of a customer's bill. This ensured that every connection in the water system shared in the burden caused by the drought, irrespective of water use. Raftelis also evaluated existing capacity fees for both enterprises. This task is ongoing. The water rates, wastewater rates, and drought rates were adopted and implemented January 2016. In 2018 the District again contracted with Raftelis to conduct a wastewater cost-of-service and rate study as well as a capacity fee study for both utilities. Raftelis developed updated water and wastewater capacity fees which meet the District's financial and policy objectives. Capacity fee studies were completed in Summer 2019 and the cost-of-service studies were completed in Spring 2022.

Borrego Water District (CA)

Raftelis contracted with the Borrego Water District (District) to evaluate the impact of county growth projections as well as the Sustainable Groundwater Management Act (SGMA) of 2014. Kevin utilized the existing financial plan model, water supply analyses provided by other District consultants, and assumptions on land acquisitions to determine the effect of SGMA on long term water rates. The Borrego Groundwater Basin is critically over drafted, and users will need to decrease water production significantly to achieve sustainable yield by 2040. This will require the District to reduce per capita water use and acquire production credits within the basin by fallowing agricultural land. Kevin estimated water rates in each year through 2040 incorporating assumptions on groundwater production, market values of land in the basin, debt financing, and water source alternatives.

In 2017 Kevin examined the affordability of water rates charged to the District's customers. The assessment analyzed both existing and future rates and affordability under the SGMA scenario identified in 2016. The affordability assessment relied upon the SGMA Impact Assessment and corresponding demand projections, basin yield assumptions, financing assumptions, and projected rates to the year 2040. The project allowed the District to

understand affordability of existing rates and water allocation and to estimate the affordability impacts of SGMA compliance in the Borrego Groundwater Basin over the long term.

City of Buena Ventura (Ventura)

Raftelis conducted a water, wastewater, and recycled water cost-of-service and rate study for the City of Ventura (City). The City had not updated its rate structure in 20 years. Additionally, the City was under a cease and desist order that required the City to carry out improvements estimated at more than \$55 million, and which the City wanted to start funding to mitigate impacts. Raftelis developed long-range financial plans so that the water and wastewater utilities could be financially stable and save costs in the long run. We also assisted the City with developing different water and wastewater rate alternatives with various scenarios as well as calculating outside-city rates. The study was conducted with several meetings and input from stakeholders comprised of customers within the City. Raftelis educated the Citizen Advisory Committee on the basics of rates, cost allocations, and rate design to obtain their buy-in through the use of the dashboards in the rate models we developed for them to demonstrate the impacts of various revenue adjustments on the long-term financial stability of the enterprises. Raftelis also developed a schedule for funding a major wastewater program required by environmental groups. The recommended rates were implemented. Raftelis has also completed a drought study for various stages of conservation and targeted cutbacks of water required by the state and the City.

PROJECT LIST

- Antelope Valley (CA) - East Kern Water Agency
- Citrus Heights Water District (CA) - Groundwater supply analysis
- Coastside County Water District (CA) - Water rate study
- Crescenta Valley Water District (CA) – Water and Wastewater rate study
- Elsinore Valley Municipal Water District (CA) - Drought surcharge study
- La Canada Irrigation District (CA) - Water cost-of-service and rate study
- City of Lancaster (CA) - Wastewater cost-of-service study
- Madera County Groundwater Sustainability Agencies (CA)
- Montecito Basin Groundwater Sustainability Agency (CA)
- City of Torrance (CA) - Wastewater cost-of-service and rate study
- Triunfo Sanitation District (CA) - Water rate study
- Ventura County Waterworks District No. 8 Simi Valley (CA)
- Santa Cruz Mid-County Groundwater Agency (CA)
- City of Raleigh Public Utilities Department- American Rivers (NC)
- Lower Cape Fear Water Quality Trading Program - The Nature Conservancy (NC)
- City of Redlands (CA) – Water Budget Rate Study
- City of Tustin (CA) – Water Budget Rate Study
- Borrego Valley Groundwater Sustainability Agency (CA) – GSA Fee Study
- Summerland Sanitary District (CA) – Wastewater Rate Study
- Monterey County Water Resources Agency - New Source Water Evaluation (CA)
- City of Corona (CA) – Water Budget Rate Study
- East Valley Water District (CA) – Water Budget Rate Study
- City of Riverside (CA) – Elevation Study
- City of Henderson (NV) – Water Rate Study
- City of San Jose (CA) – Water Rate Study
- City of Simi Valley / Ventura County Water Works (CA) – Water Rate Study
- Soquel Creek Water District (CA) – Water Rate Study
- Goleta Water District (CA) – Water Rate Study
- City of Hayward (CA) – Water Rate Study

Theresa Jurotich PE, PMP

PROJECT MANAGER Manager



ROLE

Theresa will manage the day-to-day aspects of the project ensuring it is within budget, on schedule, and effectively meets the City’s objectives. She will also lead the consulting staff in conducting analyses and preparing deliverables for the project. Theresa will serve as the City’s main point of contact for the project.

PROFILE

Theresa has 24 years of experience in the water and wastewater industries and in the energy industry, split between traditional and alternative technologies. She is skilled in leading asset management projects, feasibility studies and economic analyses (including development of pro forma model inputs) for water and wastewater system capital improvement projects, as well as a variety of traditional and renewable energy technologies. Theresa routinely performs water and wastewater rate studies, including investigating alternative rate structures, conducting utility-basis evaluations of outside-city rates, and bond financing feasibility studies. Her Asset Management efforts include leading the development of asset management strategies, training users on how to collect asset data and use asset management tools, performing gap assessments, and designing likelihood and consequence of failure definitions and risk scoring protocols.

SELECT RATE STUDY / FINANCIAL PROJECT EXPERIENCE

San Benito County Water District (CA)

From 2021 - 2023, Theresa managed a water rate study for San Benito County Water District (SBCWD). The SBCWD has a unique water system driven by allocations of purchased water, groundwater sources, and maintaining adequate water reserves in storage. The study developed a longer term financial plan to capture planned major capital improvements that will come from the pending water master plan, as well as updating the cost allocating methodology.

City of Lincoln (CA)

Between 2022 – 2023 Theresa is managing the water and solid waste rate study for Lincoln. She is also leading the water rate study. Lincoln is facing significant capital programs and historic drawdowns on reserves, leading to the need for significant increase in rate-based revenue to cover costs, meet reserve targets, and continue providing the desired level of service.

City of Camarillo/ Camarillo Sanitation District (CA)

Raftelis is performing a water and wastewater rate study for the City of Camarillo/ Camarillo Sanitation District. Theresa is serving as assistant project manager and performing the capacity fee updates for water and sewer.

Specialties

- Financial planning
- Cost-of-service and rate structure studies
- System development charge studies
- Asset management and risk assessment

Professional History

- Raftelis: Manager (2021 – Present)
- CDM Smith: Project Manager & Senior Consultant (2007 – 2021)
- Det Norske Veritas (formerly Global Energy Concepts): Engineer/ Consultant (2003 – 2007)
- Black & Veatch: Engineer/ Consultant (1996 – 2001)

Education

- Bachelor of Science in Mechanical Engineering – University of Missouri – Columbia (1996)
- Bachelor of Arts in English – University of Missouri – Columbia (1996)
- Master of Science in Science and Technology Studies – Virginia Polytechnic and State University (2003)

Certifications

- PE – Kansas (16297 expires 4/30/2024)
- PE – Washington (46077 expires 9/11/2024)
- PMP (expires 10/07/2025)
- Series 50 Municipal Advisor Representative

Professional Memberships

- AWWA: Pacific Northwest Section
- WEF: Pacific Northwest Section
- Project Management Institute
- Institute of Asset Management

Florin Resource Conservation District / Elk Grove Water District (CA)

Between 2022 – 2023 Theresa is managing the water rate study for the District. She is also leading the analysis and update to the prior model. She makes presentations to a community advisory committee for their input on plans as well as to educate on the rate setting process and need for revenue adjustments. She also presents findings and recommendations to the Board.

Mesa Water District (CA)

Mesa Water District (District) prides itself on the fact that it is no longer dependent on imported water. For the District's FY23 – FY27 rate setting period, Theresa developed the financial plan, cost-of-service and rate setting model to support the District's update to its water and recycled water rates in a few months during a fast-paced rate study. She summarized the work in the nexus report.

East Orange County Water District (CA)

From 2021 – 2023 Raftelis performed a wholesale water, retail water and sewer rate study incorporating financial plans, cost-of-service (water) and recommended rates. Theresa served as the assistant project manager as well as updated the model as inputs were refined, presenting results and recommendations to the Board, and writing the report.

Santa Ynez River Water Conservation District (CA)

In 2022, Theresa created a multi-year financial plan that allowed for the determination of groundwater pumping unit rates for the next fiscal year for producers within the District. The cost-of-service analysis indicated that cost differentials currently did not exist; therefore, a uniform rate for all producer types was developed. In 2023, Theresa updated the model and developed a 5-year rate schedule.

Sunnyslope County Water District (CA)

From 2022-2023 Raftelis is providing a financial plan, cost-of-service, and rate study for the District's water and sewer enterprises. Theresa is serving as project manager.

City of Chino (CA)

From 2022-2023 Raftelis is providing a financial plan, cost-of-service, and rate study for the City's water and sewer enterprises. Theresa is finalizing the analyses and will be writing the report.

City of Brentwood (CA)

From 2022-2023 Raftelis is providing a financial plan, cost-of-service, and rate study for the City's water and sewer enterprises. The City has groundwater quality issues that may impact the mix of water supply sources. Theresa is finalizing the water analysis, conducting the sewer analyses, and will be writing the report.

Santa Ana Watershed Project Authority (SAWPA) (CA)

In 2021 and 2022, Raftelis reviewed the reserve policies related to SAWPA's Inland Empire Brine Line. Theresa focused on the capital-related reserve policies including developing minimum levels and maximum targets incorporating the results from a recent risk analysis.

NEW Water (WI)

Theresa managed and updated the cost allocation procedure to reflect the current plant asset inventory, incorporate the acquisition of a neighboring facility, and apply the allocations to the current budget to support rate development. Theresa regularly updates the cost allocation procedure and inputs to the cost-of-service model as additional facilities are replaced. She has performed this work since 2007.

City of Glendale (AZ)

In 2021, Theresa performed the water and wastewater cost-of-service analysis and rate setting for the City of Glendale (Glendale). Work entailed updating the existing model with new information from Glendale, working directly with the client to refine assumptions, and summarizing the recommended water and wastewater rates in a report.

City of Littleton (CO)

In 2021, Theresa built wastewater and stormwater rate models to develop financial plans for each enterprise, a cost-of-service analysis for the wastewater enterprise, and updated rates for both enterprises. A major challenge was getting accurate water data from all the water purveyors that supply water to the wastewater customers served by Littleton.

Board of Water Supply City and County of Honolulu (HI)

Between 2017 and 2021 Theresa conducted a water rate study starting with developing revenue requirements as part of a larger Master Plan effort for the Board of Water Supply. The work included a ten-year financial plan, cost-of-service analysis, rate structure evaluation, and 5-year rate setting period. Work included monthly Stakeholder Advisory Group meetings where financial policies, level of capital improvement program, cost-of-service and alternative rate structures were discussed. Theresa also prepared a long range (30-year) financial planning document covering a similar period to the Water Master Plan. Theresa trained key financial staff at the BWS on the use of the financial planning, cost-of-service and rate setting model. Theresa also updated the water system facilities charges and managed and performed an update to the Long Range Financial Plan to address the current financial status and test pandemic-related impacts to the cashflow.

Village of Sauget (IL)

Since 2008, Theresa has annually managed and evaluated the current cost-of-service for the American Bottoms Regional Wastewater Treatment Facility to determine if a rate adjustment is needed for the next fiscal year. The analysis includes updating the rate model with the latest operations and maintenance, debt service, reserve fund, and customer information as well as projecting industrial customer flows. Every two years, Theresa conducts a deep-dive into the strengths received at the treatment plant from industrial customers.

City of Kansas City (MO)

Between 2010 and 2021, Theresa has managed and conducted several rate studies for updating water and wastewater rates for the City of Kansas City. The studies include a 5-year financial plan as well as cost-of-service rate setting using the utility-basis for wholesale customers. Theresa created new water and wastewater rate models and user manuals, which include a financial planning dashboard as well as updates to how information is input into the model based on how the information is provided in source documents.

PUBLICATIONS

- “Principles of Water Rates, Fees, and Charges”, Seventh Edition, 2017
- “Financing and Charges for Wastewater Systems”, Fourth Edition, 2018

PRESENTATIONS

- “Getting Started with Asset Management”, California Water Environment Association, 2019
- “Don’t Get Behind! Keep Up With Your Revenue Needs,” California-Nevada Regional AWWA Conference, Spring 2013
- “Developing Water Tariffs for a Sustainable Future,” Utility Management Conference, 2012
- “Developing Water Tariffs for a Sustainable Future,” Arab Water Week, 2010

Sudhir Pardiwala PE

TECHNICAL REVIEWER

Executive Vice President

ROLE

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

PROFILE

Sudhir has 45 years of experience in financial studies and engineering. He has extensive expertise in water and wastewater utility financial and revenue planning, valuation, and assessment engineering. He has conducted numerous water, wastewater, stormwater, and reclaimed water rate studies involving conservation, drought management, risk analysis, as well as system development fee studies, and has developed computerized models for these financial evaluations. Sudhir has assisted public agencies in reviewing and obtaining alternate sources of funding for capital improvements, including low-interest state and federal loans and grants. He has assisted several utilities with State Revolving Fund and Water Reclamation Bond loans. Sudhir authored the chapter on reclaimed water rates in the *Manual of Practice No. 27, Financing and Charges for Wastewater Systems*, published by the Water Environment Federation (WEF). He also authored a chapter entitled, "Recycled Water Rates," for the Fourth Edition of the industry guidebook, *Water and Wastewater Finance and Pricing: The Changing Landscape*. Sudhir was vice-chairman of the California-Nevada AWWA Business Management Division and Chairman of the Financial Management Committee.

KEY PROJECT EXPERIENCE

City of Vallejo (CA)

The City of Vallejo (City) engaged Raftelis to develop a financial plan for the water utility to ensure that the City would not be in technical default of its bond covenants after another consultant had completed a rate study. In short order, Raftelis prepared a Financial Plan to help the City tide over the immediate crisis and assisted with developing a Proposition 218 notice and with mailing it to over 42,000 customers and properties. Subsequently, the City again engaged Raftelis in a competitive proposal process to conduct a cost-of-service and rate study. The City has multiple service areas and financial plan and rates were determined for each area. Raftelis redefined the tiers based on the water usage patterns in the City single family class and developed uniform rates by customer class for multi-family, non-residential, raw water and construction classes. Raftelis made several presentations to a Utility Advisory Committee and supported staff in workshops with City Council. The City Council accepted our report and Raftelis assisted in drafting the Proposition 218 notice and mailing it. Raftelis also calculated rates for contract customers American Canyon and Travis Air Force Base schools.



Specialties

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

Professional History

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

Education

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

Certifications

- Series 50 Municipal Advisor Representative

Professional Registrations

- Registered Professional Engineer, California: Civil (1988); Chemical (1981) (44571 expires 3/31/2024)

Professional Memberships

- AWWA
- WEF
- California Municipal Finance Officers Association

City of Brentwood (CA)

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

City of Palo Alto (CA)

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

Olivenhain Municipal Water District (CA)

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

City of Sacramento (CA)

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

objectives and were designed for simplicity of administration, cost effective implementation and ease of communication to customers.

Vallejo Flood and Wastewater District (CA)

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

City and County of San Francisco (CA)

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

Napa Sanitation District (CA)

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

Lindsay Roth

STAFF CONSULTANT Consultant

ROLE

Lindsay will work at the direction of Theresa in conducting analyses and preparing deliverables for the project.

PROFILE

Lindsay has over two years of experience working in the environmental field and has a graduate degree in water resources management. At Raftelis, she has contributed to financial models and analyses for water and wastewater rate studies as well as bill impact analyses. Prior to joining Raftelis, Lindsay was a student consultant for the North Carolina Department of Environmental Quality, assessing the state's algal bloom monitoring program and nutrient criteria. She also interned for the Conservation Trust for North Carolina, developing best practices for the organization to participate in community-based environmental justice. She is based in Raftelis' Los Angeles Office.

KEY PROJECT EXPERIENCE

Carpinteria Valley Groundwater Sustainability Agency (CA)

The Carpinteria Groundwater Sustainability Agency (Agency) engaged Raftelis in 2021 to conduct a GSA Fee Study to proposed groundwater user fees to fund Phase Two of GSA Operations. Lindsay served as the lead analyst on the fee study. She developed a financial plan and worked with the project team as well as Agency staff to evaluate the best methodology for calculating the GSA user fee.

City of Coronado (CA)

The City of Coronado (City) engaged Raftelis in 2021 to review and evaluate the City's current rate-setting methodology, update the financial plan for a five-year period, and propose rates for 2022. The City's sewer rates included contracted transportation and treatment fees for three US Navy Campuses. Lindsay served as the lead analyst on the study update. She developed a financial plan and worked with the project team to evaluate potential rate structure alternatives.

City of Hayward (CA)

The City of Hayward (City) engaged Raftelis in 2021 to conduct a comprehensive water cost of service and rate study proposing rates for the next two years and to provide a financial plan and rate model to serve as a planning resource for future use. The project required a balance of multiple financial objectives, including managing increasing water costs from the San Francisco Public Utilities Commission while also producing rates that were affordable for all customer classes. Lindsay served as an associate consultant on the project and assisted in the development of an updated 10-year financial plan for the City and a detailed rate study report explaining each step of the rate study process.



Specialties

- Data analysis & visualization
- Water & sewer financial analysis
- Statistical analysis

Professional History

- Raftelis: Consultant (2023-present); Associate Consultant (2020-2022)
- North Carolina Department of Environmental Quality: Student Consultant (2019-2020)
- Conservation Trust for North Carolina: Disaster Mitigation and Climate Resiliency Intern (2019)

Education

- Master of Environmental Management in Water Resources Management - Nicholas School of the Environment, Duke University (2020)
- Bachelor of Science in Earth and Environmental Sciences - Tulane University (2016)

City of Hollister (CA)

City of Hollister (City) engaged Raftelis in 2021 to conduct a water and wastewater cost of service and rate study as well as a water and wastewater capacity fee study. Lindsay served as an associate consultant on the project and was the lead analyst for the water cost of service and rate study. The study required Raftelis to develop rates that built up reserves over time without creating rate shock to water users as well as work with the project team and City staff to evaluate various rate structure options. Lindsay also wrote a detailed rate study report explaining every step of the water rate study and water capacity fee study process.

City of Pleasanton (CA)

City of Pleasanton (City) engaged Raftelis in 2019 to update its water, recycled water, and wastewater rates as well as conduct capacity fee and drought rate studies. Lindsay is serving as lead analyst on the City's rate study. The study involves developing long-term financial plans, conducting cost of service analyses, and designing rate structures for each of the three enterprises. The main considerations for the study include funding capital projects to remediate PFAS groundwater contamination, maintaining financial sufficiency for all enterprises, encouraging conservation during periods of drought, and reducing rate shock to customers.

City of Thousand Oaks (CA)

City of Thousand Oaks (City) engaged Raftelis in 2021 to conduct water and wastewater financial plan update as well as a water rate study. Lindsay served as an associate consultant on the project and helped to develop an updated water rate model and an updated wastewater financial plan model forecasting projected revenues and expenditures for the next 5 years. The study required Raftelis to develop rates that accounted large CIP project expenditures planned for the study period for both the water and wastewater utilities while avoiding rate shock for customers. The updated models also included various capital expenditure and rate adjustment scenarios in order to aid in the City's decision-making process.

City of Torrance (CA)

City of Torrance (City) engaged Raftelis in 2021 to conduct wastewater rate study update. Lindsay served as the lead analyst on the project and helped to build a wastewater rate model projecting revenues and expenditures for the next 5 years. The City had recently taken on more CIP projects under the wastewater fund due to a new policy that required stormwater projects to fall under wastewater's jurisdiction. The study required Raftelis to develop cost of service rates that generated enough revenue to fund these projects without having to issue any debt while maintaining fairness and affordability goals for all customer classes.

City of Ventura (CA)

The City of Ventura (City) engaged Raftelis in 2020 to conduct a comprehensive water and wastewater cost of service and rate study. Lindsay served as an associate consultant on the project and helped analyze the impacts of the proposed rates on monthly water and wastewater bills for each customer class.

San Benito County Water District (CA)

San Benito County Water District (SBCWD) engaged Raftelis in 2021 to develop a longer-term financial plan to capture planned major capital improvements that will come from the pending water master plan, as well as updating the cost allocating methodology. The SBCWD has a unique water system driven by allocations of purchased water, groundwater sources, and maintaining adequate water reserves in storage. Lindsay is building the financial planning and cost of service model.

RELEVANT PROFESSIONAL EXPERIENCE

North Carolina Department of Environmental Quality: Student Consultant (2019-2020)

The Division of Water Resources at the North Carolina Department of Environmental Quality works to understand and manage the proliferation of algal blooms in lakes and reservoirs across the state. Lindsay worked with a team of Nicholas School students to analyze ambient water quality monitoring data and provide recommendations on how the agency could improve their harmful algal bloom nutrient criteria and management strategies. Her work included the development of multiple linear regression statistical models to understand the morphological drivers of lakes and reservoirs for algal blooms across the Piedmont region of North Carolina.

PROJECT LIST

- Borrego Water District (CA) – Water & Wastewater Capacity Fees
- Carpinteria Valley Groundwater Sustainability Agency (CA) – GSA Fee Study
- Carpinteria Valley Water District (CA)– Water rate study
- Coastside County Water District (CA) – Drought rate study
- Contra Costa Water District (CA) – Drought rate study
- City of Coronado (CA) – Wastewater rate study
- City of Hayward (CA) – Water rate study
- City of Hollister (CA) – Water rate studyMontecito Water District (CA) – Financial plan update
- City of Pleasanton (CA) – Water, Wastewater, Capacity Fee, and Drought Rate Study
- Rincon Del Diablo (CA) – Reserve policy survey study
- San Benito County Water District (CA) – Water rate study
- City of Torrance (CA) – Wastewater rate study
- Thousand Oaks (CA) – Water and wastewater rate study
- City of Ventura (CA) – Water and wastewater bill impact study
- Yorba Linda Water District (CA) – Capacity fee study

Cleo Koenig

STAFF CONSULTANT

Associate Consultant



ROLE

Cleo will work at the direction of Theresa in conducting analyses and preparing deliverables for the project.

PROFILE

Cleo has been studying the environment and its connections to humans for over six years, first at Stetson University where she earned a degree in Environmental Sciences with a minor in Biology, and then at Johns Hopkins where she earned a degree in Environmental Sciences and Policies.

While at Raftelis, she has contributed to financial models and analyses for water and wastewater rate, miscellaneous fee, and bill impact studies. During her time at Stetson, she took courses in Urban Planning, Sustainable Business Models, GIS, and Biostatistics. During her time at Johns Hopkins, she continued her education in statistics and GIS and supplemented it with Understanding Public Attitudes for the Communication of Climate and Energy Policy and U.S. Offshore Energy: Policy, Science, and Technology. During high school, she was enrolled in a Drinking Water Operator Licensing program where she studied for her Class-C licensing examination and interned at a drinking water treatment plant. She is currently based out of the LA office.

KEY PROJECT EXPERIENCE

San Francisco Public Utilities Commission (CA)

The San Francisco Public Utilities Commission (Commission) engaged Raftelis in 2022 to perform a comprehensive water, wastewater, and stormwater cost of service rate study. Cleo is currently serving as the lead analyst on both the wastewater and stormwater studies, where she worked closely with Commission staff to develop rates that would cover their large operations and CIP budgets. This study also required developing a variety of scenarios for gradually introducing stormwater rates to mitigate rate shock to customers.

City of Oxnard (CA)

The City of Oxnard (City) engaged Raftelis in 2022 to perform a financial plan update and a water and recycled water cost of service rate study. Cleo served as a lead analyst on the study. This study required accounting for a temporary reduction in recycled revenue and rates for one class that is set by ordinance rather than by the standard cost of service principles. The study also required developing rates that balanced rate shock with meeting the needs of the City.

Beaumont-Cherry Valley Water District (CA)

Beaumont-Cherry Valley Water District (District) engaged Raftelis in 2022 to conduct a miscellaneous fee study. Cleo served as a lead analyst where she worked closely with the District staff to develop updated fees to recover the costs associated with providing services outside of standard water operations. This included assisting in the

Specialties

- Data analysis and Visualization
- Environmental Policy
- Statistical Analysis

Professional History

- Raftelis: Associate Consultant (2021-Present)
- Stetson University Hatter Network: Event Coordinator (2017-2019)
- ReMax Absolute Service Team: Head of Social Media (2015-2019)
- Palm Bay Water Utilities: Water Treatment Program Intern (2015)

Education

- Bachelor of Science in Environmental Sciences with a minor in Biology – Stetson University (2019)
- Master of Science in Environmental Sciences and Policies – Johns Hopkins University (2021)

preparation of a report and presentation to the board explaining why these rate updates were needed and how they were calculated.

City of Orange (CA)

The City of Orange (City) engaged Raftelis in 2021 to conduct a water and wastewater financial plan update and a water and wastewater cost of service study. Cleo served as a lead analyst on the water portion of the project where she developed a new financial plan and conducted a cost of service study for water rate development. This study also required accounting for possible passthrough charges from water purchases and a temporary increase in water pumping charges due to water quality concerns. This study also focused on covering expenses, including any CIP, without any debt issuance. Cleo also wrote a detailed rate study report explaining the steps of the water rate study.

City of Long Beach (CA)

The City of Long Beach (City) engaged Raftelis in 2021 to conduct a water and wastewater cost of service and rate update. Cleo served as the lead analyst on the project where she developed an in-depth and updated cost of service for water, wastewater, and recycled accounts to produce rates. Long Beach was primarily concerned with affordability and fairness with their rates and had a defined low-income tier for residents that did not have to pay potable tier 1 rates. The study reviewed current rate structures and developed rates with both affordability and Prop-218 in mind.

RELEVANT PROFESSIONAL EXPERIENCE

Senior Research at Stetson University: Climate Change and Public Opinion Study (FL)

Stetson University requires all seniors to complete an in-depth research or experimental study in order to graduate. During this study, Cleo designed and organized the distribution of a survey designed to gauge public opinion on climate change and climate change mitigation techniques and policies in the Indialantic, Florida area. After responses were gathered, Cleo analyzed the data in Excel and did a statistical analysis to see if there was a significant difference in responses between experimental groups. She wrote a 15-page paper on the results and presented her results and conclusions before a board of her professors and peers in order to gain her degree.

Stetson University's Hatter Network: Event Coordinator (2017-2019)

Hatter Network is a student media organization on Stetson University's campus that develops a monthly news magazine, a yearly literary and arts magazine, and a variety of radio shows. Cleo worked as the Event Coordinator, who oversaw weekly events to grow interest and advertise for Hatter Network products alongside special tabling and holiday events to advertise for Hatter Network, all under tight budgets and often happening on similar and overlapping timescales.

ReMax Absolute Service Team: Head of Social Media (2015-2019)

Cleo worked as a Social Media Manager for ReMax Absolute Service Team, a real estate company based out of Viera, Florida. While there, she designed and coordinated social media postings to increase customer engagement and community outreach. She also designed logos, business cards, and email signatures for employees to create a unified and cohesive team brand.

Palm Bay Water Utilities: Water Treatment Intern (2015)

Palm Bay Water Utilities and Heritage High School partnered to form a path for students to earn Class C Drinking Water Treatment Licensing. Interns were expected to learn all aspects of water treatment, pass the Class C Drinking Water Treatment Licensing examination, and assist Class B and Class A personnel in monitoring and maintaining drinking water treatment and distribution sites in the local Palm Bay, Florida area.

Sarah Wingfield

STAFF CONSULTANT

Associate Consultant



ROLE

Sarah will work at the direction of Theresa in conducting analyses and preparing deliverables for the project.

PROFILE

Sarah is a recent graduate from Georgetown University with a range of academic and professional experience in water resources management. Through her work with the California Data Collaborative and the Latitude Zero Ecuador Research Initiative, Sarah has developed a broad knowledge of analytical methods, as well as management approaches and legislation relevant to rate implementation and utilities management. Sarah's work on *Challenges to Water Management in Ecuador: Legal Authorization, Quality Parameters, and Socio-Political Responses* was recently published in the open-access journal, *Water*.

KEY PROJECT EXPERIENCE

Padre Dam Municipal Water District (CA)

Padre Dam Municipal Water District is currently updating its financial model and cost allocation system to evaluate different CIP scenarios, reserve policies, a comprehensive rate study, debt issues, and other financial/rate matters. The District has recently established two significant capital improvement projects and is in the process of developing advanced purification programs for its recycled water utility. Sarah is currently working with the District and Raftelis team staff to design the 2022 update to the financial and cost allocation models for the District's sewer, potable, and recycled utilities.

City of Orange (CA)

The City of Orange is currently updating its 2015 financial model (also conducted by Raftelis) to evaluate different water demand factors, reserve policies, and other financial/rate matters. With Raftelis' help, the City recently implemented a new rate structure and is now working to understand the long-term impacts to the City's financial health and customer affordability. Sarah is currently working with the City and Raftelis team staff on completing the 2021 update.

California Data Collaborative Communications and Marketing Intern (CA)

Sarah served as the Communications and Marketing intern with the California Data Collaborative (CaDC). Sarah worked directly with water utilities agencies and academics to analyze and describe the impacts of new legislation on water allocation and conservation in California. These provided valuable resources for water agencies to adapt their data collection and analytical methods and improve operations in their service areas.

PUBLICATIONS

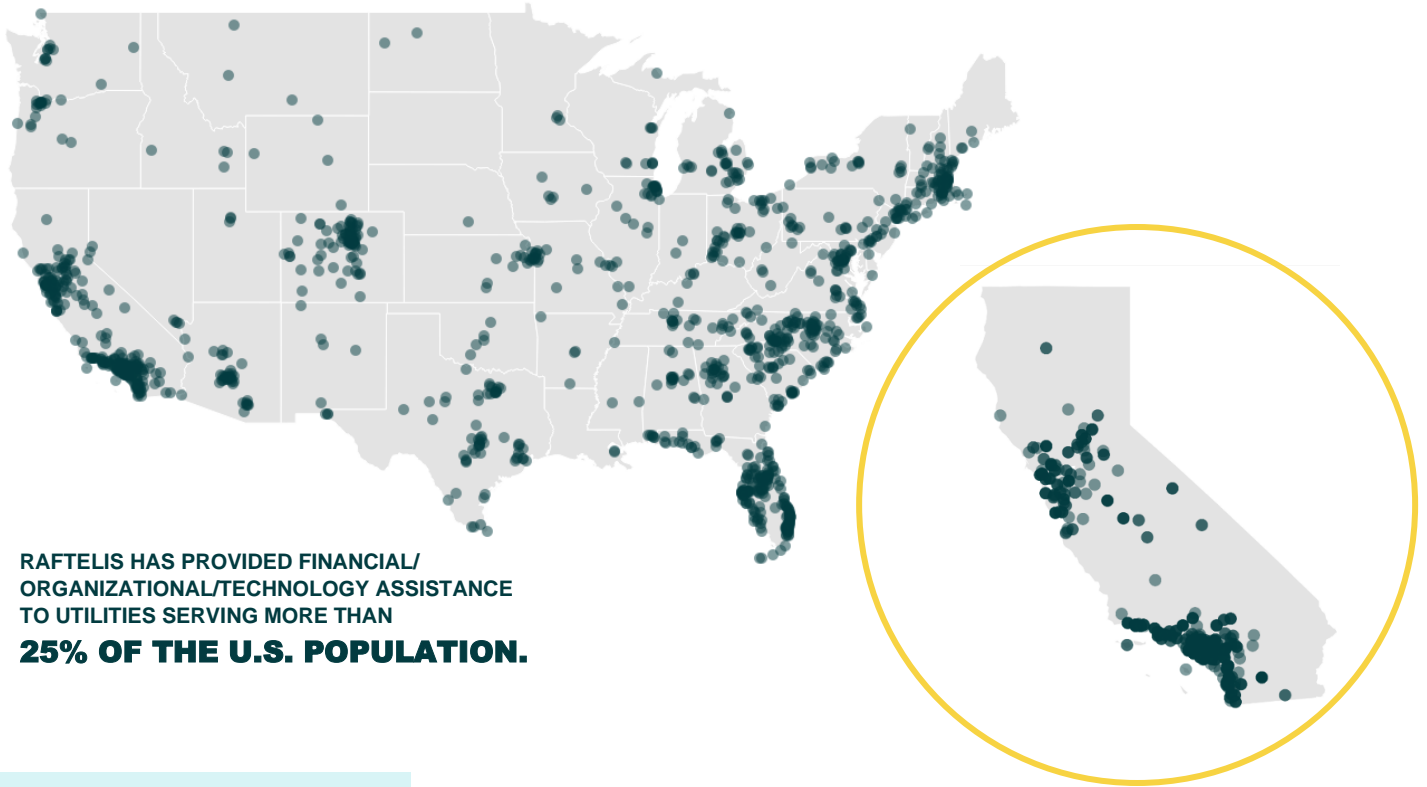
- "Challenges to Water Management in Ecuador: Legal Authorization, Quality Parameters, and Socio-Political Responses," 2021

Professional History

- Raftelis: Associate Consultant (2021-present)
- California Data Collaborative: Communications and Marketing Intern (2020-2021)
- Latitude Zero Ecuador Research Initiative: Research Assistant (2019-2021)

Education

- Bachelor of Science in International Affairs - Georgetown University (2021)



RAFTELIS HAS PROVIDED FINANCIAL/
ORGANIZATIONAL/TECHNOLOGY ASSISTANCE
TO UTILITIES SERVING MORE THAN
25% OF THE U.S. POPULATION.

EXPERIENCE & REFERENCES

Experience & References

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

Our staff has assisted more than 1,200 public agencies and utilities across the U.S., including some of the largest and most complex agencies in the nation. In the past year alone, Raftelis worked on more than 900 financial, organizational, and/or technology consulting projects for over 600 agencies in 44 states, the District of Columbia, and Canada. Below, we have provided descriptions of projects that we have worked on that are similar in scope to the City’s project. We have included references for each of these clients and urge you to contact them to better understand our capabilities and the quality of service that we provide.

City of Brentwood CA

Reference: Debra Galey, Senior Analyst
City Hall, 150 City Park Way, Brentwood, CA 94513 / 925.516.5177 / E: dgaley@brentwoodca.gov

Raftelis is conducting a water and wastewater rate study for the City of Brentwood (City) that involves a comprehensive review of the City's financial plan and rate structure. The City has a total of over 17,500 water and wastewater accounts. Water is supplied through two main sources: local groundwater, from the City’s groundwater wells, and surface water that originates from rivers within the Sierra Mountain range and that flow into the Delta. Surface water is treated at the City of Brentwood Water Treatment Plant (Brentwood TP) and the Randall Bold Water Treatment Plant (RBWTP). Wastewater services are provided by the City’s Wastewater Treatment Plant with a capacity to treat 5.0 million gallons of wastewater per day (MGD). The study includes a comprehensive

review of the City's revenue requirements and allocation methodology, a review of City's user classification, a cost-of-service analysis, and rate design for City users. The goals for the updated rates are to be fair and equitable and met the fiscal needs of the City's utilities in the context of the City's overall policy objectives and be designed for simplicity of administration, cost effective implementation and ease of communication to customers. The study also includes drought surcharges that vary based on the water shortage level that the City can implement as necessary to recover the revenue shortfall that occurs as a result of demand reduction during water shortage situations. Raftelis is updating its a user-friendly models so that various scenarios could be evaluated on the fly. The City appreciates the flexibility of using this model during the course of the study. Raftelis is calculating wastewater rates based on flow and strength for differ classes of customers. Raftelis will be assisting with the Proposition 218 notice and the public hearing.

Raftelis previously completed water and wastewater rate studies for the District in 2015 and 2018.

San Benito County Water District CA

Reference: Jeff Cattaneo, General Manager

30 Mansfield Rd. Hollister, CA 95024 / P: 831.637.8218 / E: jcattaneo@sbcwd.com

Raftelis is conducting a water rate study for San Benito County Water District's (District) Zone 6 charges. The District is the Groundwater Sustainability Agency for the county, owns two surface water treatment plants, and manages local and imported surface water, which is delivered to agricultural and M&I customers throughout the system. Working closely with the District, Raftelis is developing a financial plan to support planned projects coming out of the water master plan. Raftelis is also conducting a cost-of-service analysis to allocate costs to the different users of the system.

City of Camarillo / Camarillo Sanitary District CA

Reference: Mark S. Uribe, Assistant Director of Finance

601 Carmen Drive, Camarillo, CA 93010 / P: 805.388.5358 / E: muribe@cityofcamarillo.org

Since 2011, the City of Camarillo (City) has engaged Raftelis to conduct a comprehensive water and wastewater rate study to independently assess and evaluate existing water and wastewater rates for compliance with industry standards and California regulations, and to develop a financial plan to ensure financial sufficiency while minimizing rate impacts to the greatest degree possible. The study included a comprehensive review of the water and wastewater enterprises' revenue requirements, a review of the City's user classification and usage patterns, a cost-of-service analysis, the development of water and wastewater connection fees, the design of water and wastewater rates, and the analysis of customer impacts along with a rate survey of neighboring agencies. The City had significant capital improvement projects scheduled in the immediate future (FY 2012 to FY 2014); to smooth out customer impacts while sufficiently maintaining the utility's systems, Raftelis developed water and wastewater financial plan models to evaluate different CIP scenarios, financing options, and associated financial impacts. Raftelis recommended water and wastewater rate schedules for a two-year period effective January 2012 and 2013, which were approved by the City Council in November 2011. Since 2011 Raftelis has updated the City's rates annually and is currently re-evaluating the financial plans and rates for calendar year 2021-2022. For the 2021-2023 study, Theresa is serving as assistant project manager and performing the capacity fee updates for water and sewer. Jonathan performs analysis updates.

City of Glendale AZ

Reference: Dan Hatch, Administrator, Water Services

7070 W. Northern Avenue, Glendale, AZ 85303 / P: 623.930.4105 / E: dhatch@glendaleaz.com

The City retained Raftelis to complete a comprehensive water and wastewater cost of service study. The City updates its cost of service and rates every five years. For this study, Raftelis analyzed billing data, the 5-year revenue requirement as well as operational and other financial data. The goal of the rate study was to update rates and transition changes over a five-year period. Raftelis also updated the City's model for their review in interim years. Rates were adopted for 2022.

Mammoth Community Water District CA

Reference: Jeffrey Beatty, Finance Manager

1315 Meridian Boulevard, Mammoth Lakes, CA 93546 / P: 760.934.2596 ext 239 / E: jbeatty@mcwd.dst.ca.us

Mammoth is a winter tourist destination for Californians. This small resort community, with a permanent population of more than 8,000 and peak transient visitor population of 35,000, is located on the eastern slope of the Sierra Nevada at an elevation of approximately 8,000 feet above sea level. The Town is surrounded by lands administered by the Inyo National Forest, and the economy is primarily based on recreation and tourism, with a majority of the visitation coming during the winter ski season. There are a large number of cabins and condominiums in town that are occupied intermittently during the year. This results in high peaks and also poses a challenge in terms of adequately financing the operations of the utilities.

Raftelis was selected in a competitive process to assist the Mammoth Community Water District (District) with its water and sewer rates. Raftelis met with the staff to identify their pricing objectives and priorities. Raftelis conducted several workshops with Board members and displayed rate model dashboard presentations to review alternatives and impacts on customers. We developed water rates to incentivize conservation and wastewater rates to ensure adequate cost recovery. To increase revenue stability and ensure adequate collection of service charges from vacation properties, we designed rates to recover the fixed costs through fixed charges. Properties outside the District were charged based on the cost of providing service to those customers and were set at a rate higher the inside-City rate. The rates were successfully implemented.

Raftelis is currently conducting a water and sewer rate study.

California Experience

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

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

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

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

F. SCOPE AND PROVISIONS

Specific Rate Study Approach

Raftelis' approach to projects heavily encourages collaborative work efforts. Raftelis will work with City staff on an on-going basis via scheduled in-person meetings and web conferences to achieve project milestones in a timely manner and complete the project on schedule. Raftelis will complete the tasks outlined below to develop utility rates that align with Proposition 218, industry standards, and the City's goals and objectives.

Task 1: Project Initiation, Management, and Data Collection

Raftelis believes in a process that encourages and stresses communication, teamwork, objectivity, and accountability to meet project objectives. We also believe in a no-surprises approach and communicate regularly with clients through webinars so that the City is aware of the project status at all stages. For every project we also implement a systemic program of quality assurance and control (QA/QC) to ensure accuracy, consistency, and validity of the results. We believe that a productive kick-off meeting is the most effective way to begin an engagement of this nature.

Raftelis uses the kick-off meeting as an opportunity to do our due diligence and ensure that all project participants agree on the goals, approach, work plan, schedule, and study priorities. Prior to the kick-off meeting, a detailed data request list will be submitted so the City may begin assembling appropriate data. During the meeting itself, we will discuss pertinent background information to gain more familiarity with the City's utilities. In addition, Raftelis uses this opportunity to determine drivers for the study, discuss current utility challenges, work with City staff to identify and prioritize objectives, develop an understanding of the financial plan and current rate structure, review the data request list, and pinpoint data gaps or questions. We will provide Staff with an agenda in advance of the meeting and detailed notes on the decisions and outcomes of the meeting afterwards.

PLANNED MEETINGS:

- One (1) virtual kick-off meeting with City staff
- Regular status update calls. Frequency to be determined at the kickoff meeting

DELIVERABLES:

- Data request list
- Agenda for kick-off meeting
- Presentation materials
- Kickoff meeting minutes

Task 2: Financial Plan Development - Water and Wastewater Services

In order to establish comprehensive short- and long-term financial plans for the City's utilities, Raftelis will create a model examining the water and wastewater utilities' ten-year financial plan to determine the revenue requirements needed to ensure the financial sufficiency of the City's utility enterprises. Raftelis develops financial plans that look beyond the five-year rate-setting period to minimize potential rate shock from a large capital expenditure in the 6-10 year period. If no adopted capital program exists beyond five years, Raftelis will work with City staff to identify a reasonable estimate of future repair and replacement costs. The financial model will project existing rate revenues based on historical account and water use data as well as new connection growth estimates to assess the current rate structure's performance as a baseline. The model will also project other operating and non-operating revenues

alongside operating and capital expenses to develop a ten-year cash flow analysis for the water and wastewater enterprises. The cashflow analyses will determine the revenue adjustments (i.e., gross revenue increases) required while attempting to minimize rate fluctuations. In identifying the revenue adjustments, we establish the funding requirements that the recommended rates will need to achieve to fully fund system costs and other costs resulting from future standards and regulations. The cashflow analysis will also identify and incorporate any recommended revisions to reserve policies.

While preparing these plans, we will analyze the City's current policies and practices for funding utility operations, capital facilities plans, and debt service requirements. In discussions with City staff, we will consider various financing options, or a combination of options, such as operating revenue, debt, and use of reserves. We will assist the City in achieving a suitable balance among the financing options when developing the proposed financial plans. This will ensure financial sufficiency to meet operating and capital costs, achieve sensible financial reserves levels, meet the City's service policies and objectives, and fairly distribute financing responsibilities.

Having detailed financial plans will ensure that the City's utilities operate in a self-sufficient manner and achieve debt coverage requirements. We will develop separate standalone financial plans for both the water and wastewater utilities. The financial plans for each utility will include a capital improvement financing component that ensures each utility can fully fund the City's proposed CIP while minimizing impacts to existing ratepayers and complying with any existing bond covenants. If necessary, we will work with City staff to adjust the timing of CIP to smooth any rate impacts.

The financial plan will serve as the basis for the revenue requirements, which includes the projection of budget items, such as annual costs related to water supply, power, personnel, materials, plant investment, other O&M expenses, transfers, reserve contributions, and debt service, using assumptions based on different economic factors and growth trends. Raftelis will examine the effect of changes in factors that impact the utility's future revenue requirements and identify one or more financial plan options. Projecting revenue adjustments over a multi-year planning horizon can illustrate future rate impacts and potential challenges to the City utilities' financial situation. This will allow the City to adjust its expenses, transfers, and reserve balances; or schedule capital projects to smooth rate impacts and maintain financial stability.

PLANNED MEETINGS:

- Three (3) web-meetings with City staff

DELIVERABLES:

- Water and Wastewater Financial Plan models in Microsoft Excel



Raftelis will develop a customized financial model that incorporates a dashboard to allow you to easily run scenarios and see the impacts in real time. Shown here is a sample dashboard that we developed for another project.

Task 3: Cost-of-Service Analyses

Raftelis will complete a cost-of-service (COS) analysis to determine updated cost allocations and recommended rate structures for the City’s utility systems. We will incorporate the City’s policy considerations and the requirements of Proposition 218 throughout the cost allocation process.

Water

For water, the cost-of-service is based on industry standards and methodologies approved by the American Water Works Association (AWWA) and described in the M1 Manual: *Principles of Water Rates, Fees, and Charges*. Cost allocations will be based on AWWA-approved Base-Extra Capacity method, which focuses on usage patterns and peaking characteristics. Revenue requirements from the financial plan are functionalized and are then allocated to cost components including supply (purchase of water and pumping of groundwater), average daily demand, extra capacity, meter maintenance, conservation costs, and other direct and indirect costs consistent with industry standards. The goal of this task is to distribute the cost components based on the cost responsibility of each user class. The result is the total cost to serve, which is used as the basis for rate development.

Wastewater

For the wastewater cost of service analysis, Raftelis will use methods set forth by the Water Environment Federation (WEF) in their Manual of Practice No.27, *Financing and Charges for the Wastewater Systems*. We will rely on our experience to prepare a wastewater cost-of-service analysis using a methodology based on industry standards and recognizing that the City provides collection and conveyance of wastewater only.

Raftelis will ensure that the wastewater cost allocations focus on appropriate service functions and allocate the cost-of-service to those service functions (e.g., billing and customer service vs conveyance). Based on the revenue requirement identified in the financial plan, costs will be allocated to various cost components, including collection and customer costs consistent with industry standards.

Raftelis will incorporate the City's policy considerations and current federal, state, and local rules and regulations, such as Proposition 218 throughout the water and wastewater cost of service analysis.

PLANNED MEETINGS:

- Two (2) web-meetings with City staff

DELIVERABLES:

- Water and Wastewater Cost-of-Service analyses in Microsoft Excel

Task 4: Rate Design

Raftelis will develop a rate model in Microsoft Excel to calculate a proposed five-year schedule of water and wastewater rates. During our analysis, we will examine how the current water rate structure serves the City's goals of water conservation in normal conditions and shortage conditions.

In today's rate-setting environment, it is imperative to show the nexus between the cost to serve and the rates charged to customers. Raftelis will show this nexus by clearly showing distinct unit cost components that constitute each rate. For example, variable water rates typically include unit cost components for water supply costs, system delivery costs, peaking costs (extra-capacity costs), and conservation costs, among others. These calculations will communicate to customers the cost drivers behind the rates.

Current and Proposed Rate Structures

The City's current water rates include a fixed bi-monthly charge based on meter size and a uniform rate for consumption. The current wastewater rates include a bi-monthly fixed charge by meter size and a uniform flow rate.

Raftelis understands that the City is interested in customer-class specific water volumetric rates. Raftelis will develop one alternative water rate structure that has separate rates for different customer classes. Raftelis will work with City staff to determine if the customer classes should be residential and non-residential or if the non-residential customers should be segregated into additional customer types based on unique demand characteristics.

Customer Impacts and Sensitivity Analysis

Rate adjustments resulting from changes in the total revenue required to serve customers and/or changes to rate structures can sometimes cause "rate shock" to customers. In our impact analysis, we calculate estimated bi-monthly bills at typical usage levels, assuming the proposed rate structure was already in place to determine the total impact of the new rate structure for each customer class. The impact analysis will include a series of tables and figures that show projected rate impacts by customer class at various levels of usage. Understanding customer impacts and taking corrective action, if necessary, allows us to design public outreach strategies for generating customer buy-in and successful rate implementation.

PLANNED MEETINGS:

- Two (2) web-meetings with City staff

DELIVERABLES:

- Draft and Final Water and Wastewater Rate Models in Microsoft Excel

Task 5: Drought Rates (Drought Surcharges)

In times of emergency, water shortage, or mandated conservation Drought Rates are a tool to recover fixed revenue losses and additional expenses. The first step in developing Drought Rates is to examine the City's Drought / Water Shortage Contingency Plan. Generally, each stage in the plan targets a system-wide reduction of a certain percentage of total water demand. We will discuss the likely reduction in use for each class; and establish the reduction goals for each shortage stage to achieve system-wide targets. Mandatory water use reductions result in revenue loss from water sales reductions. Raftelis will quantify the net revenue loss and account for any additional shortage-specific costs and/or cost savings at each stage in our analysis.

Shortage-related costs can be recovered through fixed charges, commodity rates, or a combination of both. During a water supply crisis, the City's Drought Rates recover revenues with an increase to the variable rate. Raftelis will develop the Drought Rates model with the City's existing structure as the base structure. We will discuss the validity of the current structure, any desired changes, and any recommendations by Raftelis. Based on the demand reduction scenarios and selected water shortage rate structure, the Drought Rate Model will calculate the rates for each demand reduction scenario and present the resulting customer impacts in both numerical and graphical format using a Dashboard platform. We will present our findings and recommendations to the City Council, concurrent with the base rates.

PLANNED MEETINGS:

- One (1) web-meeting with City staff

DELIVERABLES:

- Drought Rate Model in Microsoft Excel

Task 6: Rate Study Report and Rates Presentation

Raftelis will prepare a report documenting the Rate Study to serve as a part of the City's administrative record. The purpose of this report is to document the methodology used to calculate the City's water and wastewater rates and to demonstrate alignment with cost-of-service principles and Proposition 218 requirements. The report will walk the reader through the numbers from budgeted costs to final rates to tell the rate story, consistent with the requirements for an administrative record, and to defend the proposed rates should there be a subsequent legal challenge.

The report will include an executive summary highlighting decisions reached during the development of rates. The main body of the report will summarize the underlying model assumptions, the long-term financial plans, the cost of service analyses, proposed revisions to rate structures, proposed rate derivation, and customer impacts. The report will detail rate structure selection, rate design assumptions, and methodologies used to develop the proposed rates. The cost of service and rate calculations will be described in detail so that the nexus between costs and rates is clearly demonstrated.

Raftelis will provide a draft report to City staff and the City's attorney for review and comment. We will then incorporate any revisions into the final report. The final report will be completed before the noticing period to ensure City customers have public access during the protest period and before the Public Hearing for rate adoption.

PLANNED MEETINGS:

- One (1) conference call to discuss edits to the draft report
- One (1) in-person City Council meeting to present the rate study and proposed rates

DELIVERABLES:

- Draft and Final Reports in Microsoft Word and PDF format
- Presentation materials

Task 7: Noticing and Public Hearing

Raftelis will develop graphics and narrative content needed for the City's Proposition 218 public notices, which must be postmarked to all property owners in the City's service area no fewer than 45 days prior to the Public Hearing. Content will include all statutorily required elements, along with strategic communications messages about the value of water services the City provides, the need for investment to deliver a secure water future, etc. Beyond satisfying legal requirements, the goal of the notice will be to describe the public process that went into the recommendations and make the case for why adoption is critical.

Once the content passes City Attorney review, Raftelis' Creative Services group will integrate the content into an attractive design that will encourage City ratepayers to read the information and have a broader understanding of the issues. Our pricing includes development of a press-ready PDF. It is anticipated that City staff will liaise with the printer and mail house, and contract directly with them for payment. If desired, we can provide liaison services at our standard hourly rates.

Public Hearing (In-Person)

Raftelis will develop and deliver a slide deck at the Public Hearing. The presentation – developed with input and direction from City Staff – will include a summary of the study's purpose, including how CIP investments will help deliver a secure water future; a review of earlier direction in terms of the City's vision for a successful rates study conclusion; a review of the public process that informed the recommendations with specific examples of how stakeholder feedback was valuable, and a comparison of anticipated bill impacts for typical customer types.

PLANNED MEETINGS:

- One (1) in-person Public Hearing to present the rate study

DELIVERABLES:

- Draft and final Proposition 218 notice content, graphic design, and presentation materials

Schedule

Raftelis will complete the scope of services within the timeframe shown in the schedule below. The proposed schedule assumes a notice-to-proceed by the middle of April 2023, that Raftelis will receive the needed data in a timely manner, and that Raftelis will be able to schedule meetings as necessary. Project completion assumes rate authorization in September, noticing of customers through October, and a Public Hearing in November, in order to implement new rates January 2024.

TASKS	2023										2024
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	
1. Project Initiation, Management, and Data Collection	●										
2. Financial Plan Development - Water and Wastewater		●	●	●							
3. Cost-of-Service Analyses			●	●							
4. Rate Design				●	●						
5. Drought Rates (Drought Surcharges)				●							
6. Rate Study Report and Rates Presentation					●	●					
7. Noticing and Public Hearing						●	●				
Rate Implementation										●	

- In-person Meetings
- Web Meetings
- Deliverables

G. COST DATA

Cost Data

The following table provides a breakdown of our proposed fee for this project. This table includes the estimated level of effort required for completing each task and the hourly billing rates for our project team members. Expenses include costs associated with travel.

Tasks	Web Meetings	In-person Meetings	Hours							Total Fees & Expenses	
			KK	TJ	SP	LR	CS	Admin	Total		
1. Project Initiation, Management, and Data Collection	1		2	10		16			4	32	\$6,300
2. Financial Plan Development - Water and Wastewater	3		6	16	2	48				72	\$14,870
3. Cost-of-Service Analyses	2		2	6	2	16				26	\$5,630
4. Rate Design	2		4	8	2	40				54	\$10,870
5. Drought Rates (Drought Surcharges)	1		4	8	1	12				25	\$5,595
6. Rate Study Report and Rates Presentation	1	1	12	20		48	2	2		84	\$18,286
7. Noticing and Public Hearing		1	8	24		4	16	1		53	\$12,591
Total Meetings / Hours	10	1	38	92	7	184	18	7		346	
Hourly Billing Rate			\$260	\$260	\$375	\$175	\$150	\$95			
Total Professional Fees			\$9,880	\$23,920	\$2,625	\$32,200	\$2,700	\$665		\$71,990	
										Total Fees	\$71,990
										Total Expenses	\$2,153
										Total Fees & Expenses	\$74,143

KK - Kevin Kostiuk
 TJ - Theresa Jurotich
 SJ - Sudhir Pardiwala
 LR - Lindsay Roth
 CS - Creative Services
 Admin - Administration

H. ADDITIONAL DATA

Who is Raftelis

HELPING LOCAL GOVERNMENTS AND UTILITIES THRIVE

Local government and utility leaders partner with Raftelis to transform their organizations by enhancing performance, planning for the future, identifying top talent, improving their financial condition, and telling their story. We've helped more than 600 organizations in the last year alone.

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

RESOURCES & EXPERTISE: This project will require the resources necessary to effectively staff the project and the skillsets to complete all of the required components. With more than 140 consultants, Raftelis has the largest water-industry financial and management consulting practice in the nation, including many of the industry's leading rate consultants and experts in key related areas, like stakeholder engagement and data analytics. Our depth of resources will allow us to provide the City with the technical expertise necessary to meet your objectives.

DEFENSIBLE RECOMMENDATIONS: When your elected officials and customers are considering the validity of recommended changes, they want to be confident that they were developed by experts using the latest industry standard methodology. Our staff are involved in shaping industry standards by chairing committees within the American Water Works Association (AWWA) and the Water Environment Federation (WEF) and co-authoring many industry-standard books regarding utility finance and rate setting. Being so actively involved in the industry will allow us to keep the City informed of emerging trends and issues and to be confident that our recommendations are insightful and founded on sound industry principles. In addition, with Raftelis' registration as a Municipal Advisor, you can be confident that we are fully qualified and capable of providing financial advice related to all aspects of utility financial planning in compliance with federal regulations.

HISTORY OF SIMILAR SUCCESSES: An extensive track record of past similar work will help to avoid potential pitfalls on this project and provide the know-how to bring it across the finish line. Raftelis staff has assisted 1,000+ utilities throughout the U.S. with financial and rate consulting services with wide-ranging needs and objectives. Our extensive experience will allow us to provide innovative and insightful recommendations to the City and will provide validation for our proposed methodology ensuring that industry best practices are incorporated.

USER-FRIENDLY MODELING: A modeling tool that your staff can use for scenario analysis and financial planning now and into the future will be key for the City going forward. Raftelis has developed some of the most sophisticated yet user-friendly financial/rate models available in the industry. Our models are tools that allow us to examine different policy options and cost allocations and their financial/customer impacts in real time. Our models are non-proprietary and are developed with the expectation that they will be used by the client as a financial planning tool long after the project is complete.

EXPERTS ON CALIFORNIA REGULATORY REQUIREMENTS: This expertise will allow the City to be confident that our recommendations take into account all of these regulatory requirements. The regulatory environment in California has become more stringent due to Proposition 218. Besides developing well-thought-out financial plans, Raftelis staff members are very knowledgeable about these regulations and have made presentations on this subject at various industry conferences. In addition, we are frequently called on to be expert witnesses regarding these regulatory matters.

29 years serving the public sector

How we stack up

OUR TEAM INCLUDES

140+ consultants focused on finance/management/communication/technology for the public sector

2 chairs & **16** members of AWWA and WEF utility finance and management committees and subcommittees

& a Past President of AWWA

RAFTELIS HAS PROVIDED ASSISTANCE FOR

1,200+ public agencies and utilities

that serve more than

25% of the U.S. population

including the agencies serving

38 of the nation's 50 largest cities

in the past year alone, we worked on

1,000+ projects for **600+** agencies in **46** states

Exceptions

We request that the City consider making the following modifications, shown in red below, to the Professional Services Agreement. The indemnity edits are the most important and are requesting the ownership of documents edits. We are happy to explain our basis or otherwise discuss these edits. Please contact us if you have any questions or concerns about these modifications.

SECTION 8 – INDEMNIFICATION

Consultant shall indemnify and hold harmless City, its agents, officers, officials, employees, and volunteers from ~~any and all~~ claims, demands, suits, loss, damages, injury, and/or liability (including ~~any and all~~ costs and expenses in connection therewith), ~~incurred caused~~ by reason of any negligent or otherwise wrongful act or omission of Consultant, its officers, agents, employees and subcontractors, or any of them, under or in connection with this Agreement; and Consultant agrees ~~at its own cost~~, expense and risk to defend any and all claims, actions, suits, or other legal proceedings...

If any action or proceeding is brought against Indemnitees by reason of any of the matters against which Consultant has agreed to indemnify Indemnitees as provided above, Consultant, upon notice from City, shall defend Indemnitees at Consultant's ~~expense by counsel acceptable to City~~, such acceptance not to be unreasonably withheld. Indemnitees need not have first paid for any of the matters...

SECTION 11 – OWNERSHIP OF DOCUMENTS

A. All original maps, models, designs, drawings, photographs, studies, surveys, reports, data, notes, computer files, files and other documents prepared, developed or discovered by Consultant in the course of providing any services pursuant to this Agreement ("~~Deliverables~~") shall become the ~~sole~~ property of City and may be used, reused or otherwise disposed of by City without the permission of the Consultant. ~~Any use or disposal of the Deliverables shall be at the sole risk of the City and City agrees to indemnify, defend and hold Consultant harmless from claims, losses, damage, injury, suits, costs, and fees resulting from such reuse or disposal.~~ When requested by City, but no later than three years after project completion, Consultant shall deliver to City all such original maps, models, designs, drawings, photographs, studies, surveys, reports, data, notes, computer files, files and other documents.

B. ~~All copyrights, patents, trade secrets, or other intellectual property rights associated with any ideas, concepts, techniques, inventions, processes, improvements, developments, works of authorship, or other products developed or created by Consultant during the course of providing services (collectively the "Work Product") shall belong exclusively to City. The Work Product shall be considered a "work made for hire" within the meaning of Title 17 of the United States Code. Without reservation, limitation, or condition, Consultant hereby assigns, at the time of creation of the Work Products, without any requirement of further consideration, exclusively and perpetually, any and all right, title, and interest Consultant may have in the Work Product throughout the world, including without limitation any copyrights, patents, trade secrets, or other intellectual property rights, all rights of reproduction, all rights to create derivative works, and the right to secure registrations, renewals, reissues, and extensions thereof. Nothing contained herein shall be deemed a transfer, assignment or divestiture by Consultant of its trade secrets, know-how or intellectual property, but rather Consultant specifically retains all such property rights in and to the Deliverables.~~

APPENDIX: PRICING FORM

Appendix: Pricing Form



APPENDIX A

Schedule of Professional Fees and Expenses to Support the Total All-Including Maximum Price	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partner	38	\$ 260	\$ 260	\$ 9,880
Manager	92	\$260	\$ 260	\$ 23,920
Supervisory Staff	7	\$ 375	\$ 375	\$ 2,625
Other (Specify)	209	\$ 175 (Associate Consultant)	\$175, \$150, \$95	\$ 35,565
Sub-Total		\$150 (Creative Services)		\$ 71,990
Out-of-Pocket Expenses		\$95 (Administration)		\$ 2,153
All Inclusive Maximum Total Price				\$ 74,143