



## **AGENDA**

### **REGULAR MEETING OF THE BOARD OF DIRECTORS LA PUENTE VALLEY COUNTY WATER DISTRICT 112 N. FIRST STREET, LA PUENTE, CALIFORNIA MONDAY, OCTOBER 9, 2017 AT 5:30 PM**

#### **1. CALL TO ORDER**

#### **2. PLEDGE OF ALLEGIANCE**

#### **3. ROLL CALL OF BOARD OF DIRECTORS**

President Hastings\_\_\_\_ Vice President Rojas\_\_\_\_ Director Aguirre\_\_\_\_  
Director Escalera\_\_\_\_ Director Hernandez\_\_\_\_

#### **4. PUBLIC COMMENT**

Anyone wishing to discuss items on the agenda or pertaining to the District may do so now. The Board may allow additional input during the meeting. A five-minute limit on remarks is requested.

#### **5. ADOPTION OF AGENDA**

Each item on the Agenda shall be deemed to include an appropriate motion, resolution or ordinance to take action on any item. Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at the District office, located at the address listed above.

#### **6. APPROVAL OF CONSENT CALENDAR**

There will be no separate discussion of Consent Calendar items as they are considered to be routine by the Board of Directors and will be adopted by one motion. If a member of the Board, staff, or public requests discussion on a particular item, that item will be removed from the Consent Calendar and considered separately.

- A. Approval of Minutes of the Regular Meeting of the Board of Directors held on September 25, 2017.
- B. Approval of District Expenses for the Month of September 2017.
- C. Approval of City of Industry Waterworks System Expenses for the Month of September 2017.
- D. Receive and File the District's Water Sales Report for September 2017.
- E. Receive and File the City of Industry Waterworks System's Water Sales Report for September 2017.
- F. Receive and File the Water Production Report for September 2017.
- G. Receive and File the Summary of Director's Expenses for the Third Quarter of 2017.

## **7. ACTION/DISCUSSION ITEMS**

- A. Consideration of Resolution 247 Appointing the General Manger as Board Secretary.  
*Recommendation:* Adopt Resolution 247 Appointing General Manager as Board Secretary.
- B. Consideration of Proposal from Raftelis Financial Consultants, Inc. to Perform a Comprehensive Water Rate and Fee Study.  
*Recommendation:* Authorize the General Manager to Enter into an Agreement with Raftelis Financial Consultants, Inc. to Prepare a Comprehensive Water Rate and Fee Study.
- C. Consideration of Approval of Plans and Specifications for Phase 1 of the District's Recycled Water System.  
*Recommendation:* Approve the Plans and Specifications for Phase 1 of the District's Recycled Water System.
- D. Consideration of Fourth Tolling Agreement with the BKK Working Group Regarding Potential Environmental Claims related to the BKK Corporation Landfill Facility.  
*Recommendation:* Approve the Fourth Tolling Agreement with the BKK Working Group.

## **8. GENERAL MANAGER'S REPORT**

### **9. OTHER ITEMS**

- A. Upcoming Events.
- B. Correspondence to the Board of Directors.

### **10. ATTORNEY'S COMMENTS**

### **11. BOARD MEMBER COMMENTS**

- A. Report on Events Attended.
- B. Other Comments.

### **12. FUTURE AGENDA ITEMS**

### **13. ADJOURNMENT**

**POSTED:** Friday, October 6, 2017.

President David Hastings, Presiding.

Any qualified person with a disability may request a disability-related accommodation as needed to participate fully in this public meeting. In order to make such a request, please contact Mrs. Rosa Ruehlman, Board Secretary, at (626) 330-2126 in sufficient time prior to the meeting to make the necessary arrangements.

**Note:** Agenda materials are available for public inspection at the District office or visit the District's website at [www.lapuentewater.com](http://www.lapuentewater.com).



**MINUTES OF THE REGULAR MEETING OF  
THE BOARD OF DIRECTORS OF THE  
LA PUENTE VALLEY COUNTY WATER DISTRICT**

A regular meeting of the Board of Directors of the La Puente Valley County Water District was held on Monday, September 25, 2017, at 5:30 at the District office, 112 N. First St., La Puente, California.

**Meeting Called to Order:**

President Hastings called the meeting to order at 5:30 pm.

**Pledge of Allegiance**

President Hastings led the meeting in the Pledge of Allegiance.

**Directors Present:**

David Hastings, President; Charles Aguirre, Director and John P. Escalera, Director.

**Directors Absent:**

William R. Rojas, Vice President and Henry Hernandez, Director.

**Staff Present:**

Greg Galindo, General Manager; Rosa Ruhlman, Board Secretary; Gina Herrera, Customer Service/Accounting Supervisor; Roy Frausto, Compliance Officer and Project Engineer and Roland Trinh District Counsel.

**Others Present:**

No members of the public present.

**Adoption of Agenda:**

President Hastings asked for the approval of the agenda.

Motion by Director Aguirre seconded by Director Escalera, that the agenda be adopted as presented.

Motion approved by the following vote:

Ayes: Hastings, Aguirre and Escalera.

Nays: None.

Absent: Rojas and Hernandez.

**Consent Calendar:**

President Hastings asked for the approval of the Consent Calendar:

- Approval of the Minutes of the Regular Meeting of the Board of Directors held on August 28, 2017.
- Approval of the Minutes of the Regular Meeting of the Board of Directors held on September 11, 2017.

Motion by Director Escalera, seconded by President Hastings, to approve the consent calendar as presented.

Motion approved by the following vote:

Ayes: Hastings, Aguirre and Escalera.

Nays: None.

Absent: Rojas and Hernandez.

**Financial Reports:**

**A. Summary of Cash and Investments as of August 31, 2017.**

- Mr. Galindo presented the cash and investment summary. The District's total cash and investments total over \$3.1M. He also stated that at the last Board meeting, the Board approved the reinvestment of \$55,000 CD for 18 months at 1.6%.
- Mr. Galindo reported that the Industry Public Utilities Water Operations checking account balance is \$545,422.00.

Motion by Director Aguirre, seconded by Director Escalera, to receive and file the Summary of Cash and Investments as of August 31, 2017, as presented.

Motion approved by the following vote:

Ayes: Hastings, Aguirre and Escalera.

Nays: None.

Absent: Rojas and Hernandez.

**B. Statement of the District's Revenues and Expenses as of August 31, 2017.**

- Mrs. Herrera summarized the Statement of Revenues and Expenses for the District and Treatment Plant operations. She reported that we are eight months into the year and we are at 67% of budget and remain on target remain on target.

After further discussion, motion by President Hastings, seconded by Director Escalera, to receive and file the Statement of the District's Revenues and Expenses as of August 31, 2017, as presented.

Motion approved by the following vote:

Ayes: Hastings, Aguirre and Escalera.

Nays: None.

Absent: Rojas and Hernandez.

**C. Statement of the City of Industry Waterworks System's Revenues and Expenses as of August 31, 2017.**

- Mrs. Herrera summarized the Statement of Revenues and Expenses for the City of Industry Waterworks System. She stated that this report is for the first two months of the new fiscal year 2017-18.

Motion by Director Aguirre, seconded by Director Escalera, to receive and file the Statement of the City of Industry Waterworks System's Revenues and Expenses as of August 31, 2017, as presented.

Motion approved by the following vote:

Ayes: Hastings, Aguirre and Escalera.

Nays: None.

Absent: Rojas and Hernandez.

**Discussion Item:**

Discussion Regarding Proposals for a Comprehensive Water Rate and Fee Study.

- Mr. Galindo reported that Staff drafted a Request for Proposal (RFP) for a comprehensive Water Rate and Fee Study and was distributed to four consulting firms who are experienced in these types of studies. He stated that two proposals were received; Raftelis Financial Consultants and NBS Financial Services. Both firms submitted excellent proposals and Staff is going through the selection process.
- Mr. Galindo will bring back one of the Proposals for approval at the next Board meeting.

- Director Escalera asked when would the rate increase be in effect. Mr. Galindo responded that the goal is to mail out the Prop 218 public notification around the middle of summer 2018 and institute the rate increase after September 15, 2018.

There was additional discussion, but no action was required at this time.

#### **Project Engineer's Report:**

Mr. Frausto presented his report: (See memo)

- Mr. Frausto provided a memorandum of the activities he worked on during the month of August 2017 and highlighted some of those items in his report.
- Mr. Galindo complimented Mr. Frausto for doing a great job moving the projects along.

Motion by Director Escalera seconded by Director Aguirre, to receive and file the Project Engineer's report as presented.

Motion approved by the following vote:

Ayes: Hastings, Aguirre and Escalera.

Nays: None.

Absent: Rojas and Hernandez.

#### **General Manager's Report:**

- Mr. Galindo provided a brief update on legislative issues. SB 623 and the two water conservation bills are now two-year bills.
- He reported that he will be gone for three days attending the Tri-State Conference along with two employees, Mr. Bowman and Mr. Clark.

#### **Information Items:**

##### **A. Upcoming Events.**

- Mrs. Ruehlman provided an update on the upcoming events for 2017, and who will be attending. She informed the Board that the SCWUA Luncheon was canceled for this month since they had the Vendor's Fair. They typically have one event per month.
- Mr. Galindo stated that the next San Gabriel Valley Water Association Quarterly event will be a breakfast to be held at the Pomona Valley Mining Company.
- Mrs. Ruehlman updated the Board on the La Puente Jr. All American Football League. She reported that the coordinator of the event contacted the District requesting water for their away games. Staff delivered ten (10) cases water for the league this past week at a total cost of \$50.00.

##### **B. Correspondence to the Board of Directors.**

No correspondence provided.

#### **Attorney Comments:**

Mr. Trinh had no comments.

#### **Board Member Comments:**

##### **A. Report on events attended.**

- President Hastings, Directors Aguirre and Escalera attended the SCWUA Vendors Fair on September 14, 2017.

##### **B. Other comments.**

- Director Aguirre asked about Dr. Richard Shope, who is doing public outreach at various schools teaching kids about the water industry, if he could attend a Board meeting, (every fourth meeting) to provide an update. Mr. Galindo responded that Staff attended one of his programs that Dr. Shope put together for the 6<sup>th</sup> Grade Class at Workman Elementary School

and it was very successful. Mr. Galindo shared that he had asked Dr. Shope to let the District know when he has developed a program for the High School and St. Joseph School.

**Future Agenda Items:**

- No future items.

**Adjournment:**

There is no further business or comment, the meeting was adjourned at 6:20 p.m.

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David Hastings, President

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Rosa B. Ruehlman, Secretary

## La Puente Water District September 2017 Disbursements

Check #	Payee	Amount	Description
5051	Ed Butts Ford	\$ 39,731.26	New Truck Purchase
5052	Arturo B Briseno Jr	\$ 89.56	Clothing Allowance
5053	Hopkins Technical Products	\$ 171.97	Field Supplies
5054	Konecranes	\$ 329.00	Quarterly Inspection & Maintenance
5055	McMaster-Carr Supply Co	\$ 2,037.27	Brine Line Compliance
5056	Northstar Chemical	\$ 5,048.79	Chemicals Expense
5057	Resource Building Materials	\$ 84.28	Field Supplies
5058	S.E. Nelson Construction	\$ 1,253.00	Air Stripper Maintenance
5059	Sterling Water Technologies	\$ 1,810.10	Chemicals Expense
5060	Weck Laboratories Inc	\$ 6,263.50	Water Sampling
5061	Answering Service Care	\$ 108.87	Answering Service
5062	CCSInteractive	\$ 54.40	Monthly Website Hosting
5063	Chevron	\$ 2,380.18	Truck Fuel
5065	Eva's Cleaning Service	\$ 420.00	Cleaning Service
5066	Highroad IT	\$ 402.00	Technical Support
5067	Industry Public Utilites	\$ 39,672.99	Web Payments August 2017
5068	Industry Tire Service Inc	\$ 761.67	Truck Maintenance
5069	InfoSend	\$ 783.07	Billing Expense
5070	Koraleen Enterprises	\$ 461.37	Water Sampling Station
5071	Lagerlof, Senecal, Gosney & Kruse	\$ 347.80	Attorney Fee's
5072	Merritt's Hardware	\$ 209.48	Field Supplies
5073	Merritt's Hardware	\$ 219.94	Field Supplies
5074	O'Reilly Auto Parts	\$ 40.07	Truck Maintenance
5075	Peck Road Gravel	\$ 120.00	Asphalt & Concrete Disposal
5076	Robert Brkich Construction	\$ 686.14	Welding Services
5077	S & J Supply Co Inc	\$ 963.59	Field Supplies - Inventory
5078	SC Edison	\$ 6,041.39	Power Expense
5079	Sonsray Machinery	\$ 1,021.87	Equipment Maintenance
5080	Sunbelt Rentals	\$ 10.93	Equipment Rental
5081	Time Warner Cable	\$ 288.46	Telephone Service
5082	Time Warner Cable	\$ 311.27	Telephone Service
5083	U.S. Health Works Medical Group	\$ 620.00	Field Staff - FIT Testing
5084	Underground Service Alert	\$ 100.70	Line Notifications
5085	Valley Vista Services	\$ 306.20	Trash Service
5086	Vulcan Materials Company	\$ 311.55	Field Supplies - Asphalt
5087	Weck Laboratories Inc	\$ 604.00	Water Sampling
5088	Weck Laboratories Inc	\$ 25.50	Water Sampling
5089	Western Water Works	\$ 3,399.21	Field Supplies - Inventory
5090	Superior Radiator & Air Conditioning	\$ 352.70	Truck Maintenance
5091	O'Reilly Auto Parts	\$ 30.58	Truck Maintenance
5092	Vulcan Materials Company	\$ 761.23	Field Supplies - Asphalt
5093	EcoTech Services Inc	\$ 3,885.00	PHET Program
5094	So Cal Water Utilities Association	\$ 400.00	Conference Expense
5095	CalPERS	\$ 31,250.00	Unfunded Acrual Liability

## La Puente Water District September 2017 Disbursements - continued

Check #	Payee	Amount	Description
5096	Citi Cards	\$ 2,126.04	Conference & Administrative Expenses
5097	Time Warner Cable	\$ 218.93	Telephone Service
5098	Waste Management of SG Valley	\$ 190.84	Trash Service
5099	Time Warner Cable	\$ 300.00	Telephone Service
5100	ACWA/JPIA	\$ 29,289.97	Health Benefits
5101	Answering Service Care	\$ 148.30	Answering Service
5102	Cell Business Equipment	\$ 26.22	Office Expense
5103	Citi Cards	\$ 1,188.39	Conference & Administrative Expenses
5104	Hach Company	\$ 1,085.23	Field Supplies
5105	Highroad IT	\$ 50.00	Technical Support
5106	Industry Tire Service Inc	\$ 2,015.05	Truck Maintenance
5107	InfoSend	\$ 111.80	Billing Expense
5108	Jack Henry & Associates	\$ 49.88	Web E-check Fee's
5109	Lagerlof, Senecal, Gosney & Kruse	\$ 11,780.00	Attorney Fee's
5110	Lincoln National Life Insurance Company	\$ 593.96	Disability Insurance
5111	MetLife	\$ 285.99	Life Insurance
5112	OPARC	\$ 1,153.85	Fire Hydrant Maintenance
5113	Platinum Consulting Group	\$ 683.75	Administrative Support
5114	Premier Access Insurance Co	\$ 2,635.62	Dental Insurance
5115	S & J Supply Co Inc	\$ 173.71	Field Supplies - Inventory
5116	San Gabriel Valley Water Company	\$ 168.73	Water Service @ Treatment Plant
5117	Staples	\$ 199.33	Office Supplies
5118	Sunbelt Rentals	\$ 159.07	Equipment Rental
5119	U.S. Health Works Medical Group	\$ 160.00	Field Staff - FIT Testing
5120	United Traffic Services & Supply	\$ 9.81	Safety Supplies
5121	Verizon Wireless	\$ 405.73	Cell Phone Service
5122	Weck Laboratories Inc	\$ 89.00	Water Sampling
5123	Western Water Works	\$ 1,298.66	Field Supplies - Inventory
5124	SC Edison	\$ 31,525.33	Power Expense
5125	So Cal Industries	\$ 140.00	Restroom Service @ Treatment Plant
5126	Bank of America-Visa	\$ 758.01	Conference & Administrative Expenses
Online	Home Depot	\$ 615.08	Field Supplies
Autodeduct	Bluefin Payment Systems	\$ 776.90	Web Merchant Fee's
Autodeduct	Wells Fargo	\$ 504.46	Bank Fee's
Autodeduct	Wells Fargo	\$ 255.09	Merchant Fee's
Autodeduct	First Data Global Leasing	\$ 43.70	Credit Card Machine Lease
Autodeduct	Superior Press Co	\$ 63.34	Banking Supplies
Online	CalPERS	\$ 11,115.92	Retirement Program
Online	Lincoln Financial Group	\$ 4,004.00	Deferred Comp
Online	Employment Development Dept	\$ 3,572.49	California State & Unemployment Taxes
Online	United States Treasury	\$ 22,886.54	Federal, Social Security & Medicare Taxes
<b>Total Payables</b>		<b><u>\$ 287,029.61</u></b>	

**La Puente Valley County Water District**  
**Payroll Summary**  
September 2017

	<b>September 2017</b>
Employee Wages, Taxes and Adjustments	
Gross Pay	
Total Gross Pay	91,904.98
Deductions from Gross Pay	
457b Plan Employee	-4,004.00
CalPers EEC	-927.76
MetLife	-97.12
Total Deductions from Gross Pay	-5,028.88
Adjusted Gross Pay	86,876.10
Taxes Withheld	
Federal Withholding	-8,799.00
Medicare Employee	-1,335.08
Social Security Employee	-5,708.69
CA - Withholding	-3,556.85
Medicare Employee Addl Tax	0.00
Total Taxes Withheld	-19,399.62
Net Pay	<b>67,476.48</b>
Total Employer Taxes and Contributions	7,230.41

**La Puente Water District September 2017 Disbursements**

<b>Total Vendor Payables</b>	<b><u>\$ 287,029.61</u></b>
<b>Total Payroll</b>	<b><u>\$ 67,476.48</u></b>
<b>Total September 2017 Disbursements</b>	<b><u>\$ 354,506.09</u></b>

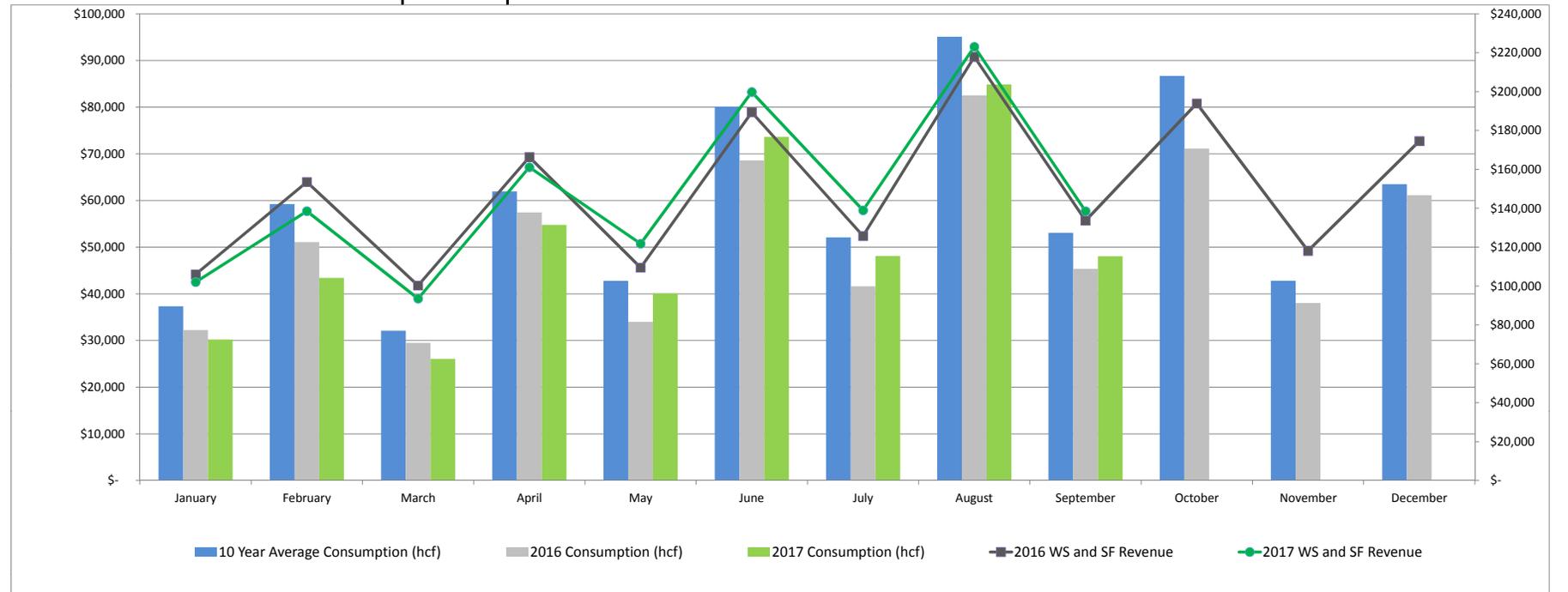


## Industry Public Utilities September 2017 Disbursements

Check #	Payee	Amount	Description
2740	Answering Service Care	\$ 108.87	Answering Service
2741	CCSInteractive	\$ 13.60	Monthly Website Hosting
2742	Colby Pest Control Service	\$ 75.00	Bee Removal
2743	Highroad IT	\$ 268.00	Technical Support
2744	InfoSend	\$ 541.09	Billing Expense
2745	La Puente Valley County Water District	\$ 55,383.79	Labor Costs August 2017
2746	Merritt's Hardware	\$ 90.83	Field Supplies
2747	Peck Road Gravel	\$ 120.00	Asphalt & Concrete Disposal
2748	SoCal Gas	\$ 16.16	Gas Expense
2749	Time Warner Cable	\$ 311.27	Telephone Service
2750	Underground Service Alert	\$ 100.70	Line Notifications
2751	Vulcan Materials Company	\$ 1,072.78	Field Supplies - Asphalt
2752	Weck Laboratories Inc	\$ 322.50	Water Sampling
2753	Western Water Works	\$ 5,966.09	Industry Hills Meter Installations
2754	Jose Lopez	\$ 5.44	Customer Overpayment Refund
2755	Answering Service Care	\$ 148.30	Answering Service
2756	Cell Business Equipment	\$ 26.22	Office Expense
2757	Hach Company	\$ 116.43	Field Supplies
2758	Highroad IT	\$ 50.00	Technical Support
2759	Industry Public Utility Commission	\$ 1,156.48	Industry Hills Power Expense
2760	InfoSend	\$ 118.72	Billing Expense
2761	Jack Henry & Associates	\$ 49.87	Web E-Check Fee's
2762	La Puente Valley County Water District	\$ 640.68	Web CC & Bank Fee's Reimbursement
2763	Platinum Consulting Group	\$ 1,278.75	Administrative Support
2764	Resource Building Materials	\$ 43.57	Field Supplies
2765	San Gabriel Valley Water Company	\$ 1,684.93	Purchased Water - Salt Lake
2766	SC Edison	\$ 11,525.48	Power Expense
2767	Staples	\$ 199.32	Office Supplies
2768	Time Warner Cable	\$ 51.47	Telephone Service
2769	Verizon Wireless	\$ 470.70	Cell Phone Service
2770	Weck Laboratories Inc	\$ 452.00	Water Sampling
2771	SoCal Gas	\$ 14.79	Gas Expense
2772	La Puente Valley County Water District	\$ 45,517.50	3rd Quarter 2017 O&M Fee
Online	Home Depot Credit Services	\$ 221.73	Field Supplies
Online	County of LA Dept of Public Works	\$ 1,545.00	Permit Fee's
Autodeduct	Wells Fargo Merchant Fee's	\$ 84.77	Merchant Fee's
Autodeduct	First Data Global Leasing	\$ 43.70	Credit Card Machine Lease
Autodeduct	Superior Press	\$ 63.34	Banking Supplies
<b>Total September 2017 Disbursements</b>		<b>\$ 129,899.87</b>	

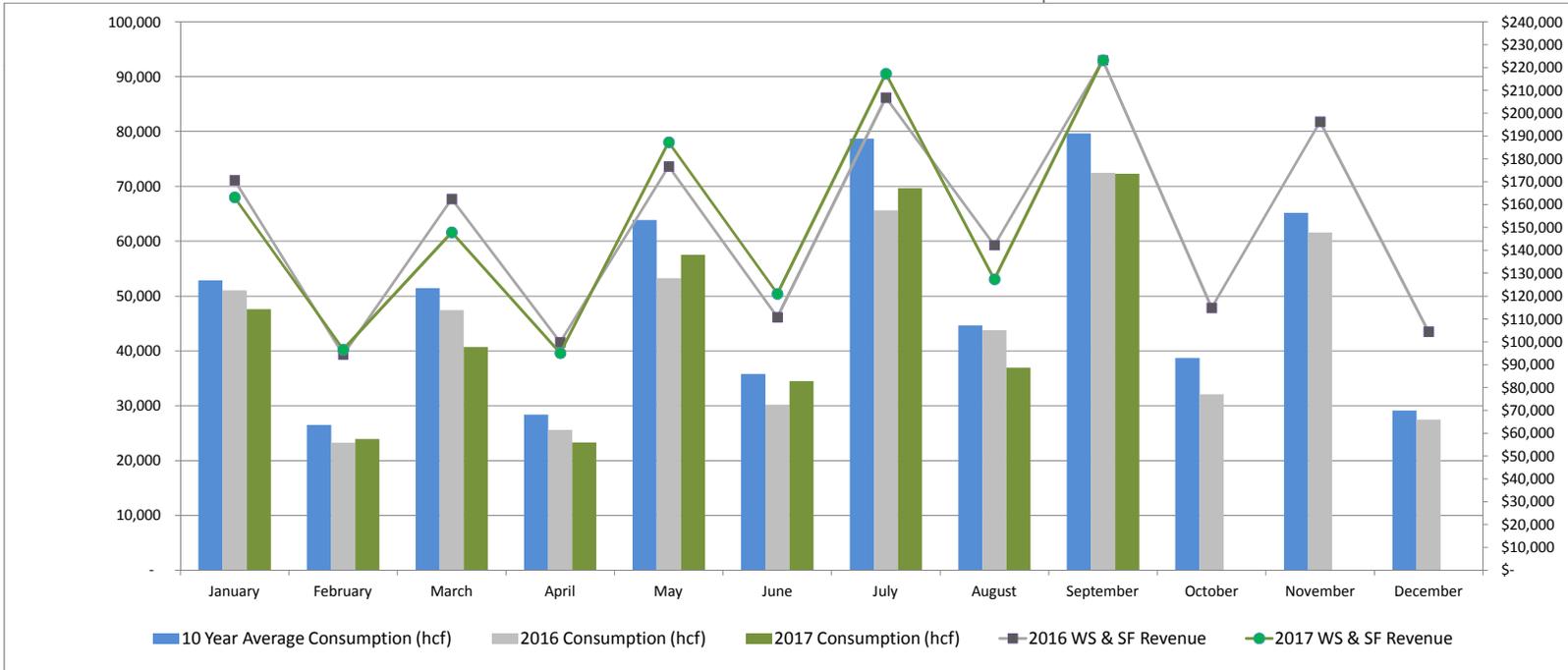
WATER SALES REPORT LPVCWD 2017

LPVCWD	January	February	March	April	May	June	July	August	September	October	November	December	YTD
No. of Customers	1,188	1,225	1,183	1,228	1,186	1,224	1,183	1,230	1,184	-	-	-	10,831
2017 Consumption (hcf)	30,207	43,404	26,046	54,765	40,068	73,619	48,095	84,860	48,029	-	-	-	449,093
2016 Consumption (hcf)	32,243	51,102	29,493	57,451	33,994	68,606	41,594	82,514	45,359	71,112	38,021	61,125	612,614
10 Year Average Consumption (hcf)	\$ 37,331	\$ 59,234	\$ 32,104	\$ 61,962	\$ 42,767	\$ 80,140	\$ 52,081	\$ 95,093	53,074	\$ 86,687	\$ 42,815	63,496	706,782
2017 Water Sales	\$ 56,237	\$ 83,965	\$ 47,979	\$ 106,562	\$ 76,176	\$ 145,325	\$ 93,326	\$ 168,492	\$ 92,909	\$ -	\$ -	\$ -	\$ 870,970
2016 Water Sales	\$ 60,494	\$ 99,236	\$ 54,751	\$ 111,992	\$ 63,934	\$ 134,930	\$ 80,192	\$ 163,798	\$ 87,848	\$ 139,800	\$ 72,334	\$ 119,456	\$ 1,188,767
2017 Service Fees	\$ 45,815	\$ 54,553	\$ 45,542	\$ 54,533	\$ 45,577	\$ 54,454	\$ 45,633	\$ 54,565	\$ 45,587	\$ -	\$ -	\$ -	\$ 446,260
2016 Service Fees	\$ 45,513	\$ 54,279	\$ 45,512	\$ 54,348	\$ 45,539	\$ 54,451	\$ 45,551	\$ 54,044	\$ 45,784	\$ 54,104	\$ 45,759	\$ 55,090	\$ 599,974
2017 Hyd Fees	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ -	\$ -	\$ -	\$ 8,550
2017 DC Fees	\$ 317	\$ 6,962	\$ 380	\$ 7,014	\$ 409	\$ 7,014	\$ 380	\$ 7,014	\$ 380	\$ -	\$ -	\$ -	\$ 29,870
2017 System Revenue	\$ 103,318	\$ 146,431	\$ 94,852	\$ 169,059	\$ 123,111	\$ 207,742	\$ 140,289	\$ 231,020	\$ 139,827	\$ -	\$ -	\$ -	\$ 1,355,650



**WATER SALES REPORT CIWS 2017**

<b>CIWS</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>YTD</b>
<b>No. of Customers</b>	956	851	958	852	961	853	959	850	<b>959</b>	-	-	-	<b>8,199</b>
<b>2017 Consumption (hcf)</b>	47,606	23,933	40,733	23,336	57,513	34,474	69,686	36,950	<b>72,321</b>	-	-	-	<b>406,552</b>
<b>2016 Consumption (hcf)</b>	51,014	23,246	47,428	25,586	53,232	30,162	65,617	43,802	<b>72,486</b>	32,073	61,597	27,487	<b>533,730</b>
<b>10 Year Average Consumption (hcf)</b>	52,850	26,517	51,414	28,401	63,879	35,827	78,661	44,666	<b>79,663</b>	38,695	65,187	29,130	<b>594,889</b>
<b>2017 Water Sales</b>	\$ 106,782	\$ 52,614	\$ 90,766	\$ 51,161	\$ 130,423	\$ 76,908	\$ 160,292	\$ 83,374	<b>\$ 166,132</b>	\$ -	\$ -	\$ -	<b>\$ 918,452</b>
<b>2016 Water Sales</b>	\$ 114,600	\$ 50,870	\$ 106,339	\$ 56,178	\$ 120,403	\$ 67,151	\$ 150,423	\$ 98,801	<b>\$ 166,716</b>	\$ 71,308	\$ 139,893	\$ 60,542	<b>\$ 1,203,224</b>
<b>2017 Service Fees</b>	\$ 56,427	\$ 44,029	\$ 57,111	\$ 43,894	\$ 56,897	\$ 44,106	\$ 57,029	\$ 43,972	<b>\$ 57,093</b>	\$ -	\$ -	\$ -	<b>\$ 460,557</b>
<b>2016 Service Fees</b>	\$ 56,143	\$ 43,530	\$ 56,179	\$ 43,621	\$ 56,350	\$ 43,611	\$ 56,399	\$ 43,492	<b>\$ 56,460</b>	\$ 43,537	\$ 56,377	\$ 43,902	<b>\$ 599,601</b>
<b>2017 Hyd Fees</b>	\$ 1,575	\$ 225	\$ 1,625	\$ 225	\$ 1,575	\$ 225	\$ 1,575	\$ 225	<b>\$ 1,575</b>	\$ -	\$ -	\$ -	<b>\$ 8,825</b>
<b>2017 DC Fees</b>	\$ 10,901	\$ 2,511	\$ 11,617	\$ 2,578	\$ 11,526	\$ 2,612	\$ 11,501	\$ 2,511	<b>\$ 11,593</b>	\$ -	\$ -	\$ -	<b>\$ 67,350</b>
<b>2017 System Revenues</b>	\$ 175,685	\$ 99,379	\$ 161,119	\$ 97,857	\$ 200,421	\$ 123,851	\$ 230,397	\$ 130,082	<b>\$ 236,393</b>	\$ -	\$ -	\$ -	<b>\$ 1,455,184</b>



# La Puente Valley County Water District

## PRODUCTION REPORT - SEPTEMBER 2017

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2017 YTD	2016
<b>LPVCWD PRODUCTION</b>														
Well No. 2	5.04	5.20	4.63	4.64	5.07	3.55	31.82	98.56	3.68				162.17	83.48
Well No. 3	6.02	6.39	5.75	5.52	5.91	4.08	36.39	114.28	4.26				188.60	97.68
Well No. 5	292.09	249.87	294.34	279.97	282.63	269.14	232.15	93.35	264.39				2257.93	3311.35
Interconnections to LPVCWD	12.47	2.12	2.48	1.34	3.50	2.03	2.63	2.48	7.57				36.62	92.57
<b>Subtotal</b>	<b>315.62</b>	<b>263.58</b>	<b>307.20</b>	<b>291.47</b>	<b>297.11</b>	<b>278.79</b>	<b>302.98</b>	<b>308.67</b>	<b>279.90</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2645.33</b>	<b>3585.07</b>
Interconnections to SWS	228.61	192.37	199.71	167.83	155.62	134.09	143.72	142.94	138.12				1503.01	2121.26
Interconnections to COI	1.31	3.73	7.60	1.36	5.90	7.32	2.27	3.25	6.48				39.22	59.20
Interconnections to Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				0.00	0.00
<b>Subtotal</b>	<b>229.92</b>	<b>196.10</b>	<b>207.31</b>	<b>169.19</b>	<b>161.52</b>	<b>141.41</b>	<b>145.99</b>	<b>146.19</b>	<b>144.60</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1542.23</b>	<b>2180.46</b>
<b>Total Production for LPVCWD</b>	<b>85.69</b>	<b>67.48</b>	<b>99.89</b>	<b>122.28</b>	<b>135.59</b>	<b>137.38</b>	<b>156.99</b>	<b>162.47</b>	<b>135.31</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1103.09</b>	<b>1404.61</b>
<b>CIWS PRODUCTION</b>														
<b>COI Well No. 5 To SGVCW B5</b>	141.77	140.36	148.65	141.95	148.08	143.18	150.02	143.73	138.43				1296.17	1647.30
<b>Interconnections to CIWS</b>														
SGVWC Salt Lake Ave	0.62	0.53	0.69	0.82	0.81	0.75	0.80	0.92	0.90				6.84	8.66
SGVWC Lomas Ave	84.10	66.19	83.11	105.86	106.07	117.29	135.81	127.72	127.13				953.28	1295.72
SGVWC Workman Mill Rd	0.19	0.15	0.13	0.02	0.06	0.04	0.03	0.20	0.17				0.99	3.71
Interconnections from LPVCWD	1.31	3.73	7.60	1.36	5.90	7.32	2.27	3.25	6.48				39.22	59.20
<b>Subtotal</b>	<b>86.22</b>	<b>70.60</b>	<b>91.53</b>	<b>108.06</b>	<b>112.84</b>	<b>125.40</b>	<b>138.91</b>	<b>132.09</b>	<b>134.68</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1000.33</b>	<b>1367.29</b>
Interconnections to LPVCWD	12.33	2.12	2.48	0.73	3.49	2.03	2.63	2.48	7.57				35.86	88.58
<b>Total Production for CIWS</b>	<b>73.89</b>	<b>68.48</b>	<b>89.05</b>	<b>107.33</b>	<b>109.35</b>	<b>123.37</b>	<b>136.28</b>	<b>129.61</b>	<b>127.11</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>964.47</b>	<b>1278.71</b>

**La Puente Valley County Water District - Water System Demand Comparison**

Month	2013	2017	Difference 2017-2013 (%)	Accumulative Difference (%)
January	115.58	85.55	-26.0%	-26.0%
February	112.08	67.48	-39.8%	-32.8%
March	135.08	99.89	-26.0%	-30.3%
April	153.73	121.67	-20.9%	-27.5%
May	174.40	135.58	-22.3%	-26.2%
June	185.13	137.38	-25.8%	-26.1%
July	204.48	156.99	-23.2%	-25.5%
August	201.38	162.47	-19.3%	-24.6%
September	187.60	135.31	-27.9%	-25.0%
Totals	1469.46	1102.33	-367.13	-24.98%

**City of Industry Waterworks - Water System Demand Comparison**

Month	2013	2017	Difference 2017-2013 (%)	Accumulative Difference (%)
January	90.55	73.89	-18.4%	-18.4%
February	81.62	68.48	-16.1%	-17.3%
March	99.4	89.05	-10.4%	-14.8%
April	115.82	107.33	-7.3%	-12.6%
May	147.93	109.35	-26.1%	-16.3%
June	152.60	123.37	-19.2%	-16.9%
July	141.36	136.28	-3.6%	-14.7%
August	153.97	129.61	-15.8%	-14.8%
September	151.67	127.11	-16.2%	-15.0%
Totals	1134.92	964.47	-170.45	-15.0%

Production data shown in acre feet (AF)

## Directors Expense Summary for 3rd Quarter 2017

Date	Description	Charles Aguirre		John P. Escalera		David Hastings		Henry P. Hernandez		William R. Rojas		Total
		Number of days	Compensation	Number of days	Compensation	Number of days	Compensation	Number of days	Compensation	Number of days	Compensation	
<b>Per Diem Summary:</b>												
<b><i>\$147.72 per day of Service</i></b>												
July-Sept 2017	Regular Board Meetings	6	\$ 886.32	6	\$ 886.32	6	\$ 886.32	5	\$ 738.60	5	\$ 738.60	\$ 4,136.16
7/6/2017	PVOU Ad hoc Committee			1	\$ 147.72	1	\$ 147.72					\$ 295.44
7/12/2017	Organiz. Assess. Ad hoc			1	\$ 147.72	1	\$ 147.72					\$ 295.44
7/25/2017	Organiz. Assess. Ad hoc			1	\$ 147.72	1	\$ 147.72					\$ 295.44
7/27/2017	SCWUA	1	\$ 147.72	1	\$ 147.72	1	\$ 147.72			1	\$ 147.72	\$ 590.88
8/9/2017	SGVWA Breakfast			1	\$ 147.72	1	\$ 147.72			1	\$ 147.72	\$ 443.16
8/16/2017	PVOU Ad hoc Committee			1	\$ 147.72	1	\$ 147.72					\$ 295.44
8/24/2017	ACWA Region 8 Program			1	\$ 147.72							\$ 147.72
8/31/2017	Napolitano Water Forum									1	\$ 147.72	\$ 147.72
9/14/2017	SCWUA Vendors Fair	1	\$ 147.72	1	\$ 147.72	1	\$ 147.72			1	\$ 147.72	\$ 590.88
9/25/2017	CSDA 2017 Conference					3	\$ 443.16	5	\$ 738.60	4	\$ 590.98	\$ 1,772.74
												\$ —
												\$ —
	<b>Total:</b>	<b>8</b>	<b>\$ 1,181.76</b>	<b>14</b>	<b>\$ 2,068.08</b>	<b>16</b>	<b>\$ 2,363.52</b>	<b>10</b>	<b>\$ 1,477.20</b>	<b>13</b>	<b>\$ 1,920.46</b>	<b>\$ 9,011.02</b>
<b>Other Related Costs:</b>												
7/27/2017	SCWUA		\$ 30.00		\$ 30.00		\$ 30.00				\$ 30.00	\$ 120.00
8/9/2017	SGVWA Breakfast				\$ 25.00		\$ 25.00				\$ 25.00	\$ 75.00
8/24/2017	ACWA Region 8 Program				\$ 50.00							\$ 50.00
8/28/2017	SCWUA - Membership		\$ 25.00		\$ 25.00		\$ 25.00		\$ 25.00		\$ 25.00	\$ 125.00
9/14/2017	SCWUA Vendors Fair		\$ 25.00		\$ 25.00		\$ 25.00				\$ 25.00	\$ 100.00
9/25-29/17	CSDA 2017 Conference				\$ 945.00		\$ 945.00		\$ 870.00		\$ 945.00	\$ 3,705.00
9/25-29/17	CSDA 2017 Conference - Hotel						\$ 527.70		\$ 713.04		\$ 791.55	\$ 2,032.29
9/25-29/17	CSDA 2017 Spring Conf. (Milage)						\$ 388.41		\$ 388.41		\$ 374.50	\$ 1,151.32
9/25-29/17	CSDA 2017 Spring Conf. (Meals)										\$ 63.00	\$ 63.00
9/25-29/17	CSDA 2017 Spring Conf. (Misc.)											\$ —
												\$ —
	<b>Total:</b>		<b>\$ 80.00</b>		<b>\$ 1,100.00</b>		<b>\$ 1,966.11</b>		<b>\$ 1,996.45</b>		<b>\$ 2,279.05</b>	<b>\$ 7,421.61</b>
July-Sept 2017	Benefits		\$ 3,568.59		\$ 5,068.17		\$ 6,944.34		\$ 2,539.53		\$ 1,846.71	\$ 19,967.34



**RESOLUTION NO. 247**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF LA PUENTE VALLEY COUNTY WATER DISTRICT  
RESCINDING RESOLUTION NO. 196 AND  
APPOINTING GENERAL MANAGER AS BOARD SECRETARY**

**WHEREAS**, the Board of Directors of the La Puente Valley County Water District (the "District") previously adopted Resolution No. 196 which transferred the duties of Treasurer to the General Manager of the District and the duties of Board Secretary to the position of Board Secretary/Office Administrator as part of a reorganization of the District's office staff;

**WHEREAS**, the District previously abolished the position of Treasurer pursuant to its authority under California Water Code Section 30540 through Resolution 226; and

**WHEREAS**, the District now desires to appoint its General Manager, Gregory B. Galindo, as Board Secretary;

**NOW THEREFORE BE IT RESOLVED** that the Board of Directors of La Puente County Water District, pursuant to its authority under California Water Code Section 30540, hereby appoints the General Manager as Board Secretary of the District; and

**BE IT FURTHER RESOLVED**, that Resolution No. 196 is hereby fully rescinded, and no longer of any force and effect;

**ADOPTED, SIGNED AND APPROVED** this 9th day of October, 2017

Ayes:  
Noes:  
Absent:  
Abstain:

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David Hastings, President  
Board of Directors  
La Puente Valley County Water District

ATTEST:

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Greg B. Galindo, Board Secretary

# STAFF REPORT



Meeting Date: October 9, 2017

To: Honorable Board of Directors

Subject: Proposal for Comprehensive Water Rate and Fee Study

**Purpose -** *To secure professional consulting services to complete a comprehensive study of the District's water rates and fees.*

**Recommendation -** *Authorize the General Manger to enter into agreement with Raftelis Financial Consulting, Inc. (Raftelis) to complete a comprehensive water rate and fee study as provided in their proposal dated September 26, 2017, for an amount of \$51,950.*

**Fiscal Impact -** *The 2017 District Budget appropriates \$183,000 for professional services, approximately \$50,000 of this amount was designated for a water rate study. The recommended action will result in expenses within the Budget appropriations for 2017, but will need additional appropriations in the 2018 District Budget.*

## **Summary**

On August 23, 2017, District staff issued a Request for Proposal (RFP) for a Comprehensive Water Rate and Fee Study to four consulting firms with extensive experience in studies of this nature. Responses were due by September 14, 2017. Two consulting firms responded with proposals. The District's financial consultant, Cindy Byerrum, along with District staff (General Manager) evaluated the two proposals using factors that were provided in the RFP.

The evaluation factors were as follows:

- **Organizational Qualifications:**
  - Respondents' specialized experience, which demonstrates competence to perform the required services.
  - References, which demonstrate the experience of Respondent and any sub consultants with complex projects. References should be relevant to the required services.
  - Staffing capability to handle additional work in view of the Respondent's current workload.
  - Respondent's experience in similar projects, including similar projects awarded within the last five years.
- **Team Qualifications:**
  - Description of personnel functions with names of key staff and sub consultant's resumes, showing qualifications, training, experience, education, and licenses of the key personnel who will be assigned to this project.

- Approach, including but not limited to:
  - Respondent’s method and process of accomplishing goals and objectives, description of intended Scope of Work with expected outcomes, and outline of activities to provide the required services.
  - The completeness and competence of the answers Respondent gives in the Scope of Work sections and subsections and its proven ability to accurately prepare the documents required.
  - Understanding of the nature and extent of the Scope of Work, requirements of the Agreement, and the specific outline of work to be performed.
  - Discussion of constraints, problems, and issues that should be anticipated during contract performance and suggestions as to approaches to resolving foreseeable problems.
  - Project schedule and timeline, which shows project flow and includes start and end dates, schedule of activities, and projected outcomes. The schedule should be detailed enough to include staff selection and start dates.
- Project Budget as specified in Project Budget section of the RFP.

Staff and Mrs. Byerrum completed the evaluation and the proposal submitted by Raftelis was ranked higher than the proposal submitted by NBS. The Raftelis proposal included a list of recently completed rate studies, two of which were completed for county water districts within the Main San Gabriel Basin. Based on feedback from past clients of each firm, staff and Mrs. Byerrum preferred the Raftelis financial model over NBS. A summary of the evaluation is enclosed along with a summary of the project budget proposed by each firm.

It should be noted that both proposals had an estimated project cost over what staff had anticipated. As shown in the project budget summary, the difference in the cost of each proposal was \$530, with Raftelis being higher and their cost per hour of effort also being higher. After staff and Mrs. Byerrum agreed that the Raftelis proposal was superior, staff then negotiated with Raftelis to provide a revised project budget that modified a few of the proposed tasks but maintained the objective of the study. The revised Raftelis proposal is enclosed for your consideration.

***Fiscal Impact***

The estimated cost of the water rate and fee study as proposed by Raftelis is \$51,950. The study will be initiated this year and completed in 2018. The 2017 District Budget appropriates \$183,000 for professional services, approximately \$50,000 of this amount was designated for a water rate study. The recommended action will result in expenses within the Budget appropriations for 2017, but will need additional appropriations in the 2018 District Budget.

***Recommendation***

Staff recommends the Board of Directors authorize the General Manger to enter into agreement with Raftelis Financial Consulting, Inc. to complete a comprehensive water rate and fee study as provided in their proposal dated September 26, 2017, for an amount of \$51,950; and appropriate an additional \$6,000 as contingency for additional work that may be required in association with the water rate and fee study.

Respectfully Submitted,

*Greg B. Galindo*

General Manager

**Enclosures**

- ◆ Evaluation Summary of Water Rate and Fee Study Proposals
- ◆ Raftelis Financial Consulting, Inc. Proposal for a Comprehensive Water Rate and Fee Study

**La puente Valley County Water District  
Water Rate & Fee Study 2017-2018  
Evaluation Form**

---

Staff Rating Scale: Max 10 Points For Each Category

<b>CONSULTING FIRM NAME</b>	<b>PROPOSAL \$\$\$</b>	<b>10 POINTS Qualifications</b>	<b>10 POINTS Approach</b>	<b>10 POINTS Project Budget</b>	<b>OVERALL RATING (Max=30)</b>
		California studies - Prop 218 Similar Studies In Basin Experience Education/Experience of staff Good References	Stated Methods. Responsiveness to RFP No. of Meetings Project Schedule	Overall Cost Hourly Rate Number of Hours Material Costs	
Raftelis Financial Consultants	\$ 61,790	10	9	7	26
NBS	\$ 61,260	7	7	9	23
<b>AVERAGE</b>	<b>\$ 61,525</b>				

- Points
- 0 = non-responsive (infrequent)
  - 1 to 4 = below average response, minimally acceptable or close to meeting the qualifications or requirements
  - 5 = response meets or satisfies the requirements or qualifications
  - 6 to 9 = response or qualifications more than satisfy the requirements
  - 10 = exceptional, response far exceeds requirements (generally infrequent)

<u>Task #</u>	<u>RFC</u>	<u>Task #</u>	<u>NBS</u>
<b>1 Project Initiation &amp; Rate Setting Principles Workshop</b>	42	<b>1 Pkick-Off &amp; Data Collection</b>	16
Task 1 \$	8,190	Task 1 \$	2,600
Avg hrly rate	195	Avg hrly rate	163
<b>2 Ten Year Financial Plan</b>	34	<b>2 Financial Plan</b>	38
Task 2 \$	7,100	Task 2 \$	5,960
Avg hrly rate	209	Avg hrly rate	157
<b>3 Connection Fees Review &amp; Update</b>	14	<b>3 Cost-of-Service Analysis</b>	36
Task 3 \$	2,560	Task 3 \$	5,930
Avg hrly rate	183	Avg hrly rate	165
<b>4 Miscellaneous Fees Calculation</b>	40	<b>4 Rate Design</b>	32
Task 4 \$	7,640	Task 4 \$	5,210
Avg hrly rate	191	Avg hrly rate	163
<b>5 Water Rate Development</b>	36	<b>5 Electronic Rate Model</b>	14
Task 5 \$	7,440	Task 5 \$	2,360
Avg hrly rate	207	Avg hrly rate	169
<b>6 Water Rate Survey</b>	14	<b>6 Regional Bill Comparison</b>	14
Task 6 \$	2,500	Task 6 \$	2,160
Avg hrly rate	179	Avg hrly rate	154
<b>7 Rate Design Workshop</b>	30	<b>Additional Fees and Charges Evaluation</b>	96
Task 7 \$	6,480	Task 7 \$	15,660
Avg hrly rate	216	Avg hrly rate	163
<b>8 Report Development</b>	58	<b>8 Prop. 218 Notice Assitance</b>	12
Task 8 \$	11,700	Task 8 \$	1,960
Avg hrly rate	202	Avg hrly rate	163
<b>9 Model Training Session</b>	12	<b>9 Meetings &amp; Presentations</b>	74
Task 9 \$	2,300	Task 9 \$	13,920
Avg hrly rate	192	Avg hrly rate	188
<b>10 Rate Adoption Assistance</b>	12	<b>10 Prepare Rate Study Report</b>	24
Task 10 \$	2,640	Task 10 \$	4,500
Avg hrly rate	220	Avg hrly rate	188
<b>Expenses</b>	3,240	<b>Expenses</b>	1,000
<b>TOTAL COSTS</b>	<b>61,790</b>	<b>TOTAL COSTS</b>	<b>61,260</b>
Diff to proposal	530	Diff to proposal	(530)
Total hours	292	Total hours	356
Average rate	\$ 200.51	Average rate	\$ 169.27
Expenses	\$ 3,240	Expenses	\$ 1,000.00

# LA PUENTE VALLEY COUNTY WATER DISTRICT

*COMPREHENSIVE WATER RATE AND FEE STUDY*

*Proposal / September 26, 2017*





445 S. Figueroa Street  
Suite 2270  
Los Angeles, CA 90071

Phone 213 . 262 . 9300  
Fax 213 . 262 . 9303

[www.raftelis.com](http://www.raftelis.com)

Mr. Greg B. Galindo  
General Manager  
La Puente Valley County Water District  
112 North 1st Street  
La Puente, CA 91744

September 26, 2017

**Subject: Proposal for Comprehensive Water Rate and Fee Study**

Dear Mr. Galindo:

Raftelis Financial Consultants, Inc. (Raftelis) is pleased to submit this proposal to assist La Puente Valley County Water District (District) with a comprehensive Water Rate and Fee Study.

The primary objectives of this study are to: develop a sustainable and sufficient long-term financial plan; establish a five-year schedule of water rates, connection fees, and miscellaneous fees; and ensure the District remains fiscally sound to deliver services in a financially responsible manner to its customers. Raftelis has demonstrated its ability to develop rates that enhance revenue stability, promote conservation, and conform to Proposition 218 requirements and other industry standards. We will also apply our experience in public outreach and rate adoption to aid the District in communicating the study results to District staff, the Board of Directors, and other stakeholders.

Raftelis is well-regarded throughout Southern California, and we have recently completed similar studies for Trabuco Canyon Water District, Mesa Water District, Walnut Valley Water District, La Habra Heights Water district, San Gabriel County Water District, City of Pomona, City of Redlands, and the City of Orange, among others. Raftelis' knowledge of local and regional issues will be of benefit to the District on this important study.

I will serve as the Project Director and will be ultimately responsible for our corporate commitment and the success of this project, and I will be available to provide input into rate setting matters. I recently co-authored a chapter in the American Water Works Association's (AWWA) *Manual M1: Principles of Water Rates, Fees and Charges, 6th Edition (Manual M1)* and contributed to the AWWA's *Water Rates, Fees, and the Legal Environment, 2nd Edition*. With 18 years of experience, Mr. Steve Gagnon, PE, will be the Project Manager overseeing deliverables and the schedule and serve as the District's main point of contact.

We look forward to the opportunity to assist the District with this project. If you have any questions, please do not hesitate to contact us using the following information:

Sanjay Gaur, Project Director  
P: 213.327.4405 / E: [sgaur@raftelis.com](mailto:sgaur@raftelis.com)

Steve Gagnon, PE, Project Manager  
P: 213.262.9308 / E: [sgaganon@raftelis.com](mailto:sgaganon@raftelis.com)

Very truly yours,

**RAFTELIS FINANCIAL CONSULTANTS, INC.**

A handwritten signature in black ink, appearing to read 'Sanjay Gaur', is written over a light blue horizontal line.

**Sanjay Gaur**

Vice President (authorized to negotiate, contractually bind, and extend the terms of the proposal)

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01	Section 1 - Identification of Respondent
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# WHO IS RAFTELIS

RAFTELIS HAS THE LARGEST AND MOST EXPERIENCED PRACTICE IN THE NATION THAT IS FOCUSED ON FINANCIAL AND MANAGEMENT CONSULTING FOR THE WATER, WASTEWATER, RECYCLED WATER, AND STORMWATER UTILITY INDUSTRY.

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

Visit [www.raftelis.com](http://www.raftelis.com) to learn more about Raftelis' story.

# WHAT MAKES RAFTELIS **UNIQUE?**



## LOCAL & NATIONAL EXPERIENCE

Raftelis staff have assisted more than 500 utilities across the country on financial, rate, and management consulting engagements. These utilities include some of the largest and most complex utilities in the country. In addition, we have worked with numerous utilities throughout the State of California on hundreds of studies, including financial plans, cost of service, and pricing.

### **BENEFIT TO THE DISTRICT**

Our extensive national and local experience will allow us to provide innovative and insightful recommendations to the District, and will provide validation for the proposed methodology ensuring that industry best practices are incorporated.



## INDUSTRY LEADERSHIP

Our senior staff is involved in shaping industry standards by chairing various committees within American Water Works Association (AWWA) and Water Environment Federation (WEF). Raftelis' staff members have authored and co-authored many industry standard books regarding utility rate setting. Raftelis also publishes the national *Water and Wastewater Rate Survey*, which is co-published with AWWA, and the CA-NV *Water and Wastewater Rate Survey*, which is co-published with the CA-NV AWWA.

### **BENEFIT TO THE DISTRICT**

Being so actively involved in the industry will allow us to keep the District informed of emerging trends and issues, and to be confident that our recommendations are insightful and founded on sound industry principles.



## EXPERTS ON CALIFORNIA REGULATORY REQUIREMENTS

The regulatory environment in California has become more stringent due to Proposition 218 and Government Code Section 54999. Raftelis staff are very knowledgeable about these regulations and have made presentations on this subject for the Association of California Water Agencies (ACWA), California Society of Municipal Finance Officers (CSMFO), and CA-NV AWWA. In addition, we are frequently called on to be expert witnesses regarding these regulatory matters.

### **BENEFIT TO THE DISTRICT**

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

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



### **MODELING EXPERTISE**

Raftelis has developed some of the most sophisticated yet user-friendly financial/rate models available in the industry. Our models are custom-built on a client-by-client basis, ensuring that the model fits the specific needs and objectives of the client.

#### **BENEFIT TO THE DISTRICT**

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 financial planning tools long after the project is complete.



### **DEPTH OF RESOURCES**

Raftelis has the largest water-industry financial and rate consulting practices in California and the nation.

#### **BENEFIT TO THE DISTRICT**

Our depth of resources will allow us to sufficiently staff this project with the qualified personnel necessary to efficiently and expeditiously meet the objectives of the District.



### **FOCUS**

Raftelis' services are solely focused on providing financial, rate, and management consulting services to water-industry utilities.

#### **BENEFIT TO THE DISTRICT**

This focus allows Raftelis professionals to develop and maintain knowledge and skills which are extremely specialized to the services that we provide, and will allow us to provide the District with independent and objective advice.



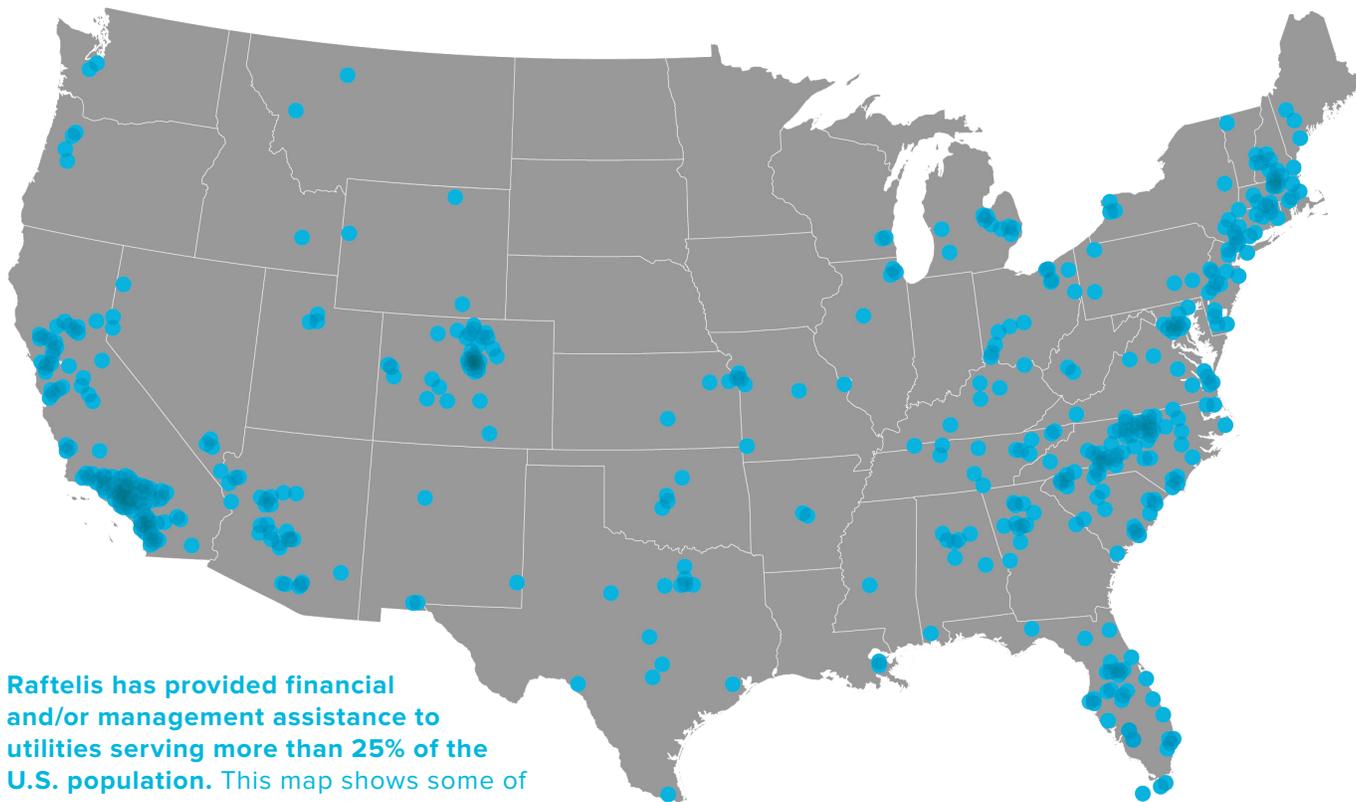
### **RATE ADOPTION EXPERTISE**

Raftelis has assisted numerous agencies with getting proposed rates successfully adopted.

#### **BENEFIT TO THE DISTRICT**

Our experience has allowed us to develop an approach that effectively communicates with elected officials about the financial consequences and rationale behind recommended rates to ensure stakeholder buy-in and successful rate adoption. This includes developing a "message" regarding the changes in the proposed agency rates that is politically acceptable, and conveying that message in an easy-to-understand manner.

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**Raftelis has provided financial and/or management assistance to utilities serving more than 25% of the U.S. population.** This map shows some of the water, wastewater, and/or stormwater utility clients where Raftelis staff have provided financial/management consulting.

# REFERENCES

Raftelis has focused on financial and management consulting for water, wastewater, and stormwater utilities since the firm's founding in 1993, and our staff consists of some of the most experienced consultants in the industry. Raftelis staff have provided financial, rate, management, and/or operational consulting services to more than 500 utilities in the U.S., including some of the largest and most complex water, wastewater, and stormwater utilities in the U.S. and California. In the past year alone, Raftelis worked on more than 400 financial, rate, and management, and operational consulting projects for over 300 water, wastewater, and/or stormwater utilities in 36 states, the District of Columbia, Canada, and Puerto Rico.

On the following pages we have provided matrices that show experience in California and nationally on engagements similar to the services requested by the District.

## 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 Utilities 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				●		●		●				
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 Company				●		●	●					
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				●				●				
San Bernardino Valley Municipal Water 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, 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				●		●	●	●	●			
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				●		●		●				

## NATIONAL EXPERIENCE

This matrix shows a brief sample of some of the utilities throughout the U.S. and Canada that we have assisted and the services performed for these utilities.

STATE	CLIENT	FINANCIAL AND RATE CONSULTING										MANAGEMENT CONSULTING							
		AFFORDABILITY ANALYSIS AND PROGRAM DEVELOPMENT	DEBT ISSUANCE SUPPORT	DISPUTE RESOLUTION	FINANCIAL AND CAPITAL IMPROVEMENTS PLANNING	IMPACT FEES	RATE CASE SUPPORT	RATE STUDY	RISK ANALYSIS	STORMWATER UTILITY DEVELOPMENT	CUSTOMER RELATIONSHIP MANAGEMENT	CUSTOM SOFTWARE AND TOOL DEVELOPMENT	DATA SERVICES	ORGANIZATIONAL OPTIMIZATION	PERFORMANCE MANAGEMENT AND BENCHMARKING	PROJECT/PROGRAM PROCUREMENT ASSISTANCE	PUBLIC/STAKEHOLDER EDUCATION, OUTREACH, AND FACILITATION	STORMWATER PROGRAM DEVELOPMENT SUPPORT	STRATEGIC BUSINESS PLANNING
AL	Birmingham Water Works Board	●	●	●	●	●		●	●			●		●		●		●	●
AL	Mobile Area Water & Sewer System				●			●										●	
AR	Central Arkansas Water				●			●				●							
AR	Little Rock Wastewater Utility				●			●					●		●				●
AZ	Peoria, City of		●		●	●		●											●
AZ	Phoenix, City of		●		●									●	●				
AZ	Pima County			●	●	●		●	●						●				●
AZ	Tucson Water				●			●								●			
CA	Anaheim, City of				●			●											
CA	Beverly Hills, City of				●			●	●			●							
CA	MWD of Southern California			●	●			●					●						
CA	San Diego, City of				●			●	●										
CA	San Francisco PUC				●			●										●	
CA	Santa Clara Valley Water District			●	●			●											
CA	Western Municipal Water District				●	●		●											
CO	Denver Water							●								●			
CO	Denver Wastewater, City of		●					●				●							
DC	DC Water				●	●		●	●			●	●	●				●	
DE	Wilmington, City of											●		●				●	
FL	Clearwater, City of											●	●						
FL	Pompano Beach, City of				●			●				●							
FL	Port St. Lucie, City of				●	●		●											
FL	St. Johns County		●		●	●		●	●										
GA	Columbus Water Works		●		●			●	●					●					
HI	Honolulu ENV, City and County of				●			●											
IL	City of Naperville				●			●											
KS	Wichita, City of				●			●	●										
KY	Hardin County Water District #1				●		●	●											
LA	New Orleans, Sewerage & Water Board of		●		●			●		●		●		●	●	●	●		

STATE	CLIENT	FINANCIAL AND RATE CONSULTING										MANAGEMENT CONSULTING									
		AFFORDABILITY ANALYSIS AND PROGRAM DEVELOPMENT	DEBT ISSUANCE SUPPORT	DISPUTE RESOLUTION	FINANCIAL AND CAPITAL IMPROVEMENTS PLANNING	IMPACT FEES	RATE CASE SUPPORT	RATE STUDY	RISK ANALYSIS	STORMWATER UTILITY DEVELOPMENT	CUSTOMER RELATIONSHIP MANAGEMENT	CUSTOM SOFTWARE AND TOOL DEVELOPMENT	DATA SERVICES	ORGANIZATIONAL OPTIMIZATION	PERFORMANCE MANAGEMENT AND BENCHMARKING	PROJECT/PROGRAM PROCUREMENT ASSISTANCE	PUBLIC/STAKEHOLDER EDUCATION, OUTREACH, AND FACILITATION	STORMWATER PROGRAM DEVELOPMENT SUPPORT	STRATEGIC BUSINESS PLANNING	WATER/WASTEWATER UTILITY VALUATION	
MD	Baltimore, City of	●			●			●	●	●	●	●	●			●	●	●			
MO	Metropolitan St. Louis Sewer District		●		●		●	●				●									
MS	Jackson, City of	●			●			●				●				●		●			
NC	Asheville, City of		●		●			●				●				●					
NC	Cary, Town of		●		●	●		●				●		●				●			
NC	Charlotte-Mecklenburg Utilities	●			●	●		●	●			●	●	●	●		●		●		
NC	Durham, City of		●		●			●											●		
NC	Raleigh, City of		●		●	●		●		●			●				●				
NV	Henderson, City of				●			●	●												
NY	New York City Water Board				●			●				●									
OH	Northeast Ohio Regional Sewer District	●			●			●		●	●			●			●				
OR	Portland Water Bureau, City of		●		●				●			●									
PA	Philadelphia Water Department	●	●		●								●	●				●			
RI	Newport, City of		●		●		●	●							●						
RI	Providence Water Supply Board				●		●	●					●	●							
SC	Greenville Water/ReWa		●		●			●					●								
SC	Spartanburg Water System		●		●			●	●					●							
TN	Johnson City, City of	●	●		●			●													
TN	Nashville and Davidson County MWS		●		●	●		●	●					●		●					
TX	Dallas, City of							●				●				●	●				
TX	El Paso Water Utilities PSB		●		●			●		●								●			
TX	San Antonio Water System	●			●	●		●	●							●					
UT	Salt Lake City, City of				●			●								●					
VA	Newport News Waterworks, City of		●		●			●	●			●									
VA	Richmond DPU, City of	●			●			●				●				●	●				
VA	Suffolk, City of		●		●			●	●												
WA	Tacoma, City of							●				●						●			
WI	Milwaukee Water Works				●		●	●													
Can	Ottawa, City of				●			●					●								

On the following pages, we have provided detailed descriptions of several projects that we have worked on within the past five years that are similar in scope to the District's project. We selected these projects because many of our proposed Project Team members worked in similar roles on them. We have also included references and urge you to contact them to better understand our capabilities and the quality of service that we provide.



# MESA WATER DISTRICT

## CLIENT REFERENCE

Paul E. Shoenberger, PE  
General Manager  
1965 Placentia Avenue  
Costa Mesa, CA 92627  
P: 949.207.5407  
E: PaulS@MesaWater.org

## PROJECT TEAM

PD: Sanjay Gaur  
PM: Steve Gagnon  
Lead Analyst: Khanh Phan

## COMPLETION DATES

November 2017 (estimated)

## TOTAL COST

\$45,192

In 2014, Raftelis assisted the Mesa Water District (District) with a third-party review of their existing User Fees. As part of the study Raftelis analyzed the District's existing fees and well as provided information of potential new fees that the District may considered incorporating based on our work with other agencies. As part of the study, Raftelis developed a User Fee Model that accounted for each staff position's current pay range as well as overhead costs related to the day-to-day operational costs and central service support. The primary purpose of the District's User Fees is to charge for services that do not necessarily benefit the community as a whole and that should be paid for by the customers requesting specific services. The District approved the updated recommended User Fees and now have a user -friendly model that may be used to annually update fees as costs or personnel fulfilling services change from year to year.

In late 2017, Raftelis completed a water rate study. Raftelis, working closely with Staff, created several financial plan options so that the District could reach their reserve target of 600 days cash within five or seven years. The financial plan scenarios included various rate adjustments and CIP funding strategies. Raftelis also modified the District's private fire charges so that they are based on rate setting methodologies found in the AWWA *Manual M1*.



# CITY OF POMONA

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## CLIENT REFERENCE

Damian Martinez  
Senior Management Analyst  
P.O. Box 660  
Pomona, CA 91769  
P: 909 802 7421  
E: Damian\_Martinez@  
ci.pomona.ca.us

## PROJECT TEAM

PD: Sanjay Gaur  
PM: Steve Gagnon

## COMPLETION DATES

January 2018 (estimated)

## TOTAL COST

\$153,000

Raftelis is helping the City of Pomona (City) establish water, wastewater and recycled water rates. The City will move from a 3-tiered rate structure for single family customers and a 2-tiered rate for all other customers to tiered rates for residential customers only. The City will also implement pumping rates for customers who reside at high elevations. All rates will be based on the cost to serve customers in accordance with Proposition 218. This City is also reducing their fixed charge slightly so that customers can realize lower water bills should that choose to reduce water use.

The City will also temporarily remove an in-lieu franchise fee, which is transferred to the general fund, until it can delineate the general fund costs that are associated with this transfer.



# CITY OF REDLANDS

## CLIENT REFERENCE

Chris Diggs  
Utility Director  
Municipal Services  
Department  
P.O. Box 3005  
Redlands, CA 92373  
P: 909.798.7658  
E: [cdiggs@cityofredlands.org](mailto:cdiggs@cityofredlands.org)

## PROJECT TEAM

PM: Steve Gagnon

## COMPLETION DATES

April 2016

## TOTAL COST

\$143,555

Raftelis completed a water and wastewater rate study for the City of Redlands (City) to review their rate structure in light of Proposition 218 requirements. The goal was to develop rates that adhere to cost of service and pay for necessary capital improvements. The study included a comprehensive review of the City's revenue requirements and allocation methodology, review of the City's user classification, a cost of service analysis, and rate design for City users. We assisted the City with a review of their billing system to compile data needed for this study. The study was conducted with input from a 12-member Utility Advisory Committee. Over a dozen workshops with the Committee were conducted to explain concepts, gather feedback from Committee members, and to discuss the overall findings of the study. Rates were implemented in February 2005.

The City charges separate fees for water source acquisition and facilities. The water source acquisition fees are based on the costs of purchasing water rights. Raftelis assisted the City with the development of the water acquisition fees and facilities fees.

The capacity fee calculation involved a review of the existing assets and future CIP that would benefit both existing and future customers. The calculated fee was based on a hybrid methodology including existing and future facilities. Water source acquisition fees to provide water supply were computed separately. Fees for the non-potable system, including recycled water, were calculated to recover costs and provide incentives to users.

Raftelis has a history of working for Redlands. In 2010 and 2014, Raftelis updated their water and wastewater rates with input from the Utility Advisory Committee and surveyed neighboring utilities to benchmark rates.



# TRABUCO CANYON WATER DISTRICT

## CLIENT REFERENCE

Hector Ruiz, P.E.  
General Manager  
32003 Dove Canyon Drive  
Trabuco Canyon, CA 92679  
P: 949.858.0277 x177  
E: Hruiz@tcwd.ca.gov

## PROJECT TEAM

PD: Sanjay Gaur  
PM: Steve Gagnon  
Lead Analyst: Khanh Phan

## COMPLETION DATES

December 2015

## TOTAL COST

\$86,364

Raftelis completed a water, wastewater and recycled water rate study for the Trabuco Canyon Water District (District). Raftelis revised the District's tier rate structure from an 8-tier rate structure to a 4 tiered rate structure that is based on the cost to serve water in those tiers. Raftelis also develop drought rates to recover lost revenue from reduced sales. The wastewater rates had not been updated since the mid-1990s. Therefore a significant revenue adjustment was needed to align rates with true costs. Raftelis worked with District staff to minimize both water and wastewater rate impacts by funding consistent levels of capital infrastructure.



# WALNUT VALLEY WATER DISTRICT

## CLIENT REFERENCE

Brian Teuber,  
Director of Finance  
271 South Brea Canyon Road  
Walnut, CA 91789  
P: 909.348.8202  
E: bteuber@wvwd.com

## PROJECT TEAM

PM: Sanjay Gaur

## COMPLETION DATES

September 2014

## TOTAL COST

\$75,080

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

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

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



# LA HABRA HEIGHTS COUNTY WATER DISTRICT

## CLIENT REFERENCE

Tammy Wagstaff  
Treasurer  
1271 Hacienda Rd  
La Habra Heights, CA 90631  
P: 562.697.6769  
E: tammy@lhcwd.com

## PROJECT TEAM

PM: Sanjay Gaur

## COMPLETION DATES

November 2012

## TOTAL COST

\$43,565

In 2012, the La Habra Heights County Water District (District) faced significant challenges, mainly arising from increased water supply costs, in addition to rising operating costs and a significant Capital Improvement Program (CIP). In FY 2011 the District received approximately 98 percent of its water supply as groundwater from the Water Replenishment District and imported the remaining two percent (approximately) from the Central Basin Municipal Water District (Central Basin). The Water Replenishment District increased its replenishment assessment charge from \$205 per acre-foot (AF) in FY 2011 to \$244 per AF in FY 2012, an increase of 19 percent. To address these changes and ensure the financial stability of the water enterprise, the District engaged Raftelis to perform a water rate study (Study), which included developing the financial planning model (Model) and developing a set of proposed water rates and recommendations. Raftelis developed the Model as a tool to assess risk in water supply variance, capital spending plans, and evaluate associated potential financial impact. As part of the Study, Raftelis developed the Comprehensive Water Rate Report (Report) to be used as an administrative record. The Report highlighted the major issues and decisions made during the course of the Study, provided an overview of operations, CIP, the financial plan, and discussed and explained the cost of service analysis and methodology used to develop the final rates. The 10-year financial plan and 5-year water rates were adopted by the Board to be effective July of each year from July 2012 to July 2016.



# SAN GABRIEL COUNTY WATER DISTRICT

## CLIENT REFERENCE

Jim Prior  
General Manager  
8366 Grand Avenue  
Rosemead, CA 91770  
P: 626.287.0341  
E: jim@sgcwd.com

## PROJECT TEAM

PM: Sanjay Gaur  
Lead Analyst: Khanh Phan

## COMPLETION DATES

February 2015

## TOTAL COST

\$45,000

San Gabriel County Water District (District) provides water service to 45,000 residents and more than 900 businesses within the City of San Gabriel as well as areas within Temple City, the City of Rosemead, and surrounding unincorporated areas. As a result of recent legal cases and increased public scrutiny, utilities and public agencies have become more transparent, including ensuring that they have a clear administrative record which clearly establishes the nexus between the cost of providing the services and the rates assessed to ratepayers. In 2014, the District engaged Raftelis to conduct a water rate study (Study) to develop a solvent financial plan for the water enterprise and to establish water rates that are equitable and in compliance with Proposition 218. The study involved developing a long-term financial plan to ensure financial sufficiency for the operational and capital expenditures, conducting cost of service analysis, designing an equitable and defensible conservation rate structure to enhance revenue stability while also promoting water conservation, and conducting the customer impact analysis of the proposed rates.

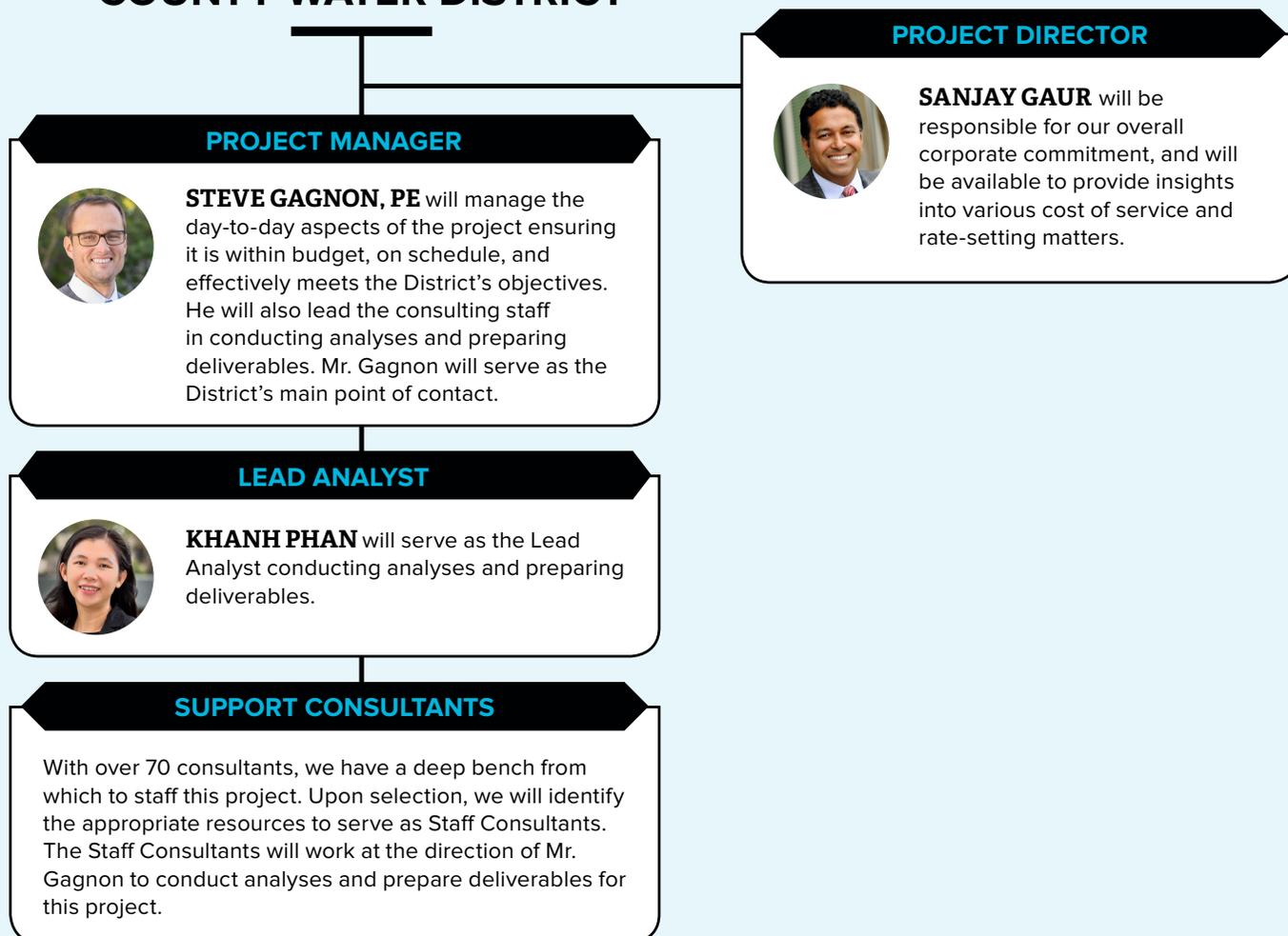
Recent court cases have emphasized the importance for a thorough administrative record and defensible methodology to support the final rates. As part of the Study, Raftelis developed the Comprehensive Water Rate Report (Report) to be used as an administrative record. The Report highlighted the major issues and decisions made during the course of the Study, provided an overview of operations, CIP, the financial plan, and discussed and explained the cost of service analysis and methodology used to develop the final rates. The explanation of the methodology found in the Report demonstrates that the rates are equitable, reflect the District's policies and values, and are driven by the District's revenue requirements.

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# TEAM QUALIFICATIONS

Our Project Team consists of some of the most knowledgeable and skilled rate consultants in the water industry. We have included senior-level personnel to provide experienced leadership, with support from talented consultant staff. Raftelis places a high priority on being responsive to our clients and, therefore, actively manages each consultant's project schedule to ensure appropriate availability for addressing client needs. In addition to our dedicated Project Team, the District will have the support of Raftelis' full staff of more than 70 consultants for this project. Below, we have included an organizational chart showing the structure of our Project Team and roles for each Team member. On the following pages, we have included brief profiles for each of our team along with detailed resumes in Appendix A.

## LA PUENTE VALLEY COUNTY WATER DISTRICT





# RAFTELIS' WEST COAST TEAM

## LEADING THE INDUSTRY

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

### AWWA

- Chair and three members of Rates and Charges Committee
- Trustee of Management and Leadership Division
- Chair of Management and Leadership Division
- Member of Strategic Management Practices Committee
- Vice Chair and member of Finance, Accounting, and Management Controls Committee
- Division Liaison to Workforce Strategies Committee
- Trustee of Technical and Education Council

### WEF

- Three members of Utility Management Committee
- Subcommittee Chair of Finance and Administration
- Member of Technical Practices Committee
- Two members of WEFTEC Conference Planning Committee
- Member of Utility Management Conference Planning Committee

### EPA

- Member of Environmental Financial Advisory Board

## WE WROTE THE BOOK

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

- *AWWA's Manual M1, Principles of Water Rates, Fees and Charges*
- *AWWA's Water Rates, Fees, and the Legal Environment, 2nd Edition*
- *AWWA's Manual M29, Financial Management for Water Utilities: Principles of Finance, Accounting, and Management Controls*
- *AWWA's Manual M5, Water Utility Management, 2nd Edition*
- *WEF's Manual of Practice No. 27 - Financing and Charges for Wastewater Systems*
- *WEF's The Effective Water Professional: Leadership, Communication, Management, Finance, and Governance*
- *Water and Wastewater Finance and Pricing: The Changing Landscape*

Raftelis also conducts and publishes the national *Water and Wastewater Rate Survey* in conjunction with AWWA (which is the most comprehensive collection of water and wastewater utility financial and rate data available in the industry) and the *California-Nevada Water and Wastewater Rate Survey* in collaboration with the CA-NV Section of the AWWA.



## SANJAY GAUR

PROJECT DIRECTOR

Vice President

**EXPERIENCE:** 18 years

### CAREER HIGHLIGHTS

- Regarded as a leader in innovative rate structures
- Co-author of: AWWA's *M1 Manual*; AWWA's *Water, Rates, Fees, and the Legal Environment*; & *Water and Wastewater Finance and Pricing*
- Financial/rate consulting experience with East Bay Municipal Water District, Metropolitan Water District of Southern California, La Habra Heights County Water District, Yorba Linda Water District, & Huntington Beach

### EDUCATION

- MPA – Harvard University
- MS – University of California, Santa Cruz
- BA – University of California, Santa Cruz

Mr. Gaur has 18 years of public-sector consulting experience, primarily focusing on providing financial and rate consulting services to water and wastewater utilities. His experience includes providing rate structure design, cost of service studies, financial analysis, cost benefit analysis, connection/development fee studies, conservation studies, and demand forecasting for utilities spanning the west coast. His project experience includes engagements with the Metropolitan Water District of Southern California, San Diego County Water Authority, Eastern Municipal Water District, Alameda County Water District, and East Bay Municipal Water District, among many others. Mr. Gaur is considered one of the leading experts in the development of conservation rate structures. He has often provided his insight into utility rate and conservation-related matters for various publications and industry forums, including: authoring articles in *Journal AWWA*; being quoted in various newspaper articles including the *Los Angeles Times* and the *New York Times*; participating in a forum regarding the future of water in Southern California sponsored by the Milken Institute; being quoted on National Public Radio; speaking at various industry conferences including American Water Works Association (AWWA), the Utility Management Conference, Association of California Water Agencies, and California Society of Municipal Finance Officers; and, co-authoring several industry guide books including AWWA's *Manual M1 Principles of Water Rates, Fees and Charges, 6th Edition* as well as AWWA's *Water Rates, Fees, and the Legal Environment, Second Edition*. Mr. Gaur co-authored a chapter entitled, "Understanding Conservation and Efficiency Rate Structures," for the Fourth Edition of the industry guidebook, *Water and Wastewater Finance and Pricing: The Changing Landscape*. Mr. Gaur is also active in a number of utility-related associations, including serving as a member of AWWA's Rates and Charges Committee.



**STEVE  
GAGNON, PE**  
PROJECT MANAGER  
Manager

**EXPERIENCE:** 18 years

**CAREER HIGHLIGHTS:** Financial/rate consulting experience with Western Municipal Water District, La Habra Heights County Water District, Redlands, County of San Diego, & Olivenhain Municipal Water District

**EDUCATION**

- MBA - University of Southern California
- MS - University of Massachusetts
- BS - University of Massachusetts

Mr. Gagnon has 18 years of experience in financial analysis and environmental engineering. He has worked for leading engineering consultants as well as the federal government. His broad range of experience includes water and wastewater pricing studies, capacity fees and utility valuations. His financial experience includes water and wastewater rate studies for the City of Redlands, CA, Santa Fe Springs, Henderson, NV, City of Anaheim, La Habra Heights County Water District, Rowland Water District, Walnut Valley Water District, Sweetwater Authority, Helix Water District and Otay Water District. He has also performed strategic financial analysis of water sourcing alternatives and costing of ground water remediation alternatives, asset inventory and condition assessments, utility performance metrics, earned value analysis. He has also managed the construction and installation of water treatment equipment and oversaw Superfund remediation for the US Army.



**KHANH PHAN**  
LEAD ANALYST  
Senior Consultant

**EXPERIENCE:** 10 years

**CAREER HIGHLIGHTS:** Financial/rate consulting experience with Alameda County Water District, Western Municipal Water District, El Toro Water District, & Rancho California Water District

**EDUCATION**

- MBA – California State University
- BS – University of California, Berkeley

Ms. Phan has served as Lead Consultant or Deputy Project Manager on numerous water and wastewater studies including rate, cost of service, reserve policy, financial planning, connection fee, conservation rate, and water budget rate studies. Her specific experience includes projects for the following utilities in California: Alameda County Water District, El Toro Water District, Elsinore Valley Municipal Water District, Mesa Consolidated Water District, Mojave Water Agency, Western Municipal Water District, Yorba Linda Water District, and the Cities of Camarillo, Glendora, Huntington Beach, Riverside, San Clemente, and Santa Cruz. She possesses strong analytical and management skills acquired from her background, education, and experience. Ms. Phan has advanced computer skills and is an excellent modeler. Ms. Phan also co-authored a chapter entitled, "Understanding Conservation and Efficiency Rate Structures," for the Fourth Edition of the industry guidebook, *Water and Wastewater Finance and Pricing: The Changing Landscape*.



# PROJECT UNDERSTANDING

The La Puente Valley County Water District (District) provides water service to portions of the City of La Puente and the City of Industry. The District has approximately 2,500 active accounts serving 9,600 residents. Also, the District provides operations and treatment services to the Baldwin Park Operable Unit (BPOU), City of Industry Waterworks System (CIWS), and the Puente Valley Operable Unit Intermediate Zone (PVOU IZ). Operations and

treatment costs incurred by the District to manage these systems are passed-through to the BPOU, CIWS, and PVOU IZ. Approximately 1,130 acre-feet (AF) of ground water production rights are available from the Main San Gabriel Basin (MSGB) to serve the District's customers. Approximately, 40% of the water needed to meet annual demand is from either additional groundwater leases or purchased imported replenishment water. In addition to the groundwater source,

the District is currently working on the design for phase 1 of its recycled water system to provide irrigation water services to the southern portion of its water system. The project is expected to be completed in 2018 and is expected to deliver 50 acre-feet a year of recycled water. A water rate study was completed by District staff and approved by the District Board of Directors in 2011. The adopted five-year water rate plan was implemented in September 2011. In 2011, the

District adopted a connection fee for new potable water service connections.

Based on our understanding, the District wants to maintain its existing water rate structure which includes the following components:

- Fixed service charge by meter size for all customers
- Inclining tier (2 tiers) commodity rates by pumping zone for Residential and uniform rates by pumping zone for Commercial and Multi-Family customers
- Fixed private fire service charge by meter size

The District is seeking highly qualified and credible consultants to submit proposals to conduct a comprehensive water rate study to help the District meet its goals of maintaining revenue sufficiency and financial sustainability. The primary project objectives include:

- Comprehensive short- and long-term financial plans and revenue requirement forecasts for a 10-year study period including annual and forecasted cost estimates related to capital expenditures, operations and maintenance (O&M), debt service, and reserve requirements
- Connection fees development to ensure equitable cost recovery from new development in compliance with Section 66013 of the Government Code
- Other/miscellaneous fees

review for appropriateness

- Cost of service studies, using industry standard ratemaking practices, to determine the revenue requirements for each customer class
- Water rates development that will allow the District to meet its financial, contractual and legal obligations, while meeting the requirements of Proposition 218
- Developing a report that demonstrates a nexus between the District's costs and rates to meet the requirements of Proposition 218
- Customer bill impact analysis for representative customers in each customer class and a comparison of rates to similar with utility providers in the San Gabriel Valley (at least seven, not to exceed twelve)
- Training for District staff, throughout the rate development process, on how to use and update the rate model on their own with limited or no consultant assistance

Raftelis has conducted hundreds of similar financial and rate studies for agencies in California and thousands all across the U.S. In the past year alone, Raftelis worked on more than 400 financial, rate, management, and operational consulting projects for over 300 water, wastewater, and/or stormwater utilities in 36 states, the District of Columbia, and Canada, including more than 100 projects for California utilities.

We are a leader in this industry and have published a well-known reference on water and wastewater pricing titled, *Water and Wastewater Finance and Pricing: The Changing Landscape*. Raftelis staff members also contribute to the American Water Works Association's (AWWA) *Manual M1, Principles of Water Rates, Fees and Charges* (Manual M1), which is the authoritative reference on water rate setting. Sanjay Gaur, Project Director, co-authored a chapter on the conservation rate structure in the 6th edition of AWWA's *Manual M1*.

# APPROACH

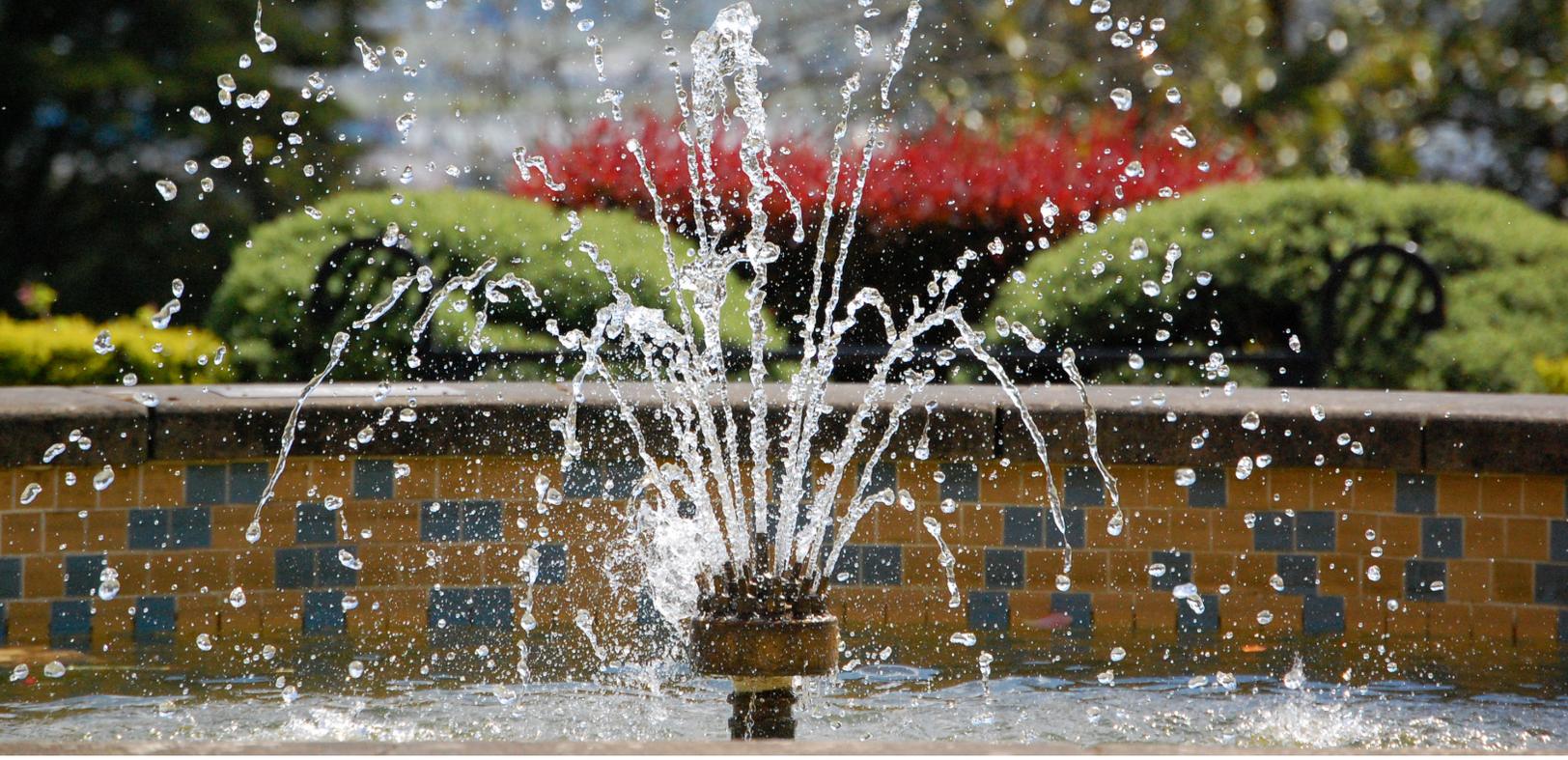
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We follow industry standard methodology applied specifically to the District's unique characteristics to ensure fair and equitable rates that are defensible. Raftelis has delivered creative solutions addressing an extensive range of such situations, built on the firm's experience serving clients both in California and nationwide. Our approach is characterized by the following elements:

- Regular communication and the development of strong working relationships with District staff to ensure the District will be continually informed of all technical issues, project progress, and any upcoming milestones
- Consistent and competent project management to control budget and schedule
- Evaluation of different policy alternatives and the benefits and challenges associated and the establishment of a financial policy framework
- Development of a long-range financial plan to ensure financial stability and revenue requirements sufficiency for both operational and capital needs
- Determination of cost of service allocations to ensure fairness, equity, and compliance with Proposition 218 and all regulatory requirements
- Development and delivery of a cost of service rate model with a variety of user-friendly features including report generation, scenario analysis, and dashboard functionality
- Development of interactive and user-friendly financial planning and rate models providing rapid scenario analyses and facilitating informed decision making
- Rigorous Quality Assurance/Quality Control
- Effective presentations to policy makers and the public to ensure successful implementation

Our approach has proven to be very effective in controlling costs and schedule, while maintaining quality service of the highest standard which consistently exceeds expectations. Throughout the rate development process, Raftelis will provide ongoing training to District staff on how to use and update the rate model. By the end of the study, staff will be able to update the rate model with limited to no consultant assistance.

At the heart of Raftelis' philosophy is our commitment to quality. Our Quality Assurance/Quality Control (QA/QC) program is based on the concept that QA/QC is a continuous process, not simply a mechanism to



be incorporated at the end of an engagement. As such, in every project, we implement a systematic program of checks and balances throughout the entire course of the engagement. This ensures consistency, accuracy and validity at all stages of the project. To achieve this level of quality control, one member of the Raftelis project team will be responsible for ensuring that the cost of service and rate model functions properly and is based on sound rate-making principles and standard industry practices. This is accomplished through periodic review of the model and any associated issues throughout the course of the project. We have found that a well-defined QA/QC process results in work products that meet or exceed the standards that our clients have come to expect from Raftelis.

All financial analyses will be developed through the use of a sophisticated financial and rate model developed by Raftelis in Microsoft Excel for the District. Raftelis has developed a powerful yet user-friendly rate model to allow for various financial planning and scenario analysis tasks. Our goal is to provide a model that District staff can use in subsequent years as part of its budgetary process to ensure that consumption and revenue projections meet “actuals.” The model will be provided to the District as a deliverable, and it will allow District staff to update the financial plan and rates in future years. Our models include a dashboard that can instantaneously show stakeholders the impacts of changes to assumptions and allow them to quickly make informed decisions. Raftelis develops financial models

that can evaluate multiple scenarios for “what-if” analyses, such as changes in operating costs, significant changes in the capital needs of the District, changes in debt funding, changes in water consumption or water supply costs, etc.

# SCOPE OF SERVICES

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The utility industry consistently seeks Raftelis as an advisor to lead the national discourse on rates and rate structures. The value Raftelis adds to the rate design process is based not only on the level of technical expertise that results from broad and deep experience, but the ability to glean the best ideas and strategies through a collaborative process with its clients. The scope for this project is described in the following.

## **TASK 1 – PROJECT INITIATION AND RATE SETTING PRINCIPLE WORKSHOP**

### **Task 1.1 – Project Initiation and Framework Development and Kick-off Webinar with District Staff**

As the first step in project initiation, Raftelis will communicate and work with District staff to collect, research, and review relevant data for the study, including but not limited to: current rates, current and projected water demands, current reserve policies, budgeted documents for revenues and expenses, long-term capital replacement program and infrastructure development, and the current

and projected water supply portfolio and associated costs.

During the web-based kick-off and rate-setting principles workshop, Raftelis will discuss the District's current challenges, project goals and expectations, and other important issues to ensure agreement among project participants. Raftelis will work closely with District staff to discuss and develop the framework of the study including, but not limited to: reserve policies, water sales and revenue targets, capital improvement plan (CIP) and debt financing options, and rate design to achieve the District's goals and objectives.

Raftelis will use the kick-off meeting to perform our due diligence to ensure that project stakeholders agree on the project's goals, approach, work plan, schedule, and priorities. As part of the meeting, Raftelis will:

- First and foremost, discern the major drivers for the rate study
- Work with District staff to identify rate-setting goals and rate-setting principles that will be presented to the District Board

- Discuss reserves and reserve policies
- Discuss alternative rate structures
- Review the data request list and pinpoint data gaps or questions

A detailed data request will be submitted to the District prior to the kick-off meeting so that the District can assemble the appropriate data in the required format. The Project Team will study this data to understand the District's revenue streams, operating and capital expenses, and customer base and use patterns. In addition, Raftelis will review the District's current reserve structure and propose reserve recommendations that are consistent with industry standards as well as the District's risk management tolerance.

This task includes general administrative duties including client correspondence, billing, project documentation, and administration. We believe in a no-surprises approach and communicate with clients on a regular basis through face-to-face meetings, web conferences, and telephone conferences so that the client is aware of the project status at all times.

## Task 1.2 – Rate-Setting Principles Workshop with District Board

Raftelis will conduct a rate-setting principles workshop to assist the District Board and/or other key stakeholders in ensuring that the proposed rates harmonize with the strategic goals and messaging of the District, to meet both short- and long-term needs. This process provides a forum for acceptance and buy-in of the results of the study. A partial list of rate-setting principles includes:

- **Revenue Sufficiency and Stability.** Rates should generate revenues sufficient to fund operating, capital expenditures and other obligations despite fluctuations in usage and costs. The ability of the rate structure to generate stable and predictable revenues from year to year can be an important consideration, particularly with regard to maintaining a good credit rating for borrowing money to address infrastructure needs when needed or desired. It should be recognized that certain types of rate structures are more effective at maintaining revenue stability than others.
- **Conservation.** The value of water as a limited resource should be reflected in the rates, and the District's rate structure should discourage wasteful use and encourage efficient use. Conservation policies recognize the limited resources of the District

and the State, as well as the environmental impact of generating new water resources. Efficient use is encouraged by pricing water, as a commodity, roughly equal to the cost of providing the service.

- **Equity.** In compliance with the State Constitution (Article XIII D, commonly referred to as Proposition 218) and governing State Law, rates should be cost-based, fairly apportioned among customers, and account for the substantive provisions of law through a sound, technically defensible methodology. This principle highlights the importance to the District of customers' perceptions of fairness and equity, while also recognizing that equity is determined on the basis of water customer classes, rather than each individual customer. Rates should generally be perceived by the District's customers as fair, reasonable, and equitable for all customers.
- **Affordability.** This principle aims to address the importance of maintaining the price of water for essential use – i.e., that which is used for health and safety – at the lowest cost possible while considering the needs of the utility, industry practice, and regulatory conditions.
- **Simplicity and Ease of Administration.** The District recognizes the advantages of providing a rate structure

that is easily understood by the District's customers and can easily be implemented and administered by staff in order to maintain costs at current levels. Creating rates that are easy for customers to understand will minimize rate-related customer service issues. If customers understand the basis of their bills, they will have a greater ability to comprehend their billing and how usage affects their bill.

Raftelis will provide a comprehensive list of pricing objectives to be prioritized by District staff and/or the District Board. These pricing objectives will be established as rate-setting principles for the District.

**Meetings:** One (1) kick-off webinar with District staff and one (1) workshop with District Board

**Deliverables:** Data request list, presentation materials for kick-off webinar and Board Workshop in Microsoft PowerPoint

## TASK 2 – TEN-YEAR FINANCIAL PLAN DEVELOPMENT

### Task 2.1 – Ten-year Financial Plan Model Development

To develop a comprehensive financial planning model for the District, Raftelis will develop a revenue sufficiency forecast for the water enterprise fund, which will take into account current and projected expenditures, fixed and variable expenditures, capital improvements and other



legal obligations and requirements over the planning horizon. Raftelis will also review reserves policies to recommend appropriate reserves balances (operating, capital, rate stabilization, etc.) consistent with industry standards and the District's priorities.

The model will take into consideration estimates of operating and non-operating revenues, projections of operations and maintenance (O&M) expenses, projected maintenance repair or replacement costs of water assets, and infrastructure development. These projections are based on historical results and current economic trends such as Consumer

Price Index (CPI), construction cost indices provided by *Engineering News Record (ENR)*, price elasticity of demand assumptions, and other inflation factors.

Since the District would like to maintain the existing rate structure, Raftelis will develop a financial plan model that can easily be updated with future financial information. Through ongoing training by Raftelis, District staff will be able to update the financial plan model with minimal support.

The financial plans will be presented in an easy-to-understand format on an interactive dash-

board which shows the impacts of various scenarios so that decisions can be made quickly and efficiently. Several features of the financial plan model include:

- Inputs for key variables (item #1 in dashboard shown below) including revenue adjustments, drought revenue requirement (item #2), water demand scenario (item #3), selections for capital program scenarios (item #4) and funding sources.
- Graphical presentations of projected operating costs and revenue streams, reserve balances and target levels according to District policies, different funding sources of

CIP (PAYGO or debt financed) with flagging features for insufficiency and errors within the Model (items A-D in dashboard below).

- Numerical results summarized in Pro-forma format.

The dashboard is the graphical interface which displays the model's results in an easily understandable format. As denoted with corresponding letters in the figure below, the dashboard contains several features, including the ability to show or indicate:

- A. Revenue adjustments required for the next five (or more) years in order to meet debt

coverage and target reserve balance(s) (blue bars in the Revenue Adjustments and Debt Coverage chart)

- B. Projected operating costs and revenue streams (shown in the Water Operating Financial Plan chart)
- C. Different funding sources of CIP, PAYGO, or debt financed (shown in the CIP and Funding Sources for Water Funds chart)
- D. Reserve balances and target levels according to District policies (shown in the Projected Ending Fund Balances) with flagging features when projected balances fall below target levels.

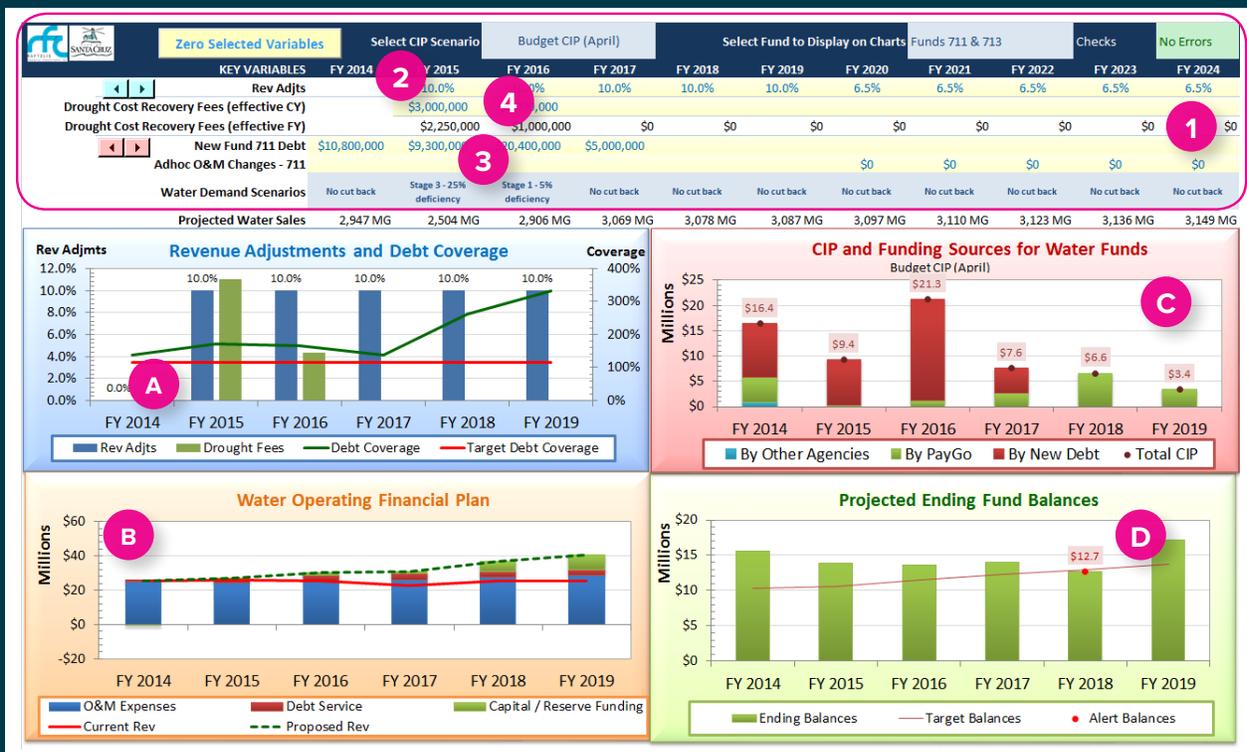
### Task 2.2 – Financial Plan Model Development Webinar with Staff

Following the completion of the financial planning model, Raftelis will hold a web-based financial plan workshop with District staff to review the assumptions made, assess the model results, and determine an sustainable financial planning scenario to be used for the rate determination.

**Meetings/Workshops:** One (1) web meeting with District staff

**Deliverables:** Financial plan model in Microsoft Excel

Figure 1: Sample Financial Plan Dashboard  
(Features of the dashboard denoted with letters and numbers shown below are described in the text)



THE FINANCIAL PLANS WILL BE PRESENTED IN AN EASY-TO-UNDERSTAND FORMAT ON AN INTERACTIVE DASHBOARD WHICH SHOWS THE IMPACTS OF VARIOUS SCENARIOS SO THAT DECISIONS CAN BE MADE QUICKLY AND EFFICIENTLY. RAFTELIS WILL DEVELOP A FINANCIAL PLAN MODEL THAT CAN EASILY BE UPDATED BY STAFF WITH FUTURE FINANCIAL INFORMATION WITH MINIMAL SUPPORT.

### **TASK 3 – CONNECTION FEES REVIEW AND UPDATES**

Raftelis will review the District's existing connection fees. The District is essentially built-out (very few new connections). Connection fees, or developer impact fees or capacity fees, are traditionally assessed to new development to recover the value of system capacity or to cover the costs of new facilities needed to serve new customers. There is no single established method that is appropriate for all situations. There are, however, various approaches which are currently recognized and utilized by water utilities. Currently the District charges a connection fee which funds a "buy-in" to existing water system improvements previously installed by the District which provide capacity to new growth.

The buy-in approach rests on the premise that new customers are entitled to service at the same rates as existing customers. How-

ever, existing customers have already developed the facilities that will serve new customers, including the costs associated with financing those services. Under this approach, new customers pay a connection fee equivalent to the benefit an owner of a new water service connections will receive from the existing water system.

Raftelis will review the District's current approach and recommend any alternatives which may be applicable to the District's goals and objectives. The objective is to develop defensible and fair connection fees consistent with Section 66013 of the California State Government Code. As part of this task, Raftelis will develop the connection fees module to calculate the buy-in connection fees for new water services. The module will contain all findings, assumptions, methodologies and results of the analysis to be used to substantiate the fees as required by law.

**Meetings/Workshops:** None

**Deliverables:** Connection fee module as part of the rate model in Microsoft Excel

### **TASK 4 – MISCELLANEOUS FEES CALCULATIONS**

Raftelis will create a template in Microsoft excel for the miscellaneous fees. The District will be able to populate cells with labor rates, labor burden rates, overhead rates and material costs to calculate the miscellaneous fees. Raftelis will create a template for all 14 miscellaneous fees.

**Meetings/Workshops:** None

**Deliverables:** Miscellaneous fees template in Microsoft Excel

### **TASK 5 – WATER RATES DEVELOPMENT**

#### **Task 5.1 – Cost of Service Analysis**

Following the development of the financial plan, Raftelis will begin to conduct cost of service analyses. The cost of service analysis portion of the study is often viewed as a compliance measure for regulations such as Proposition 218 and Proposition 26. This level of confidence provides additional support for the District to pursue the rates that are best for the District and its customers.

The cost of service allocations will focus on appropriate service functions, allocating the cost of service (revenue requirements) to the service functions, determining how those services are used by each customer class, and

developing the cost allocation components of the models.

Throughout the cost allocation process, Raftelis will comply with District policy considerations, procedures, and currently known federal, state, and local rules, regulations, and guidelines.

### **STEP 1 – REVIEW CUSTOMER CLASS USAGE PATTERNS AND DETERMINE CUSTOMER CLASSIFICATIONS**

Raftelis will review and analyze historical consumption, revenue records, and billing summaries to determine water usage and peaking characteristics by customer class or subclass. We will then estimate the relative responsibility of each customer class for each of the functional cost elements. This allocation will be based on billing summary data, other locally available data which may be applicable, and Raftelis' experience with other utilities exhibiting similar usage characteristics and patterns. It will provide the basis for equitable cost allocations to each customer class or subclass.

### **STEP 2 – ALLOCATE COSTS TO COST COMPONENTS**

Raftelis will functionalize the costs into main functions such as supply, transmission & distribution, storage, etc. The costs will then be allocated to cost centers such as commodity, maximum hour, maximum day, customer accounts, meter capacity, etc. to determine the unit cost for each cost center.

### **STEP 3 – ALLOCATE COST COMPONENTS TO CUSTOMER CLASSES**

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

#### **Task 5.2 – Water Rate Model Development**

After conducting the cost allocation analysis, Raftelis will develop a water rate model based on the current rate structure. The model will have the capability to examine varying levels of fixed (base charge) revenue to enhance revenue stability and financial sufficiency in light of competing objectives such as affordability for essential needs and conservation.

To help communicate with customers about the drivers and rationale behind the proposed rates, our analysis will identify the various components of rates, including supply costs, system delivery and peaking costs, conservation costs, and alternate supply costs. Raftelis recognizes that rate-making must be technically sound while also accounting for the unique characteristics of the agency, so we will work within industry guidelines as well as federal, state, and local rules and regulations (particularly Propo-

sition 218 requirements) to meet the strategic financial objectives of the District.

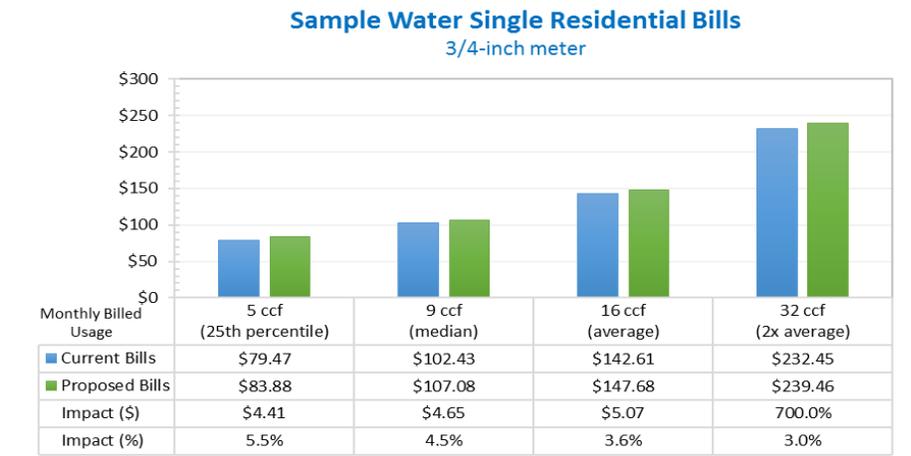
#### **Task 5.3 – Customer Impact Analysis**

Customer impact analyses are also included as standard features of our rate model. Customer impact analysis is a useful tool for measuring a rate structure's effect on customer bills, particularly during the community outreach stage of an upcoming rate adjustment. Raftelis will determine the potential financial impacts on customers with average water consumption, customers who use half the average, and customers who use twice the average for each rate structure included in the analysis. The model will include a series of tables and figures that show projected rate impacts on different types of customers at different levels of usage. As standard features, the model will include a summary of financial impacts on customers resulting from the proposed rate structure.

- Sample SFR bills impacts at various usage levels (Figure 2 on the following page): A graphical representation of how the proposed rate structure will impact typical residential customers' bills at various usage levels. The model allows users to select a meter size and show how bills are affected at different usage levels. This tool has proven particularly useful for public outreach campaigns and during the Proposition 218 process.

- Overall customer impact (Figure 3): A summary of how customers will see changes in their bills if the proposed rate structure is adopted. For example, approximately 74% (26% + 48%) of the residential customers will see minor increases of less than \$10 in their monthly water bills. Approximately 4% of the residential customers will see no change or some reduction in the monthly bills.

Figure 2: Sample Single Family Customer Bills  
Illustrating customer impacts of typical residential customers at different usage levels



**Meetings/Workshops:** None

**Deliverables:** Water rate model in Microsoft Excel showing cost of service analysis, proposed rates, and customer impacts

## TASK 6 –RATE DESIGN WORKSHOPS

### Task 6.1 – Rate Design

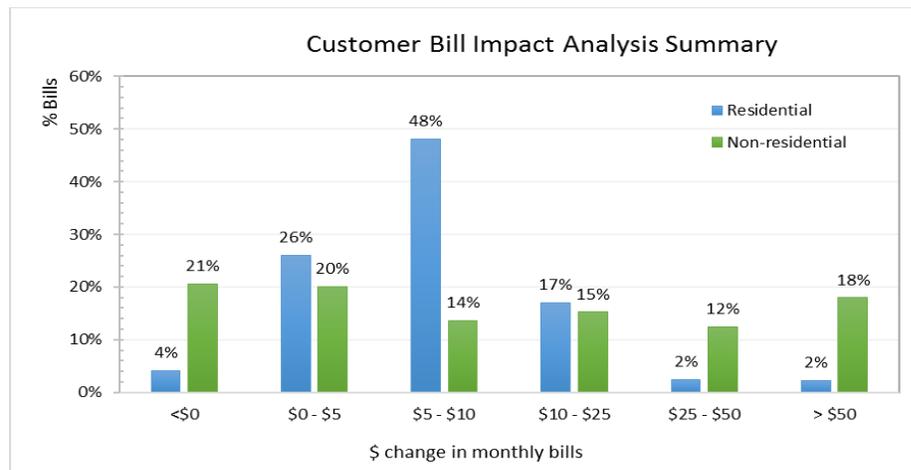
#### Workshop with District Staff

Following the completion of the model, Raftelis will conduct a rate design workshop webinar with District staff to develop different rate scenarios. The goal of this workshop is to identify the rates that will be presented to the District’s Board of Directors. Raftelis will incorporate changes and suggestions from staff into the analysis prior to presenting the final results at a subsequent workshop with the Board.

### Task 6.2 – Rate Design Workshops with District Board and / or Committee

Raftelis will conduct up to two public rate design workshops with the District Board. Steve Gagnon, our Project Manager,

Figure 3: Customer Bill Impact Analysis Summary  
Illustrating impacts on customers resulting from the adoption of the proposed rates



will present the results of the financial plan and proposed rates, and discuss the benefits and challenges associated with each proposed rate alternative. The presentation will summarize the evaluated policy options, the methodology and approach used for the analyses, and modeling results and recommendations on water rates.

**Meetings/Workshops:** One (1) webinar with District staff and two (2) on-site workshops with the District Board

**Deliverable(s):** Presentation materials for the workshops in Microsoft PowerPoint

## TASK 7 – REPORT DEVELOPMENT

### Task 7.1 – Draft Report

The draft report will include an executive summary highlighting the major issues and decisions reached during rate development meetings with staff, council and other stakeholders. The main body of the report will include a brief description of the water system, an overview of operation and maintenance expenses, the Capital Improvement Plan, the financial plan, and the proposed rates. It will also contain a discussion on the rate structure selection including the rate design assumptions and methodologies used to develop the rates. The report will include the current rate information and recommended rates over the next five years with the support-

ing analysis, connection fees and rate comparisons.

### Task 7.2 – Final Report

Raftelis will incorporate all prior District staff and Board input into the final draft. The report will serve as the District's administrative record to meet the requirements of Proposition 218, California Government Code Section 66001, and Article XIII C & D of the California Constitution.

**Meeting(s):** One (1) web meeting with District staff to review comments on the draft report

**Deliverable(s):** Draft and final reports in Microsoft Word

## TASK 8 – MODEL TRAINING SESSION WEBINAR WITH DISTRICT STAFF

Raftelis will conduct a web-based training session with District staff on how to use the financial

plan and rate models and adjust inputs to run various scenarios. Using a familiar program like Excel, instead of proprietary software, promotes comprehension of the model by District staff and those who may need to use or update the model in the future. Raftelis will involve District staff in developing and understanding the model from the beginning of the project, a process which will culminate in this comprehensive training session.

The model training session will consist of understanding the model's design and layout, discussing how to adjust key variables that support the "what-if" scenario development features of the model, and discussing how to update the model with new inputs for the District's future use. The training will also include some hands-on exercises on how to use and update the

---

**“STEVE (GAGNON), I WANT TO SAY THAT THIS IS THE BEST RATE STUDY THAT I HAVE EVER REVIEWED. YOU REALLY TOOK TO HEART WHAT I HAVE BEEN ASKING RATE CONSULTANTS TO DO FOR SOME TIME. YOU THOROUGHLY EXPLAINED THE PROCESS YOU USED, AND YOU TIED YOUR EXPLANATION DIRECTLY TO EACH TABLE.”**

**- Kelly Salt, Attorney at Best, Best and Krieger (reviewed Raftelis reports for Sweetwater Authority and Santa Fe Irrigation District)**

model. At the completion of the training, Raftelis will provide the model in Microsoft Excel along with the training presentation, to serve as a model user manual to the District for future reference.

**Meeting(s):** One (1) model training session webinar with District staff

**Deliverable(s):** Presentation materials for the training in Microsoft PowerPoint

## **TASK 9 – RATE ADOPTION ASSISTANCE**

### **Task 9.1 – Prop 218 Review**

Raftelis will be available to assist the District with reviewing a Proposition 218 notice. The notice shall outline the proposed rate changes and explain the right to challenge the rates and comply with all noticing requirements of Proposition 218.

### **Task 9.2 – Public Hearing**

Raftelis will be able to prepare the presentation materials summarizing the methodologies and assumptions used in the study, key findings and results of the study, along with the proposed rates. Finally, Raftelis will present at the Public Hearing to adopt the recommended rates and will be available to answer any questions.

**Meeting(s)/Conference(s):** One (1) on-site Public Hearing; one (1) web meeting regarding Proposition 218 considerations (not including optional tasks)

**Deliverable(s):** Review of Proposition 218 notice; presentation materials for Public Hearing in Microsoft PowerPoint (not including optional tasks)

## **OPTIONAL TASK 10 – ADDITIONAL RATE ADOPTION SUPPORT**

### **Task 10.1 – Preparation and Mailing of Public Notices**

As an optional task, Raftelis will be available to assist the District to prepare and mail the legal notice of Public Hearing and the protest ballots to conform to current legislation. Mailing costs (printing, processing, and postage) for invitation/informative mailer or the notices and ballots shall be \$1.00 per parcel. We will direct bill the District for mailing services (printing, processing, and postage).

### **Task 10.2 – Additional Public Meeting**

As an optional task, Raftelis can allow time to prepare presentation materials and participate with District staff in one workshop with stakeholders to present and explain the proposed rate changes. Additional meetings can be accommodated as needed at an equivalent cost.

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# ADDITIONAL INFORMATION RELATING TO PROJECT

On the following pages, we have included a sample board meeting PowerPoint presentation from a recently completed water rate study. This presentation is for the 2017 Cost of Service and Rate Study Raftelis conducted for Long Beach Water Department in Long Beach, CA. We believe that this Powerpoint will provide the District with an understanding of the quality of our deliverables and of our capabilities for rate study engagements similar to the District's project.

# 2016 Water, Recycled Water and Wastewater Rate Study

BOARD MEETING

FEBRUARY 16, 2017



## Agenda

Rate Study Process and Legal Environment

Rate Design Framework

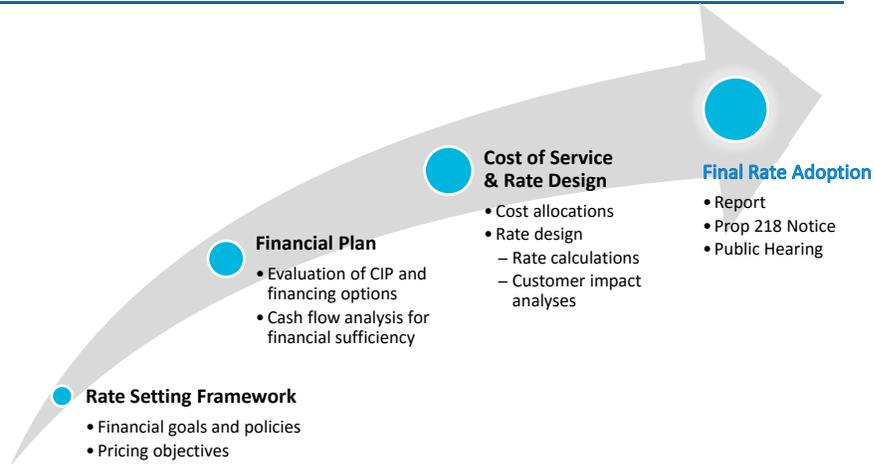
Proposed Water Rates

Proposed Sewer Rates

Combined Customer Impact Analysis



## Steps in Conducting Rate Study



2/16/2017

2016 WATER, RW & WW RATE STUDY - BOARD MEETING

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## Legal Environment with Rate Making

### Cost of Service Requirements

- Proposition 218 and Proposition 26 (Article XIII C and XIII D of California Constitution)
- California Government Code 54999

### Pass-through Provision

- AB 3030 – Section 53756 to the Government Code

### Water Conservation

- Article X of California Constitution
- CA Water Code Chapter 3.4 – Allocation-based Conservation Water Pricing (AB 2882)
- SB X7-7 – 20% reduction by 2020
- Executive Order B-29-15 (25% reduction State-Wide)
- Executive Order B-36-15 (restrictions extended until 10-31-16)

2/16/2017

2016 WATER, RW & WW RATE STUDY - BOARD MEETING

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## CASE STUDY: City of San Juan Capistrano

### Recent Litigation: CTA vs. City of SJC

- Rate payers (Capistrano Taxpayer Association, CTA) sued the City of San Juan Capistrano over its water budget rate structure

The Orange County Superior court ruled that the rates did not meet the nexus requirement in August 2013

### Key Factors:

- Lack of administrative record
- City used multipliers to justify the tiered rates without any administrative record of an underlying rationale

## Nexus Requirements on Rates

### Prop 218 Requirements

- Nexus between tier prices & cost of service
- Examples
  - Cost of water supply
  - Conservation program costs
  - Potential new sources of supply
  - Peaking cost of capital

# Rate Design Framework Summary

2/16/2017

2016 WATER, RW & WW RATE STUDY - BOARD MEETING

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## Proposed Rate Structure Framework

Customer Class	Current Rate Structure	Proposed	Why?
<b>Residential (RES)</b>	Inclining Tier	Revised Inclining 3-Tier	Revise rate structure to more closely conform to Prop 218 requirements
<b>Irrigation (IRR)</b>	Uniform	Uniform	Gather information to develop water budget rate structure
<b>Industrial / Commercial / City (ICC)</b>	Uniform	Uniform	Programs are more effective in promoting conservation than pricing
<b>Recycled Water (RW)</b>	Uniform	Uniform	Gather information to develop water budget rate structure

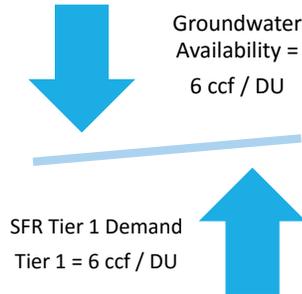
2/16/2017

2016 WATER, RW & WW RATE STUDY - BOARD MEETING

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## Rationality for the Tier Widths



As discussed, the rationality behind the tier widths will be based on water supply availabilities

- Ground availability: 6 ccf per dwelling unit (DU)
- Lakewood & MWD Tier 1: 7 ccf per DU

**Clear rationality behind the logic for the tier width and associated price**

## Proposed Residential Tier Definitions

Applied to All Residential Classes by Dwelling Unit

	Current Tiers	Proposed / Revised Tiers	Basis
<b>Tier 1</b>	Single Family: 0 – 5 ccf Duplex: 0 – 2.5 ccf Multi Family: 0 – 2.5 ccf	<b>0 – 6 ccf</b>	Groundwater Availability → 6 ccf per DU
<b>Tier 2</b>	Single Family: 6 – 15 ccf Duplex: 2.6 – 13 ccf Multi-Family: 2.6 – 9 ccf	<b>7 – 13 ccf</b>	Lakewood & MWD Tier 1 Availability → 7 ccf per DU
<b>Tier 3</b>	Above Tier 2	<b>Above 13 ccf</b>	Above Tier 2

# Proposed Water & RW Rates

2/16/2017

2016 WATER, RW & WW RATE STUDY - BOARD MEETING

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## Water & RW Service Charges

Meter Size	Billing & CS	Services & Capacity	Proposed Monthly FY 2017	Proposed Daily FY 2017	Current Daily FY 2017	% Change
5/8" x 3/4"	\$4.63	\$12.09	\$16.72	<b>\$0.550</b>	\$0.489	<b>12%</b>
1"	\$4.63	\$20.15	\$24.78	<b>\$0.815</b>	\$0.736	<b>11%</b>
1 1/2"	\$4.63	\$40.30	\$44.93	<b>\$1.478</b>	\$1.375	<b>7%</b>
2"	\$4.63	\$64.48	\$69.11	<b>\$2.273</b>	\$2.037	<b>12%</b>
3"	\$4.63	\$141.05	\$145.68	<b>\$4.790</b>	\$4.220	<b>14%</b>
4"	\$4.63	\$241.80	\$246.43	<b>\$8.102</b>	\$6.677	<b>21%</b>
6"	\$4.63	\$544.05	\$548.68	<b>\$18.039</b>	\$12.306	<b>47%</b>
8"	\$4.63	\$1,128.40	\$1,133.03	<b>\$37.251</b>	\$19.315	<b>93%</b>
10"	\$4.63	\$1,692.60	\$1,697.23	<b>\$55.800</b>	\$31.635	<b>76%</b>
12"	\$4.63	\$2,135.90	\$2,140.53	<b>\$70.374</b>	\$38.662	<b>82%</b>
16"	\$4.63	\$3,143.40	\$3,148.03	<b>\$103.497</b>	\$63.986	<b>62%</b>

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2016 WATER, RW & WW RATE STUDY - BOARD MEETING

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## Components of Water Commodity Rates

Water Supply	Delivery Cost	Peaking Cost	Conservation	Revenue Offsets
Water supply costs	Remaining cost of delivering water to customer	Peaking cost of capital	Conservation program related costs	Rental income (unrestricted revenues) to provide affordability for essential use

2/16/2017      2016 WATER, RW & WW RATE STUDY - BOARD MEETING      13      



## Exemption Program for Qualified Customers

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**Current Program:**

- Tier IA Rate for Tier 1 Water Usage and No Sewer Charges

**Challenge:**

- Sewer Fund has insufficient non-operating revenues to support the Program

**Recommendations:**

- Charge Full Sewer Service to Qualified Customers
- Provide \$5.00 bill credit on monthly water fixed meter charges
- Tier IA Rate = \$0.00 / CCF (0 to 6 ccf)
  - Utilize Rental Income (\$1M) to achieve this goal

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# Water & Recycled Water Rates Justification



	Water Supply	Delivery	Peaking	Conservation	Revenue Offset
<b>Residential</b>					
Tier IA	Groundwater	x	x		xxx
Tier IB	Groundwater	x	x		x
Tier II	Blended LW + MWD Tier 1	x	xx		
Tier III	MWD Tier 2	x	xxx	xx	
<b>Non-Residential</b> (Irrigation, Industrial, Commercial)	Blended GW + LW + MWD	x	xxx	x	
<b>Recycled Water</b>					
<b>Peaking</b>		x	xx		
<b>Non-Peaking</b>		x	x		
<b>Interruptible</b>		x	x		

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# Proposed Water / Recycled Water Rates



	Water Supply	Delivery	Peaking	Conservation	Revenue Offset	Proposed FY 2017
<b>Residential</b>						
Tier IA	\$1.055	\$0.579	\$0.361	\$0.000	-\$1.995	<b>\$0.000</b>
Tier IB	\$1.055	\$0.579	\$0.361	\$0.000	-\$0.074	<b>\$1.921</b>
Tier II	\$2.645	\$0.579	\$0.454	\$0.000	\$0.000	<b>\$3.678</b>
Tier III	\$2.907	\$0.579	\$0.651	\$1.229	\$0.000	<b>\$5.366</b>
<b>Non-Residential</b>	\$1.747	\$0.579	\$0.405	\$0.127	\$0.000	<b>\$2.858</b>
<b>Recycled Water</b>						<b>Proposed FY 2017</b>
<b>Peaking</b>		\$1.221	\$0.638			<b>\$1.859</b>
<b>Non-Peaking</b>		\$1.221	\$0.357			<b>\$1.578</b>
<b>Interruptible</b>		\$1.221	\$0.357			<b>\$1.578</b>

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## Proposed Water Rates

	Proposed Tier Widths	Current FY 2017	Proposed FY 2017
<b>Residential</b>			
Tier IA	6 ccf	\$1.427	\$0.000
Tier IB	6 ccf	\$2.569	\$1.921
Tier II	7 ccf	\$2.854	\$3.678
Tier III	Above 13 ccf	\$4.281	\$5.366
<b>Non-Residential</b>		\$2.854	\$2.858
<b>Recycled Water Rate Structure</b>			
<b>Peaking</b>	Uniform	\$1.998	\$1.859
<b>Non-Peaking</b>	Uniform	\$1.427	\$1.578
<b>Interruptible</b>	Uniform	\$1.427	\$1.578

## Sewer Rates Discussion

## Sewer Cost of Service Analysis

Cost Categories	FY 2017	Sewer Service Charges		
		Volumetric Sewer Rate	Billing & Customer Service	Sewer Services
Flow Based Costs	\$4,964,987	x		
Billing & CS Costs	\$1,991,395		x	
Meters & Services Costs	\$5,019,863			x
General & Admin Costs	\$6,636,897	x		x
<b>Total</b>	<b>\$18,613,142</b>			
	<b>% Current</b>	<b>% Proposed</b>		
Sewer Service Charges	63.4%	63.4%		
Volumetric Sewer Rate	36.6%	36.6%		

2/16/2017

2016 WATER, RW &amp; WW RATE STUDY - BOARD MEETING

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## Billed Sewer Flows Analysis

Average Use Ratio vs. Current Meter Ratio

Meter Size	# of Accounts	Daily 2015 Winter Average (ccf)	Daily Winter Ratio	Current Meter Ratios (Current Rates)
5/8" x 3/4"	67,442	0.303	1.00	1.00
1"	10,735	0.502	1.66	1.58
1 1/2"	3,935	1.492	4.92	2.89
2"	2,127	2.651	8.75	4.19
3"	395	6.321	20.86	8.67
4"	148	9.194	30.35	13.72
6"	84	25.803	85.17	25.28
8"	48	27.360	90.31	39.71
10"	8	<b>42.413*</b>	140.00	64.96
12"	4	<b>53.521*</b>	176.67	N/A
16"	0	<b>78.767*</b>	260.00	N/A

\* Extrapolated using AWWA Ratios and 3/4" Daily Winter Average

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2016 WATER, RW &amp; WW RATE STUDY - BOARD MEETING

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## Daily Sewer Service Charges

	# of Accounts	Billing & CS	Sewer Services	Proposed	Current	% Change
5/8" x 3/4"	67,442	\$0.065	\$0.181	<b>\$0.246</b>	\$0.281	-12.5%
1"	10,735	\$0.065	\$0.300	<b>\$0.365</b>	\$0.445	-18.0%
1 1/2"	3,935	\$0.065	\$0.892	<b>\$0.957</b>	\$0.811	18.0%
2"	2,127	\$0.065	\$1.584	<b>\$1.649</b>	\$1.177	40.1%
3"	395	\$0.065	\$3.777	<b>\$3.842</b>	\$2.435	57.8%
4"	148	\$0.065	\$5.493	<b>\$5.558</b>	\$3.856	44.1%
6"	84	\$0.065	\$15.417	<b>\$15.482</b>	\$7.104	117.9%
8"	48	\$0.065	\$16.347	<b>\$16.412</b>	\$11.159	47.1%
10"	8	\$0.065	\$25.340	<b>\$25.405</b>	\$18.255	39.2%
12"	4	\$0.065	\$31.977	<b>\$32.042</b>	\$22.315	43.6%
16"	0	\$0.065	\$47.060	<b>\$47.125</b>	\$36.514	29.1%

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## Volumetric Sewer Rates

	Rev Req for FY 2017 (A)	Billed Sewer CCF (B)	Unit Rate (C = A / B)
Flow Based Costs	\$4,964,987	17,474,785 ccf	\$0.284 /ccf
Sewer Services Costs	\$1,850,179	17,474,785 ccf	\$0.106 /ccf
<b>Total Cost of Service</b>	<b>\$6,815,166</b>		<b>\$0.390 /ccf</b>

# Combined Customer Impact Discussion

2/16/2017

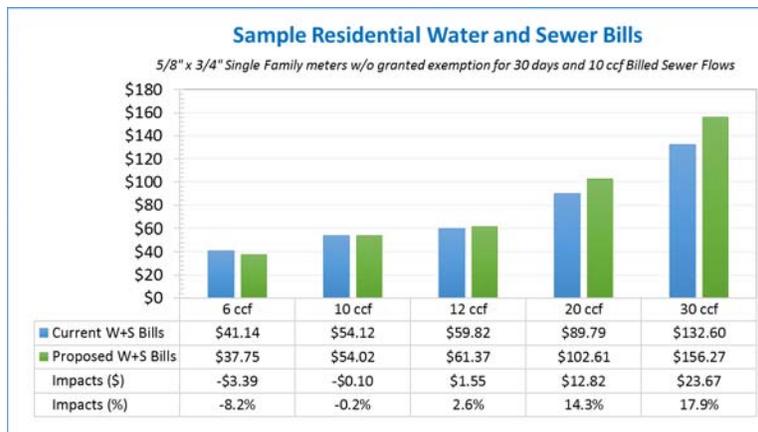
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## Residential Water + Sewer Bill Impacts

W/O Granted Exemption, 10 CCF Billed Sewer Flows



2/16/2017

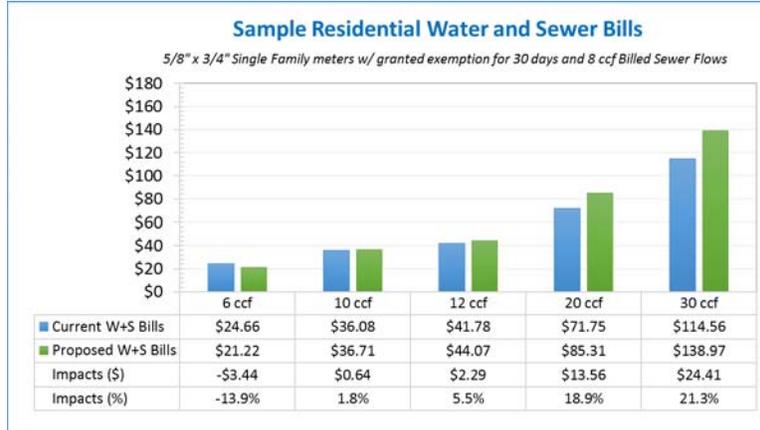
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# Residential Water + Sewer Bill Impacts

With Granted Exemption, 8CCF Billed Sewer Flows



# Q & A

# THANK YOU

**MSRB REGISTERED MUNICIPAL ADVISOR:** RFC is a Registered Municipal Advisor with the MSRB and SEC under the Dodd-Frank Act and is fully qualified and capable of providing advice related to all aspects of utility financial and capital planning, including the size, timing, and terms of future debt issues. Any opinion, information, or recommendation included in this presentation, related to the size, timing, and terms of a future debt issue may be relied upon only for its intended purpose. This information is not intended as a recommendation to undertake a specific course of action related to the issuance of debt, or to indicate that a particular set of assumptions for the size, timing and terms of issuing debt will be available at the time debt is actually issued.

**CONTACT:**

Sanjay Gaur: 213-327-4405 / 213-262-9304/ [sgaur@raftelis.com](mailto:sgaur@raftelis.com)



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# PROJECT BUDGET

The table below provides a breakdown of the estimated level of effort required for completing each task described in this proposal and the hourly billing rates for the personnel scheduled to complete the project. Raftelis proposes to complete the scope of work outlined in our proposal on a time-and-materials basis with a not-to-exceed cost including related expenses, as shown in the table below. Expenses include costs associated with travel (mileage as allowed by the IRS and meals at cost), and a \$10 per hour technology charge covering computers, networks, telephones, postage, etc.

Task	Task Descriptions	Web Meetings	No of In-Person Meetings	Hours Requirements						Total Fees	Expenses	Total Fees & Expenses	
				PD	PM	LA	SC	Admin	Total				
HOURLY RATES				\$280	\$230	\$200	\$175	\$75					
<b>1</b>	<b>Project Initiation and Rate Setting Principles Workshop</b>												
1.1	Project Initiation and Framework Development and Kick-off Webinar with District Staff	1		2	8	6	4	4	24	\$4,600	\$240	\$4,840	
1.2	Rate Setting Principles Workshop with District Board		1		6		4		10	2080	180	\$2,260	
<b>2</b>	<b>Ten-year Financial Plan Development</b>												
2.1	Ten-year Financial Plan Model Development				6	20			26	5380	260	\$5,640	
2.2	Financial Plan Model Development Webinar with Staff	1			4	4			8	\$1,720	\$80	\$1,800	
<b>3</b>	<b>Connection Fees Review and Updates</b>				2		12		14	2560	140	\$2,700	
<b>4</b>	<b>Miscellaneous Fees Calculations</b>				2	4	6		12	\$2,310	\$120	\$2,430	
<b>5</b>	<b>Water Rate Development</b>												
5.1	Cost of Service Analysis				4	8			12	\$2,520	\$120	\$2,640	
5.2	Water Rate Model Development				4	16			20	\$4,120	\$200	\$4,320	
5.3	Customer Impact Analysis					4			4	\$800	\$40	\$840	
<b>6</b>	<b>Rate Design Workshops</b>												
6.1	Rate Design Workshop with District Staff	1			6	6	2		14	\$2,930	\$140	\$3,070	
6.2	Rate Design Workshops with District Board		2	2	8	4	2		16	\$3,550	\$320	\$3,870	
<b>7</b>	<b>Report Development</b>												
7.1	Draft Report				8	36	8		52	\$10,440	\$520	\$10,960	
7.2	Final Report				2	4			6	\$1,260	\$60	\$1,320	
<b>8</b>	<b>Model Training Session Webinar with District Staff</b>	1				8	4		12	\$2,300	\$120	\$2,420	
<b>9</b>	<b>Rate Adoption Assistance</b>												
9.1	Proposition 218 Review	1			2	2			4	\$860	\$40	\$900	
9.2	Public Hearing		1		6	2			8	\$1,780	\$160	\$1,940	
<b>TOTAL ESTIMATED MEETINGS / HOURS</b>		<b>5</b>	<b>4</b>	<b>4</b>	<b>68</b>	<b>124</b>	<b>42</b>	<b>4</b>	<b>242</b>				
<b>PROFESSIONAL FEES</b>				<b>\$1,120</b>	<b>\$15,640</b>	<b>\$24,800</b>	<b>\$7,350</b>	<b>\$300</b>	<b>\$49,210</b>				
										<b>Total Fees</b>	<b>\$49,210</b>	<b>\$49,210</b>	
										<b>Total Expenses</b>	<b>\$2,740</b>	<b>\$2,740</b>	
										<b>TOTAL FEES &amp; EXPENSES</b>	<b>\$49,210</b>	<b>\$2,740</b>	<b>\$51,950</b>

PD - Project Director - Sanjay Gaur  
 PM - Project Manager- Steve Gagnon  
 LA- Lead Analyst - Khanh Phan  
 SC - Staff Consultant  
 Admin - Administrative Staff

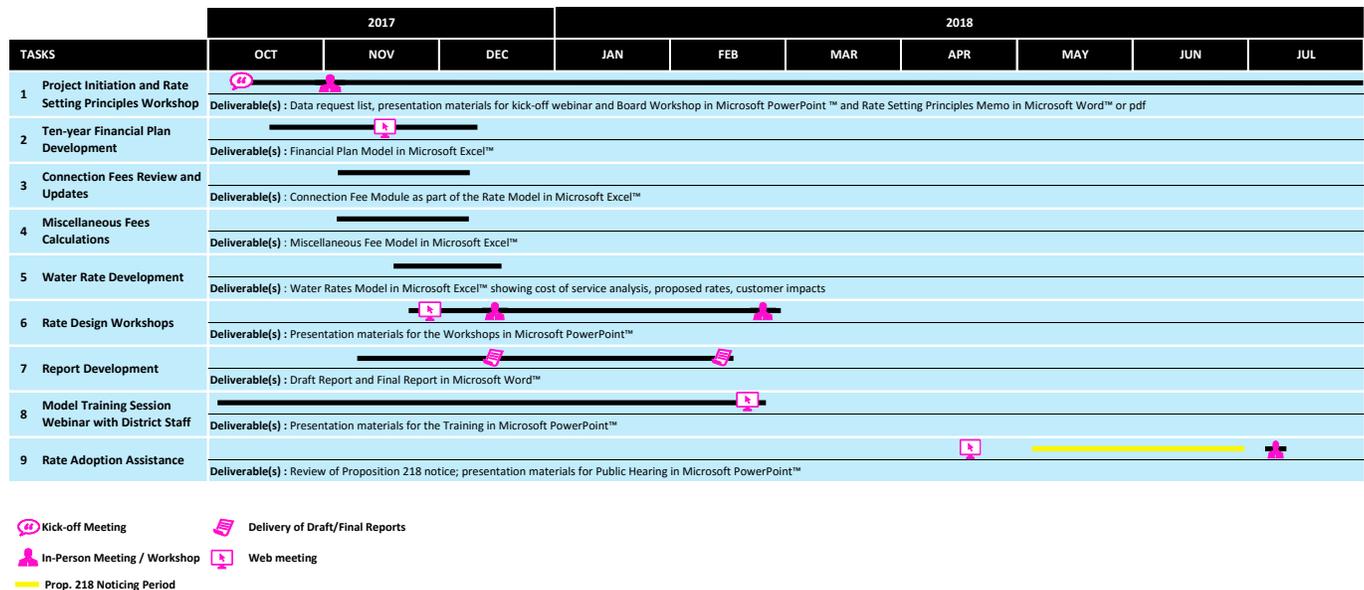
## OPTIONAL TASK FEES

Task	Optional Task Descriptions	Web Meetings	No of In-Person Meetings	Hours Requirements						Total Fees	Expenses	Total Fees & Expenses
				PD	PM	LA	SC	Admin	Total			
HOURLY RATES				\$280	\$230	\$200	\$175	\$75				
10	Additional Rate Adoption Support											
10.1	Preparation and Mailing of Public Notices	1					8	24	32	\$3,200	\$2,920	\$6,120
10.2	Additional Public Meeting		1		4	2			6	\$1,320	\$140	\$1,460
TOTAL ESTIMATED MEETINGS / HOURS		1	1	0	4	2	8	24	38			
PROFESSIONAL FEES				\$0	\$920	\$400	\$1,400	\$1,800	\$4,520			
Total Fees										\$4,520		\$4,520
Total Expenses											\$3,060	\$3,060
TOTAL FEES & EXPENSES FOR OPTIONAL TASKS										\$4,520	\$3,060	\$7,580

PD - Project Director - Sanjay Gaur  
 PM - Project Manager- Steve Gagnon  
 LA- Lead Analyst - Khanh Phan  
 SC - Staff Consultant  
 Admin - Administrative Staff

# SCHEDULE

Raftelis has the depth of staff and resources to complete this project by approximately July 2017. It will require a quick turnaround of our data request by District staff. Raftelis will prepare a data request within three days of the notice to proceed and would need the requested data to be provided within two weeks. We also request that the District’s water use data be provided in Microsoft Excel and that it be reviewed by District staff to remove non-active accounts or meter reading errors.



## FIRM-WIDE FEE SCHEDULE

Position	Hourly Billing Rate**
Chair/Chair Emeritus	\$400
Chief Executive Officer/President	\$360
Chief Operating Officer	\$325
Executive Vice President	\$310
Vice President/Principal Consultant	\$280
Director of Storm Water Management	\$280
Director of Governmental Services	\$280
Senior Manager	\$255
Director of Management Consulting	\$280
Director of Florida Operations	\$210
Manager	\$230
Director of Data Services	\$230
Senior Consultant	\$200
Consultant	\$175
Software Developer	\$175
Associate	\$150
Junior Software Developer	\$150
Analyst	\$110
Administration	\$75
Technology/Communications Charge*	\$10

*\*Technology/Communications Charge – this is an hourly fee charged monthly for each hour worked on the project to recover telephone, facsimile, computer, postage/overnight delivery, conference calls, electronic/computer webinars, photocopies, etc.*

*\*\*For services related to the preparation for and participation in deposition and trial/hearing, the standard billing rates listed above will be increased by an amount up to 50%.*

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# APP END IX

# A ■ PROJECT TEAM RESUMES

## TECHNICAL SPECIALTIES

- » Model development
- » Financial analysis
- » Cost of service studies
- » Conservation rate structure design
- » Connection/development fee studies
- » Economic analysis
- » Cost benefit analysis
- » Demand forecasting
- » Econometric analysis

## PROFESSIONAL HISTORY

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

## EDUCATION

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

## PROFESSIONAL REGISTRATIONS

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

## PROFESSIONAL MEMBERSHIPS

- » American Water Works Association - Rates and Charges Committee
- » California Society of Municipal Finance Officers

# SANJAY GAUR

## PROJECT DIRECTOR

Vice President

## PROFILE

Mr. Gaur has 18 years of public-sector consulting experience, primarily focusing on providing financial and rate consulting services to water and wastewater utilities. His experience includes providing rate structure design, cost of service studies, financial analysis, cost benefit analysis, connection/development fee studies, conservation studies, and demand forecasting for utilities spanning the west coast. His project experience includes engagements with the Metropolitan Water District of Southern California, San Diego County Water Authority, Eastern Municipal Water District, Alameda County Water District, and East Bay Municipal Water District, among many others. Mr. Gaur is considered one of the leading experts in the development of conservation rate structures. He has often provided his insight into utility rate and conservation-related matters for various publications and industry forums, including: authoring articles in *Journal AWWA*; being quoted in various newspaper articles including the *Los Angeles Times* and the *New York Times*; participating in a forum regarding the future of water in Southern California sponsored by the Milken Institute; being quoted on National Public Radio; speaking at various industry conferences including American Water Works Association (AWWA), the Utility Management Conference, Association of California Water Agencies, and California Society of Municipal Finance Officers; and, co-authoring several industry guide books including AWWA's *Manual M1 Principles of Water Rates, Fees and Charges, 6th Edition* as well as AWWA's *Water Rates, Fees, and the Legal Environment, Second Edition*. Mr. Gaur co-authored a chapter entitled, "Understanding Conservation and Efficiency Rate Structures," for the Fourth Edition of the industry guidebook, *Water and Wastewater Finance and Pricing: The Changing Landscape*. Mr. Gaur is also active in a number of utility-related associations, including serving as a member of AWWA's Rates and Charges Committee.

## RELEVANT PROJECT EXPERIENCE

### EL TORO WATER DISTRICT (CA)

Mr. Gaur assisted El Toro Water District in the development and implementation of a water budget rate structure. This included facilitating the discussion on the policy options associated with the allocation factors for indoor and outdoor

needs with staff and the Board, the development of a water budget model, and ensuring the billing system is compatible with the new requirements associated with the water budget rate structure. The new rate structure was adopted in June 2010.

#### **RANCHO CALIFORNIA WATER DISTRICT (CA)**

Mr. Gaur assisted Rancho California Water District (District) in the development of a water budget rate structure. The project required the consultant to develop a flexible water budget model that could do multiply block with allocation and determine the appropriate revenue within a month. The team was successfully able to accomplish this task and assisted the District in implementing the new water budget rate structure. The rates were successfully adopted in November 2009.

Mr. Gaur also assisted the District in the development of a New Water Demand Offset Fee. The New Water Demand Offset Program is a form of funding of conservation measures that will help to create sustainable, zero water footprint development. New developments will pay fees called New Water Demand Offset Fees to create potable water savings in the existing system to support water demand generated by new developments. Water savings can be achieved by converting irrigation accounts to recycled water or installing high efficiency retrofits to replace inefficient fixtures for existing accounts in RCWD. This fee is expected to be adopted in February 2010.

#### **WESTERN MUNICIPAL WATER DISTRICT (CA)**

Mr. Gaur served as Project Manager for the implementation of a water budget rate study, which included facilitating and leading a discussion on the policy options associated with the development of a water budget rate study. Based on these policy options, a water budget model was developed that can evaluate different allocation factors for indoor and outdoor water use, determine price ratios for the corresponding tiers, and develop the corresponding rates and customer impacts.

Mr. Gaur served as the Project Manager for the development of a financial model for the District.

The model has the ability to examine the 14 different fund centers of the District, develop and save different Capital Improvement Plan scenarios, examine the financial consequences of these scenarios and compare the results. In addition the model has the ability aggregate the fund centers by water, wastewater or by the whole District. The model is currently being utilized by the District to examine long term health of the District.

#### **EASTERN MUNICIPAL WATER DISTRICT (CA)**

Mr. Gaur served as Project Manager for rate structure evaluation study by assisting Eastern Municipal Water District (EMWD) managers and Board in the evaluation and assessment of the feasibility of implementing a water budget rate structure. Mr. Gaur also moderated a series of three interactive workshops to examine a water budget rate structure and its ability to meet EMWD policy goals such as equity, conservation and revenue stability. EMWD was successfully able to implement a water budget rate structure in April 2009.

#### **CITY OF HUNTINGTON BEACH (CA)**

Mr. Gaur served as Project Manager for a sewer cost-of-service and rate design study. The engagement called for the redesign of rates to achieve City's policy goals associated with improving inter-class equity, reducing administrative burden, and maintaining revenue stability, while adhering to cost-of-service principles.

Mr. Gaur also served as the Project Manager in evaluating a water budget rate structure for the City. This included workshop with staff on developing a water budget framework that is consistent with City policy and the development of a water budget model that can calculate the associated rates and estimate customer impacts.

#### **PASADENA WATER AND POWER (CA)**

Mr. Gaur served as Project Manager for comprehensive water cost-of-service and rate design study. Developed long-range financial plan with evaluation of recycled water program, rate stabilization fund, and drought scenarios. He also performed a cost-of-service analysis and redesigned rates to adhere to

cost-of-service principles and the legal requirements of California Proposition 218.

#### **ALAMEDA COUNTY WATER DISTRICT (CA)**

Alameda County Water District (District) currently has a uniform rate structure and is interested in developing a conservation rate structure that will assist them in promoting water efficiency, comply with regulatory requirements of SBx7-7, achieve revenue stability and is equitable. Mr. Gaur served as the Project Manager and led a series of workshop with the Executive Management and the Board of Directors in evaluating and identifying the proper rate structure that meets their objectives. Based on this outcome, Raftelis developed a conservation rate structure that can compare different types of inclining and water budget rate structure and evaluate the customer impacts associated with these rate structures.

#### **EAST BAY MUNICIPAL UTILITY DISTRICT (CA)**

Mr. Gaur is currently serving as Project Manager for a comprehensive wastewater cost of service study for East Bay Municipal Utility District (District). The last comprehensive cost of service study was done in 2000 for the wastewater treatment charges. As part of the study, Raftelis thoroughly examined the District's cost structure, analyzed wastewater flow and customers data, and evaluated alternative rate structures to develop an equitable rate structure that meets Proposition 218 requirements and the District's goals and objectives. While the proposed treatment rates retain the current rate structure, which includes a fixed monthly service and strength charge and a variable flow charge with a cap at 10 hundred cubic feet (hcf) per dwelling unit per month for residential customers, and a fixed monthly service charge and a variable flow charge per hcf based on customer classification for apartment buildings and non-residential customers, the individual rates are realigned to reflect the cost of service. The District's current rate structure also includes a fixed annual charge per dwelling units (up to five dwelling units) for single- and multi-family customers and per parcel for non-residential customers for wet weather facilities. This rate structure was developed in late 1980s. Raftelis and District staff evaluated various alternatives

for the wet weather facilities charge to ensure equity amongst customer classes. The proposed wet weather facilities charge will be based on the average parcel size for each customer class, which has a stronger cost of service basis than the current rate structure.

#### **CITY OF RIO VISTA (CA)**

This engagement called for a preliminary study for water and sewer rate and impact fee.

#### **SAN DIEGO COUNTY WATER AUTHORITY (CA)**

Mr. Gaur examined SDCWA's prior practices, made recommendations, and developed an index model that determined the appropriate inflation and escalation factor for capital projects. A Monte Carlo simulation was used with the escalation factor of the index model to develop distribution estimates.

Mr. Gaur also developed a rate model for the water authority which allocated resources and costs to member agencies. The model was used to develop different allocation scenarios based on historical and spatial factors and served as a tool to guide decision making process in determining fair and equitable allocations.

#### **AMERICAN WATER COMPANY (CA)**

The City of Monterey's water rate structure allowed for water budget programs determined by household size, lot size, zip code, and the number of large animals in the service area. Mr. Gaur examined and developed a water rate model for the service area. He also assisted in the design of various water budget structures that allowed for accountability and examined customer impact of different rate structures. Results were presented at the California Public Utility Commission.

#### **CITY OF CALEXICO (CA)**

Mr. Gaur performed a water and sewer rate study for the City and examined the implication of Proposition 218 on lifeline rates. He assisted in the development of a rate model to determine the appropriate rates for meeting future capital and reserve needs. Mr. Gaur facilitated a rate workshop and presented final results to City Council. The City

Council adopted both the recommended water and sewer rates, which will pay for capital projects associated with water and sewer.

#### **CITY OF CHOWCHILLA (CA)**

Mr. Gaur served as a Project Manager for the City of Chowchilla, Water and Wastewater study. There are two major areas of the study; the first is the development of a financial plan that can fund their mandatory CIP, while meeting their reserve requirements. The second part of the study is the development of a fair and equitable rate structure, given that the majority of the customers do not have meters.

#### **CITY OF CORONA (CA)**

Mr. Gaur served as a Project Manager for the City of Corona, Water Budget Rate study. He facilitated a workshop on the policy options associated with the development of a water budget rate structure. Based on these policy options, a water budget model was developed that can conduct sensitivity analysis on allocation factors, price ratios, revenue requirements and customer impacts.

#### **EAST ORANGE COUNTY WATER DISTRICT (CA)**

Mr. Gaur served as the Project Manager in assisting East Orange County Water District in evaluating a water budget rate structure. Mr. Gaur educated the Board of Directors on the benefits of water budget rate structure; developed a water budget model to determine the associated rates and customer impacts.

#### **CITY OF HOLLISTER (CA)**

Mr. Gaur developed a sewer rate and impact model to examine the rate and impact fee implication of \$120 million treatment project. He also conducted a workshop and presented final results to City Council. The Council adopted the recommended sewer rates, which will finance the \$120 million treatment plant project.

#### **INLAND EMPIRE UTILITIES AGENCY (CA)**

Mr. Gaur conducted a series of workshops for Inland Empire Utilities Agency on the different types of conservation rate structure and how they can assist them in meeting the requirements of SBx7-7, achieving revenue stability and promoting equity.

#### **INDIO WATER AUTHORITY (CA)**

Mr. Gaur served as Project Manager for user fee study to evaluate current user fees and their ability to recover associated administrative and other operational costs. He developed a new schedule of user fees to meet City's policy objectives of fairness and defensibility.

Mr. Gaur also conducted a water rate study and presented results to City Council. The Council adopted the recommended water rates, which provided an equitable allocation of cost between fixed and variable rates.

#### **IRVINE RANCH WATER DISTRICT (CA)**

Mr. Gaur evaluated the District's conservation program by conducting econometric analysis that controlled for exogenous factors, such as weather conditions. The results from the study provided information on which conservation program provided the greatest return on investment.

#### **LA HABRA HEIGHTS COUNTY WATER DISTRICT (CA)**

Mr. Gaur assisted the District in calculating a wheeling rate for a neighboring District. Mr. Gaur presented his finding to the Board of Director.

#### **CITY OF LIVINGSTON (CA)**

Mr. Gaur conducted a water rate study that incorporated various capital improvement scenarios.

#### **CITY OF LOMITA (CA)**

Mr. Gaur conducted a water rate workshop with concerned citizens to explain how rates were assessed and calculated, using laymen's terminology to foster understanding among community members. City Council adopted the recommended rates.

#### **LOS ANGELES DEPARTMENT OF WATER AND POWER (CA)**

Mr. Gaur performed a econometric analyses on daily demand based on deviation from mean temperature. Results from the study helped redesign engineer estimates on sizing of water lines.

#### **CITY OF LYNWOOD (CA)**

Mr. Gaur developed a cost allocation model to determine the appropriate amount of transfer (\$3 million) between the Water Enterprise Fund and the City General Fund. The report met the requirements associated with Proposition 218.

#### **CITY OF MERCED (CA)**

Mr. Gaur completed a water and sewer rate and impact fee study, including examination of financing options associated with a \$200 million treatment plant. The engagement included the development of a rate and impact fee model that explored and assessed different capital project scenarios. He also conducted a workshop and presented final results to City Council. The council adopted the recommended impact fees for water and sewer.

#### **METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (CA)**

Mr. Gaur developed a drought allocation model for Metropolitan Water District of Southern California member agencies. The allocation is based on severity of drought, historical usage, and demand-hardening factor. The model served as a tool to guide decision making process in determining fair and equitable allocations.

Mr. Gaur also served as project manager for long-range financial plan study and facilitated workshops with management, member agencies, and stakeholders to assess the economic, political, and technical feasibility of a growth-related infrastructure charge. He also led seminars to inform participants of the prevailing industry standards for adhering to cost-of-service principles and navigating California's complex legal environment.

Lastly, Mr. Gaur served as the project manager to evaluate Metropolitan Water District of Southern California cost of service methodology to confirm it is consistent with industry standards, policy objectives that the Board of Directors has adopted and is being implemented as intended.

#### **MONTEREY PENINSULA WATER MANAGEMENT DISTRICT (CA)**

Mr. Gaur provided an evaluation of the conservation impact of a toilet conservation pilot program for Monterey Peninsula Water Management District using an econometric analysis that was controlled for seasonal and weather conditions. The study confirmed expected savings estimates.

#### **MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (CA)**

Mr. Gaur developed an optimization model for conservation programs. The results guided the District in developing a master plan for conservation programs.

#### **CITY OF NEWPORT BEACH (CA)**

Serving as Project Manager for this study, Mr. Gaur assisted the City of Newport Beach to develop a long-range financial plan, and to evaluate and implement a conservation rate structure that adheres to cost-of-service principles and the provisions of California Proposition 218. Mr. Gaur also worked with Newport Beach staff to identify policy objectives for prospective rate design alternatives.

#### **PACIFIC INSTITUTE (CA)**

Mr. Gaur developed an audit model for water agencies which determines the amount of greenhouse gases produced by source of water and the associated energy requirement. The model has the ability to examine different scenario options and compare them to the base case.

#### **CITY OF PORT HUENEME (CA)**

For this engagement, Mr. Gaur performed a water and solid waste study and workshop for City Council. The Council immediately adopted solid waste rate recommendations and water rates are under consideration.

#### **SANTA CLARA VALLEY WATER DISTRICT (CA)**

Mr. Gaur evaluated the effect of a water softener pilot program on conservation. He also conducted billing analysis to estimate savings, using a control group to account for exogenous factors. The results confirmed engineering estimates on savings potential.

### **SOUTH COAST WATER DISTRICT (CA)**

Mr. Gaur assisted the District in evaluating a water budget rate structure. Currently the District has a five tiered inclining rate structure. Raftelis developed a model that compared the usage pattern between the current rate structure and a water budget, to determine how equitable the current rate structure is, given lot size. Mr. Gaur presented the finding to the Board of Directors.

### **CITY OF SOUTH GATE (CA)**

Mr. Gaur performed a water impact fee analysis for the City and presented results to City Council. The Council adopted the recommended water impact fee, which provides additional resources for expansion projects.

### **CITY OF VISTA (CA)**

As Project Manager for a sewer rate and connection fee study, Mr. Gaur developed a long-range financial plan for City of Vista Sanitation and Buena Sanitation District, including financing of a \$300 million capital improvement program. The project required a cost-of-service analysis and redesign of the sewer rate structure and connection fee schedule to adhere to cost-of-service principles while meeting escalating revenue requirements. Mr. Gaur fine-tuned rates to meet the City's policy goals of equity, defensibility, and minimal customer impact.

### **WALNUT VALLEY WATER DISTRICT (CA)**

Mr. Gaur developed a water rate model for the District as well as examined indexing practices and determined appropriate rates for meter and variable charges.

### **YORBA LINDA WATER DISTRICT (CA)**

Mr. Gaur served as the Project Manager for conducting a water rate study for Yorba Linda Water District. This study included the development of a financial plan that examined different CIP scenarios, cost of service study and development of a conservation rate structure. Raftelis developed a conservation rate model that evaluated an inclining tiered rate and a water budget rate structure, that can determine the associated rate structure and estimate customer

impacts. Mr. Gaur will present the finding of the study to the Board and make the associated recommendation.

### **CITY OF RENO (NV)**

Mr. Gaur served as Project Manager for sewer rate and connection fee study and included the development of a long-range financial plan for sewer fund with evaluation of several different capital improvement program scenarios, debt/cash funding combinations and reserve funds. As part of the study, Mr. Gaur also performed a cost-of-service analysis and developed sewer rates and connection fees to meet policy goals of revenue stability and fairness.

### **TOWN OF BUCKEYE (AZ)**

Mr. Gaur performed an impact fee study that identified and examined possible facility types and explored different financial options for funding facility types. He also examined the benefits of zonal impact fees. Mr. Gaur educated developers in the process of assessing impact fees and the role of credits.

### **TOWN OF CLARKDALE (AZ)**

Mr. Gaur identified and examined facility types for impact fee and discussed policy implications of impact fees.

### **TOWN OF GILBERT (AZ)**

Mr. Gaur was engaged by the Town of Gilbert to determine the true cost of providing fire services for the town. He also examined the economic impact of potential legislation on expanding service to a county island. He served as expert witness and presented findings on behalf of the City which assisted in the Town's winning case.

## **PUBLICATIONS AND PRESENTATIONS**

- Gaur, S., "Adelman and Morris Factor Analysis of Developing Countries," The Journal of Policy Modeling, Vol. 19, Issue 4, pp. 407-415, August 1997.
- Gaur, S., "Water Rate Setting," presented at the Annual 2006 Conference of the California Society of Municipal Finance Officers, Palm Springs,

California.

- Gaur, S., "Water Rate Setting," presented at the following: California Society of Municipal Finance Officers Chapters: Central Los Angeles, Channel Counties, Imperial County, San Gabriel Valley, South Bay and Twenty – Nine Palms 2006.
- Gaur, S., "Designing Water Rate Structures," presented at a workshop for Urban Water Institute, San Jose, California. February 17, 2006.
- Gaur, S. "How Much Should Water Cost? Theoretical and Practical Approach in Developing Water Rates." Guest lecturer at University of California, Santa Barbara, Course: Water Policy, Bren School of Environmental Science and Management. November, 7, 2006.
- Gaur, S. "Designing Water Rates," All day seminar at the Center for Water Education. Hemet, California. January 12, 2007.
- Gaur, S. "Policy Objectives in Designing Water Rates", Journal of American Water Works, 99:5 May 2007 p.112- 116.
- Gaur, S. Corssmit, K. and Hotchkiss, D. "Water Rates Defining Cost of Service – Proposition 218 Implications," presented at the Association of California Water Agencies, May 7 , 2008 Spring Conference, Monterey, California.
- Gaur, S. "Moving Beyond the Public Workshop," presented at the Municipal Management Association of Southern California, July 1, 2008 Summer Conference, La Jolla, California.
- Gaur, S. "Evolution of Water Rates," presented at the Association of California Water Agencies, December 3, 2008 Fall Conference, Long Beach, California.
- Gaur, S. "Managing Drought Scenarios," presented at the Association of California Water Agencies, December 4, 2008 Fall Conference, Long Beach, California.
- Gaur, S. "Rates 101," 4 hour training course conducted at the Annual 2009 California Society of Municipal Finance Officers, San Francisco, California.
- Gaur, S. Corssmit, K., Hildebrand, M. and Hotchkiss, D. "Defining Latest Trends in Conservation Rate Design," presented at the Utility Management Conference, February 18, 2009, New Orleans, Louisiana.
- Gaur, S. "Conservation Rate Structures," presented at the International Water Efficiency Conference, April 1, 2009 Newport Beach, CA
- Gaur, S. "Developing a Water Budget Rate Structure: Eastern MWD Experience," presented at the CA/NV AWWA Section, April 9, 2009, Santa Clara, CA
- Gaur, S. "Rates and Equity Issue" presented at Managing the Crisis: Essential Tools for Urban Water Managers, sponsored by Water Education Foundation and Association of California Water Agencies, April 16, 2009 (San Francisco) and April 23, 2009 (Irvine)
- Hildebrand, M. Gaur, S. and Salt, K. "Water Conservation Made Legal: Water Budgets and California Law" Journal of American Water Works, 101:4 April 2009 p.85-89.
- Gaur, S. "Whiskey's for Drinking, Water is for Fighting: Allocating Water During a Shortage" presented at the Association of California Water Agencies, May 21, 2009 Spring Conference, Sacramento, CA.
- Gaur, S. "Policy Issues and Challenges with Water Budgets: Eastern MWD Experience" presented at American Water Works Association, Annual Conference and Exposition 09, June 15, 2009, San Diego, CA
- Gaur, S. "Economics of Desalination" presented at the Association of California Water Agencies, December 2, 2009 Fall Conference, San Diego, CA.
- Gaur, S. "Achieving Water Conservation, Revenue Stability and Equitable Rates" presented at the Annual 2010 (February 17, 2010) Conference of the California Society of Municipal Finance Officers, Los Angeles, California.
- Gaur, S. and Summers, L. "New M1 Chapter: Water Budget Rates" presented at American Water Works Association, Annual Conference and Exposition 10, June 23, 2010, Chicago, IL
- Contributing Author to "Water Rates, Fees and the Legal Environment" 2nd Edition American Water Works Association 2010 Editor: C.(Kees) W. Corssmit
- Gaur, S. "Developing a Rate Structure that Addresses the Financial Consequences of SBx7-7"

- presented at the Association of California Water Agencies, December 1, 2010 Fall Conference, Indian Wells, CA
- Gaur, S “The Verdict is out on Water Budget” presented at the Utility Management Conference, February 9, 2011, Denver, CO
  - Gaur, S “What in the world can we learn from California? Water budget rates successfully achieve water efficiency and revenue stability” presented at AWWA Water Conservation Symposium March 15, 2011, Orlando FL
  - Gaur, S “You Can Have the Best of Both Worlds: Promoting Water Use Efficiency While Enhancing Revenue Stability” presented at Council of Water Utilities April 19, 2011 Poway, CA
  - Gaur, S. “Water Budget Alternatives: How Do We Define Efficiency?” presented at the Association of California Water Agencies, May 12, 2011 Spring Conference, Sacramento, CA
  - Gaur, S. “Inclining Block Rates versus Water Budget Rates: How do You Define Equity?” presented at American Water Works Association Annual Conference, June 15, 2011 Washington D.C.
  - Gaur, S. “Innovative Rate Designs: Balancing Conservation Objectives with Revenue Stability” presented at the Association of California Water Agencies 2011 Regulatory Summit, August 17, 2011 Pasadena, CA
  - Gaur, S. “Cutting-Edge Financial Planning Tool to Facilitate Communications” presented at the Water Environment Federation Annual Conference October 19, 2011 Los Angeles, CA

## TECHNICAL SPECIALTIES

- » Utility cost of service and rate structure studies
- » Conservation rate studies
- » Economic feasibility studies
- » Wastewater rate studies
- » Capital recovery/Capacity fee studies
- » Survey research of water and wastewater utility characteristics and rates

## PROFESSIONAL HISTORY

- » Raftelis Financial Consultants, Inc.: Manager (2017-present); Senior Consultant (2014-2016)
- » APTwater, Inc. (Now Ultura): Project Manager (2011-2014)
- » PBS&J (Now ATKINS): Project Manager – Utility Finance (2005-2011)
- » Earth Tech (now AECOM): Senior Project Manager (2004-2005)
- » Malcolm Pirnie, Inc. (now ARCADIS): Consultant (2002-2003)
- » National Parks Conservation Association – Business Plan Initiative: Business Plan Consultant (2000)
- » U.S. Army Corps of Engineers – New England Division: Project Manager (1995-1999)
- » Geophex, Limited: Graduate Research Assistant (1994)

## EDUCATION

- » Master of Business Administration - University of Southern California (2001)
- » Master of Science in Environmental Engineering - University of Massachusetts (1995)
- » Bachelor of Science in Civil Engineering - University of Massachusetts (1994)

## PROFESSIONAL MEMBERSHIPS

- » American Water Works Association

# STEVE GAGNON, PE

## PROJECT MANAGER

Manager

## PROFILE

Mr. Gagnon has 18 years of experience in financial analysis and environmental engineering. He has worked for leading engineering consultants as well as the federal government. His broad range of experience includes water and wastewater pricing studies, capacity fees and utility valuations. His financial experience includes water and wastewater rate studies for the City of Redlands, CA, Santa Fe Springs, Henderson, NV, City of Anaheim, La Habra Heights County Water District, Rowland Water District, Walnut Valley Water District, Sweetwater Authority, Helix Water District and Otay Water District. He has also performed strategic financial analysis of water sourcing alternatives and costing of ground water remediation alternatives, asset inventory and condition assessments, utility performance metrics, earned value analysis. He has also managed the construction and installation of water treatment equipment and oversaw Superfund remediation for the US Army.

## RELEVANT PROJECT EXPERIENCE

### CITY OF ORANGE (CA)

Mr. Gagnon is helping the City update its water rates and rate structure to ensure that rates are based on cost of service principles. The study includes a financial plan to fully fund operational and capital expenses and reserves.

### CHANNEL ISLANDS BEACH COMMUNITY SERVICES DISTRICT (CA)

Mr. Gagnon helped the District establish equitable water and wastewater rates. Particularly noteworthy in this study was a class of customers that required the District to reserve capacity in the water treatment plant for possible future growth. Mr. Gagnon explained the cost causation based rate for this customer class at Board meetings and the Public Hearing. Mr. Gagnon also held special web based workshops with this customer class to explain cost of service principles and the basis for the rates.

### CITY OF SHASTA LAKE (CA)

The City of Shasta Lake's water revenue dropped significantly during the recent drought – while their water costs increased due to emergency water purchases from expensive sources. In addition, the City's infrastructure was over 80 years old which necessitated significant capital expenditures. Mr. Gagnon worked with City staff to develop a water financial plan that fully funded their capital program, reserves and operational expenses. The financial plan called for a 30% revenue increase in one year. Mr. Gagnon presented the basis for revenue adjust-

ments and rate development at a well-attended public hearing at City Hall.

#### **SANTA FE IRRIGATION DISTRICT (CA)**

Santa Fe Irrigation District has one of the largest per capita water use rates in the State due to its large lots, many of which have orchards and other agriculture requiring irrigation. Mr. Gagnon worked with City Staff and Board members to establish water cost of service based rates which included a complete restructuring of their fixed charges so that the District could pass through their fixed wholesaler charges. The consumption rates were based on the peaking characteristics of each class. Mr. Gagnon presented at a contentious Public Hearing, in which that rates were adopted, to answer Board and the Public's questions.

#### **CITY OF ENCINITAS (SAN DIEGUITO WATER DISTRICT, CA)**

Mr. Gagnon helped the City establish water rates that are based on cost of service principles. Cost of service based rates creates large bill impacts for the agricultural class. Mr. Gagnon worked with City staff and the Board rate setting committee to evaluate rates and explain rate setting basics to the committee and public in a Proposition 218 public hearing.

#### **TRABUCO CANYON WATER DISTRICT (CA)**

Mr. Gagnon helped the District establish water, wastewater and recycled water rates. The Trabuco Canyon Water District's revenue plummeted significantly during the recent drought. Mr. Gagnon helped the District established rates, including drought rates, that fully funded operations, capital expenses and reserves. The District previously had a 7-tier rate structure. Mr. Gagnon helped the district establish a 4-tier rate structure in which the rates were based on the supply costs and peaking costs to serve water in each tier – as required by Proposition 218. The study started with a pricing objectives exercise so that the Board could communicate its most important rate setting goals. Mr. Gagnon presented financial plan options and rate study results and a public hearing.

#### **SWEETWATER AUTHORITY (CA)**

Mr. Gagnon is evaluated water rates, including

drought rates, for the Sweetwater Authority in light of recent legal concerns over their current rate structure. The evaluation includes a cost of service study to clearly demonstrate the nexus between the rate for each single family tier and the associated costs to serve that tier. The study started by soliciting input from Board members regarding their water pricing objectives so that rates could be designed accordingly. Mr. Gagnon concluded the study with presentations to the District Board of Directors and the Public.

#### **CITY OF HENDERSON (NV)**

Mr. Gagnon is creating water and wastewater rate and financial planning models for the City as well as updating their water and sewer system development charges. The models will be used over the next 5 to 10 years not only to calculate water and wastewater rates but also to create yearly financial statements.

#### **CITY OF REDLANDS (CA)**

Mr. Gagnon updated the City's water and wastewater rates and development impact fees. The rate study process included workshops with the City's Utility Advisory Committee in which he presented the basics of rate setting and the financial environment of the utilities. The interactive workshops solicited input from committee members and staff regarding revenue adjustments and rates.

#### **RAINBOW MUNICIPAL WATER DISTRICT (CA)**

Mr. Gagnon created water conservation based sewer rates to complement the Rainbow Municipal Water District's (District) conservation based water rate structure. These rates will be based on the actual water usage of each customer within the District. In addition, appropriate sewage strengths will be incorporated into the District's sewer user rates.

#### **COUNTY OF SAN DIEGO (CA)**

Mr. Gagnon prepared integrated financial models for a landmark study for the County of San Diego. The study will not only be updating the sewer user, capacity, and annexation fees for the nine dependent sewer districts but will also include the economic analysis of creating one "super sanitation district". Long-range financial plans will be prepared for all of

the districts as well as the super district including 10 years of operational and capital costs.

#### **TOWN OF QUARTZSITE (AZ)**

Mr. Gagnon performed a third party rate review of a recently completed water and wastewater rate study for the Town of Quartzsite (Town). The Town is concerned with insuring that their winter RV population is paying their fair share of the water and sewer expenses.

#### **TOWN OF PARKER (AZ)**

Mr. Gagnon updated the Town of Parker's (Town) water rates. One of the Town's main concerns was the fairness and equity of water system cost distribution given the Town's large population of Native Americans who do not pay sales or utility taxes yet benefit from Town parks and other Town amenities. He also helped the Town establish operating and capital reserves.

#### **WALNUT VALLEY WATER DISTRICT (CA)**

Mr. Gagnon performed the Walnut Valley Water District's (District) first professional rate study which included updating the rate structure. Mr. Gagnon created a three-tier residential rate structure to help decrease discretionary consumption and ensure the District avoids or reduces water purchase surcharges from the Metropolitan Water District. He presented his findings to District staff and the District's Board of Directors.

#### **FALLBROOK PUBLIC UTILITY DISTRICT (CA)**

With water shortages looming in Southern California, this progressive water and sewer district asked for help creating water conservation-based sewer rates to complement their conservation based water structure. Mr. Gagnon created rates based on the actual water usage of each customer within the Fallbrook Public Utility District (District). In addition, appropriate sewage strengths were incorporated into the District's sewer user rates.

#### **OTAY WATER DISTRICT (CA)**

The Otay Water District (District) performs an update to their capacity and annexation fees every five years. In this update they changed their capacity fee from

an incremental fee based on future costs to a combined fee structure using replacement costs less depreciation. They are also revised their annexation fee to recover taxes and availability charges paid by existing users who are currently inside the District's boundaries. In addition, they added a new water supply fee to recover the expansion costs of their water system. This is a new fee that addresses the issue of new development bringing their own water supply or pay for offsets.

Mr. Gagnon was also the lead economist on a fast track study to assist the District in adding further conservation incentives into their potable and reclaimed water user rates. Specifically, he added rate blocks into their non-residential and landscaping user rate structures based on specific base extra capacity cost allocations per user class. In addition, he assisted the District in the preparation of a drought/shortage rate structure that overlays their new conservation rate structure. This drought rate structure is based on the guidelines provided by the Metropolitan Water District of Southern California and the San Diego County Water Authority.

#### **ROWLAND WATER DISTRICT (CA)**

Mr. Gagnon updated the Rowland Water District's (District) water rates for the second time. The District had several concerns for the most recent study which included a large debt issue for a recycled water system as well as staff increases and wholesale water rate increases. The model helped the district size its debt issue by performing a rate sensitivity analysis to the size of the debt issue.

#### **OLIVENHAIN MUNICIPAL WATER DISTRICT (CA)**

Mr. Gagnon created a drought rate model to help the Olivenhain Municipal Water District (District) develop a drought rate ordinance. The model calculated commodity rate adjustments for four drought stages. It allowed for customer voluntary cutbacks in consumption as well as cutbacks due to higher water prices using the price elasticity of water. The model will help ensure the District maintains adequate revenue in times of drought.

Mr. Gagnon helped the District update their wastewater rates and developed a customized model for its unique rate structure. The District's residential rates are a flat charge per Equivalent Dwelling Unit (EDU) and the commercial rate structure includes a service charge per EDU and a variable rate based on measured water consumption.

Mr. Gagnon also prepared valuation calculations for the system capacity required for update of water and wastewater connection and annexation fees for the District. The analysis showed that the District would benefit by changing capacity fee calculation methodologies from a growth method to a combined method, thereby imposing less restrictions on the use of capacity fee revenue.

Mr. Gagnon modeled the long-term cost of several different water sources for the District. Options included purchasing treated water, expanding their water treatment plant and purchasing untreated water from the Metropolitan Water District or partnering with other local agencies to desalinate ocean water. The model contained many variable inputs to allow "what-if" scenario analysis. Although purchasing treated water was the least costly option, the authority favored plant expansion due to other benefits such as reliability of water supply.

#### **CITY OF POWAY (CA)**

Mr. Gagnon completely rebuilt the City of Poway's water and wastewater rate models to reflect the latest rate setting practices.

#### **HELIX WATER DISTRICT (CA)**

Mr. Gagnon created an economic model to add life-line and a water waster tier to the Helix Water District's (District) three-tier rate structure. In addition, budget-based water rates were created for all irrigation accounts. The District is transitioning slowly to budget-based rates due to staffing limitations. In 2010 they will implement budget-based rates for all commercial accounts.

Mr. Gagnon also performed all of the economic modeling in the preparation of the District's first

Capacity Fee Study. The capacity fee was designed to collect a buy-in portion based on replacement costs of the District's current water system and the incremental cost of adding a new water supply, the El Monte Valley Ground Water Recharge project.

#### **CITY OF ANAHEIM (CA)**

Mr. Gagnon prepared a commercial and residential wastewater rate study for the City of Anaheim (City). The proposed rate structure was based on water consumption to replace the antiquated structure based on the number of toilets. Proper water use and wastewater return to sewer analysis is required to ensure proper revenue generation for the City.

#### **CITY OF CORONADO (CA)**

Mr. Gagnon is helping restructure the City of Coronado's wastewater rates from a flat parcel-based fee for residential users to one with a consumption-based charge and a fixed charge.

#### **CITY OF LEMON GROVE (CA)**

Mr. Gagnon helped update the commercial and residential wastewater rates for the City of Lemon Grove. The rate structure included 20 different user classes for residential, commercial, and institutional customers.

#### **WESTERN MUNICIPAL WATER DISTRICT (CA)**

Mr. Gagnon prepared a long-range financial plan to help ensure the Western Municipal Water District's (District) financial health. Based on the District's five-year CIP, inflationary water rate adjustments, and reserve policies, the plan showed that a debt issue was needed to execute the CIP and maintain adequate reserves.

#### **JULIAN AND PINE VALLEY SANITATION DISTRICTS (CA)**

Mr. Gagnon updated the wastewater rates and connection fees for both sanitation districts. The wastewater fees had not been updated for several years in one district and over 15 years in the other necessitating large rate increases. He developed a few different scenarios which included postponing CIP projects or lowering reserve balances, to ease ratepayers into higher rates.

### **SAN ANTONIO WATER SYSTEM (TX)**

Mr. Gagnon prepared a sewer impact fee economic model and study for the City of San Antonio. This included a valuation of the system's facilities using several asset based approaches. Ultimately the total net book value without depreciation was selected as the basis for the valuation of the System's assets. In addition, an equity residual model was prepared that included the allocation of the present value of past and future debt service payments. The study also analyzed a number of impact fee structures to determine the most fair and equitable fee.

### **LA HABRA HEIGHTS COUNTY WATER DISTRICT (CA)**

Mr. Gagnon assisted with the update in water user rates, capacity charges, and long-range financial plan for the La Habra Heights County Water District (District). The 2001 study set the District's user rates for five years and expired in 2005. The District had recently completed an updated Water Master Plan and wished to incorporate the new cost of replacement capital facilities for the next ten years into their long-range financial plan and user rates.

### **CITY OF LA HABRA (CA)**

Mr. Gagnon helped prepare the City of La Habra's (City) first professional sewer user rate study. This study followed industry standards and an EPA approved rate structure. The City plans to create a formal enterprise fund for their sewer utility to properly finance their sewer operations and maintenance. He developed the long-range financial plan modeled year-end cash reserves to ensure execution of the City's \$21 million capital improvement program and to fund operations and maintenance.

### **CITY OF WEBSTER (TX)**

Mr. Gagnon is constructing a stormwater model for the City of Webster (City). The rates are based on the impervious surface of each parcel. The City plans using water meters to bill customers.

### **CITY OF NORMAN (OK)**

Mr. Gagnon is constructing a stormwater rate model for the City of Norman. The model is constructed in

several different ways to allow the City council to choose from alternative rate structures, including the contentious issue of whether or not Oklahoma University, which owns large parcels of impervious surface area, will support the stormwater utility.

### **BOXELDER COUNTY (CO)**

Mr. Gagnon assisted Boxelder County (County) in the determination of how they will finance their required stormwater improvements. They plan to create a stormwater utility through diverse funding sources including impact and user fees, a community financing district, and grants and loans. The goal of this study was to identify and size a system of improvements which will achieve the greatest defined economic benefit (both local and regional) per dollar of cost, based on the 100-year floodplain extents.

### **CITY OF FULLERTON (CA)**

Mr. Gagnon conducted a field audit to determine appropriate return to sewer flows as well as fats, oils and greases surcharge rates for the top 50 industrial water customers in the City of Fullerton.

## **OTHER FINANCIAL AND MANAGEMENT STUDIES**

### **TOWN OF PARKER (AZ)**

Mr. Gagnon is performing a benchmarking analysis of the Town of Parker's (Town) water, parks and recreation and streets departments due to efficiency concerns. The study will compare the Town's cost efficiency with other small towns.

### **MARINE CORPS BASE CAMP PENDLETON (CA)**

Mr. Gagnon led an asset inventory and condition assessment of the water and wastewater systems on Marine Corps Base Camp Pendleton. The inventory included field visits and literature reviews to document and describe the extent and condition of all utility assets. Asset data was compiled in a database and linked to GIS mapping.

### **OLIVENHAIN MUNICIPAL WATER DISTRICT (CA)**

Mr. Gagnon developed an economic model that evaluates the cost benefit analysis of four different water supply options including desalinization, increased

use of recycled water, and expansion of their existing water treatment plant using membrane technology. Proposed funding levels were prepared for the long-range financial plan to match projects against the revenue levels necessary to support them.

#### **CONFIDENTIAL FORTUNE 500 AEROSPACE CORPORATION (CA)**

Mr. Gagnon created an excel based financial model to cost and budget one of the largest corporate environmental liabilities – a nine-mile long plume of rocket fuel-related contamination – underlying several cities in southern California. Remediation strategies were constantly changing and, thus, the model simulated costs for numerous remediation alternatives. The model also allowed for monthly and yearly budgeting and total clean-up expenditures.

#### **EARTH TECH (CA)**

Mr. Gagnon developed an Operation Excellence Plan to ensure client satisfaction on the execution of a multimillion dollar Master Services Agreement with a Fortune 500 Aerospace Corporation. The plan provided guidance in many areas including QA/QC, client feedback, staff allocation, etc. The plan also included performance measures to evaluate client satisfaction, program success, and failures.

#### **OTAY WATER DISTRICT (CA)**

Mr. Gagnon assisted in facilitating performance metric workshops with the Otay Water District management staff. The workshops discussed performance metric basics, analyzed dozens of performance metrics, how to calculate them, and eventually helped staff narrow down the metrics they believed were best for their utility.

#### **KEWEENAW NATIONAL HISTORICAL PARK, NATIONAL PARK SERVICE (MI)**

Mr. Gagnon coauthored a business plan submitted to the U.S. Congress to seek additional funding to expand a national park in Michigan. The business plan included a historical cost accounting analysis of prior fund use and projected future fund needs.

#### **U.S. ARMY SUDBURY ANNEX SUPERFUND SITE (MA)**

Mr. Gagnon was the Project Manager for the remediation and real estate transfer of a 2,000-acre army ammunition depot and research installation in central Massachusetts. Mr. Gagnon oversaw project funds, environmental studies, and construction contracts with consulting firms and partnered with the U.S. EPA to determine clean-up goals and strategies.

## TECHNICAL SPECIALTIES

- » Utility cost of service
- » Rate structure studies
- » Financial plan studies
- » Economic feasibility studies
- » Conservation rate studies
- » Water budget rate studies

## PROFESSIONAL HISTORY

- » Raftelis Financial Consultants, Inc.: Senior Consultant (2008-present)
- » Avery Dennison: Research Chemist (2004-2008)

## EDUCATION

- » Master of Business Administration in Finance - California State University, Los Angeles (2007)
- » Bachelor of Science in Chemical Engineering - University of California, Berkeley (2003)

# KHANH PHAN

## LEAD ANALYST

Senior Consultant

## PROFILE

Ms. Phan has served as Lead Consultant or Deputy Project Manager on numerous water and wastewater studies including rate, cost of service, reserve policy, financial planning, connection fee, conservation rate, and water budget rate studies. Her specific experience includes projects for the following utilities in California: Alameda County Water District, El Toro Water District, Elsinore Valley Municipal Water District, Mesa Consolidated Water District, Mojave Water Agency, Western Municipal Water District, Yorba Linda Water District, and the Cities of Camarillo, Glendora, Huntington Beach, Riverside, San Clemente, and Santa Cruz. She possesses strong analytical and management skills acquired from her background, education, and experience. Ms. Phan has advanced computer skills and is an excellent modeler. Ms. Phan also co-authored a chapter entitled, "Understanding Conservation and Efficiency Rate Structures," for the Fourth Edition of the industry guidebook, *Water and Wastewater Finance and Pricing: The Changing Landscape*.

## RELEVANT PROJECT EXPERIENCE

### CITY OF GLENDORA (CA)

In 2012, to promote water efficiency within its service area, the City of Glendora (City) commissioned Raftelis to evaluate the benefits of water budget rates and conduct the Water Budget Rate Study to develop the water budget tiered rates for its single family residential customers. As lead consultant, Ms Phan developed a custom-built Water Budget Rate Model to evaluate different water budget policy options associating with weather data and landscape area definitions. In addition, the City's account data and the Assessor's parcel data were integrated to retrieve the lot size and other parcel data relevant to be used to determine the landscape areas for single family residential parcel. The Model also included the Rate Module to calculate the resulting water rates for both water budget and non-water budget customers based on the revenue requirements determined by the City's budget and cost of service analyses. The Water Budget Allocation Model was presented to the Water Commission in October 2012 along with the results from the billing system assessments and cost and benefits analyses of water budget rate implementation. The Water Budget Rate Model was presented to the Water Commission in the summer of 2013.

### YORBA LINDA WATER DISTRICT (CA)

Starting 2010, Raftelis is currently assisting Yorba Linda Water District in conducting the cost of service and conservation rate study for the

water enterprise. This study involves development of the long-term financial plan, evaluation of different conservation rate structures, including inclining tiered and water budget tiered rate structures, review and design of new defensible and equitable rate structure that enhances revenue stability, ensures financial sufficiency and promotes conservation and water use efficiency. Ms. Phan is responsible for developing the financial plan and water budget rate models to evaluate policy options, to assess the associated customer impacts. The District has requested Raftelis assistance in its rate updates since the initial engagement and as deputy project manager, Ms. Phan was the key personnel assisting the District.

#### **WESTERN MUNICIPAL WATER DISTRICT (CA)**

Raftelis has been assisting Western Municipal Water District (District) with several projects including the development of a water budget rate structure for its retail customers, the development of a long-term financial plan for each cost center within the District, a review and analysis of the annual water rate update, and a water budget web calculator to be used as a public outreach tool. As a Lead Consultant, Ms. Phan consulted the District in the development of an equitable and defensible water budget structure for retail customers for their two cost centers – Riverside Treated Service and Murrieta Treated Service. She performed thorough analyses on usage, revenue and customer impacts associated with proposed water budget rates.

In 2010, Raftelis assisted the District in its annual water rate update study to ensure revenue sufficiency to recover the increasing costs of imported water and to enhance revenue stability by designing a rate structure that will reduce the District's dependency on property tax to fund its operations. As Lead Consultant, Ms. Phan thoroughly analyzed the customer impacts of different proposed rates and levels of property tax dependency. The proposed rates were approved by District Board in May 2010.

In order to better financially manage all 14 enterprises, the District needed a comprehensive, yet

user-friendly financial plan model which can be used to facilitate communications between staff and the District's Board of Directors about the financial implications of different financial policies and capital projects. In 2011, as a lead consultant, Ms. Phan developed a customized 30-year Financial Plan Model (Model) with the ability to conduct scenario analyses. The interactive dashboard of the Model displays the Long-Term Financial Plan of the 14 enterprises in graphical format. A CIP manager was developed to save a customized CIP scenario to be used for financial implication evaluations. The built-in scenario manager enabled the Model users to save, load, and compare the results of different assumptions, inputs and CIP scenarios. Customized financial reports in preset printed format can be generated at individual enterprise level and at aggregate level for the whole District. The District has engaged Raftelis several times after the completion of the Model for technical support and model enhancements to accommodate for arising issues.

In 2012, the District engaged Raftelis to develop the connection fees for its retail water, wastewater, and recycled water services. The District updated its Master Plans for Retail Water in Riverside service area, Riverside Recycled Water, and for Wastewater in 2009, but has not incorporated them into the current connection fees. In addition, the District currently does not assess connection fees for recycled water and desired to develop one to recover the capital cost to support the associated growth. Ms. Phan developed the connection fees Model to evaluate different policy options related to allocations of tertiary recycled water treatment values to potable, wastewater, and recycled water and to calculate the connection fees for retail water, wastewater, and recycled water based on the framework established through close collaboration with District staff.

#### **ALAMEDA COUNTY WATER DISTRICT (CA)**

In early 2012, Alameda County Water District (District) commissioned Raftelis to conduct a financial plan study including developing a 25-year Financial Plan Model (Model) to assess risk of fluctuations in

water supply demand, capital improvement plan scenarios, and to evaluate the potential financial impacts. As Lead Consultant, Ms. Phan developed the customized Model which featured a scenario analysis tool and a user-friendly dashboard. This Model was instrumental in effectively communicating the financial impacts to stakeholders. Raftelis presented the Model to the District Board to show the District's financial health under various scenarios related to water supply, water sales, and expenditures.

In the same year, the District retained Raftelis to conduct the financial impact analysis of the outcomes of the union negotiation. As Deputy Project Manager, Ms. Phan worked closely with District staff to develop the Union Negotiation Module (Module) to be used in the Union Negotiations. In early January 2013, the Module was used to assess the financial impacts on the District of the union negotiated contracts for labor and benefits. Ms. Phan also enhanced the Model with additional features including a scenario manager, which enabled users to save and compare various scenarios within the Financial Plan Module and Rate Module to determine the new rates and customer impacts resulting from the cost of service analyses and the financial plan.

Since 2012, the District has annually retained Raftelis for support on updating the financial plan and other financial and rate analyses. Ms. Phan has been the Lead Consultant on various engagement with the District.

In late 2014, the District again retained Raftelis to conduct the long-term financial plan and cost of service analysis to develop rates that: would maintain financial sufficiency; are consistent with the District's policies; comply with general cost of service principles; and are in compliance with Proposition 218 requirements. During the course of the study, the financial plan model (FPM) considered many different drought scenarios and different financial outcomes. The scenarios included normal non-drought conditions, mild drought conditions ending in one year (2015 drought only),

medium drought conditions ending after two years (medium), and severe drought conditions spanning three years (extended dry period). In addition, as part of the Study, Raftelis evaluated and presented two options of bi-monthly fixed service charges to the Board of Directors during the December 2014 Public Workshop. One of the goals when developing a fixed charge is to better align fixed revenues with fixed costs and align commodity revenues with variable costs. The drought surcharge, which was developed in the drought rate study and adopted in July of 2014, will continue to mitigate the effects of reduced demand until the provisions of the Drought Surcharge Sunset criterion are met. As Lead Consultant, Ms. Phan developed an interactive Rate Model to conduct various water rate scenarios and evaluate the associated customer impacts for each of the rate alternatives to assist the District in making informed decisions.

#### **RANCHO CALIFORNIA WATER DISTRICT (CA)**

In 2009, Raftelis conducted a Water Budget Rate Study for the Rancho California Water District (District). As a Lead Consultant, Ms. Phan assisted the District as they established an equitable and defensible water budget structure for residential and irrigation customers for both Rancho and Santa Rosa Divisions. She performed thorough analyses on different methodologies of allocating water sources to different customer classes and determining landscape area caps for residential accounts and on usage, revenue and customer impacts associated with proposed water budget rates. She assisted the District in preparation of a presentation of the study results to District Board in order to facilitate their informed policy decision process.

In December 2009, Raftelis assisted the District in conducting New Water Demand Offset Fee Study as part of the connection fees assessed to new connections added to the District's water system. Due to recent regulatory drought in California, the District declared Stage 3 – Water Warning – under the District's Water Shortage Contingency Plan. The New Water Demand Offset Program is a form of funding conservation measures that will help to create sus-

tainable, zero water footprint new development. In addition to the conventional capital facility fees, the new developments will also pay fees called New Water Demand Offset Fees to fund the conservation and recycled program in order to generate potable water savings in the existing system to support new water demand generated by new developments. Ms. Phan assisted the District in calculating the New Water Demand Offset Program Cost and the New Water Demand Offset Fees and documenting the nexus between the fees and the program cost to ensure the compliance with the requirements specified in California Government Code Section 66000-66008 or AB 1600.

The District's current water capital facilities financing program estimates \$323 million to be spent by the end of 2030. Due to the significant amount of capital spending expected, in November 2011, the District commissioned Raftelis to evaluate its existing capacity fee methodology and update the fee to ensure that new customers pay an equitable share when joining the District's system. Ms. Phan, a lead consultant, developed the Capacity Fees Model to calculate proposed capacity fees based on the updated asset values and adjusted Capital Improvement Plan values (from the 2005 Water Facilities Master Plan Update), which will benefit future development, and estimated incremental demand. Utilizing the methodologies used in the 2011 Water Budget Update Study, Raftelis estimated the yearly demand for a residential user with a ¾-in meter (or 1 equivalent dwelling unit, EDU) for both divisions. Meter equivalence ratios based on AWWA hydraulic capacities (AWWA M6) are used to project water demand estimates for customers of varying meter sizes. The results were summarized in the Water Capacity Fee Study Report and presented to the Board in March 2012.

In 2012 and 2014, the District again engaged Raftelis to update the Water Budget Rate Models to address arising issues and challenges. For the past several years, due to hotter climate, the efficient outdoor water sales exceeded projected sales, and the District had experience inadequate cost recovery for mar-

ginal water supply costs. In the 2014 Study, Raftelis updated the Water Budget Rate Model to fine tune the water allocation factors and the allocation of water supply to projected sales in tiers to address better align available water supply and water demand in tiers and to reduce the risk exposure of purchasing more expensive water for Tiers 1 and 2 sales.

#### **CITY OF CAMARILLO (CA)**

In 2011, City of Camarillo (City) engaged Raftelis to conduct a comprehensive water and wastewater rate study to independently assess and evaluate existing water and wastewater rates for 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. Ms Phan was responsible to develop the Water and Wastewater Rate Models with Dashboard functionality for scenario analyses for alternative capital financing and to facilitate communication and decision makings with City Council. The Study included a comprehensive review of the water and wastewater enterprises' revenue requirements, a review of the City's user classification and usage patterns, a cost of service analysis, the development of water and wastewater connection fees, the designing of water and wastewater rates and the analysis of customer impacts along with a rate survey of neighboring agencies. The City had significant capital improvement projects scheduled in the immediate future (FY 2012 to FY 2014); to smooth out customer impacts while sufficiently maintaining the utility's systems, Raftelis developed water and wastewater financial plan Models to evaluate different CIP scenarios, financing options and associated financial impacts. Raftelis recommended water and wastewater rate schedules for a two-year period effective January 2012 and 2013, which was approved by the City Council in November 2011.

Since 2012, the City commissioned Raftelis to conduct the annual rate update study to assess the financial health of the Water and Wastewater Enterprises after its rate adoption in January 2012. Ms. Phan updated the Water and Wastewater Financial

Plan Models with new key financial information, including operating and capital budgets. The results were communicated annually with the City Council.

#### **CITY OF SANTA CRUZ (CA)**

City of Santa Cruz Water Department (Department) is currently providing water services to population of approximately 60,000. Increasing operation and maintenance costs along with projected intensive capital program in the next ten years and volatile water sales in recent years has driven the Department to develop financial policies to mitigate potential risks and to establish sound financial management practices, and conduct a long-range financial plan to ensure financial sufficiency and sustainability of the Department's water system. In 2012, the Department commissioned Raftelis to develop the Financial Plan Model as a tool to assess the financial implications of different financial policies. As lead consultant, Ms. Phan was responsible for developing the custom-built Financial Plan Model and prepared a White Paper summarizing the recommended financial policies for the Department.

#### **EL TORO WATER DISTRICT (CA)**

In 2009, Raftelis completed a comprehensive cost of service study for El Toro Water District (District). Ms. Phan is responsible for developing a rate model to examine new water and sewer rates for the District to reflect the increased water cost from Metropolitan Water District of Orange County and the increased operating costs for the District's water and sewer systems. The model analyzes projected revenues, budgeted O&M costs, cost of service, the District's financial plan and customer impacts as a result of proposed rate increases.

In 2010, Ms. Phan completed the water budget rate study scheduled to be implemented on July 1st, 2010. This involves integrating the District's account data with the assessor's parcel data and ultimately determining the parcel area and landscape area of each parcel to be used in water budget rate design and in the implementation of the new rate structure. Ms. Phan is responsible for developing a water budget rate model to evaluate policy options, to assess

the associated customer impacts. A variance form for individual water budget adjustments is also provided to the District as an implementation assistance tool.

The District has engaged Raftelis annually to assist in its water and wastewater rate updates. In addition, the District also commissioned Raftelis to evaluate the financial impacts of the Recycled Water expansion in May 2012. Ms. Phan developed an advanced, user-friendly Financial Plan Model with easy to understand graphics to communicate the financial impacts and the sensitivity analyses of the expansion on the Water and Sewer Enterprises. The Report was submitted to the District in July 2012.

To address the recent severe and ongoing drought in California, the District engaged Raftelis in a Drought Rate Study to determine the indoor and outdoor drought factor adjustments necessary to encourage conservation among its residential and irrigation customers and penalty rates for commercial customers to achieve the required reductions in consumption under increasing levels of drought. As part of the Study, Raftelis conducted financial impact analyses on revenues, expenditures, net revenues for each drought stage if 1) customers continue to consume at normal (non-drought) levels or 2) customers reduce consumption by the amount required. As lead analyst, Ms. Phan developed interactive excel Model to conduct financial impact analyses for each of the projected drought stages.

#### **EAST ORANGE COUNTY WATER DISTRICT (CA)**

Since 2011, East Orange County Water District (District) engaged Raftelis in several studies including water budget analysis and cost of service analysis for its retail water services. To convey the concept of water efficiency use, the District asked Raftelis to develop a Water Budget Model to evaluate different policy options associated with setting the efficiency benchmark for residential water use within the District's retail service areas. In the same year, the District requested Raftelis' assistance in conducting cost of service analysis and developing a Rate Model to be updated annually by District staff to calculate

new rates. In 2015, the District engaged Raftelis in a water rate study for its wholesale and retail services. The study involved the development of a long-term financial plan and cost of service based rates for the wholesale and retail services, along with the nexus Report to support the proposed rates. Ms. Phan was the lead analyst and modeler in all engagements with the District.

#### **CITY OF SAN JUAN CAPISTRANO (CA)**

In 2013, the City of San Juan Capistrano (City) was challenged by its ratepayers regarding a tiered rate structure developed by the City's previous rate consultants. The plaintiffs were concerned that the previous rate structure did not meet the cost of service test per the requirements of Proposition 218. The courts determined that the administrative records were not sufficient to establish a clear nexus for the rates.

The City selected Raftelis to assist with resolving this matter. One factor in the City's decision for selecting Raftelis was the rigorous nature of our approach for defensible rate structures as compared to many practitioners in the industry. In the case of the City and other agencies, a common practice has been to base tier prices on multipliers. This leaves agencies exposed to courts opining that their multiplier approach violates the "arbitrary and capricious" provision of Proposition 218.

In resolving the City's matter, Raftelis implemented its approach for satisfying a clear nexus for the rates; there needs to be a clear justification of the tiers and pricing. Raftelis achieved this nexus by developing rate components, which were used to justify the various tiers for the proposed rate structure. Raftelis' work withstood the rigorous scrutiny of several City Council meetings, including a multi-hour discussion confirming the defensibility of Raftelis' cost-of-service approach. As the lead consultant and modeler, Ms. Phan developed the multi-year financial plan model to facilitate the discussion about long-term financial planning for the Water, Recycled Water (RW), and Wastewater (WW) Enterprises to ensure financial sufficiency and sustainability. Ms. Phan

also developed the Rate Models for Water, RW, and WW including the cost of service analysis and cost justifications for the tiered rates along with the customer impact analyses to assist the City's elected official to make informed decisions about the rates. In addition, she prepared the supporting documents used during City Council meetings and workshops along with the most comprehensive Rate Study Report to establish the clear nexus for the rates, as required by Proposition 218 and the 2013 court decisions. The Report highlighted the major issues and decisions made during the course of the study; provided an overview of the operations, CIP, and the financial plan; and discussed and explained the cost of service analysis and methodology used to develop the final rates. The explanation of the methodology found within the Report demonstrates that the rates are equitable, reflect the City's policies and values, and are driven by the City's revenue requirements. The rates were approved and adopted in 2014.

#### **OTHER RELEVANT PROJECT EXPERIENCES**

- City of Corona (CA) - Water Financial Plan and Water Budget Rate Study
- City of Glendora (CA) - Water Budget Rate Study
- City of Huntington Beach (CA) - Water Budget Rate Study
- City of Ontario (CA) - Water, Wastewater and Solid Waste Rate Study
- City of Riverside (CA) - Water Capital Facility Fees
- City of San Clemente (CA) - Water, Wastewater and Recycled Water Financial Plan Study and Rate Update
- City of San Juan Capistrano (CA) - Water, Recycled Water and Wastewater Rate Study
- City of Santa Cruz (CA) - Financial Policy and Financial Plan Study and annual Rate Update
- City of Signal Hill (CA) - Financial Plan Study and Water Lease Market Analysis
- City of Thousand Oaks (CA) - Water and Wastewater Financial Plan and Rate Study
- Elsinore Valley Municipal Water District (CA) - Financial Plan Study, Water and Recycled Water Rate Study
- Goleta West Sanitary District (CA) - Reserve

#### Policy Study and Financial Plan Study

- Jurupa Community Services District (CA) – Water Rate Study, Financial Plan and Water Budget Rate Study
- Las Virgenes Municipal Water District (CA) - Water, Recycled Water and Wastewater Rate Study
- Mesa Water District (CA) – Financial Plan Study and Updates
- Metropolitan Water District of Southern California (CA) - Cost of Service Study and Rate Study Training Session
- Mojave Water Agency (CA) – Financial Plan Study and Updates
- Olivenhain Municipal Water District (CA) – Wastewater Financial Plan
- San Gabriel County Water District (CA) - Water Rate Study
- Santa Margarita Water District (CA) - Water, Recycled Water and Wastewater Rate Study
- South Coast Water District (CA) – Water Budget Feasibility Study
- Trabuco Canyon Water District (CA) - Water, Recycled Water and Wastewater Rate Study

# STAFF REPORT



Meeting Date: October 9, 2017

To: Honorable Board of Directors

Subject: Consideration to Approve for Plans and Specifications for the La Puente Valley County Water District Recycled Water Project Phase 1.

**Purpose -** *Approve the design and specifications of the La Puente Valley County Water District Recycled Water Project Phase 1 to procure bids for construction.*

**Recommendation -** *Approve the Plans and Specifications for the Recycled Water Project Phase 1*

**Fiscal Impact -** *The District's 2017 Budget appropriates \$1,700,000 for the Phase 1 Recycled Water Project under Capital Improvements. The District's Recycled Water Project, via Upper District, was awarded a Prop 84 Grant in the amount of \$428,400. Of these grant funds, \$125,000 will be used towards the incurred design cost and the remaining \$303,400 will be applied towards the estimated construction cost of \$1,300,000. Cost associated with retrofit design and construction of the 12 use sites are not included as part of this capital cost. A loan will be needed to fund the balance of the project's capital cost along with the design and construction of the 12 retrofits. Terms of a loan to be determined before award of construction project.*

**Previous Related Action -** *In April 2013, the Board of Directors Received and filed the District's Draft Recycled Water Feasibility Study.*

*In July 2015, the Board of Directors approved a Memorandum of Understanding with Upper San Gabriel Valley Municipal Water District for recycled Water Project Funding.*

*In January 2016, the Board of Directors adopted Resolution No. 238 Accepting and Adopting the CEQA Mitigation Negative Declaration for the Upper San Gabriel Valley Municipal Water District Recycled Water Program Expansion, which incorporated the District's Phase 1 Recycled Water System.*

*In April 2016, the Board of Directors adopted Resolution No. 239 establishing a Recycled Water Mandatory Use Ordinance.*

*In November 2016, the Board of Directors adopted the 2017 Budget appropriating \$1,700,000 for the Recycled Water Project Phase 1.*

## Summary

The Phase 1 Recycled Water Project is designed to deliver a total of 56 AFY of recycled water to twelve (12) customers within the boundaries of LPVCWD. Water delivered will be disinfected tertiary-treated recycled water supplied by Los Angeles County Sanitation District's San Jose Creek Water Reclamation Plant (SJCWRP), located at 1965 Workman Mill Road.

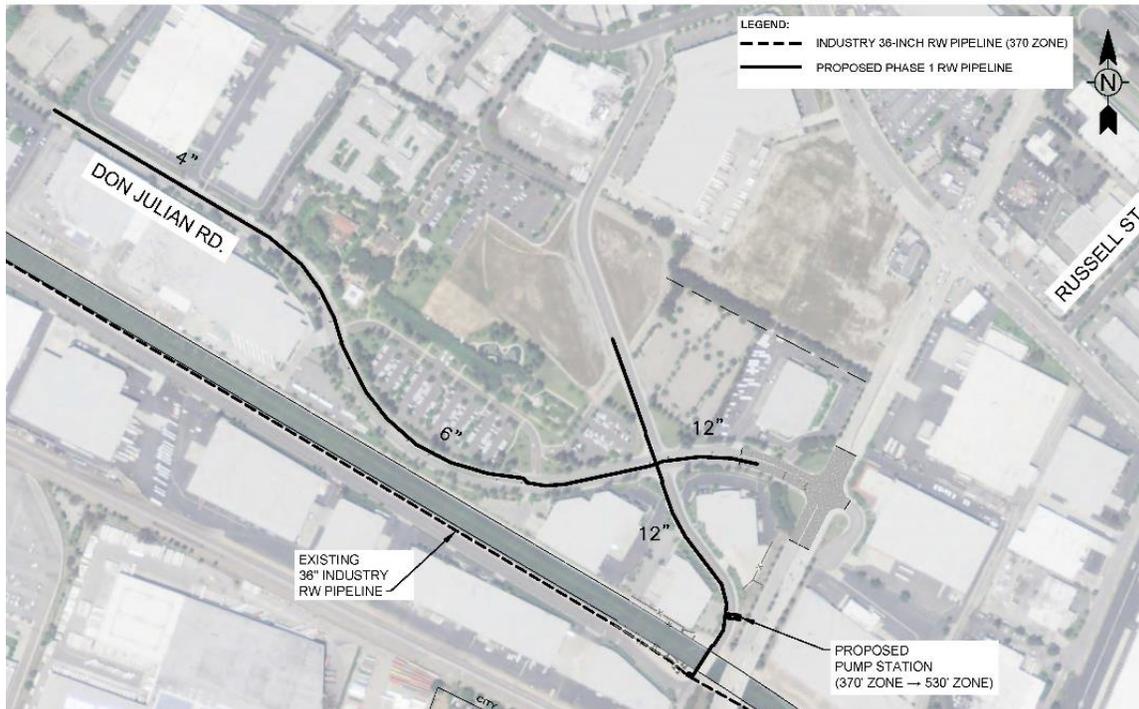
On April 10, 2017, the Board was provided a Memo of the Recycled Water Ad hoc Committee Report. The report detailed and summarized the proposed alternatives for Phase 1. Through discussion of the alternatives (move forward with project or put the project on hold), consensus was reached by the committee to move forward with Phase 1 of the Recycled Water Project.

Staff directed (in coordination with Upper District staff) Tetra Tech, Inc. to finalize the design plans for the La Puente Valley County Water District Recycled Water Project Phase 1 and provided the following:

- Approved Final Design Drawings (enclosed herein)
- Final Draft Technical Specifications (enclosed herein)
- 3 sets of completed signed documents for bidding

The design of the Phase 1 Recycled Water Project consists of a Tie-In to the existing 36-inch recycled waterline that is adjacent to the San Jose Creek, the installation of 1,000 linear feet of 4-inch diameter pipeline, 1,400 linear feet of 6-inch diameter pipeline, 1,700 linear feet of 12-inch diameter pipeline and a new booster pump station to be located near the intersection of Parriott Place and the San Jose Creek storm water channel. A total of 4,100 linear feet of PVC C900 would be installed for Phase 1 as shown in **Figure 1** below.

**Figure 1 – Phase 1 Recycled Water Layout**



If approved, staff will proceed with the advertisement of bid proposals within the month of October 2017 with a bid close date in November 2017. Construction contract to lowest qualified bidder is anticipated to be recommended for award in December 2017.

***Fiscal Impact***

The District's 2017 Budget appropriates \$1,700,000 for the Phase 1 Recycled Water Project under Capital Improvements. The District's Recycled Water Project, via Upper District, was awarded a Prop 84 Grant in the amount of \$428,400. Of these grant funds, \$125,000 will be used towards the incurred design cost and the remaining \$303,400 will be applied towards the estimated construction cost of \$1,300,000. Cost associated with retrofit design and construction of the 12 use sites are not included as part of this capital cost. A loan will be needed to fund the balance of the project's capital cost along with the design and construction of the 12 retrofits. Terms of a loan to be determined before award of construction project.

***Recommendation***

Staff requests approval of the Plans and Specifications of the La Puente Valley County Water District Recycled Water Project Phase 1 to then proceed with the procurement of bids for construction.

Respectfully Submitted,

*Roy Frausto*

Compliance Officer/Project Engineer

***Enclosure(s)***

- *Approved Final Design Drawings*
- *Final Technical Specifications*

# Memo



To: Honorable Board of Directors

**From:** Rosa Ruehlman, Office Administrator RRR

**Date:** 10/6/2017

**Re:** BKK Tolling Agreement

---

Attached is the Fourth Tolling Agreement with the BKK working group on potential environmental claims related to the BKK Corporation Landfill Facility. Also included is the Third Tolling Agreement that was approved in 2014. District Counsel will provide an overview of this agreement at Monday's Board of Director's meeting.

If you have any questions, please feel free to give us a call.

Thank you.

## **FOURTH TOLLING AGREEMENT**

This Fourth Tolling Agreement (“Agreement”) is made and entered into by and between the BKK Working Group and the La Puente Valley County Water District. The BKK Working Group is an unincorporated association of sixty-three entities, identified in Exhibit A, who in October 2016 entered into a First Amended Third Partial Consent Decree with the California Department of Toxic Substances Control (“DTSC”) related to the BKK Corporation Landfill Facility (“DTSC Consent Decree”), located in West Covina, California (“Facility”). Hereinafter, the BKK Working Group and the La Puente Valley County Water District are singularly referred to as a “Party” and collectively referred to as the “Parties.”

### **Recitals**

A. The BKK Working Group has notified the La Puente Valley County Water District that it may have legal liability based upon the disposal of waste material at the Facility under the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§ 9601, et seq. The La Puente Valley County Water District denies such liability for purposes of this Agreement.

B. The Parties entered into a tolling agreement (“2009 Tolling Agreement”) effective in 2009 that tolled any applicable statute of limitations governing claims that the BKK Working Group could assert against the La Puente Valley County Water District or vice versa relating to the Facility until 2012.

C. The Parties entered into a Second Tolling Agreement effective in 2012 that tolled any applicable statute of limitations governing claims that the BKK Working Group could assert against the La Puente Valley County Water District or vice versa relating to the Facility until 2015.

D. The Parties entered into a Third Tolling Agreement effective in 2015 that tolled any applicable statute of limitations governing claims that the BKK Working Group could assert against the La Puente Valley County Water District or vice versa relating to the Facility until 2018.

E. The Parties desire to continue to toll any applicable statute of limitations governing claims that the Parties could assert against each other relating to the Facility in the manner set forth below.

F. This Agreement is a successor agreement to the 2009 Tolling Agreement, the Second Tolling Agreement, and the Third Tolling Agreement.

### **Terms and Conditions**

1. The BKK Working Group, each of its individual members listed on Exhibit A, and the La Puente Valley County Water District agree that all statutes of limitations and any other statute, law, rule or principle of equity of similar effect, including provisions under the California Government Claims Act, California Gov’t Code §§ 900-960.8 (collectively, “Statute of Limitations”) applicable to any rights, claims, causes of action, counterclaims, crossclaims, defenses, and claims act presentation regarding, based upon, or arising out of disposal of waste material at the Facility, or the ownership or operation of the Facility which the BKK Working Group could assert against the La Puente Valley County Water District, or which the La Puente Valley County Water District could assert against the BKK Working Group as of the Effective Date (“Claims”) shall be tolled for the period between the Effective Date and the Termination Date, and this tolling period shall be excluded from all computations of any applicable period of limitations.

2. The Parties agree that they shall waive and shall not plead, assert, or otherwise raise any Statute of Limitations or any other time-related defense otherwise applicable to the Claims, to the extent such limitations period or other time-related defense is tolled by this Agreement, as a bar to or other limitation on any of the Claims.

3. The BKK Working Group and the La Puente Valley County Water District agree not to initiate litigation concerning the investigation, remediation, or the recovery of costs relating to the Facility against the other Party between the Effective Date and the Termination Date. However, this provision shall not preclude any Party from seeking information pursuant to the California Public Records Act ("PRA"), California Gov't Code §§ 6250-6276.48 from another Party or a third Party relating to waste disposed at or liability associated with the Facility or from enforcing rights to such information under the PRA.

4. Each of the undersigned certifies that he or she is fully authorized to enter into the terms and conditions of this Agreement and to legally bind such party to all terms and conditions of this document. This Agreement shall be binding upon the Parties, their successors and any additional entities who may join the BKK Working Group after execution of this Agreement.

5. By entering into this Agreement, the Parties do not admit any fact nor assume any liability of any kind. Moreover, this Agreement may not be offered as evidence of an admission of such responsibility or liability in any court, administrative, alternative dispute resolution proceeding or legal proceeding, except as to enforce the standstill agreement and as to the issue of the tolling of any Statute of Limitations or any other time-related defense.

6. The BKK Working Group and the La Puente Valley County Water District agree that this Agreement shall not apply to any third party and shall not revive any rights, claims, causes of action, counterclaims, crossclaims or defenses that are already barred by an applicable provision of law as of the Effective Date. Notwithstanding the above, this Agreement shall inure to the benefit of and be binding upon any and all legal successors to or assigns of the Parties. Nothing expressed or implied in this Agreement is intended to confer on any person other than the Parties and their legal successors or assigns any rights or obligations under this Agreement.

7. This Agreement may be signed in counterparts by one or more of the Parties, and those counterparts when taken together shall have the same force and effect as if a single, original document had been signed by all the Parties.

8. The Termination Date of this Agreement shall be the earlier of: (a) January 2, 2021, or (b) fifteen (15) days after any Party, in its sole discretion, gives written notification of termination to the other Party. Notwithstanding the termination of this Agreement, the Statute of Limitations shall remain tolled for an additional sixty (60) days following the Termination Date. This provision shall survive the termination of the Agreement.

9. The Parties shall preserve and maintain, during the term of the tolling period, and for a minimum of 90 days after termination of the tolling period, at least one legible copy of all documents and other materials subject to discovery under the Federal Rules of Civil Procedure and relating to waste disposal at the Facility, regardless of any document retention policy to the contrary.

10. This Agreement contains the entire agreement between the Parties, and no statement, promise, or inducement made by any Party to this Agreement that is not set forth in this Agreement shall be valid or binding, nor shall it be used in construing the terms of the Agreement as set forth herein.

11. Any modifications to this Agreement must be in writing and signed by all Parties. The Parties acknowledge that this Agreement may be extended for such period of time as the Parties agree in writing.

12. The Effective Date of this Agreement shall be January 2, 2018.

IN WITNESS THEREOF, the Parties have executed this Agreement on the dates set forth below.

BKK Working Group

By: \_\_\_\_\_ Date: \_\_\_\_\_

Name: James J. Dragna, Esq. Title: Attorney for the BKK Working Group

La Puente Valley County Water District

By: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_

**CONTACT INFORMATION FOR LA PUENTE VALLEY COUNTY WATER DISTRICT**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

## Attachment A

- American Honda Motor Co., Inc.
- Ameron International Corp.
- Anadarko E&P Onshore LLC
- Ashland Chemical Company
- Atlantic Richfield Company
- Azusa Land Reclamation, Inc.
- Baker Hughes Oilfield Operations, Inc.
- Baker Petrolite LLC
- Bayer Cropscience Inc.
- Big Heart Pet Brands
- The Boeing Company
- Chemical Waste Management, Inc.
- Chevron Environmental Management Company
- Chevron Marine LLC
- City Of Los Angeles, Acting By And Through The Los Angeles Department Of Water And Power
- ConocoPhillips Company
- Crosby & Overton, Inc.
- The Dow Chemical Company
- Ducommun Aerostructures, Inc.
- Essex Chemical Corporation
- ExxonMobil Corporation
- Filtrol Corporation
- Gemini Industries, Inc.
- General Dynamics Corporation
- General Latex and Chemical Corporation
- Hewlett-Packard Company
- Honeywell International Inc.
- Hugo Neu-Proler
- Huntington Beach Company
- Kal Kan Foods Inc.
- Lockheed Martin Corporation
- Mars, Inc.
- Montrose Chemical Corp. of California
- Mortell Company
- Morton International, Inc.
- National Steel And Shipbuilding Company
- Northrop Grumman Corporation
- Quemetco, Inc.
- Raytheon Company
- Rockwell Automation, Inc.
- Rohm & Hass Company
- Rohr, Inc.
- San Diego Gas & Electric Company
- Shell Oil Company
- Southern California Edison Company

- Southern California Gas Company
- The Procter & Gamble Manufacturing Company
- THUMS Long Beach Company
- Todd Pacific Shipyards Corp.
- Union Carbide Corporation
- Union Pacific Railroad / Southern Pacific Transportation Company
- Unisys Corporation
- United States Steel Corporation
- United Technologies Corporation
- Univar USA, Inc.
- USA Waste of California, Inc.
- Van Waters & Rogers
- Vigor Shipyards, Inc.
- Waste Management Collection And Recycling, Inc.
- Waste Management of California, Inc.
- Waste Management Recycling and Disposal Services of California, Inc.
- Western Waste Industries
- Xerox Corporation

### THIRD TOLLING AGREEMENT

This Third Tolling Agreement (“Agreement”) is made and entered into by and between the BKK Working Group and the La Puente Valley County Water District. The BKK Working Group is an unincorporated association of thirty-three entities, identified in Exhibit A, who in August 2010 entered into a Second Consent Decree with the California Department of Toxic Substances Control (“DTSC”) related to the BKK Corporation Landfill Facility (“DTSC Consent Decree”), located in West Covina, California (“Facility”). Hereinafter, the BKK Working Group and the La Puente Valley County Water District are singularly referred to as a “Party” and collectively referred to as the “Parties.”

#### Recitals

A. The BKK Working Group has notified the La Puente Valley County Water District that it may have legal liability based upon the disposal of waste material at the Facility under the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§ 9601, et seq. The La Puente Valley County Water District denies such liability for purposes of this Agreement.

B. The Parties entered into a tolling agreement (“2009 Tolling Agreement”) effective in 2009 that tolled any applicable statute of limitations governing claims that the BKK Working Group could assert against the La Puente Valley County Water District or vice versa relating to the Facility until 2012.

C. The Parties entered into a Second Tolling Agreement effective in 2012 that tolled any applicable statute of limitations governing claims that the BKK Working Group could assert against the La Puente Valley County Water District or vice versa relating to the Facility until 2015.

D. The Parties desire to continue to toll any applicable statute of limitations governing claims that the Parties could assert against each other relating to the Facility in the manner set forth below.

E. This Agreement is a successor agreement to the 2009 Tolling Agreement and the Second Tolling Agreement.

#### Terms and Conditions

1. The BKK Working Group, each of its individual members listed on Exhibit A, and the La Puente Valley County Water District agree that all statutes of limitations and any other statute, law, rule or principle of equity of similar effect, including provisions under the California Government Claims Act, California Gov’t Code §§ 900-960.8 (collectively, “Statute of Limitations”) applicable to any rights, claims, causes of action, counterclaims, crossclaims, defenses, and claims act presentation regarding, based upon, or arising out of disposal of waste material at the Facility, or the ownership or operation of the Facility which the BKK Working Group could assert against the La Puente Valley County Water District, or which the La Puente Valley County Water District could assert against the BKK Working Group as of the Effective Date (“Claims”) shall be tolled for the period between the Effective Date and the Termination Date, and this tolling period shall be excluded from all computations of any applicable period of limitations.

2. The Parties agree that they shall waive and shall not plead, assert, or otherwise raise any Statute of Limitations or any other time-related defense otherwise applicable to the Claims, to the extent such limitations period or other time-related defense is tolled by this Agreement, as a bar to or other limitation on any of the Claims.

3. The BKK Working Group and the La Puente Valley County Water District agree not to initiate litigation concerning the investigation, remediation, or the recovery of costs relating to the Facility against the other Party between the Effective Date and the Termination Date. However, this provision shall not preclude any Party from seeking information pursuant to the California Public Records Act ("PRA"), California Gov't Code §§ 6250-6276.48 from another Party or a third Party relating to waste disposed at or liability associated with the Facility or from enforcing rights to such information under the PRA.

4. Each of the undersigned certifies that he or she is fully authorized to enter into the terms and conditions of this Agreement and to legally bind such party to all terms and conditions of this document. This Agreement shall be binding upon the Parties, their successors and any additional entities who may join the BKK Working Group after execution of this Agreement.

5. By entering into this Agreement, the Parties do not admit any fact nor assume any liability of any kind. Moreover, this Agreement may not be offered as evidence of an admission of such responsibility or liability in any court, administrative, alternative dispute resolution proceeding or legal proceeding, except as to enforce the standstill agreement and as to the issue of the tolling of any Statute of Limitations or any other time-related defense.

6. The BKK Working Group and the La Puente Valley County Water District agree that this Agreement shall not apply to any third party and shall not revive any rights, claims, causes of action, counterclaims, crossclaims or defenses that are already barred by an applicable provision of law as of the Effective Date. Notwithstanding the above, this Agreement shall inure to the benefit of and be binding upon any and all legal successors to or assigns of the Parties. Nothing expressed or implied in this Agreement is intended to confer on any person other than the Parties and their legal successors or assigns any rights or obligations under this Agreement.

7. This Agreement may be signed in counterparts by one or more of the Parties, and those counterparts when taken together shall have the same force and effect as if a single, original document had been signed by all the Parties.

8. The Termination Date of this Agreement shall be the earlier of: (a) January 2, 2018, or (b) fifteen (15) days after any Party, in its sole discretion, gives written notification of termination to the other Party. Notwithstanding the termination of this Agreement, the Statute of Limitations shall remain tolled for an additional sixty (60) days following the Termination Date. This provision shall survive the termination of the Agreement.

9. The Parties shall preserve and maintain, during the term of the tolling period, and for a minimum of 90 days after termination of the tolling period, at least one legible copy of all documents and other materials subject to discovery under the Federal Rules of Civil Procedure and relating to waste disposal at the Facility, regardless of any document retention policy to the contrary.

10. This Agreement contains the entire agreement between the Parties, and no statement, promise, or inducement made by any Party to this Agreement that is not set forth in

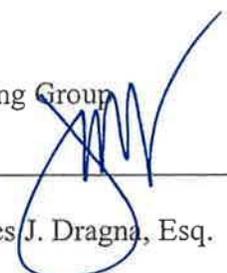
this Agreement shall be valid or binding, nor shall it be used in construing the terms of the Agreement as set forth herein.

11. Any modifications to this Agreement must be in writing and signed by all Parties. The Parties acknowledge that this Agreement may be extended for such period of time as the Parties agree in writing.

12. The Effective Date of this Agreement shall be January 2, 2015.

IN WITNESS THEREOF, the Parties have executed this Agreement on the dates set forth below.

BKK Working Group

By:  \_\_\_\_\_

Date: 2/9/2015

Name: James J. Dragna, Esq.

Title: Attorney for the BKK Working Group

La Puente Valley County Water District

By:  \_\_\_\_\_

Date: 11/10/14

Print Name: Greg B. Galindo

Title: General Manager

**CONTACT INFORMATION FOR LA PUENTE VALLEY COUNTY WATER DISTRICT**

Name: Roland Trinh

Title: Partner

Company: Lagerlof Senecal Gosney & Kruse LLP

Address: 301 North Lake Avenue

10th Floor, Suite 1000

Pasadena, CA 91101-5123

Phone: 626-793-9400

Email: RTrinh@lagerlof.com

Attachment A

American Honda Motor Co., Inc.  
Anadarko Petroleum Corporation  
Atlantic Richfield Company  
Bayer CropScience Inc.  
The Boeing Company  
Chemical Waste Management, Inc.  
Chevron Environmental Management Company  
City of Los Angeles, Department of Water and Power  
ConocoPhillips Company  
The Dow Chemical Company  
Ducommun Aerostructures, Inc.  
Exxon Mobil Corporation  
Gemini Industries, Inc.  
General Latex and Chemical Corporation  
Honeywell International Inc.  
Huntington Beach Company  
Lockheed Martin Corporation  
Morton International, Inc.  
National Steel and Shipbuilding Company  
Northrup Grumman Corporation  
Quemetco, Inc.  
Raytheon Company  
Rockwell Automation, Inc.  
Rohr, Inc.  
Rohm and Haas Company  
Shell Oil Company  
Southern California Edison Company  
Thums Long Beach Company  
Union Carbide Corporation  
Union Oil Company of California  
Waste Management Collection and Recycling, Inc.  
Western Waste Industries, Inc.  
Xerox Corporation

# Upcoming Events



To: Honorable Board of Directors  
**From:** Rosa Ruehlman, Office Administrator RRR  
**Date:** 10/06/17  
**Re:** Upcoming Board Approved Events for 2017

Day/Date	Event	<u>Aquirre</u>	<u>Escalera</u>	<u>Hastings</u>	<u>Hernandez</u>	<u>Rojas</u>
Monday– Thursday, October 23-26, 2017	AWWA CANV 2017 Fall Conference at Atlantis Casino Resort in Reno, NV <b>Deadline September 22, 2017</b>					
<b>Thursday,</b> <b>October 19, 2017</b>	SCWUA Luncheon at the Pomona Fairplex <b>Moved to 3<sup>rd</sup> Thursday due to AWWA Conference</b>	<b>X</b>	<b>X</b>	<b>X</b>		<b>X</b>
Wednesday, November 8, 2017	San Gabriel Valley Water Association Breakfast at 8:30 a.m. at the Pomona Valley Mining Co. in Pomona, CA					
Thursday, November 16, 2017*	SCWUA Luncheon at the Pomona Fairplex <b>(3<sup>rd</sup> Thursday due to Thanksgiving)</b>	<b>X</b>	<b>X</b>	<b>X</b>		<b>X</b>
Tuesday – Thursday, November 28- December 1, 2017	ACWA 2017 Fall Conference in Anaheim Marriott Hotel in Anaheim, CA <b>Registration is now Open</b>		<b>X</b>			
Thursday, December 7, 2017*	SCWUA Luncheon at the Pomona Fairplex <b>(Will be held on 1<sup>st</sup> Thursday)</b>	<b>X</b>	<b>X</b>	<b>X</b>		<b>X</b>

**SGVWA** – San Gabriel Valley Water Association Quarterly Luncheons, are held on the Second Wednesday of February, May, August and November at 11:30 am at the Swiss Park in Whittier CA, (Dates are subject to change)

**SCWUA** – Southern California Water Utilities Association Luncheons are typically held on the fourth Thursday of each month with the exception of December due to the Christmas holiday and are held at the Pomona Fairplex in Pomona, CA. (Dates are subject to change)

**Upcoming Meeting:**

- No other meetings at this time.

**Board Member Training and Reporting Requirements:**

**NEXT DUE DATE**

Schedule of Future Training and Reporting for 2016	<u>Aguirre</u>	<u>Escalera</u>	<u>Hastings</u>	<u>Hernandez</u>	<u>Rojas</u>
Ethics 1234 <b>2 year Requirement</b>	11/22/18	12/01/18	12/01/18	10/11/18	12/04/16
Sexual Harassment <b>2 Year Requirement</b>	12/01/17	12/01/17	05/09/19	10/10/18	05/09/19
Form 700 <b>Annual Requirement</b>	04/01/18	04/01/18	04/01/18	04/01/18	04/01/18
Form 470 Short Form <b>Semi Annual Requirement</b>	07/31/18	07/31/18	07/31/18	07/31/18	07/31/18

If you have any questions on the information provided or would like additional information, please contact me at your earliest convenience.

### City of La Puente 2017 Events

<b>Date</b>	<b>Event</b>	<b>Sponsored by</b>
1 1st Tuesday each month	Planning Commission Meeting	LP
2 2nd & 4th Tuesday each month	City Council Meetings	LP
11 October 29, 2017 (Sunday)	Main St. Run	LP
12 November 11, 2017 (Saturday)	Veteran's Day	LP
13 December 1, 2017 (Friday)	Holiday Parade and Tree Lighting Ceremony	LP & Old Towne Puente

-



# Southern California Water Utilities Association

Established in 1932

**Upcoming Event: Thursday, October 19, 11:30 a.m.**

## State Legislative Update

Presented by **Kathy Cole**

*Executive Legislative Representative with the  
Metropolitan Water District of Southern California*



Kathleen Cole, has been charged with managing the district’s state legislative program in Sacramento. Ms. Cole has been with the agency for 25 years and is responsible for promoting and protecting Metropolitan’s state legislative objectives, working closely with Metropolitan’s Board of Directors, General Manager Jeff Kightlinger, his management team and the district’s contract lobbyists in Sacramento.

Prior to her joining Metropolitan, Kathy was a registered lobbyist and office manager for Lynn Suter and Associates, a private advocacy firm which focused primarily local government issues. She cut her teeth on legislative issues through her two years with the state legislative operation for the East Bay Municipal Utility District.

**KATHLEEN M. COLE**—Executive Legislative Representative  
Metropolitan Water District of Southern California

### What will be discussed...

- *What’s next for the state’s long-term water conservation regulations?*
- *Will there be a “public goods charge?”*
- *What else may be “on the horizon” in Sacramento that could impact water agencies.*

**Date:** Thursday, October 19, 2017

**Time:** 11:30 a.m. to 1:30 p.m.

**Where:** Pomona Sheraton Fairplex  
601 W McKinley Ave, Pomona

**Cost:** \$30.00 – payable at the door

**3 Ways to Register**

[www.scwua.org](http://www.scwua.org)

Phone: (909) 293-7040

[www.facebook.com/scwua](http://www.facebook.com/scwua)

**RSVP:**

**By Monday  
October 16**

Credit card payments are accepted for pre-payment only and the cost is \$30 per person + credit card fees.  
Credit cards are NOT accepted at the door—only cash or check

**BOARD OF DIRECTORS**

David Michalko, President  
Greg Galindo, Vice-President  
Lynda Noriega, Secretary  
Jared Macias, Treasurer  
Dennis Ahlen  
Dan Arrighi  
Ron Bow  
Tom Coleman  
David De Jesus  
Benjamin Lewis, Jr.  
Paul DiMaggio  
Jim Prior  
Tom Tait  
Ken Tchong  
Frank Lopez  
Anthony Zampello, Executive Secretary



# SAN GABRIEL VALLEY WATER ASSOCIATION

Join us for our

## Annual Meeting (Breakfast)

San Gabriel Valley Annual Meeting  
Wednesday, November 8, 2017  
8:00 a.m.

**Pomona Valley Mining Co.**  
1777 Gillette Road Pomona, CA 91768

### **“Drought Resiliency Plan”**

**MEMBERS**

*Cities:*

Alhambra            La Verne  
Arcadia             Monrovia  
Azusa                Monterey Park  
Baldwin Park       Pasadena  
Covina               Rosemead  
El Monte            Sierra Madre  
Glendora            Whittier  
Irwindale  
Industry Urban-Development Agency

*Public Water Districts:*

Foothill MWD  
La Puente Valley County Water District  
Rowland WD  
San Gabriel CWD  
San Gabriel Valley MWD  
Three Valleys MWD  
Upper San Gabriel Valley MWD  
Valley CWD  
Walnut Valley WD

*Public Utilities:*

Azusa Valley Water Co.  
California American Water Co.  
Golden State Water Co.  
San Gabriel Valley Water Co.  
Suburban Water Systems

*Mutual Water Companies:*

Amarillo Mutual Water Co.  
California Domestic Water Co.  
Covina Irrigating Co.  
Hemlock Mutual Water Co.  
Rurban Homes Mutual Water Co.  
Sterling Mutual Water Co.  
Sunny Slope Water Co.  
Valencia Heights Water Co.  
Valley View Mutual Water Co.

*Private & Industrial Producers:*

Hanson Aggregates West, Inc.  
L.A. Co. Dept. of Public Works  
MillerCoors  
Sonoco Products Co.  
United Rock Products Corp.  
Vulcan Materials Co.  
Workman Mill Investment Co.

*Consultants/Others:*

Adan Ortega Associates  
Aqua Capital Management LP  
The B.E.S.T. Meter Co., Inc.  
Civiltec Engineering, Inc.  
Integrated Resources Management, Inc.  
James Jones Co.  
John Robinson Consulting Inc.  
Main San Gabriel Basin Watermaster  
MWH Americas  
Partee Insurance Associates  
Henri F. Pellissier  
R.C. Foster Corp.  
Roscoe Moss Co.  
SA Associates  
San Gabriel Basin Water Quality Authority  
San Gabriel River Water Committee  
Stetson Engineers Inc.  
T.E. Roberts Inc.  
Tetra Tech Inc.



Featuring  
**Supervisor Kathryn Barger**  
of  
**Los Angeles County**

Please join us on **Wednesday, November 8<sup>th</sup> at 8:00 a.m.** for the San Gabriel Valley Water Association’s Annual **Breakfast**.

Ms. Barger serves the residents of Los Angeles County’s 5<sup>th</sup> Supervisorial District. Dedicated to providing effective, responsive representation to the residents of Los Angeles County. She is an advocate for the environment.

If you plan to join us on November 8<sup>th</sup>, please [register here](#), **no later than Wed. Nov. 1, 2017**. The cost of the lunch is \$30.00 per person. If you have any questions, please call us at (626) 815-1305.

[REGISTER HERE!](#)

See you on November 8, 2017