



AGENDA

**REGULAR MEETING OF THE BOARD OF DIRECTORS
LA PUENTE VALLEY COUNTY WATER DISTRICT
112 N. FIRST STREET, LA PUENTE, CALIFORNIA
MONDAY, JANUARY 23, 2023 AT 5:30 PM**

TELECONFERENCE ACCESS: Pursuant to Government Code Section 54953, as amended by AB 361, as a precaution to protect staff, our constituents, and elected officials, the La Puente Valley County Water District will hold its Board meeting via teleconference or the most rapid means of communication available at the time.

WEBSITE: WWW.ZOOM.COM

MEETING ID: 864 6680 9646

DIRECT MEETING LINK:

[HTTPS://US02WEB.ZOOM.US/J/86466809646](https://us02web.zoom.us/j/86466809646)

JOIN BY PHONE

PHONE NUMBER: (669) 900-9128

ACCESS CODE: 864 6680 9646#

- 1. CALL TO ORDER**
- 2. PLEDGE OF ALLEGIANCE**
- 3. ROLL CALL OF BOARD OF DIRECTORS**

President Hernandez____ Vice President Rojas____ Director Argudo____

Director Barajas____ Director Escalera____

- 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 January 9, 2023.

7. FINANCIAL REPORTS

- A. Summary of the District's Cash and Investments as of December 31, 2022.
Recommendation: Receive and File.
- B. Statement of District's Revenue and Expenses as of December 31, 2022.
Recommendation: Receive and File.
- C. Statement of the Industry Public Utilities Water Operations Revenue and Expenses as of December 31, 2022.
Recommendation: Receive and File.

8. ACTION / DISCUSSION ITEMS

- A. Discussion of Internship Partnership with America's Job Center of California.
Recommendation: Board Discretion
- B. Consideration and Possible Approval of Amendments to General Manager's Employment Contract.
Recommendation: Board Discretion
- C. Discussion of Brown Act Issues Regarding Regular Meetings of the Board of Directors .
Recommendation: Discussion Only
- D. Consideration of Proposal from NBS to Perform a Comprehensive Water Rate and Fee Study.
Recommendation: Authorize the General Manager to Enter into an Agreement with NBS to Perform a Comprehensive Water Rate and Fee Study for an Amount of \$45,990; and appropriate an additional \$5,000 as contingency for additional work that may be required in association with the water rate and fee study.

9. GENERAL MANAGER'S REPORT

10. OTHER ITEMS

- A. Upcoming Events.
- B. Information Items.

11. ATTORNEY'S COMMENTS

12. BOARD MEMBER COMMENTS

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

13. FUTURE AGENDA ITEMS

14. ADJOURNMENT

POSTED: Friday, January 20, 2023

President Henry P. Hernandez, 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 Mr. Roy Frausto, 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.



Item 6 – Consent Calendar



**MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
LA PUENTE VALLEY COUNTY WATER DISTRICT
FOR MONDAY, JANUARY 09, 2023, AT 5:30 PM**

1. CALL TO ORDER

President Rojas called the meeting to order at 5:30 p.m.

2. PLEDGE OF ALLEGIANCE

President Rojas led the meeting in the Pledge of Allegiance.

3. ROLL CALL OF THE BOARD OF DIRECTORS

President Rojas	Vice President Hernandez	Director Argudo	Director Barajas	Director Escalera
Present Via Teleconference	Present Via Teleconference	Absent	Absent	Present Via Teleconference

OTHERS PRESENT

Staff and Counsel: General Manager & Board Secretary, Roy Frausto; Office Manager, Gina Herrera; Customer Support & Accounting Clerk II, Vanessa Koyama; Operations & Maintenance Superintendent, Paul Zampiello; Water Treatment & Supply Superintendent, Cesar Ortiz; Lead Customer Service & Accounting Clerk, Shaunte Maldonado and District Counsel, James Ciampa and Reid Miller all present via teleconference.

Public: Gilbert Godoy, Community Service Director Alex and mural artist Franky were present via teleconference.

4. PRESENTATIONS

A. Presentation by City of La Puente Council Member Gabriel Quinones Regarding Art Murals.

Mr. Quinones gave information about art murals done by an artist known as Franky and the idea of Franky painting a mural on the La Puente Valley County Water District’s wall.

Director Barajas entered the meeting at approximately 5:38 p.m.

Director Argudo entered the meeting at approximately 5:40 p.m.

5. PUBLIC COMMENT

Mr. Quinones shared an idea of an mural art project and asked if the District would like to collaborate with the City of La Puente on the project. He introduced Franky to express and convey his ideas for the murals.

6. ADOPTION OF AGENDA

Motion: Adopt Agenda as Presented.

1st: President Rojas

2nd: Vice President Hernandez

	President Rojas	Vice President Hernandez	Director Argudo	Director Barajas	Director Escalera
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain.

7. REORGANIZATION OF THE BOARD OF DIRECTORS

A. President

Director Escalera nominated Vice President Hernandez for the position of Board President. With no other nominations, President Rojas made a Motion to Elect Vice President Hernandez to serve as President of the Board.

1st: Director Escalera

2nd: President Rojas

	President Rojas	Vice President Hernandez	Director Argudo	Director Barajas	Director Escalera
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain.

B. Vice President

President Hernandez nominated Director William Rojas to the position of Board Vice President. With no other nominations, President Hernandez made a motion to elect Director Rojas to serve as Vice President of the Board.

1st: President Hernandez

2nd: Director Barajas

	President Hernandez	Vice President Rojas	Director Argudo	Director Barajas	Director Escalera
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain.

8. APPROVAL OF CONSENT CALENDAR

Motion: Approve Consent Calendar as Presented.

1st: Vice President Rojas

2nd: Director Barajas

	President Hernandez	Vice President Rojas	Director Argudo	Director Barajas	Director Escalera
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain.

9. FINANCIAL REPORTS

A. Summary of the District's Cash and Investments as of November 30, 2022.

Mr. Frausto summarized the District's Cash and Investments for November 30, 2022.

Motion: Receive and File the District's Cash and Investments as of November 30, 2022.

1st: President Hernandez

2nd: Vice President Rojas

	President Hernandez	Vice President Rojas	Director Argudo	Director Barajas	Director Escalera
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain.

B. Statement of District's Revenue and Expenses as of November 30, 2022.

Mrs. Herrera provided a summary of the District's Revenue and Expenses as of November 30, 2022.

Motion: Receive and File the District's Statement of Revenue and Expenses as of November 30, 2022.

1st: President Hernandez

2nd: Director Escalera

	President Hernandez	Vice President Rojas	Director Argudo	Director Barajas	Director Escalera
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain.

C. Statement of the Industry Public Utilities Water Operations Revenue and Expenses as of November 30, 2022.

Mrs. Herrera provided a summary of the Statement of Revenues and Expenses for the Industry Public Utilities' Water Operations

Motion: Receive and File the Industry Public Utilities Water Operations' Statement of Revenue and Expenses as of November 30, 2022.

1st: Director Escalera

2nd: President Hernandez

	President Hernandez	Vice President Rojas	Director Argudo	Director Barajas	Director Escalera
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain.

10. ACTIONS / DISCUSSION ITEMS

A. Consideration of Purchase of UV Lamps for the Trojan UV Treatment System Located at the District’s BPOU Groundwater Treatment Facility.

Mr. Ortiz presented the staff memo to the Board and discussed the purchase of UV Lamps to replace Lamps on the BPOU Trojan UV Treatment System.

Motion: Authorize the General Manager to Purchase UV Lamps from Trojan Technologies for a Price of \$53,810.07.

1st: President Hernandez

2nd: Vice President Rojas

	President Hernandez	Vice President Rojas	Director Argudo	Director Barajas	Director Escalera
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain.

B. Approval of Attendance of Upcoming Conferences and Meetings.

Mrs. Herrera presented the Conference and Events Schedule for 2023 for Board approval.

Motion: Approve the 2023 Upcoming Conferences and Meetings.

1st: President Hernandez

2nd: Director Escalera

	President Hernandez	Vice President Rojas	Director Argudo	Director Barajas	Director Escalera
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain.

C. Authorization of Annual Audit by Fedak & Brown LLP for the District’s Financial Statements for Year Ending December 31, 2022.

Mrs. Herrera explained the benefits of entering into an agreement with Fedak & Brown LLP to perform the District’s annual audit.

Motion: Authorize Fedak & Brown LLP to Perform the 2022 Financial Audit.

1st: Vice President Rojas

2nd: Director Barajas

	President Hernandez	Vice President Rojas	Director Argudo	Director Barajas	Director Escalera
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain.

11. OPERATIONS AND MAINTENANCE SUPERINTENDENT’S REPORT

Mr. Zampiello updated the Board on the current water levels and projects.

Motion: Receive and File the Operations and Maintenance Superintendent’s Report.

1st: President Hernandez

2nd: Director Barajas

	President Hernandez	Vice President Rojas	Director Argudo	Director Barajas	Director Escalera
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain.

12. TREATMENT AND SUPPLY SUPERINTENDENT’S REPORT

Mr. Ortiz updated the Board on water quality, compliance, and operations.

Motion: Receive and File the Treatment and Supply Superintendent’s Report.

1st: President Hernandez

2nd: Director Barajas

	President Hernandez	Vice President Rojas	Director Argudo	Director Barajas	Director Escalera
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain.

13. GENERAL MANAGER’S REPORT

Mr. Frausto reported on the current rain fall and snowpack report. He also reported that La Puente Valley Water did receive funding from the Water Quality Authority.

14. OTHER ITEMS

A. Upcoming Events

None

B. Information Items.

Included in Board Packet

15. ATTORNEY’S COMMENTS

Mr. Ciampa also reported to on the snowfall and reported that Legislature is back in session.

16. BOARD MEMBER COMMENTS

A. Reports on Events Attended.

President Rojas stated that he attended the Board Oversight meeting on January 09, 2023.

B. Other Comments

Director Escalera thanked Vice President Rojas on a fine job as President for the past 2 years. He also stated that he would like to close the meeting in memory of Mr. William ‘Bill’ Klinakis. He was a contractor for the city of La Puente for many years and was also involved with the community.

17. FUTURE AGENDA ITEMS

None

18. CLOSED SESSION – Entered at 6:22 p.m.

- A. Conference with Labor Negotiators – Board of Directors
Unrepresented employee: General Manager.

19. CLOSED SESSION REPORT - 6:43 p.m.

The Board met in closed session and the Board was briefed on the facts and circumstances of the matter and no reportable action was taken.

20. ACTION ITEM

- A. **Consideration and possible approval of amendments to General Manager’s Employment Contract.**

After much discussion among the Board Members, Director Argudo made a motion.

District Attorney, Jim Ciampa, reiterated the motion made by Director Argudo.

Motion: To provide a 10% salary increase to the General Manager effective immediately, to direct staff to look at Social Security contributions, the deferred compensation plan aspect, and the extension of the contract term for a period to be brought back to the Board at a later date.

1st: Director Argudo

2nd: Vice President Rojas

	President Hernandez	Vice President Rojas	Director Argudo	Director Barajas	Director Escalera
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain

21. ADJOURNMENT

President Hernandez adjourned the meeting at 6:50 p.m.

Attest:

Henry P. Hernandez, President

Roy Frausto, Secretary



**Item 7A – Summary of the District’s Cash
and Investments as of December 31, 2022**



**Summary of Cash and Investments
December 2022**

La Puente Valley County Water District

Investments	Interest Rate (Apportionment Rate)	Beginning Balance	Receipts/ Change in Value	Disbursements/ Change in Value	Ending Balance
Local Agency Investment Fund	2.17%	\$ 2,499,055.32	\$ -	\$ -	\$ 2,499,055.32
Raymond James Financial Services		\$ 495,159.89	\$ 853.13	\$ 2,697.50	\$ 498,710.52
Checking Account					
Well Fargo Checking Account (per General Ledger)		\$ 1,147,153.79	\$ 645,630.08	\$ 757,555.67	\$ 1,035,228.20
District's Total Cash and Investments:					\$ <u>3,534,283.52</u>

Industry Public Utilities

Checking Account	Beginning Balance	Receipts	Disbursements	Ending Balance
Well Fargo Checking Account (per General Ledger)	\$ 1,056,371.44	\$ 211,258.67	\$ 164,649.66	\$ 1,102,980.45
IPU's Total Cash and Investments:				\$ <u>1,102,980.45</u>

I certify that; (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy as set forth in Resolution No. 237 and, (2) the District will meet its expenditure obligations for the next six (6) months.

Roy Frausto

Roy Frausto

, General Manager

Date: January 19, 2023



**Item 7B – Summary of the District’s Revenue
and Expenses**



La Puente Valley County Water District
Statement of Revenues & Expenses Summary
For the Period Ending December 31, 2022
(Unaudited)

	LPVCWD		BPOU		100% OF BUDGET	YEAR-END 2021
	YTD 2022	YTD 2022	YTD 2022	BUDGET 2022		
Revenues						
Operational Rate Revenues	\$ 2,665,652	\$ -	\$ 2,665,652	\$ 2,711,100	98%	\$ 2,528,399
Operational Non-Rate Revenues	1,167,721	1,749,234	2,916,955	2,701,100	108%	2,631,760
Non-Operational Revenues	448,029	-	448,029	376,000	119%	554,923
Total Revenues	4,281,403	1,749,234	6,030,636	5,788,200	104%	5,715,082
Expense						
Salaries & Benefits	2,017,239	315,465	2,332,705	2,283,200	102%	2,065,908
Supply & Treatment	603,114	1,251,551	1,854,665	1,945,726	95%	2,031,310
Other Operating Expenses	239,466	161,070	400,537	424,000	94%	355,349
General & Administrative	305,769	21,147	326,915	439,000	74%	346,257
Total Expense	3,165,588	1,749,234	4,914,822	5,091,926	97%	4,798,825
Net Income from Operations	1,115,814	-	1,115,814	696,274	160%	916,257
Less: Capital Expenses	(1,279,018)	-	(1,279,018)	(3,285,700)	39%	(1,298,808)
Net Income After Capital	(163,203)	-	(163,204)	(2,589,426)	6%	(382,551)
Capital Reimbursement (OU Projects)	1,504	-	1,504	658,300	0%	206,096
Grant Revenues	224,070	-	224,070	224,070	100%	-
Loan Proceeds	-	-	-	-	N/A	1,510,461
Loan Payment (Interest & Principal)	(254,359)	-	(254,359)	(255,100)	100%	(111,903)
Change in Cash	(191,989)	-	(191,989)	(1,962,156)	10%	1,222,103
Contributed Capital (Developer)	121,674	-	121,674	-	N/A	70,825
Add: Capital Assets (District-Funded)	1,053,444	-	1,053,444	2,403,330	44%	1,092,712
Add: Debt Principal	173,631	-	173,631	173,700	100%	57,313
Less: Loan Proceeds	-	-	-	-	N/A	(1,607,724)
Less: Depreciation Expense	(425,000)	(105,000)	(530,000)	(530,000)	100%	(422,416)
Net Income / (Loss)	\$ 731,760	\$ (105,000)	\$ 626,760	\$ 84,874	738%	\$ 412,814

*No assurance provided on these financial statements. These financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States not included.



La Puente Valley County Water District
Statement of Revenues & Expenses
For the Period Ending December 31, 2022
(Unaudited)

	December 2022	YTD 2022	BUDGET 2022	100% OF BUDGET	YEAR-END 2021
Operational Rate Revenues					
Water Sales	\$ 153,404	\$ 1,611,924	\$ 1,708,200	94%	\$ 1,609,408
Service Charges	83,105	857,430	\$ 839,400	102%	791,069
Surplus Sales	6,841	73,612	\$ 50,000	147%	50,785
Customer Charges	5,633	44,983	\$ 40,000	112%	7,261
Fire Service	12,347	76,338	\$ 73,000	105%	68,884
Miscellaneous Income (Cust. Charges)	-	1,364	\$ 500	273%	992
Total Operational Rate Revenues	261,330	2,665,652	2,711,100	98%	2,528,399
Operational Non-Rate Revenues					
Management Fees	50,255	282,202	317,200	89%	365,419
PVOU Service Fees (Labor)	-	110,766	150,000	74%	29,764
BPOU Service Fees (Labor)	24,569	315,465	319,800	99%	313,800
IPU Service Fees (Labor)	67,732	770,103	777,500	99%	736,647
Other O&M Fees	-	4,650	10,000	46%	12,748
Total Operational Non-Rate Revenues	142,556	1,483,187	1,574,500	94%	1,458,378
Non-Operational Revenues					
Taxes & Assessments	136,035	324,394	320,000	101%	321,192
Rental Revenue	3,405	40,562	40,000	101%	42,204
Interest Revenue	13,054	30,607	10,000	306%	9,205
Market Value Adjustment	-	-	-	0%	(14,371)
Miscellaneous Income	20,338	4,921	6,000	82%	17,022
Developer Fees	19,222	47,546	-	0%	179,671
Total Non-Operational Revenues	192,055	448,029	376,000	119%	554,923
Total Revenues	595,941	4,596,868	4,661,600	99%	4,541,699
Salaries & Benefits					
Total District Wide Labor	132,045	1,416,293	1,350,000	105%	1,248,844
Directors Fees & Benefits	8,166	82,983	115,000	72%	73,461
Benefits	29,885	323,911	330,000	98%	305,463
OPEB Payments	7,421	82,228	55,000	150%	77,225
OPEB Trust Contributions	25,000	100,000	100,000	100%	100,000
Payroll Taxes	9,452	109,107	106,700	102%	98,357
CalPERS Retirement (Normal Costs)	18,623	145,604	158,000	92%	132,146
CalPERS Unfunded Accrued Liability	-	72,578	68,500	106%	30,413
Total Salaries & Benefits	230,591	2,332,705	2,283,200	102%	2,065,908
District Salaries & Benefits (Informational Only)					
Less: Labor Service Revenue	(92,301)	(1,196,335)	(1,247,300)	96%	(1,080,211)
Net District Salaries & Benefits	138,290	1,136,370	1,035,900	110%	985,697

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La Puente Valley County Water District

Statement of Revenues & Expenses

For the Period Ending December 31, 2022
(Unaudited)

	December 2022	YTD 2022	BUDGET 2022	100% OF BUDGET	YEAR-END 2021
Supply & Treatment					
Purchased & Leased Water	207	38,591	398,826	10%	468,527
Power	12,715	182,246	200,000	91%	174,166
Assessments	-	328,608	333,300	99%	335,711
Treatment	740	6,094	6,000	102%	3,014
Well & Pump Maintenance	-	47,574	60,000	79%	18,842
Total Supply & Treatment	13,662	603,114	998,126	60%	1,000,260
Other Operating Expenses					
General Plant	6,571	34,767	35,000	99%	30,580
Transmission & Distribution	1,032	73,466	80,000	92%	102,962
Vehicles & Equipment	5,525	54,119	40,000	135%	25,002
Field Support & Other Expenses	5,079	49,250	60,000	82%	41,334
Regulatory Compliance	9,376	27,864	50,000	56%	30,890
Total Other Operating Expenses	27,583	239,466	265,000	90%	230,767
General & Administrative					
District Office Expenses	1,601	47,256	50,000	95%	36,759
Customer Accounts	2,470	31,374	32,000	98%	29,846
Insurance	-	70,428	82,000	86%	71,916
Professional Services	4,183	75,928	115,000	66%	131,625
Training & Certification	3,025	28,977	45,000	64%	9,223
Public Outreach & Conservation	49	19,358	30,000	65%	14,188
Other Administrative Expenses	3,048	32,448	65,000	50%	34,949
Total General & Administrative	14,376	305,769	419,000	73%	328,506
Total Expense	286,212	3,481,054	3,965,326	88%	3,625,442
Net Income from Operations	309,729	1,115,814	696,274	160%	916,257
Capital Expenses					
Fire Hydrant Repair/Replacements	(34)	(9,754)	(23,000)	42%	(11,619)
Service Line Replacements	-	(17,106)	(45,000)	38%	(53,238)
Valve Replacements	(834)	(11,679)	(25,000)	47%	(5,547)
Meter Replacement / Reading Equipment	-	(1,715)	(25,000)	7%	(9,295)
SCADA Improvements	-	(3,125)	(30,000)	10%	(93,593)
Hudson Ave Pumping Improvements	-	(1,504)	(552,700)	0%	(47,042)
LP CIWS Interconnection (Ind. Hills)	-	-	(65,000)	0%	(9,054)
Nitrate Treatment System	(35,597)	(1,099,565)	(2,060,000)	53%	(1,019,990)
Recycled Water System - Phase 1	-	(22,958)	(300,000)	8%	(49,431)
Dump Truck	100	(111,613)	(150,000)	74%	-
Other Field Equipment	-	-	(10,000)	0%	-

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La Puente Valley County Water District
Statement of Revenues & Expenses
For the Period Ending December 31, 2022
(Unaudited)

	December 2022	YTD 2022	BUDGET 2022	100% OF BUDGET	YEAR-END 2021
Total Capital Expenses	(36,365)	(1,279,018)	(3,285,700)	39%	(1,298,808)
Net Income / (Loss) After Capital	273,364	(163,204)	(2,589,426)	6%	(382,551)
Funding & Debt Payments					
Capital Reimbursement (OU Projects)	-	1,504	658,300	0%	206,096
Grant Revenues	-	224,070	224,070	100%	-
Loan Proceeds	-	-	-	0%	1,510,461
Loan Payment - Interest	-	(80,728)	(81,400)	99%	(54,590)
Loan Payment - Principal	-	(173,631)	(173,700)	100%	(57,313)
Cyclic Storage Purchases					
Cyclic Storage Purchases	-	(239,030)	(239,030)	100%	-
Cash Increase / (Decrease)	273,364	(431,019)	(2,201,186)	20%	1,222,103
Contributed Capital	89,530	121,674	-	0%	70,825
Add: Capitalized Assets (District-Funded)	36,365	1,053,444	2,403,330	44%	1,092,712
Add: Debt Principal	-	173,631	173,700	100%	57,313
Add: Cyclic Storage Purchases	-	239,030	239,030		-
Less: Loan Proceeds	-	-	-	0%	(1,510,461)
Less: Depreciation Expense	(35,417)	(425,000)	(425,000)	100%	(422,416)
Less: Pension Expense	-	-	-	0%	-
Less: OPEB Expense	-	-	-	0%	-
Net Income / (Loss)	\$ 363,842	\$ 731,760	\$ 189,874		\$ 510,076

*No assurance provided on these financial statements. These financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States not included.



Treatment Plant (BPOU)

Statement of Revenues & Expenses

For the Period Ending December 31, 2022
(Unaudited)

	December 2022	YTD 2022	BUDGET 2022	100% OF BUDGET	YEAR-END 2021
Operational Non-Rate Revenues					
Reimbursements from CR's	222,217	1,433,768	\$ 1,446,400	99%	1,173,382
Miscellaneous Income	-	-	-	0%	-
Total Operational Non-Rate Revenues	222,217	1,433,768	1,446,400	99%	1,173,382
Labor & Benefits					
BPOU TP Labor	24,569	315,465	319,800	99%	313,800
Total Labor & Benefits	24,569	315,465	319,800	99%	313,800
Supply & Treatment					
NDMA, 1,4-Dioxane Treatment	10,457	213,956	212,200	101%	242,642
VOC Treatment	24,062	25,563	20,600	124%	46,863
Perchlorate Treatment	122,407	528,865	389,000	136%	353,153
Other Chemicals	-	26,263	57,300	46%	20,835
BPOU Plant Power	29,843	355,444	220,500	161%	272,168
BPOU Plant Maintenance	3,813	68,168	48,000	142%	92,238
Well & Pump Maintenance	-	33,292	-	0%	3,150
Total Supply & Treatment	190,581	1,251,551	947,600	132%	1,031,050
Other Operating Expenses					
Contract Labor	-	-	20,000	0%	-
General Plant	4,378	32,634	15,000	218%	27,798
Transmission & Distribution	95	95	-	N/A	8,838
Vehicles & Equipment	1,206	12,371	13,000	95%	10,637
Regulatory Compliance	25,956	115,971	111,000	104%	77,308
Total Other Operating Expenses	31,635	161,070	159,000	101%	124,582
General & Administrative					
District Office Expenses	-	-	2,500	0%	-
Insurance	-	13,484	10,000	135%	10,544
Professional Services	-	7,663	7,500	102%	7,207
Total General & Administrative	-	21,147	20,000	106%	17,751
Total Expense	246,785	1,749,234	1,446,400	121%	1,487,182
Total Expense (excluding Labor)	222,217	1,433,768	1,126,600	127%	1,173,382
Operational Net Income	-	-	-		-
Less: Depreciation Expense	(8,750)	(105,000)	(105,000)	100%	(97,263)
Net Income / (Loss)	\$ (8,750)	\$ (105,000)	\$ (105,000)	100%	\$ (97,263)

(1) The labor expense depicted here is the amount of labor billed to the BPOU in which the District receives reimbursement which is shown on Table 1.5 in operational non-rate revenue (BPOU Service Fees).

*No assurance provided on these financial statements. These financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States not included.



**Item 7C – Statement of the Industry Public
Utilities Water Operations Revenue and
Expenses**

INDUSTRY PUBLIC UTILITIES - WATER OPERATIONS

Statement of Revenue and Expenses Summary

For the Period Ending December 31, 2022

(Unaudited)

	December 2022	FISCAL YTD 2022/23	BUDGET 2022/23	50% OF BUDGET	YEAR END FY 2021/22
REVENUE					
Operational Revenue	\$ 128,252	\$ 1,103,594	\$ 2,378,000	46%	\$ 2,059,133
Non-Operational Revenue	-	-	60,000	0%	73,841
TOTAL REVENUES	128,252	1,103,594	2,438,000	45%	2,132,974
EXPENSE					
Salaries & Benefits	67,732	404,386	767,000	53%	716,877
Supply & Treatment	16,278	132,452	965,500	14%	800,308
Other Operating Expense	26,088	104,064	254,000	41%	186,549
General & Administrative	51,863	143,639	359,100	40%	317,138
System Improvements & Miscellaneous	109	15,655	84,000	19%	94,726
TOTAL EXPENSE	162,069	800,196	2,429,600	33%	2,115,598
NET INCOME / (LOSS)	(33,817)	303,398	8,400	3612%	17,376

INDUSTRY PUBLIC UTILITIES - WATER OPERATIONS

Statement of Revenue and Expenses

For the Period Ending December 31, 2022

(Unaudited)

	December 2022	FISCAL YTD 2022/23	BUDGET 2022/23	50% OF BUDGET	YEAR END FY 2021/22
Operational Revenues					
Water Sales	\$ 66,444	\$ 677,640	\$ 1,457,000	47%	\$ 1,257,106
Service Charges	50,251	327,470	740,000	44%	654,144
Customer Charges	5,711	24,320	15,000	162%	15,090
Fire Service	5,847	74,164	166,000	45%	130,302
Misc Income	-	-	-	N/A	2,491
<i>Total Operational Revenues</i>	128,252	1,103,594	2,378,000	46%	2,059,133
Non-Operational Revenues					
Contamination Reimbursement	-	-	60,000	0%	65,975
Developer Fees	-	-	-	N/A	7,866
<i>Total Non-Operational Revenues</i>	-	-	60,000	0%	73,841
TOTAL REVENUES	128,252	1,103,594	2,438,000	45%	2,132,974
Salaries & Benefits					
Administrative Salaries	20,597	130,082	239,000	54%	243,902
Field Salaries	25,247	145,070	267,000	54%	233,608
Employee Benefits	12,701	71,389	145,000	49%	134,912
Pension Plan	6,077	38,106	75,000	51%	67,303
Payroll Taxes	3,111	18,620	35,000	53%	32,594
Workers Compensation	-	1,119	6,000	19%	4,558
<i>Total Salaries & Benefits</i>	67,732	404,386	767,000	53%	716,877
Supply & Treatment					
Purchased Water - Leased	-	-	452,600	0%	330,917
Cyclic Water Storage	-	-	-	N/A	-
Purchased Water - Other	898	7,527	20,000	38%	13,897
Power	15,329	108,401	185,000	59%	166,934
Assessments	-	13,236	280,900	5%	264,164
Treatment	-	-	7,000	0%	4,943
Well & Pump Maintenance	51	3,287	20,000	16%	19,453
<i>Total Supply & Treatment</i>	16,278	132,452	965,500	14%	800,308
Other Operating Expenses					
General Plant	203	3,446	55,000	6%	6,315
Transmission & Distribution	1,477	55,089	85,000	65%	82,260
Vehicles & Equipment	-	-	36,000	0%	33,967
Field Support & Other Expenses	8,392	23,725	40,000	59%	33,277
Regulatory Compliance	16,016	21,805	38,000	57%	30,729
<i>Total Other Operating Expenses</i>	26,088	104,064	254,000	41%	186,549

INDUSTRY PUBLIC UTILITIES - WATER OPERATIONS

Statement of Revenue and Expenses

For the Period Ending December 31, 2022

(Unaudited)

	December 2022	FISCAL YTD 2022/23	BUDGET 2022/23	50% OF BUDGET	YEAR END FY 2021/22
General & Administrative					
Management Fee	50,255	100,510	203,100	49%	199,049
Office Expenses	870	8,840	27,000	33%	27,560
Insurance	-	13,792	17,500	79%	14,264
Professional Services	167	3,838	60,000	6%	26,308
Customer Accounts	497	12,612	30,000	42%	27,045
Public Outreach & Conservation	-	3,137	15,000	21%	16,603
Other Administrative Expenses	74	910	6,500	14%	6,308
<i>Total General & Administrative</i>	51,863	143,639	359,100	40%	317,138
Other Exp. & System Improvements (Water Ops Fund)					
Fire Hydrant Repair/Replace	109	109	20,000	1%	27,425
Service Line Replacements	-	-	30,000	0%	23,025
Valve Replacements & Installations	-	13,001	24,000	54%	15,970
SCADA Improvements	-	325	10,000	3%	19,499
Water Rate Study	-	-	-	N/A	6,088
Groundwater Treatment Facility Feas. Study	-	2,220	-	N/A	2,720
<i>Total Other & System Improvements</i>	109	15,655	84,000	19%	94,726
TOTAL EXPENSES	162,069	800,196	2,429,600	33%	2,115,598
NET INCOME / (LOSS)	(33,817)	303,398	8,400	3612%	17,376



**Item 8A – Discussion of Internship Partnership
with America’s Job Center of California**

The City of La Puente is bringing new

JOB OPPORTUNITIES

thanks to the

\$3.6 million awarded

by the

#CaliforniansForAll

Youth Jobs Corps

in partnership with:



In the following categories:



Park operations



Maintenance



City beautification



Food handling

Ages:
18-30



Veterinary assistant internships



Senior services



Event planning



and more.

To apply, please share with us your contact information at:





**Item 8B – Consideration and Possible
Approval of Amendments to General
Manager**



January 12, 2023

Mr. Roy Frausto
General Manager
La Puente Valley County Water District
112 N. First Street
La Puente, CA 91744

Re: Benefits Typically Included in General Manager Employment Contracts

Dear Roy:

The purpose of this letter is a follow-up to our discussion yesterday regarding some of the benefits typically included in General Manager employment contracts for local water agencies.

In addition to traditional monetary compensation, including a monthly auto allowance or the use of a District vehicle, other local water districts have also provided additional benefits to the General Manager. One of the most commonplace benefits included in a General Manager's contract is the inclusion of Administrative and/or Executive Leave. Such leave is traditionally allocated on an annual basis at either the beginning of the calendar or fiscal year. Language for such leave shall also include a provision whether non-use of the allocated leave time is to be paid to the General Manager at the end of the calendar or fiscal year.

Another benefit found to be included in General Manager contracts for those water agencies which participate in social security, is payment or reimbursement of the employee portion of the mandatory social security contribution. This is perceived as an equity benefit as many water agencies do not participate in social security, therefore most General Managers are not subject to this mandated cost.

I hope you find this information helpful. If you have any questions regarding this matter, please don't hesitate to contact me at 909-438-1221.

Most sincerely,

Sandra Olson

Sandra Olson
President



Item 8D – Staff Report Rate Study

STAFF REPORT



Meeting Date: January 23, 2023

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 NBS to complete a comprehensive water rate and fee study as provided in their proposal dated January 17, 2023, for an amount of \$45,990; and appropriate an additional \$5,000 as contingency for additional work that may be required in association with the water rate and fee study.*

Fiscal Impact - *The 2023 District Budget appropriates \$160,000 for professional services. Approximately \$55,000 of this budget amount was designated for a water rate study. The 2023 year to date total for professional services is \$1,483.25. The cost for the comprehensive rate and fee study is \$45,990, which is within the Budget appropriation.*

Previous Related Action - *In October of 2017, the Board approved an agreement with Raftelis Financial Consulting, Inc. (Raftelis) to complete a comprehensive water rate and fee study for an amount of \$51,950.*

Procurement Analysis - *In accordance with The District's Purchasing Policy, Section E – Contractual Services Standards and Procedures, District staff received 3 written proposals.*

Summary

District staff procured proposals for a Comprehensive Water Rate and Fee Study from three consulting firms with extensive experience in studies of this nature. District staff evaluated the three proposals using factors as follows:

- 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 several 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 the 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

Staff completed an evaluation of proposals (included as *Enclosure 1*) and the proposal submitted by NBS was ranked higher than the proposal submitted by Raftelis and IB Consulting. The NBS proposal included a list of recently completed rate studies, one of which was completed for a county water district within the San Gabriel Valley. A summary of the proposals is summarized below:

CONSULTANT	NBS	RAFTELIS	IB CONSULTING
Total Hours	206	225	254
Average Hourly Rate	\$223.25	\$227.99	\$229.90
Total Costs	\$45,990	\$51,297	\$58,395

Based on feedback from past clients of each firm and the overall budget, NBS was the lowest qualified firm.

Fiscal Impact

The estimated cost of the water rate and fee study as proposed by NBS is \$45,990. The 2023 District Budget appropriates \$160,000 for professional services, approximately \$55,000 of this budget was designated for a water rate study. The 2023 year to date total for professional

services is \$1,483.25. The cost for the comprehensive rate and fee study is \$45,990, which is within the Budget appropriation.

Recommendation

Staff recommends the Board of Directors authorize the General Manger to enter into agreement with NBS to complete a comprehensive water rate and fee study as provided in their proposal dated January 17, 2023, for an amount of \$45,990; and appropriate an additional \$5,000 as contingency for additional work that may be required in association with the water rate and fee study.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to be 'G. M. Fu' or similar, written in a cursive style.

General Manager

Enclosures

- Evaluation Summary of Water Rate and Fee Study Proposals
- NBS Proposal for a Comprehensive Water Rate and Fee Study

**La puente Valley County Water District
Water Rate & Fee Study 2023
Evaluation Form**

Staff Rating Scale: Max 10 Points For Each Category

CONSULTING FIRM NAME	PROPOSAL \$\$\$	10 POINTS Qualifications	10 POINTS Approach	10 POINTS Project Budget	OVERALL RATING (Max=30)
		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	\$ 51,297	9	8	8	25
NBS	\$ 45,990	9	7	9	25
IB Consulting	\$ 58,395	9	7	7	23
AVERAGE	\$ 48,644				

- 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)

Task #	RFC	Task #	NBS	Task #	IB
1 Project Management & Initiation	26	1 Data Collection & Kick-off Meeting	16	1 Data Collection & Kick-off Meeting	36
Task 1 \$	5,710	Task 1 \$	3,260	Task 1 \$	8,040
Avg hrly rate	220	Avg hrly rate	204	Avg hrly rate	223
2 Financial Plan Development	34	2 Financial Plan	22	2 Financial Plan Development	90
Task 2 \$	7,590	Task 2 \$	4,670	Task 2 \$	20,030
Avg hrly rate	223	Avg hrly rate	212	Avg hrly rate	223
3 Cost-of-service Review/Update	22	3 Cost-of-Service Analysis	54	3 Cost-of-Service/Rate Analysis	50
Task 3 \$	4,910	Task 3 \$	11,550	Task 3 \$	11,190
Avg hrly rate	223	Avg hrly rate	214	Avg hrly rate	224
4 Utility Rate Model Update	20	4 Rate Design Analysis	56	4 Rate Workshop	18
Task 4 \$	4,300	Task 4 \$	12,170	Task 4 \$	4,160
Avg hrly rate	215	Avg hrly rate	217	Avg hrly rate	231
5 Drought Rates	21	5 Prepare Written Study Report	24	5 Rate Study Report	44
Task 5 \$	4,505	Task 5 \$	5,820	Task 5 \$	10,200
Avg hrly rate	215	Avg hrly rate	243	Avg hrly rate	232
6 Present to District Board	20	6 Meetings & Presentations	26	6 Prop 218 Notice & Public Hearing	16
Task 6 \$	5,610	Task 6 \$	6,440	Task 6 \$	3,690
Avg hrly rate	281	Avg hrly rate	248	Avg hrly rate	231
7 Report Preparation	60	7 Implementing Rates & Prop 218 Assistance	8	7 2 Meetings - Direct Expense	
Task 7 \$	13,030	Task 7 \$	2,080	Task 7 \$	1,085
Avg hrly rate	217	Avg hrly rate	260	Avg hrly rate	
8 Prop 218 Notice Review & Public Hearing Presentation	22	8		8	
Task 8 \$	5,642	Task 8 \$		Task 8 \$	
Avg hrly rate	256	Avg hrly rate		Avg hrly rate	
9		9		9	
Task 9 \$		Task 9 \$		Task 9 \$	
Avg hrly rate		Avg hrly rate		Avg hrly rate	
10		10		10	
Task 10 \$		Task 10 \$		Task 10 \$	
Avg hrly rate		Avg hrly rate		Avg hrly rate	
Expenses		Expenses		Expenses	
TOTAL COSTS	51,297	TOTAL COSTS	45,990	TOTAL COSTS	58,395
Diff to lowest proposal	5,307	Diff to lowest proposal	-	Diff to lowest proposal	12,405
Total hours	225	Total hours	206	Total hours	254
Average rate	\$ 227.99	Average rate	\$ 223.25	Average rate	\$ 229.90



Aerial view of La Puente Valley County Water District Service Area via Google Earth

LA PUENTE VALLEY COUNTY WATER DISTRICT

Proposal for:

Water Rate Cost of Service Study

January 17, 2023



nbsgov.com



32605 Temecula Parkway,
Suite 100 Temecula, CA 92592
Toll free: 800.676.7516

nbsgov.com

January 17, 2023

Roy Frausto
General Manager
La Puente Valley County Water District
112 N 1st Street
La Puente, CA 91744

RE: Proposal for a Water Rate Cost of Service Study

Dear Mr. Frausto,

Thank you for the opportunity to provide a proposal for La Puente Valley County Water District to perform a Cost of Service Water Rate Study. Our proposal is structured to perform a comprehensive review of the current rates, develop final recommendations, and clearly communicate the results to the District's customers. The study report will also provide the administrative record necessary to comply with Proposition 218.

Some of the key benefits of our proposal include:

- 1. Ensuring Revenue Sufficiency and Stability:** NBS will review all revenue sources and develop a financial plan that will fully fund the District's operating, maintenance, and capital improvements costs, and meet other financial obligations such as adequate reserve fund levels.
- 2. Comprehensive Review of Current Rates:** This rate study is a good opportunity to thoroughly review the District current rates; we offer a number of ideas below in Section 1 of our proposal.
- 3. Defensibility and Meeting Legal Requirements:** NBS will provide the expertise required to navigate the requirements under Proposition 218 and demonstrate that the cost basis of the new water rates are both defensible and in line with industry standards. Our ultimate goal is to ensure that the study recommendations are legally defensible, comply with industry standards, are founded on realistic assumptions, and are easy for the ratepayers to understand and for the District to implement.
- 4. Support with the New Rate Adoption Process:** NBS will also assist District staff in communicating the outcomes and recommendations of the study in Board workshops.

Please contact me at 530.297.5856 or via email at gclumpner@nbsgov.com if you have any questions or would like to discuss our professional qualifications further. We would be delighted to work with you on this project and help the District successfully complete this study.

Sincerely,

Greg Clumpner
Project Manager

Michael Rentner / Authorized Signer
President

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1 | PROJECT UNDERSTANDING & SCOPE OF SERVICES

Project Understanding and NBS' Approach

The District is requesting a cost of service water rate study to ensure that water rates collect sufficient revenues to meet the District's financial needs during the five-year rate period. These needs include funding operating costs, maintaining reasonable reserves, and funding capital improvements. Other objectives would also be evaluated, such as the fairness and equity of the rate design, and revenue stability.

NBS proposes to address the District's unique challenges as follows:

- The costs of the District's local water supplies have increased by over 23 percent over the last four years and the new groundwater pumping assessment for the San Gabriel Valley will add significant additional costs. Inflation in general is trending much higher and needs to be carefully considered.
- In a comprehensive cost-of-service rate study, rate design is typically examined for both compliance with Prop 218 and overall equity and fairness. Based on the District's last rate study, we think some additional issues that should be considered in the new rate study include:
 - **Zonal Rates** – The District has zonal rates for 5 pumping zones, but the cost differences between zones are minimal (e.g., only \$531 was allocated to Zone 5 pumping costs¹). Total pumping costs for Zones 2-5 are only 2% of total cost of service. We are not sure these zonal rates best serve the District's customers.
 - **Cost Basis for Tiered Rates** – Given the District's 100% supply from three local wells, we question the basis for setting the tier breakpoint for residential volumetric rates. Typically, differences in supplies and supply costs are used to demonstrate the basis for tiered rates.
 - **Cost-of-Service Methodology** – While there are many valid cost of service methodologies that can be and are used in the industry today, each methodology depends on the availability of the necessary data. We question whether allocating significant portions of the revenue requirements to dated max-day and max-hour peaking factor assumptions when the only actual peaking data presented is the bimonthly peak usage (i.e., the peak bi-monthly use divided by average bi-monthly use). NBS often uses a commodity-demand approach rather than a base-extra capacity methodology for this very reason.
 - **NBS' Goal: Improving the District's Rate Structure** – The bottom line is NBS feels that simplifying the District's rates could improve overall equity, improve their legal defensibility, and would be easier for customers to understand.
- The District, like many water utilities, may have concerns about revenue stability during times of uncertain demands and/or drought, particularly with the possibility of facing mandated conservation programs by the State.
 - **Drought Rates** – Developing drought rates is the most common sense approach, and NBS will develop drought rates tied to the District's drought stages.

¹ See page 33 of the District's 2018 rate study report.
Proposal for La Puente Valley County Water District

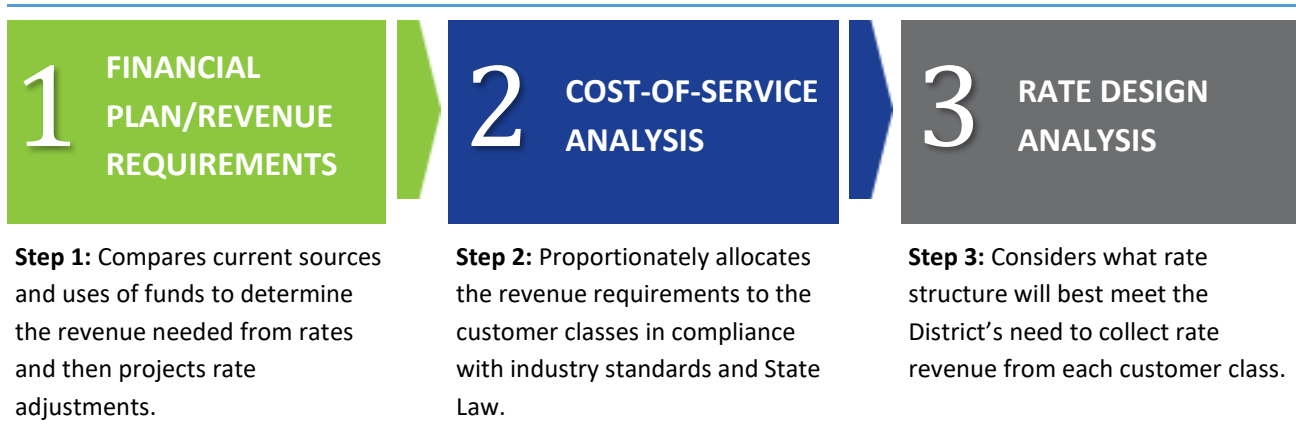
- **Revenue Stabilization Rates** – We also often develop “revenue stabilization rates” as an additional tool that automatically implements volumetric surcharges whenever projected monthly volumetric rate revenues drop below 10 percent of the expected revenues. Whether revenue shortfalls are due to drought, weather, or natural emergencies (fires, etc.), these surcharges are automatic (unless the District Board overrides the action), and they are automatically rescinded once volumetric revenues are back on track.
- **Revenue from Fixed vs. Volumetric Rates** – The District’s most recent financial records indicate that the District collects about two-thirds of its rate revenue from volumetric charges; collecting more revenue from fixed charges would improve revenue stability.
- **Inflation Adjustments** – Lastly, the District can use a pass-through provision for certain costs beyond the District’s control (such as groundwater pumping assessment charges) as well as an inflationary adjustment for when inflation exceeds what was assumed in projecting other costs. NBS will consider these tools to improve revenue stability.

Other objectives in this rate study include creating a rate model that District staff can modify in response to changing conditions and assumptions and accommodate updates of customer data and consumption patterns. NBS will also assist the District through the Proposition 218 process as part of our tasks in final approval of the rates recommended in this study.

Scope of Services

Overview – NBS’ study approach is tailored to the District’s needs based on the discussion above and follows basic industry standards and reflects fundamental cost-of-service principles embodied in American Water Works Association’s *Principles of Water Rates, Fees, and Charges*.² We will provide guidance and advice throughout the rate study process to ensure that rates not exceed the proportionate cost of providing the service, a fundamental requirement under Prop 218, and that all rate alternatives developed comply with industry standards and State regulations. The figure below outlines the process we will use to develop updated water rates for the District.

Figure 1. Components of a Comprehensive Rate Study



² *Principles of Water Rates, Fees, and Charges*, Manual of Water Supply Practices, M1 Manual, American Water Works Association, Seventh Edition, 2017.

This rate study will thoroughly evaluate the cost of service and rate design for the District’s water services and clearly outline the rationale for how costs are equitably allocated to customer classes. NBS will work cooperatively with District staff to develop financial plans and rate recommendations that best meet the District’s needs. Based on this input, we expect to make adjustments that result in practical and implementable rates. NBS will provide the leadership necessary to guide the District through the various issues and explain the key concerns, and the strengths and weaknesses of the various options. The following sections explain our detailed approach to this study.

Task 1. Data Collection and Kick-off Meeting

NBS will provide the District with a data request and hold a kick-off meeting to review and discuss the data for the study, along with the scope of work and study timeline. We want to ensure there is a clear understanding of how the study objectives will be met.

Task 2. Financial Plan

NBS will prepare a financial plan that summarizes revenues, expenditures, reserves, and net revenue requirements – that is, the revenue that must be collected from customer charges.

The financial plan will lay the groundwork for the cost-of-service and rate design analyses addressed in Tasks 3 and 4. The following subtasks are anticipated:

- 1. Project Revenues and Expenditures** – NBS will prepare a 10-year rate model that projects revenues, expenses, and increases in rate revenue needed to meet all financial obligations. The analysis will use a cash-basis approach when addressing the District’s system of accounts. The work will provide the District with a financial tool that it can use to model rate adjustments, varying operating and maintenance costs, infrastructure improvements, any planned debt issuance, asset replacement, and appropriate reserve fund levels.
- 2. Evaluate Reserve Fund Sufficiency** – NBS will evaluate the sufficiency of existing reserve funds, target reserves, reserve fund policies, and related issues, and provide recommendations for reserve fund targets tailored to the District’s specific needs.
- 3. Review Capital Improvement Program Funding** – NBS will incorporate the District’s plans for infrastructure improvements and asset replacement, including the timing, costs, and available reserves needed to fund planned projects. NBS will collaborate with District staff to develop a well-conceived approach to funding these capital needs. This will include an appropriate use of system development charge funded projects and, if necessary, the use of outside financing. NBS will develop up to three scenarios to fund the capital improvement program for modeling and comparison purposes.

The financial plan will be presented in a format like those shown in Figures 2 and 3 and will be tailored to the District’s chart of accounts. Reserve fund policies will also be evaluated and presented in a format like those shown in Figures 4 and 5.

Figure 2. Example of a Financial Plan Summary

Summary of Sources and Uses of Funds and Net Revenue Requirements	Budget		Projected			
	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
Sources of Water Funds						
Rate Revenue Under Prevailing Rates	\$ 6,620,880	\$ 6,682,000	\$ 6,743,463	\$ 6,805,491	\$ 6,868,088	\$ 6,931,260
Revenue from Meter Right-Sizing Charges	n.a.	n.a.	330,000	353,100	377,817	404,264
Other Non-Rate Revenue	88,807	62,540	62,076	61,749	61,965	69,554
Total Sources of Funds	\$ 6,709,687	\$ 6,744,540	\$ 7,135,539	\$ 7,220,340	\$ 7,307,870	\$ 7,405,079
Uses of Water Funds						
Operating Expenses	\$ 5,120,477	\$ 5,701,986	\$ 6,024,977	\$ 6,366,985	\$ 6,729,167	\$ 7,112,757
Debt Service	57,895	-	-	-	-	-
Rate-Funded Capital Expenses	1,998,898	2,655,615	2,323,561	2,971,650	2,419,542	1,413,044
Total Use of Funds	\$ 7,177,270	\$ 8,357,601	\$ 8,348,538	\$ 9,338,635	\$ 9,148,709	\$ 8,525,801
Surplus (Deficiency) before Rate Increase	\$ (467,583)	\$ (1,613,061)	\$ (1,212,999)	\$ (2,118,295)	\$ (1,840,839)	\$ (1,120,722)
Additional Revenue from rate revenue increases ¹	-	668,200	1,193,584	1,765,251	2,386,935	3,062,670
Surplus (Deficiency) after Rate Revenue Increase	\$ (467,583)	\$ (944,861)	\$ (19,415)	\$ (353,044)	\$ 546,096	\$ 1,941,948
<i>Cumulative Rate Revenue Increases</i>	<i>0.00%</i>	<i>10.00%</i>	<i>17.70%</i>	<i>25.94%</i>	<i>34.75%</i>	<i>44.19%</i>
Net Revenue Requirement²	\$ 7,088,463	\$ 8,295,061	\$ 7,956,462	\$ 8,923,785	\$ 8,708,927	\$ 8,051,983

1. Assumes new rates are implemented July 1, 2022.

2. Total Use of Funds less Meter Right Sizing Charges and Other Non-Rate Revenue. This is the annual amount needed from water rates.

Figure 3. Example of a Financial Plan Summary

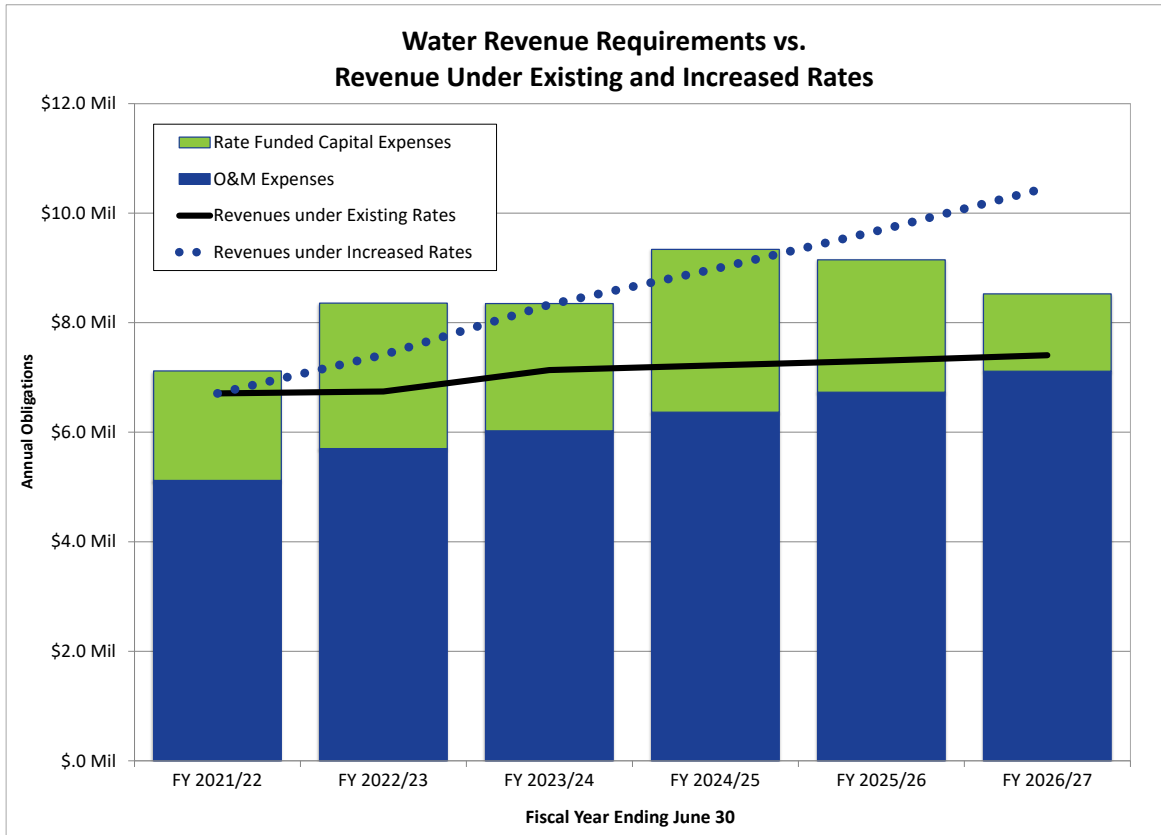
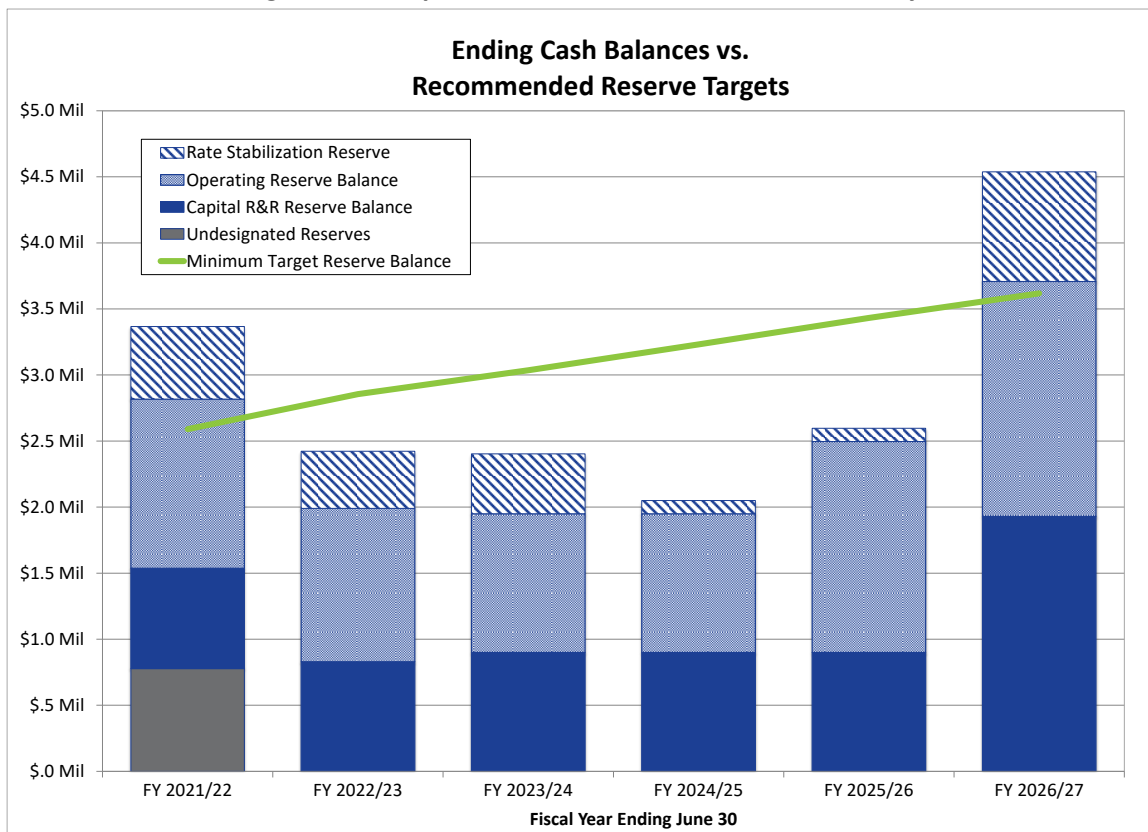


Figure 4. Example of a Financial Reserve Fund Summary

Beginning Reserve Fund Balances and Recommended Reserve Targets	Budget		Projected			
	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
Operating Reserve						
Ending Balance	\$ 1,280,000	\$ 1,160,000	\$ 1,050,000	\$ 1,050,000	\$ 1,596,096	\$ 1,778,000
<i>Recommended Minimum Target</i>	<i>1,280,000</i>	<i>1,425,000</i>	<i>1,506,000</i>	<i>1,592,000</i>	<i>1,682,000</i>	<i>1,778,000</i>
Capital Rehabilitation & Replacement Reserve						
Ending Balance	\$ 760,000	\$ 830,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 1,930,010
<i>Recommended Minimum Target</i>	<i>760,000</i>	<i>820,000</i>	<i>870,000</i>	<i>930,000</i>	<i>980,000</i>	<i>1,010,000</i>
Rate Stabilization Reserve						
Ending Balance	\$ 550,000	\$ 432,425	\$ 453,010	\$ 99,966	\$ 99,966	\$ 830,000
<i>Recommended Minimum Target</i>	<i>550,000</i>	<i>610,000</i>	<i>660,000</i>	<i>710,000</i>	<i>770,000</i>	<i>830,000</i>
Undesignated Reserves						
Ending Balance	\$ 777,286	\$ -	\$ -	\$ -	\$ -	\$ -
Total Ending Balance	\$ 3,367,286	\$ 2,422,425	\$ 2,403,010	\$ 2,049,966	\$ 2,596,062	\$ 4,538,010
<i>Total Recommended Minimum Target</i>	<i>\$ 2,590,000</i>	<i>\$ 2,855,000</i>	<i>\$ 3,036,000</i>	<i>\$ 3,232,000</i>	<i>\$ 3,432,000</i>	<i>\$ 3,618,000</i>

Figure 5. Example of a Financial Reserve Fund Summary



Task 3. Cost-of-Service Analysis

NBS proposes using a commodity-demand methodology in allocating costs. This approach relies on current peaking demands (bi-monthly in the District’s case) for each customer class vs. the base extra-capacity method, which relies on assumed max-day and max-hour peaking factors.

Using the net revenue requirements developed in Task 2, we will equitably allocate costs to each customer class based on cost-of-service principles that comply with Proposition 218. NBS will also review and incorporate the historical usage characteristics by customer class to determine what, if any changes have occurred. Based on the District’s budget, NBS will allocate various cost components to each customer class. The main components of the cost-of-service analysis are:

- 1. Functionalization/Classification of Expenses** – Functionalizing the expenses means arranging costs into basic categories, such as source of supply, treatment, transmission, and distribution, as well as administrative and overhead costs. Once the costs have been functionalized, they are then classified into their various cost components (i.e., capacity, commodity, or customer-related costs).
- 2. Allocation of Costs to Customer Classes** – These costs are then allocated to individual customer classes based on allocation factors specific to each cost classification producing fixed and variable revenue requirements for each customer class. These allocations will be used for the actual rate calculations.

Figure 6 provides an example of how water revenue requirements are classified and then allocated to customer classes to establish the revenue requirements for each customer class. Figures 7 and 8 provide examples of how commodity- and capacity-related costs are allocated to customer classes. Figure 9 is an example of how allocated costs are summarized for each customer class.

Figure 6. Example of Water Revenue Requirements Classification

Customer Classes	Classification Components				Cost of Service Net Rev. Req'ts	% of COS Net Revenue Req'ts
	Commodity-Related Costs	Capacity-Related Costs	Customer-Related Costs	Fire-Related Costs		
Residential ¹	\$ 3,860,330	\$ 1,417,768	\$ 109,610	\$ -	\$ 5,387,709	73.3%
Commercial (Incl. MFR ≥ 4 Units)	1,026,108	467,107	4,360	-	1,497,576	20.4%
Institutional	153,092	101,224	504	-	254,820	3.5%
Irrigation	104,912	68,053	651	-	173,616	2.4%
Fire Lines	698	353	325	35,103	36,479	0.5%
Total Net Revenue Requirement	\$ 5,145,140	\$ 2,054,506	\$ 115,451	\$ 35,103	\$ 7,350,200	100%
<i>Total Net Revenue Requirement by Classification Component</i>	<i>VARIABLE</i> \$5,145,140	<i>FIXED</i> \$2,205,060			\$7,350,200	
	70%	30%			100%	

Figure 7. Example of Commodity Allocation Factors

Customer Class	'20/21 Volume (1,000 gal) ¹	% Adjustment for Conservation	'20/21 Volume Adjusted for Conservation	Percent of Total Volume
Residential	614,232	10%	552,809	75.0%
Commercial (Incl. MFR ≥ 4 Units)	163,268	10%	146,941	19.9%
Institutional	24,359	10%	21,923	3.0%
Irrigation (Comm. & MFR)	16,693	10%	15,024	2.0%
Fire Lines ²	111	10%	100	0.01%
Total	818,663	10%	736,797	100.0%
Fire Hydrants ³	2,930	0%	2,930	N.A.

Figure 8. Example of Capacity Allocation Factors

Customer Class	Avg. Bi-Mo. Usage (1,000 gal)	Peak Bi-Mo. Use (1,000 gal) ¹	Peak Bi-Monthly Factor	Max Bi-Monthly Capacity Factor
Residential	51,098	76,208	1.49	69.0%
Commercial (Incl. MFR ≥ 4 Units)	13,643	25,108	1.84	22.7%
Institutional	2,030	5,441	2.68	4.9%
Irrigation (Comm. & MFR)	1,397	3,658	2.62	3.3%
Fire Lines	9	19	2.05	0.0%
Total	68,176	110,434	1.62	100.0%
Fire Hydrants ²	244	860	3.52	0.00%
Grand Total	68,420	111,294	1.63	100.0%

Figure 9. Example of Customer Cost Allocation Factors

Customer Class ¹	For Cost Alloc. (FY' 22/23)	
	Number of Meters ³	Percent of Total
Residential	6,737	94.9%
Commercial (Incl. MFR ≥ 4 Units)	268	3.8%
Institutional	31	0.44%
Irrigation (Comm. & MFR)	40	0.56%
Fire Lines	20	0.28%
Grand Total	7,096	100%
Fire Hydrants ⁴	20	<i>n.a.</i>

Task 4. Rate Design Analysis

NBS will work with District staff to review the current rate structure and evaluate whether there are alternatives that better meet the District’s broader rate design goals and objectives. For example, whether the District wants to continue using zonal rates for the five pumping zones, whether the cost basis for tiered residential rates can be demonstrated, and whether the District wants to continue to collect about two-thirds of rate revenue from volumetric rates will be reviewed.

Develop Rate Design Recommendations – Water rates will be developed based on the cost-of-service analysis and include a discussion of the relative merits of the current water rate structure compared to the new alternatives. This discussion and analysis will also include issues such as the amount of revenue collected from fixed vs. volumetric charges for locally sourced supplies.

Criteria for Improving the Rate Design – Revenue sufficiency and stability are critical components to consider when evaluating rate designs. In projecting future rates and rate increases, NBS’ approach is “conservative” in that we want to ensure there are no significant under-collections of rate revenue, which represents a “worse-case” scenario.

The criteria that NBS will discuss with District staff in considering new rate structures, including:

- The defensibility of the rate design from a Prop 218 perspective (i.e., the ability to demonstrate the cost basis per the San Juan Capistrano decision).
- How the percentage of cost collected from fixed vs. volumetric rates affect revenue stability.
- How decreased water usage (conservation) affects new rates.
- How peaking patterns are reflected in water rate design.
- How meter sizes are used in calculating fixed charges.
- How “price elasticity” responses to rate increases may impact rates.
- Impacts on customer monthly bills.

The rate structure alternative selected will, in the end, provide the basis for comparing bi-monthly customer bills under both the current and new rate structures. However, all rate structures will be “revenue neutral” because they will all collect the same amount of revenue, both in total and within each customer class.

Approach to Calculating Fixed and Volumetric Charges – In a true cost-of-service methodology, fixed charges collect 100% of fixed costs. However, to encourage water conservation, the pricing signals used by many water utilities have resulted in revenue instability during mandated drought-conservation periods.

Likewise, volumetric rates should be used to cover variable costs and allocated based on consumption. Unfortunately, an emphasis on conservation often results in recovering some portion of the fixed costs

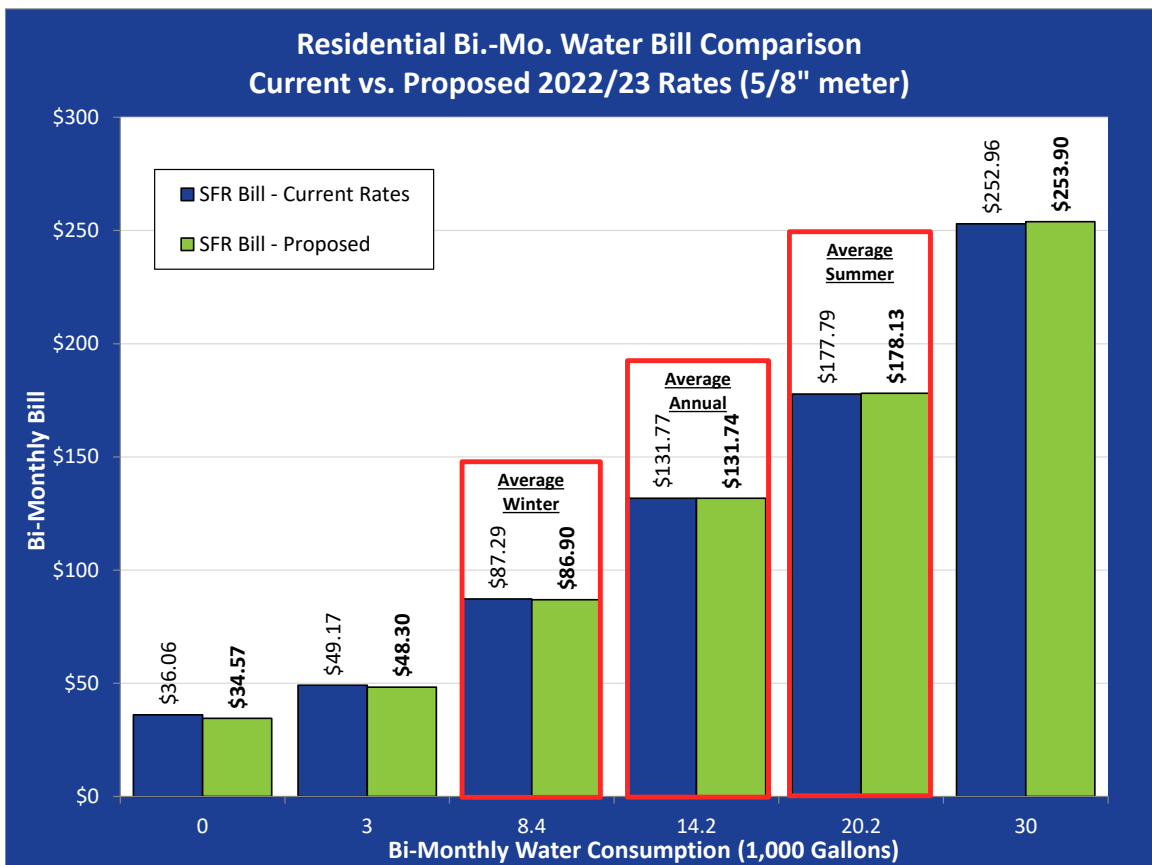
through volumetric rates. This exposes water utilities to revenue instability (e.g., when consumption drops and volumetric rates fail to recover all the fixed costs). These impacts can be offset by using drought rates and/or revenue stabilization rates.

Calculate Drought Rates and Revenue Stabilization Rates – NBS will prepare drought rates that account for variable costs that decrease when the District sells less water and adjusts volumetric rates in a revenue-neutral manner that mitigates a net loss in rate revenue. These rates would correspond to specific stages of whatever the District uses as its drought mitigation plan.

We prepare “revenue stabilization rates” whereby automatic increases (volumetric surcharges) are implemented whenever projected bimonthly volumetric rate revenue falls by 10% or more. Monthly volumetric rate revenues will be estimated using the last three years of bi-monthly revenue data. Based on direction from Prop 218 attorneys, these volumetric surcharges should be “automatic” in that the general manager informs the District Board that the surcharges are being implemented (as opposed to the Board voting on the increases). They are also automatically rescinded once volumetric rate revenue has returned to projected levels. This option can be used as an additional tool along with drought rates.

Comparison of Customer Bills – In order to compare rate alternatives, we will prepare rate tables and bill comparisons for various customer classes to illustrate how the rate adjustments will affect customer bills, as shown in Figure 10. This is an example of the tables and charts that will be used in the report and in public workshops.

Figure 10. Example of Customer Bill Comparison – Single Family Water Rates



Task 5. Prepare Written Study Report

NBS will prepare draft and final study reports and work with District staff to review the report prior to public release. Our emphasis will be to present a clear and concise report with an executive summary of no more than two pages. Key assumptions, methodologies, and factors affecting the development of proposed rates will be highlighted with charts and graphs when helpful. However, more technical aspects of the study, particularly the tables documenting the calculations and sources of data, will be separately provided in the technical appendix.

Task 6. Meetings and Presentations

NBS will meet with District staff on a regular basis regarding data collection, analysis, initial results, and questions presented by staff. Holding meetings these progress meetings remotely (e.g., Zoom, Teams, etc.) will dramatically reduce meeting costs. Therefore, we assume that progress meetings will be remote and have budgeted for a total of six (6) meetings. Public meetings include two in-person Board meetings (i.e., one in-person board workshop and one in-person public hearing) to present results and answer questions. Our study budget has provided the costs for any additional in-person meetings, if needed.

Task 7. Implementing Rates and Prop 218 Assistance

NBS will work with District staff to answer any questions that come up and guide you through the adoption process. The key technical tasks will be to provide the proposed rate tables included in the Prop 218 notice and review the factual basis for the rate increases stated in the notices. The District should also have legal counsel review the notices for legal compliance with the provisions under Prop 218, wording related to pass-throughs, etc.

We assume the District will print, mail, and conduct all counting of protest ballots. However, NBS can provide Prop 218 mailing services and full public outreach services at an additional cost if requested.

2 | QUALIFICATIONS

Statement of Qualifications for NBS' Utility Rate Group

NBS' Utility Rate Group focuses on utility rates in California, including rates for water, sewer, stormwater, and solid waste agencies. We also prepare system development charges, various management consulting studies, and provide expert witness assistance on Prop 218-related challenges. This Group is comprised of recognized leaders in the field of utility rates who often teach continuing education courses, present technical topics at industry conferences, and participate in Prop 218 public workshops to help adopt new utility rates.

Demonstrated Expertise – NBS' expertise in water and sewer rates is demonstrated by several unique and recent engagements this group has performed:

- **Expert Witness and Legal Assistance** – NBS has provided legal assistance in defending several recent and ongoing lawsuits against water districts in the form of extensive testimony rebuttal and analysis of industry standards in ratemaking for some of California's top Prop 218 attorneys.
- **Revenue Stabilization Rate Design** – For the last five years, NBS has been developing revenue stabilization water rates that are intended to be automatically adopted if volumetric rate revenue drops below projected levels by ten percent or more. The attorney's involved said the rates NBS developed for the San Lorenzo Valley Water District were the first of its kind in California.
- **Improving Rate Practice Methodologies** – To support the interim rate review for the Los Angeles Department of Water and Power, NBS evaluated demand forecasting methodologies to improve financial planning and rate-setting practices and the impacts of changes in temperature zones on customer water budgets.
- **Fire-Damage Surcharges** – For the San Lorenzo Valley Water District, NBS developed a water rate surcharge to recover \$5 million of fire-related costs over a five-year period. This surcharge was closely reviewed by legal counsel and then adopted by the District Board.

Proposition 218 Adoption – In addition to our high-level of participation in Prop 218 hearings, we also have working relationships with some of the State's top attorneys specializing in Prop 218 law and have ongoing work for several clients involving cutting-edge Prop 218 rate analyses. In short, we are confident that we can successfully guide the District through the challenges that Prop 218 presents for its water rates.

Senior Project Management Team – NBS' project manager, Greg Clumpner, represents one of the most experienced rate consultants in the industry today. He has completed more than 400 similar studies for public utility clients as well as a wide-range of water and sewer-related financial, operational, and planning studies. He also recently published several articles in the Journal of American Water Works Association (JAWWA) on various water rate and rate design topics.

The Ultimate Proof of NBS' Qualifications – We believe that the best proof of our qualifications and our success is what our clients say about our consulting services. We have included our references in Section 5 to demonstrate this point, and we encourage you to contact these references.


3 | COMPANY OVERVIEW

**NBS**™ AT-A-GLANCE: HELPING COMMUNITIES FUND TOMORROW

27 In Business **100% ESOP** NBS is a 100% employee-owned S-Corporation
YEARS

 **NBS HEADQUARTERS**
32605 Temecula Pkwy | Suite 100
Temecula, CA 92592

SAN FRANCISCO REGIONAL OFFICE
870 Market Street | Suite 1223
San Francisco, CA 94102

 **CONTACT**
Greg Clumpner | 800.676.7516
abou@nbsgov.com

 **LEGAL NAME** DBA **56**
NBS Government NBS **EMPLOYEES**
Finance Group

 **INDIVIDUAL AUTHORIZED TO NEGOTIATE AGREEMENT**
Michael Rentner, President

Since 1996, NBS has supported California municipalities with the implementation and ongoing administration of local funding tools.

While the firm originally focused on Special Financing Districts (SFDs), specifically the formation and administration of special assessments and taxes, we have evolved with our clients' needs and now provide a full range of revenue consulting services. We focus on sustainable water and wastewater utility rate programs, cost allocation plans, cost recovery, and legally justified fee design. Across all practice areas, we have worked with more than **500 public agencies** to date, including cities, counties, school districts, utilities, and special districts.

Utility Rate Group

The NBS Utility Rate Group ensures your utility rates, system capacity fees, and financial plans provide an appropriate level of funding and are also justifiable in a fluid legal and regulatory environment.

500 STUDIES PERFORMED

We act as strong advocates for our many utility clients to ensure that rates and fees address the multitude of challenges facing each community. Just ask the municipalities where we have performed more than 500 studies!

PROP 218 COMPLIANT

Once study results are in, we support you through the Proposition 218 approval process. Working within legal and industry standards, we partner with you to implement solutions for the most challenging financial issues.



Throughout the process, we strive to educate the public, manage community expectations, and work within the often-confusing legal framework to develop the best solutions for your utility. Our analytical support and expert consultants help agency staff and legal counsel navigate the practical and legal challenges.

How NBS Stands Out



NBS' Overview of Rates, Fees and Charges. We believe in continuing education, not only for our own team, but also for our clients and municipal staff.

As industry leaders, we have a unique set of qualifications and experience in the work we perform. In that regard, we have published four booklets on related industry topics that can be downloaded at no charge at www.nbsgov.com/insights (click on NBS Publications). For a hard copy, please call 800.676.7516 or email contactnbs@nbsgov.com

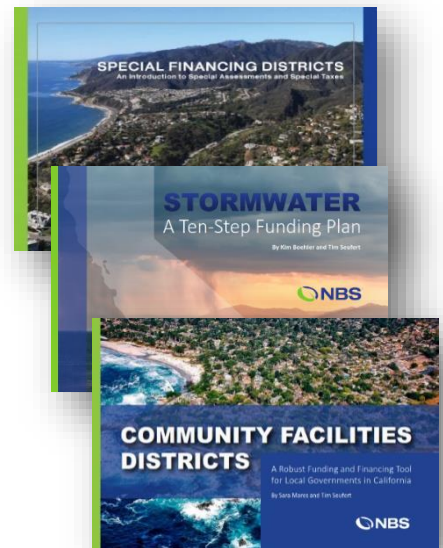
Rates, Fees and Charges Compendium has received high regard and interest from industry professionals and precisely relates to the District's current needs.

Additional NBS publications include:

- **Special Financing Districts (SFDs)** has been credited as the best publication on SFDs in a decade by prominent industry professionals.
- **Stormwater: A Ten-Step Funding Plan** addresses the spectrum of stormwater needs in California. We have been asked to present this funding topic at CSMFO and FMA.
- **Community Facilities Districts (CFDs)** explains this robust funding and financing tool for local governments.

To see a short video of our Utility Rate Group's consulting approach, please click on the link below, navigate to Videos, and select the 2nd video, *Challenges Today in Setting Utility Rates*:

<https://www.nbsgov.com/insights/>



CONTINUING EDUCATION WORKSHOPS



NBS University
Continuing Education for Public Agencies

NBS keeps things fresh by periodically hosting content-rich workshops that bring industry insiders together to learn, share ideas and meet with their peers. Topics qualify for continuing education (CE) units for the California Board of Accountancy. More

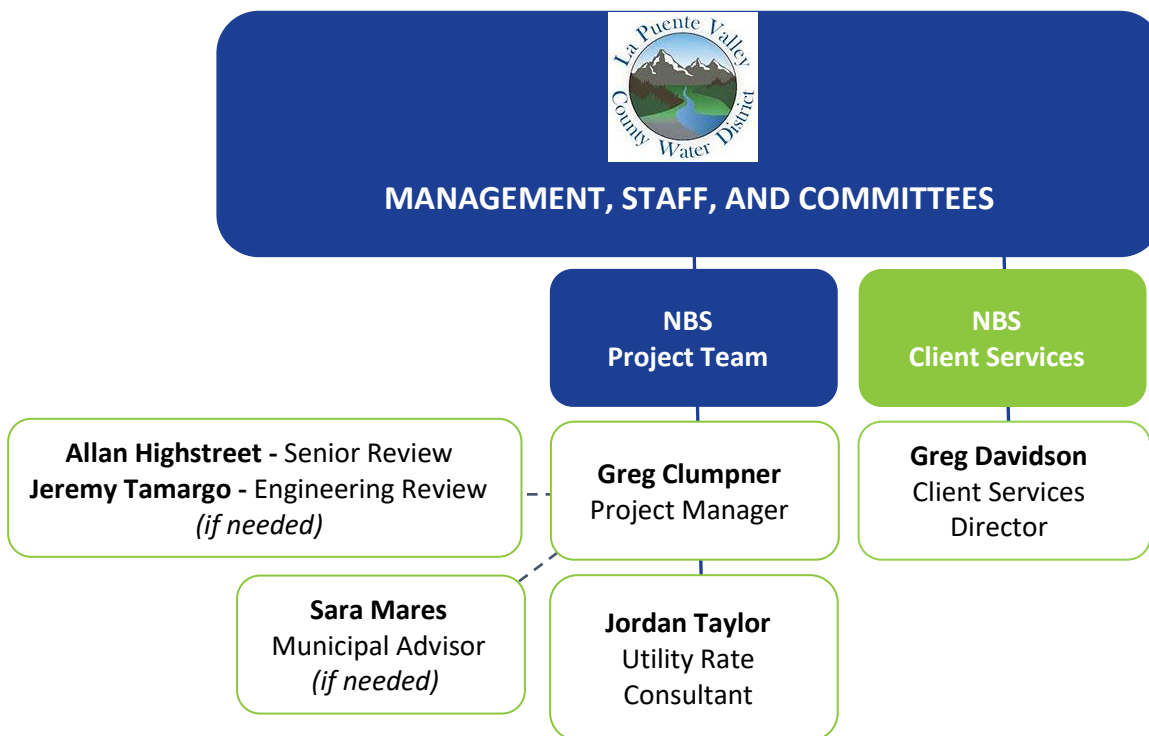
information can be found at <https://www.nbsgov.com/insights/nbs-university/>.

4 | PROJECT TEAM

Key Personnel

NBS' staff include 56 professionals with extensive experience in the fields of finance, management, engineering, and local governance. The staff selected for La Puente Valley County Water District's Water Rate Cost of Service Study are NBS' most qualified for this study. The following is a brief overview of NBS' proposed consulting team.

NBS Project Team Organization



All work will be performed in-house by the above employee-owners of NBS. Full resumes are included in the Appendix.

GREG CLUMPNER, PROJECT MANAGER

Role and Responsibilities: Greg will direct the day-to-day work efforts of the project team and will work closely with the District's project manager to discuss and review the overall approach, development of rate alternatives, and creative solutions to consider. He will be the District's main point of contact throughout the study and will design and direct analytical efforts of the project team, provide senior-level technical analysis and review, and monitor the schedule and delivery of work products to the District's satisfaction. Greg will be fully conversant in all findings and will be present for progress meetings with District staff and all public presentations for this project.

Work Experience: As a director in NBS' Utility Rate Study Practice, Greg Clumpner's 40-year professional career has focused on cost-of-service rate studies for municipal water, sewer, recycled water and solid waste agencies. He regularly makes technical presentations at client workshops, presented many technical

papers at industry conferences, and published numerous articles in the Journal of the American Water Works Association (JAWWA). Greg's practice includes management-consulting assignments related to utility operations, system valuations, and feasibility studies. He also created and managed Foresight Consulting where, for six years, his practice focused on water and sewer rate analyses. He has completed 400+ similar studies during his career.

Additionally, since Greg works with Prop 218 legal counsel on an on-going basis, he knows the general legal constraints as well as when to solicit critical legal input to ensure alternatives will meet specific legal requirements.

ALLAN HIGHSTREET, SENIOR REVIEW

Role and Responsibilities: Allan Highstreet brings additional experience in sewer rate making and will provide technical review, including the evaluation of study alternatives and results, as needed throughout the project. He will assist the project team in developing the best solutions that will fit the District's unique characteristics.

Work Experience: Allan Highstreet has 41 years of experience in the water industry working as a water resources planner for Jacobs Engineering (previously CH2M Hill). Most recently he was senior vice president at Jacobs managing water resource planning and development projects. Allan's four decades of experience includes preparing water and sewer rate and capacity fee studies, and he provides invaluable experience to the NBS project team for this engagement. His academic background includes a BS in Agricultural Business and a MS in Agricultural Economics.

JORDAN TAYLOR, UTILITY RATE CONSULTANT

Role and Responsibilities: Jordan Taylor is on staff with NBS and has more than a decade of project experience. She will support the project team in performing financial plan analysis, consumption data analysis and validation, cost of service analysis and calculations, and develop the rate design and funding alternatives.

Work Experience: Jordan Taylor has a Bachelor of Science degree in Chemistry and a master's degree in Business Administration with an emphasis in Finance. She offers more than 10 years of accounting experience along with extensive knowledge of financial analysis and budget planning. Jordan has completed more than 40 similar studies across California.

SARA MARES, REGISTERED MUNICIPAL ADVISOR

Roles and Responsibilities: Sara Mares is a Director with NBS and will be the Registered Municipal Advisor Representative for this project.

Work Experience: Sara Mares has more than 22 years of experience with NBS and is a Registered Municipal Advisor Representative. She has extensive experience with modeling and structuring revenue mechanisms that support debt issuance. Sara forms Special Financing Districts (SFDs), including Community Facilities Districts and 1913 Act Assessment Districts, which provide land secured financing for limited obligation bonds. She has also provided bond issuance disclosure related to revenue bonds, both stand-alone that are secured by utility rate revenue or as part of a pool bond structure. Sara also has more than

20 years of experience preparing and disseminating continuing disclosure annual reporting and listed event filings.

JEREMY TAMARGO, ENGINEERING REVIEW

Role and Responsibilities: Jeremy Tamargo is responsible for providing additional engineering resources and support for utility rate studies. He will be available as needed throughout the study to assist the project team with the technical analysis and help solve issues as they arise. Jeremy will work closely with the District to review the overall approach, help develop rate alternatives, and suggest creative solutions to consider.

Work Experience: Jeremy Tamargo is a professional engineer licensed in the State of Oregon and has an application in technical review with the California Board for Professional Engineers, Land Surveyors, and Geologists for comity licensure in the State of California. He has extensive experience in both the public and private sectors in civil engineering design as well as preparing utility master plans for municipal agencies in both Oregon and Washington. In his role as Assistant City Engineer at City of Tigard, Jeremy managed the City's System Development Charge program for the Public Works Department, which was used to pay for the installation, construction, extension, and expansion of the City's water, sanitary, sewer, stormwater, park and transportation systems. A member of the American Society of Civil Engineers, he is solutions-oriented and has a passion for focusing on excellence and sustainability on every project. Jeremy has a Master of Science in Environmental Engineering from Syracuse University and a Bachelor of Science in Civil Engineering from University of Notre Dame.

GREG DAVIDSON, CLIENT SERVICES DIRECTOR

Role and Responsibilities: As Client Services Director, Greg Davidson will ensure that the District's fundamental objectives are being met at all times and that the project is proceeding on a timely basis. He is included on the team as an active representative of our company's commitment to the highest level of service.

Work Experience: Greg has more than two decades of experience working with Special Financing Districts (SFDs) and serving as a project manager on various consulting projects. His depth of experience spans actively managing ongoing administration and annual levy calculations for 1913/1915 Act Assessment Districts, Landscape Maintenance Districts, Mello-Roos Community Facilities Districts, and PBIDs. He also has multiple years of experience training staff, speaking at different engagements, preparing Continuing Disclosures and providing Prop 218 consulting. Greg is a Registered Municipal Advisor.

5 | SIMILAR PROJECTS

NBS Similar Water and Sewer Project Experience

Below is a sample of projects for California municipal agencies that our proposed team has completed (or is now completing) which are similar to the District's study.

- Azusa Light and Water, *Water Rate Study*
- Alameda County Water Agency (Zone 7), *Connection Fee Update Study*
- Bellflower Mutual Water Company, *Water Rate Study*
- Calaveras County WD, *Water and Sewer Rate Study*
- Citrus Heights Water District, *Water Rate Study*
- City of Colton, *Water Rate and Connection Fee Study*
- City of Santa Ana, *Public Utilities Internal Overhead Cost-Allocation Analysis (Internal White Paper)*
- City of Davis, *Sewer Rate and Capacity Fee Study*
- City of Fort Bragg, *Water, Sewer and Drainage Rates*
- City of Fresno, *Public Sanitation Fee Study*
- City of Redding, *Water, Sewer and Solid Waste Rate and Development Impact Fee Studies*
- Cucamonga Valley Water District, *Water and Recycled Water Connection Fee Study*
- Costa Mesa CSD, *Solid Waste Rate Study*
- City of Los Angeles, Department of Water and Power, *Various Water Rate Analyses**
- City of Madera, *Water, Sewer, Storm Drainage and Solid Waste Rate Studies*
- City of Eureka, *Water and Sewer Rate Study*
- City of Morgan Hill, *Water and Sewer Rate Study*
- City of Redding, *Water, Sewer and Solid Waste Rate Study and Connection Fee Analysis*
- City of Sacramento, *Water, Sewer, Combined Sewer, and Stormwater Development Impact Fee Studies and Community Sanitation Fee Study*
- City of Santa Paula, *Water and Sewer Rate Study*
- County of Sonoma, *Water and Sewer Rate Study*
- City of San Francisco, Public Utility Commission, *Solid Waste and Electric Utility Rate Studies**
- City of Sausalito, *Sewer Rate Study*
- City of Sunnyvale, *Water Rate Study*
- City of Victorville, *Sewer Rate Study, Industrial Pretreatment Program Fee Study, and Storm Drain Rate Study*
- Desert Water Agency, *Water, Sewer & Recycled Water Rate Study, and Tribal Water Rates Analysis*
- Hidden Valley Lakes Community Services District, *Water and Sewer Rate Study*
- Humboldt CSD, *Water and Sewer Rate study*
- Mountain House CSD, *Water and Sewer Rate Study*
- Napa Sanitation District, *Sewer Rate Study*
- San Benito County, *Developer Storm Drainage Impact Fee Reimbursement Analysis*
- Town of Mill Valley, *Sewer Rates and Capacity Fees*
- Pajaro Sunny Mesa CSD, *Water Rate Study*
- San Lorenzo Valley Water District, *Water and Sewer Rate Study and Fire Damage Surcharge Study*
- Santa Clara Valley Water Agency, *Water Supply and Flood Control Development Impact Fee Study*
- Suisun-Solano Water Authority, *Water Rate Study*
- Sussex County, Delaware, *Water, Sewer Rate and Capacity Fee Study and Oversizing Credit Analysis*
- Valley of the Moon WD, *Water Rate Study*
- Victorville Water District, *Water Rate Study*
- Valley Sanitation District, *Sewer Rate Study*

* As subconsultant to Guide House/Navigant



References

Below is a sample of projects and references similar in scope and magnitude to the District’s needs.



CITY OF MADERA

WATER, SEWER, STORM DRAINAGE AND SOLID WASTE RATE STUDY

Project Timing: September 2020 – April 2022

Contact Information

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NBS Project Team:

Allan Highstreet, Greg Clumpner,
Jordan Taylor, Alice Bou

This comprehensive rate study for the City’s utilities covered full cost-of-service analyses, financial plans, and rate design alternatives. The City had not updated rates in many years and was relying on NBS to ensure rates comply with Prop 218, meet revenue requirements, and provide a fresh approach to revenue collection. The City was aware of numerous rate structure deficiencies that they wanted fully addressed and relied on NBS to provide the necessary leadership in this effort. Key tasks included a comprehensive review of rate designs, customer classes, and cost-of-service analyses. The study also addressed new funding sources for street sweeping and SB 1383 organics programs. Final reports for water, sewer and solid waste have been completed and the proposed rates have been approved by the City Council.

Project dates for studies:

*Water, Sewer, Storm Drainage and Solid Waste Rate Studies
(Separate Reports): Final Study Reports issued in March/April 2022*

DESERT WATER AGENCY, CA

WATER, RECLAIMED WATER, WASTEWATER RATES AND CAPACITY FEES

Project Timing: 2016 – Last project completed September 2022



Contact Information

Esther Saenz
Finance Director
1200 S. Gene Autry Trail
Palm Springs, CA 92264
P: 760.323.4971 Ext 120
E: esther@dwa.org

NBS Project Team:

Greg Clumpner, Alice Bou

Since 2016, NBS has provided rate consulting services to DWA including water and sewer rates, capacity fees, and special assignments such as advice regarding operational disputes with Indian tribal water rights. Work products have included detailed financial plans, evaluation of rate design alternatives, funding scenarios to optimize cash vs. debt funding, analysis of water consumption trends related to conservation and more recently Covid-19 impacts, and related Prop 218 industry concerns.

Project dates for studies:

*2016 Water, Reclaimed Water & Wastewater Rate Study
2018/2020 Capacity Fee Study and Special Consulting Services
2022 Rate Study Update (includes Water, Reclaimed Water & Wastewater)*

ROWLAND WATER DISTRICT
WATER AND RECYCLED WATER RATE STUDY

Service Dates: 2016 - Completed Rate Study Update November 2021
Approximate Project Cost: \$52,000



Contact Information

Tom Coleman
General Manager
3021 South Fullerton Road
Rowland Heights, CA 91748
P: 562.697.1726
E: tcoleman@rowlandwater.com

NBS Project Team:

Allan Highstreet, Jordan Taylor

NBS updated the Water and Recycled Water Rate Study for Rowland Water District. The previous rates were passed in 2017 and the District is currently operating in a surplus regarding operating and debt services without a rate increase. With future planning in mind, minor rate increases are proposed to fund maintenance of the water system on a pay as you go basis. Other objectives included updating the current cost-based rates and drought rates to coincide with the District’s Water Shortage Contingency and surcharges for customers in various elevations zones.

For the recycled water system, the main objectives were to allocate costs to the potable and recycled water systems and to have recycled water customers bear a greater percentage of their costs. The end goal being that the recycled water customers bear the full costs of the system for the services. NBS supported District staff in Board workshops to obtain approval to move forward with the Proposition 218 process. The public hearing was in November 2021 for rate adoption.

CITY OF VICTORVILLE, CA

WATER, SEWER AND SOLID WASTE RATE STUDIES, SEWER CAPACITY FEE STUDY, AND STORM DRAINAGE FEE FEASIBILITY STUDY

Project Timing: 2016 – Present



Contact Information

Doug Mathews
Director of Public Works
14343 Civic Center Drive
Victorville, CA 92393
P: 760.243.6332
E: dmathews@ci.victorville.ca.us

NBS Project Team:

Greg Clumpner, Allan Highstreet,
Alice Bou

NBS last updated the Water Rate Study for the Victorville Water District in 2016, and subsequently the Sewer and Solid Waste Rate Studies for the City of Victorville in 2018. We recently updated the water, recycled water, and sewer rates and sewer capacity fees.

Key assignments included: (1) Developing sewer rates and Industrial Pretreatment Program Fees for four significant industrial users that utilize the City's Industrial Wastewater Treatment Plant (IWWTP) and collection system, and (2) Developing rates for all residential and commercial customers that utilize a combination of City-owned and operated collection system, the IWWTP, and a regional wastewater treatment provider.

The Water Rate Study addressed key issues, such as developing a capital funding plan that would fund over \$55 million in rehabilitation and replacement projects, updating the water rate structure to one based on industry standards, and developing drought surcharges that can be implemented in drought stages.

A key part of all three rate studies was working with a challenging City Council to develop rate alternatives that all Council members could agree on and support in the public approval process.

Project dates for studies:

2016 Water and Sewer Rate Studies

2018 Solid Waste Rate Study

2021 Water Rate Study Update and Rate Design

2021 Sewer Capacity Fee Study

2022 Sewer Rate Study Update

2022 Solid Waste Rate Study Update

6 | COST PROPOSAL

Our professional fees are based on our understanding of the District’s needs and the effort we believe is necessary to complete the scope of services described in our proposal. Work will be performed on a time and materials basis, at the hourly labor rates show in the budget table below, with a not-to-exceed fee of **\$45,990**.

Additional services requested, such as additional public meetings or additional rate or fee alternatives, can be provided based on these hourly labor rates. Cost of additional in-person meetings beyond those provided in Task 6 are shown at the bottom of this table. All additional tasks and/or meetings would be mutually agreed upon by NBS and the District prior to proceeding.

La Puente VCWD - Proposal for Water Rate Cost of Service Study						
Study Tasks	Consultant Labor (Hours)					Grand Totals
	Senior Review ¹ (Highstreet)	Project Manager (Clumpner)	Engineering Review (Tamargo)	Consultant (Taylor)	Total Consultant Labor (Hrs.)	Consultant Costs (\$)
<i>Hourly Rates</i>	\$250	\$260	\$210	\$185		
Water Rate Cost of Service Study						
Task 1 – Data Collection and Kickoff Meeting	0.0	4.0	0.0	12.0	16.0	\$ 3,260
Task 2 – Financial Plan	0.0	8.0	0.0	14.0	22.0	4,670
Task 3 – Cost-of-Service Analysis	4.0	16.0	4.0	30.0	54.0	11,550
Task 4 – Rate Design Analysis	4.0	20.0	2.0	30.0	56.0	12,170
Task 5 – Prepare Written Study Report	2.0	16.0	2.0	4.0	24.0	5,820
Task 6 – Meetings and Presentations ²	2.0	20.0	0.0	4.0	26.0	6,440
Task 7 – Implementing Rates and Prop 218 Assistance	0.0	8.0	0.0	0.0	8.0	2,080
Grand Total: Water Rate Cost of Service Study	12.0	92.0	8.0	94.0	206.0	\$ 45,990

Additional Costs for Additional In-Person Meetings/Presentations ³						
Labor Cost Per Visit/Presentation		10.0				2,600
Travel Expenses per Meeting (not to exceed)						400
Total: Per Optional Visit/Presentation						\$ 3,000

1. If time is required for municipal advisor services (Sara Mares), senior review hours would be utilized.
2. Includes 6 progress meetings with District staff, two (2) Board meetings, and one (1) additional Board or Board Committee Meeting. For budgeting purposes, all meeting are assumed to be remote (Zoom or Teams).
3. These are meetings beyond those provided in Task 6 and, therefore, include both meeting and travel time.

7 | PROJECT SCHEDULE

The following is an overview of our proposed project schedule. We will discuss a detailed schedule at the kick-off meeting, along with the expected timing for individual tasks.

PROJECT SCHEDULE FOR THE LA PUENTE VALLEY COUNTY WATER DISTRICT

La Puente VCWD Project Schedule Water Rate Cost of Service Study	March				April				May				June				July				August				September				
	Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
Task 1 – Data Collection and Kickoff Meeting		■																											
Task 2 – Financial Plan																													
Task 3 – Cost-of-Service Analysis																													
Task 4 - Rate Design Analysis																													
Task 5 – Prepare Written Study Report																													
Task 6 – Meetings and Presentations ¹																													
Task 7 – Implementing Rates and Prop 218 Assist.																													
Proposition 218 Noticing & Protest Period (45-day minimum)²																													

1. Meetings and presentations are estimated in this timeline and will be scheduled as needed throughout the study.
2. The timing of the Proposition 218 process shown in the schedule above is an estimate of when the process can take place. The actual schedule will be discussed at the kick-off meeting and a more defined plan will be developed at that time.

- Active task work
- Draft and Final Reports
- Meeting with District Staff (to be scheduled as needed)
- Public Workshops/Board Presentation (to be scheduled as needed)

APPENDIX | RESUMES

This appendix contains full resumes for our proposed project team.

EDUCATION

- Master of Science, Agricultural/Managerial Economics, U.C. Davis
- Bachelor of Science, Environmental Planning, U.C. Davis

AFFILIATIONS

- Former Vice-Chair, City of Davis Utility Rate Advisory Committee
- Former Chairman, City of Davis Planning Commission

SPEAKING / MEDIA

- “Tiered Water Rates – Understanding Their Equity and Impact on Customer Bills” – Journal of AWWA, September 2019, Volume 111, Number 9
- “Avoiding Billing Debacles Around New Water or Sewer Rates” – Journal of AWWA, March 2019, Vol. 111, No. 3
- “Changing Perspectives on Outside Surcharges: Understanding New Criteria” – Journal of AWWA, January 2019, Vol. 111, No. 1
- “Social Justice and Water Rates: Impacts of Rate Design on Low-Income Customers” – Journal of AWWA, July 2018, Vol. 110, No 7
- “Setting the Stage for Water Rates: Policy Direction Should Be A Priority”, CSMFO Magazine, November 2016
- “Rates, Fees and Charges in the Post-Proposition 13, 218 and 26 ERA in California” – NBS Publication, Contributing Author, 2014
- “Fiscal Health vs. Pricing for Conservation” – ACWA Fall Conf., Indian Wells, CA, December 2015

HIGHLIGHTS

Greg Clumpner has 40 years of experience in financial, economic, and cost-of-service rate analyses for municipal water, sewer and solid waste agencies, including broader management consulting:

- **Utility Cost-of-Service Rate Studies:** 400+ cost-of-service analyses and rate design studies; conservation-oriented water rates, capital improvement funding strategies for water, sewer and solid waste utilities
- **Management Consulting and Strategic Planning:** Feasibility analyses of municipal vs. private system operations, system valuations and acquisitions, and bond feasibility studies.

RELEVANT PROJECT EXPERIENCE

- **City of Redding – Water, Sewer, and Solid Waste Rate and Impact Fee Studies:** Cost-of-service study of water, sewer, and solid waste rate and system capacity charges. Addressed everything from policies objectives to structure alternatives. Worked with a City Council-appointed Citizens Advisory Group that reviewed rate alternatives and provided recommendations to the Council.
- **Mountain House CSD, Tracy, CA – Water and Sewer Cost-of-Service Rate Study:** Study redesigning rates from 1990s-era rate structures that subsidized utilities from the general fund. New rates were phased in over five years and restructured rates, evaluated customer bill impacts, provided public workshops and Prop 218 notices.
- **El Dorado Irrigation District, Placerville, CA – Water, Sewer, and Recycled Water Cost-of-Service and Rate Design Study:** Worked with the district board and a dedicated committee to review/recommend policy changes; alternative rate designs; and recommended water, sewer, and recycled water rates.
- **Los Angeles Department of Water & Power (LADWP) – Specialized Studies:** As a part of the 2018-19 interim rate review for LADWP under contract with Navigant Consultants (now Guidehouse), prepared evaluations of: (1) Analysis of how demand forecasting methodologies are used for financial planning and rate-setting purposes; (2) Review of temperature zones and water rate impacts to determine whether climate-change adjustments to temperature zone boundaries would change customer water budgets, and; (3) stormwater benefit cost analysis reviewed the feasibility of specific projects.
- **City of Lincoln – Sewer and Solid Waste Rate Studies:** Prepared full cost-of-service rate studies that evaluated rate design alternatives, capital project funding strategies, and changing customer characteristics. The sewer rates also developed new rates for County vs. City customers and provided the basis for issuing new revenue bonds to fund capital improvements.

RELEVANT PROJECT EXPERIENCE | CONTINUED

- Mill Valley – Sewer Rate Study:** Evaluated long-term financial plans reflecting the City’s capital improvement costs and developed fixed and variable rate design alternatives to improve revenue stability and their impacts on commercial customers. Sewer rates also considered recent drought and water conservation efforts. Water consumption was used to update commercial rates and how projected water conservation might impact future consumption.
- City of Sacramento – Water, Sewer and Stormwater Impact Fees:** Updated citywide impact fees for each utility, including the City’s downtown area combined storm-sewer system as well as the separated systems.
- Pajaro Sunny Mesa CSD, Monterey – Water Rate Study:** The CSD has nine separate water systems, each with separate rates. This study developed a uniform and combined rate structure for the CSD that met CSD policy objectives and Prop 218 requirements for fairness and equity.
- City of Santa Paula – Water and Sewer Rate Study:** This study included meeting future funding requirements, evaluating issues surrounding the City’s purchase of its wastewater treatment plant, drought impacts, and generally improving rate design to be fairer and more equitable. Residential sewer rates were restructured to create volumetric charges based on average winter water use on a customer-by-customer basis.
- City of Sausalito – Sewer Rate Study:** This study restructured sewer rates from a fixed charge to a combination of fixed and volumetric rates based on average winter water use. At that time, the Marin County Grand Jury was investigating sewer rates countywide and commended the City for the actions it took to restructure these rates and recommended other agencies follow suit.
- San Francisco PUC – Solid Waste Electric Utility Rate Studies:** As the prime contractor, NBS teamed with Navigant and R3 Consulting to complete rate studies for the PUC that updated solid waste and electric utility rates.
- San Lorenzo Valley Water District – Water and Sewer Cost of Service and Rate Design Studies:** Two separate studies addressed the cost of service and then rate design issues, including a long-term funding plan for capital projects. Rate design included restructuring tiered rates combined with a set of rate stabilization (drought) rates that would automatically be implemented if rate revenue in any month fell 10 percent or more below projected revenues
- City of Yuba City – Water and Sewer Rate Study:** Comprehensive update addressing long-term revenue goals, water conservation, and adequate funding for capital improvements. Prepared financial plan alternatives, projected net revenues, developed reserve policies, cost-of-service analyses, and alternative rate designs including water conservation rates.



“Greg’s knowledge and expertise helped the process immensely. He met with the committees and presented his findings in clear, understandable graphs and tables. He worked with staff to fine tune the information for presentation to the Board and community.”

*Brian Lee, General Manager,
San Lorenzo Valley
Water District*



EDUCATION

- Master of Science, Agricultural Economics, UC Davis
- Bachelor of Science, Agricultural Business Management, California State University, San Luis Obispo

AFFILIATIONS

- Project Management Professional (2002, No. 52367)
- American Water Works Association (AWWA), Member

PROJECTS | CONT.

- **City of Tracy, Tracy, CA – Sewer Rate Studies:** Has prepared sewer rate updates for the City of Tracy since 1979. Originally done to satisfy SRF requirements, more recent updates focused on cost of service studies.
- **Senior Consultant, San Mateo Clean Water Program, San Mateo, CA.** Overseeing the preparation of the State Revolving Fund loan applications for the \$800M Clean Water Program. These efforts include developing a financial model to evaluate funding scenarios and preparing the application packages.
- **Project Economist, Wastewater Master Plan, Laguna County Sanitation District, Santa Barbara, CA.** Prepared a financial model that estimated user charges and demand fees for various capital improvement scenarios. The model's financial dashboard could vary in growth, timing of projects, escalation rates, financing terms, and rate structure alternatives to develop the appropriate master plan for the District.

HIGHLIGHTS

After retiring from Jacobs Engineering as a senior vice-president, Allan Highstreet has since joined NBS as a technical consultant with the highest level of expertise in water-related financial analyses.

Allan is a senior economist with 41 years of experience in financial planning for water, wastewater, and stormwater utilities, including rate studies, project funding, and cost allocations. He has performed economic assessments, cost analyses, finance plans, and rate studies, including preparing loan applications and related documents for many municipal clients.

RELEVANT PROJECT EXPERIENCE

- **Rowland Water District – Water and Recycled Water Rate Study.** Update water and recycled water rates. Proposed a minor increase in order to fund maintenance of the water system. Update the cost-based rates and drought rates to coincide with the District's Water Shortage Contingency. Objectives for the recycled water system: develop a method for allocating costs in the District's budget to the potable and recycled water systems, establish a financial plan to have recycled water customers bear a greater percentage of their costs.
- **Project Economist, Groundwater Recovery Enhancement and Treatment Program, City of Oxnard, CA.** Prepared a Title 16 feasibility study to obtain a \$20 million grant from U.S. Bureau of Reclamation. This project comprised of a recycled water treatment, conveyance, and injection. Tasks included providing recycled water for groundwater injection and irrigation that would enable the City to build groundwater credits through injection and obtain groundwater allocations from agricultural users who would use recycled water in lieu of groundwater. Allocations and credits could then be used to make up the City's water supply deficit.
- **Project Economist, Finance Planning Framework, California Water Plan, California Department of Water Resources, CA.** Assisting in preparing the Finance Planning Framework for the 2013 and 2018 California Water Plan. The effort includes describing the current financial setting, developing approaches to prioritizing investments, and developing a menu of available financing strategies.
- **Merced Irrigation District, Merced, CA – Water Cost of Service Study:** Prepared a cost-of-service study that estimated user charges and fees for the water deliveries within the District. Also prepared the Proposition 218 material for the vote to enact the rates.
- **Byron Bethany Irrigation District, Byron, CA – Water Cost of Service Study:** Prepared a cost-of-service study that estimated user charges for the water deliveries within the District. Also prepared the Proposition 218 material for the vote to enact the rates.
- **Westlands Water District, CA – Evaluating Land Based Assessments:** Led an evaluation of possible land based assessments in the District, then prepared an Engineers Report to implement a benefit assessment for the District.
- **Oakdale Irrigation District, Oakdale, CA – Water Rate Study:** Prepared a cost-of-service study that estimated user charges for the water deliveries within the District. This study moved the District from a flat rate to tiered volumetric rates to comply with the Water Conservation Act of 2009 (SBx 7-7). Also prepared the Proposition 218 material for the vote to enact rates.

EDUCATION

- Master of Business Administration, Finance, University of Redlands
- Bachelor of Science, Chemistry, University of Utah, Salt Lake City

HIGHLIGHTS

- Extensive experience in large-scale data analysis
- Advanced Excel user with the essential skills for complex data analysis and alternative scenario analysis
- More than ten years of accounting experience for large and small businesses
- Experienced consultant with water, sewer and solid waste rate structures
- Experienced consultant with budget management, financial planning and reserve fund analysis



“Jordan has been great to work with on our Five-Year Water and Wastewater Rate Study. She is professional and very responsive to our requests from making last minute updates to the rate model to brainstorming alternative solutions with us.”

*Sunny Wang
Water Resources Manager
City of Santa Monica*



BIOGRAPHY

Jordan Taylor is a Consultant at NBS in our Utility Rate group. She brings more than ten years of experience in finance, accounting, budget planning and system auditing. Jordan graduated with high honors in her Master’s program and spent most of her studies focusing on large-scale financial analysis and data management.

Jordan provides analysis and support on water and sewer utility rate studies for cities and special districts in California. She performs various financial analyses, data management, and utility customer data analysis for utility rate and capacity fee studies. Jordan’s diverse knowledge of managerial accounting is essential to the work performed by NBS.

RELEVANT PROJECT EXPERIENCE

- **Costa Mesa Sanitary District – Solid Waste Rate Study:** This comprehensive rate study included development of a long-term financial plan that evaluated funding options to reduce the annual operating deficit over a five-year period. An evaluation of the District’s solid waste rates, and updated rates were calculated for the three cart sizes that are used by customers in the District and a five-year rate schedule was adopted.
- **Hidden Valley Lakes Community Services District – Water/Sewer Rates & Capacity Fee Study:** Completed an updated water and sewer cost of service study, based on a previous 2015 study conducted by NBS. A key part of this study was addressing significant capital improvement projects and drought-related changes in water consumption patterns. Major tasks included reviewing financial/rate setting policies, preparing financial plans, updating the cost of service analysis, and evaluating alternative rate designs.
- **Idyllwild Water District – Water and Sewer Rate Study:** Prepared water and sewer rate studies, which included developing long-term financial plans that allowed the District to begin funding capital improvement programs for both utilities, and maintain adequate reserves to meet established reserve fund policies. Updated the water rate structure to provide more revenue stability for the District, and implement a cost-based tiered volumetric rate.
- **City of Madera Water, Wastewater, Storm Drainage and Solid Waste Rate Studies:** Completed an updated water and sewer cost of service study, based on a previous 2015 study conducted by NBS. A key part of this study was addressing significant capital improvement projects and drought-related changes in water consumption patterns. Major tasks included reviewing financial/rate setting policies, preparing financial plans, updating the cost of service analysis, and evaluating alternative rate designs.

RELEVANT PROJECT EXPERIENCE | CONTINUED

- **City of Yuba City – Water and Sewer Rate Study Updates:** Perform annual updates of the City’s most recent comprehensive Water and Sewer Financial Plan and Rate Study. Key objectives of the annual updates are to evaluate annual financial status and determine if the City needs to implement the previously approved rate increases, or if a lower increase is possible.
- **City of Lincoln – Sewer and Solid Waste Rate Study:** Prepared long-term financial plans for the City’s Sewer and Solid Waste utilities, which included evaluating debt financing alternatives for sewer collection system and wastewater treatment plant improvements. Since this was the City’s first full cost-of-service analysis for solid waste, Jordan and the project team developed all relevant data necessary to complete the study, including allocating collection, disposal, organics collection, and general and administrative costs.
- **City of McFarland – Water and Sewer Rate Study:** Developed long-term financial plans for the City’s water and sewer utilities that would adequately fund operating, maintenance, and high-priority capital improvement needs, which included expanding the wastewater treatment plant and constructing a new water well. Worked with the project team to update the rate structures to reflect the cost of providing service to each customer class and current industry standards.
- **City of Morgan Hill – Wastewater Rate Study:** Prepared a financial plan for the 2018 wastewater rate study update, which included budget analysis, cash flow projections, and a detailed evaluation of capital funding options. The study evaluated debt financing alternatives to fund \$87 million in capital improvements for pipeline replacement and a treatment plant expansion.
- **City of Sacramento – Development Impact Fee Study:** Conducted an extensive update of water, sewer, and storm drainage system capacity charges. This study addressed City policies and overall objectives in developing connection fee alternatives for the City to consider. Key tasks included preparing financial/rate setting policies, financial plans, projecting capital revenue requirements, cost-of-service analyses, and alternative fee methodologies.
- **City of Seal Beach – Water and Sewer Rate Study:** Prepared financial plans for the City’s water and sewer utilities to ensure sufficient funding was available for operating, maintenance, capital improvement needs and to maintain appropriate reserve funds. Developed cash flow analyses and capital improvement program funding options that balanced the use of rate increases with potential debt financing to minimize the impact to ratepayers.
- **City of Santa Monica – Water and Wastewater Rate and Capital Facility Fee Study:** Developed long-term financial plans for the City’s water and wastewater utilities that balanced meeting operating, maintenance, and capital needs along with maintaining adequate reserve funds. Worked with the project team to develop capital funding options for the City’s \$200 million Sustainable Water Infrastructure project by balancing outside debt financing, interfund loans, use of existing reserve fund balances, and rate increases. Developed updated rate structures which included collecting a greater percentage of revenue from fixed water meter charges, incorporating a modest fixed charge in the wastewater rate structure and developing tiered volumetric water rates based on the City’s sources of water supply. Conducted a thorough analysis of water usage patterns and updated the wastewater discharge factors to reflect low water usage periods.

EDUCATION

- Bachelor of Arts, with honors, Economics, Mills College
- Continuing education from UC Davis, UCLA, CDIAC, etc.

HIGHLIGHTS

- Registered Municipal Advisor Representative
- 22 years of experience
- Bond Issuance Modeling & Disclosure
- Expert Special Tax Consultant
- Assessment District Formation
- Reassessment Consulting
- Proposition 218

AFFILIATIONS

- California Society of Municipal Finance Officers (CSMFO)
- California Special Districts Association (CSDA)
- Committee on Special Assessments, Taxes and Other Financing Facilities (CASTOFF)
- Women in Public Finance (WPF)

SPEAKING / MEDIA

- Leading Your District through Financing Facilities and Fund Services with a Tax Measure 2022 CSDA GM Summit and Webinar
- Revenue Recovery: From Riches to Rags, and Back to Riches? 2022 CSMFO Annual Conference
- Show Me More Money: Optimizing Revenues in a Post-COVID World. 2022 CSMFO Annual Conference
- Park & Rec Fiscal Toolbox. 2021 CARPD Annual Conference

BIOGRAPHY

Sara Mares is a Director with NBS and a Registered Municipal Advisor Representative. She has extensive experience with modeling and structuring revenue mechanisms that support debt issuance. Sara forms Special Financing Districts (SFDs), including Community Facilities Districts and 1913 Act Assessment Districts, which provide land secured financing for limited obligation bonds. She has also provided bond issuance disclosure related to revenue bonds, both stand-alone that are secured by utility rate revenue or as part of a pool bond structure. Sara also has more than 20 years of experience preparing and disseminating continuing disclosure annual reporting and listed event filings.

RELEVANT PROJECT EXPERIENCE

- **City of Rio Vista CFD Formation and Bond Issuance Disclosure.** Complex Workout including refinancing existing CFD debt, formation of a new CFD to restructure a portion of the existing CFD debt and funding of additional services. CFD Formation and Bond Issuance completed in 2018.
- **City of Patterson Water and Wastewater Revenue Bond Disclosure.** Continuing annual disclosure report filings for water revenue bonds, wastewater revenue bonds, land secured bonds and lease revenue bonds. Timely filings made annually, including notices of listed events as applicable.
- **City of American Canyon CFD Formation and Bond Issuance.** Analysis and formulation of special tax rate and method of apportionment structure. Data analysis and bond issuance disclosure data provided for debt issue.
- **United Water Conservation District Feasibility and Revenue Options Analysis.** Review CIP project list to determine available financing options and potential rate structures, including modeling of various rates.



“Thank you so much for all of your guidance, advice and support this year. We definitely wouldn't have been able to accomplish this amazing feat without your experience and knowledge!” Nikki Winslow, Library District Director, Altadena Library District

EDUCATION

- Master of Science, Environmental Engineering, Syracuse University
- Bachelor of Science, Civil Engineering, University of Notre Dame
- Certificate, Advanced Study in Sustainable Enterprise, Syracuse University

PROFESSIONAL AFFILIATION

- American Society of Civil Engineers

HIGHLIGHTS

- Experience in both public and private sectors
- Civil engineering design
- Utility master planning
- Development review
- Mapping and analysis in ArcGIS
- AutoCAD

BIOGRAPHY

Jeremy Tamargo has nearly a decade of professional civil engineering experience in both the public and private sectors. *He is a licensed professional engineer in the State of Oregon and has an application in technical review with the California Board for Professional Engineers, Land Surveyors, and Geologists for comity licensure in the State of California.

Jeremy's recent experience as an Assistant City Engineer and Principal Engineer included the following activities:

- Supervising, planning, designing, and inspecting all phases of civil engineering public works construction projects
- Defining the scope of the project; securing adequate funding from Federal and State grant programs and other funding sources
- Coordinating with permitting and public utility agencies
- Performing historical document research and review
- Surveying and engineering analysis of alternatives
- Preparing plans, specifications, and cost estimates
- Performing research, map, and field studies and surveys
- Drafting site plans with specialized computer software
- Applying engineering principles and practices to specific problems
- Coordinating construction schedules with other projects and agencies
- Preparing and reviewing cost estimates and inspecting construction of projects to ensure compliance with construction documents
- Reviewing compliance criteria for the design and construction of streets, sidewalks, and public utilities

Jeremy also has experience in civil engineering design and preparing utility management plans for both private and public developments. Specific duties included:

- Site characterization
- Delineating drainage basins
- Performing hydrologic calculations
- Designing stormwater facilities to meet water quality and water quantity standards
- Conveyance modeling
- Inlet capacity calculations
- Creating operations and maintenance plans



Item 10A – Upcoming Events

Upcoming Events



To: Honorable Board of Directors

Date: 01/23/2023

Re: Upcoming Board Approved Meetings and Conferences for 2023

Day/Date	Event	<u>Argudo</u>	<u>Barajas</u>	<u>Escalera</u>	<u>Hernandez</u>	<u>Rojas</u>
Tuesday & Wednesday February 7 & 8, 2023 8:30 a.m.	2023 Annual AGWT-AGWA Conference Ontario Airport Hotel, Ontario			X		
Thursday February 9, 2023 8:00 a.m.	San Gabriel Valley Water Association Quarterly Membership Meet Pomona Valley Mining Co, Pomona			X		
Monday & Tuesday April 4 & 5, 2023	AWWA CA/NV Spring Conference 2023 Town & Country, San Diego					

Board Meetings typically held on the 2nd and the 4th Monday of each Month.