

City of La Verne, City Council Agenda Report



Approved on 7/1/2024 at
the regular meeting of
the La Verne City Council.

DATE: July 1, 2024
TO: Honorable Mayor and City Council
FROM: Meg McWade, Public Works Director
SUBJECT: **CONSULTANT AGREEMENT FOR WATER AND SEWER COST OF SERVICE AND RATE DESIGN AND ESTABLISHMENT OF AD HOC COMMITTEE.**

SUMMARY

Approval of a consultant Agreement with Raftelis to perform a Water and Sewer Cost of Service Rate Study to develop legally defensible rates which support the safety and reliability of the City's Water and Sewer Systems. This will be the first rate adjustment study since 2018/2019. Additionally, establish an Ad Hoc Water and Sewer Rate Study Committee to enhance public involvement in the rate-setting process.

RECOMMENDATION

That the City Council:

1. Authorize the City Manager to execute a Professional Services Agreement, and any amendments related thereto, with Raftelis, at prices bid, with an estimated cost of \$109,076, for the Water and Sewer Cost of Service and Rate Design Study; and
2. Adopt a resolution, titled "A Resolution of the City Council of the City of La Verne, California, Establishing an Ad Hoc Water and Sewer Rate Study Committee"; and
3. Approve the by-laws of the Ad Hoc Water and Sewer Rate Study Committee.

DISCUSSION

Funding for the operation, maintenance, and renewal of the City's water and sewer infrastructure comes entirely from the City's Enterprise Funds. A cornerstone of a well-operated utility is the establishment of equitable cost-based rates, fees, and charges. These rates are essential for providing communities, like La Verne, with the financial capacity to construct, operate, maintain, and reinvest in their water and wastewater infrastructure. Such infrastructure is vital for delivering safe and reliable drinking water, as well as fire protection and wastewater services to the community. To ensure these rates adequately meet the City's revenue needs, they are periodically reviewed and adjusted as necessary.

City Council last approved an increase in water and sewer rates in 2019. Since that time, costs have continued to escalate and revenues have not kept pace with expenditures, particularly in the water system. Additionally, the City has developed Water and Sewer Master Plans outlining the necessary water and sewer system capital investments. The City requires rate adjustments for sustainable water and sewer systems. To ensure compliance with California statutes, such as Proposition 218 and related litigation, staff recommends hiring a consulting firm that specializes in performing Cost of Service studies and developing the necessary administrative

record for legally defensible rates.

Consultant Selection Process

On February 8, 2024, a Request for Proposals (RFP) was posted on PlanetBids for a consultant to assess and evaluate the cost and rates of the City of La Verne's existing water and sewer systems. At the bid due date on March 21, 2024, five (5) proposals were received from the following qualified firms (listed in alphabetical order):

- Bartle Wells Associates
- Endeavor Utility Solutions
- NBS Government Finance Group
- Raftelis
- Willdan Financial Services

The bids were reviewed and ranked by an Interdepartmental Review Committee to assess experience and expertise, methodology, references, and cost - as shown in the attached Proposal Summary. After the independent scoring of the proposals, the top three firms - Bartle Wells Associates, Raftelis, and Willdan Financial Services - were invited to the interview process. Upon completion of the interviews, the Review Committee determined that Raftelis' proposal best fit the needs of the City. Should the City Council award the contract to Raftelis, work is intended to begin in July 2024, with the proposed water and sewer rates being presented to City Council in 2025.

Consultant Scope of Work

Raftelis will conduct a detailed analysis of customer water consumption characteristics and demand forecasting and a comprehensive cost-of-service analysis, referencing the City's funds and budgets, Capital Improvement Program (CIP), Urban Water Management Plan, Water/Sewer Master Plans, customer classes, current usage data, future planned growth, current/pending legislation, and other relevant information in developing the proposed water and sewer rates. Once proposed water and sewer rates are determined, rate workshops and community meetings will be conducted.

Outreach to the community will play an important role throughout the assessment of the City's water and sewer rates. The City will coordinate a social media campaign with Raftelis to ensure continued education and communication throughout this project's scope. Raftelis will also host two community meetings to inform the public about the rate study.

A key component of this study is the Proposition 218 process. In 1996, California voters adopted Proposition 218 (Prop 218) which added article XIII to the State Constitution. Local agencies, including La Verne, must comply with Prop 218 when proposing increased water and sewer charges. The City must mail a notice of the proposed charges to its customers, including the amount or basis for calculating the charges. No sooner than 45 days later, the City must hold a public hearing and consider any comments made by members of the community. The City must also consider the number of protests submitted by property owners and water /sewer account holders. If valid protests are submitted for a majority (50% plus one) of properties served by La Verne, then the City cannot adopt the charges. Raftelis will lead this Prop 218 process on behalf of the City. In conjunction with Staff and the Ad Hoc Committee, Raftelis will

initially present rate adjustments to the City Council for consideration. Should the City Council choose to authorize rate adjustments, Raftelis' in-house Strategic Communications Team will prepare the Prop 218 notices for mailing within the 45-day noticing period prior to the public hearing. The consultant will also participate in the public hearing and majority protest process. If ultimately adopted, the proposed rates will apply for fiscal years 2026 to 2030.

Proposed Ad Hoc Water and Sewer Rate Study Committee

In addition to approval of the Agreement, Staff is recommending the establishment of an Ad Hoc Rate Water and Sewer Study Committee to enhance public participation, giving residents and businesses an opportunity to provide insights during the water and sewer rate study process. The attached resolution and bylaws detail the composition and scope of the proposed Ad Hoc Water and Sewer Rate Study Committee. The Committee is proposed as a 5-member Committee appointed by the City Council. Each member will serve for the duration of the committee's existence, which shall not exceed one year unless extended by the City Manager. Meetings will be held as needed, but at least once every two months, with more frequent meetings anticipated as the rates are developed.

If the Committee is authorized, the Committee application process will begin in July with review of applicants by City Council in September. It is anticipated the first meeting of the Ad Hoc Water and Sewer Rate Study Committee will be in October 2024.

FISCAL ANALYSIS

Adequate appropriations for the Consultant Agreement with Raftelis (estimated cost of \$109,706) are included in the Fiscal Year 2024-25 Adopted Budget in the Water (Fund 502) and Sewer (Fund 540) Funds. Should additional work be necessary, the costs will be funded by Water and Sewer at the hourly/bid prices as outlined in the Agreement.

ENVIRONMENTAL ANALYSIS

Not applicable.

LEGAL REVIEW

This report, attached Agreement, and Resolution have been reviewed and approved by the City Attorney.

ATTACHMENTS

1. Professional Service Agreement - Raftelis - Water and Sewer COS Rate Study
2. Professional Service Agreement Exhibits
3. Proposal Summary
4. Resolution creating an Ad Hoc Committee for a Water and Sewer Rate Study
5. Resolution Attachment A - Ad Hoc Water and Sewer Rate Study Committee Bylaws

Report Prepared By:
Andrea Blockinger, Administrative Analyst

**CITY OF LA VERNE
PROFESSIONAL SERVICES AGREEMENT
WITH RAFTELIS FINANCIAL CONSULTING
INC, A PROFESSIONAL CORPORATION**

THIS PROFESSIONAL SERVICES AGREEMENT (“Agreement”) is made and entered into this 1st day of July, 2024 (“Effective Date”), by and between the CITY OF LA VERNE, a municipal corporation (“City”), and Raftelis Financial Consulting, Inc., a professional corporation (“Consultant”).

RECITALS

A. City proposes to utilize the services of Consultant as an independent contractor to perform a water and sewer rate study, as more fully described herein; and

B. Consultant represents that it has that degree of specialized expertise contemplated within California Government Code section 37103, and holds all necessary licenses to practice and perform the services herein contemplated; and

C. City and Consultant desire to contract for the specific services described in Exhibit “A” and desire to set forth their rights, duties and liabilities in connection with the services to be performed; and

D. No official or employee of City has a financial interest, within the provisions of sections 1090-1092 of the California Government Code, in the subject matter of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions contained herein, the parties hereby agree as follows:

1.0. SERVICES PROVIDED BY CONSULTANT

1.1. Scope of Services. Consultant shall provide the professional services described in City’s Request for Proposals, attached hereto as Exhibit “A,” and Consultant’s Proposal, attached hereto as Exhibit “B,” both incorporated herein.

1.2. Professional Practices. All professional services to be provided by Consultant pursuant to this Agreement shall be provided by personnel experienced in their respective fields and in a manner consistent with the standards of care, diligence and skill ordinarily exercised by professional consultants in similar fields and circumstances in accordance with sound professional practices, as of the time and at the location the services are provided. In the performance of services hereunder, Consultant may rely on all data and information provided by or on behalf of City without additional investigation. Consultant also warrants that it is familiar with all laws that may affect its performance of this Agreement and shall advise City of any changes in any laws that may affect Consultant’s performance of this Agreement.

1.3. Performance to Satisfaction of City. Consultant agrees to perform all the work to the complete satisfaction of the City. Evaluations of the work will be done by the City Manager or his or her designee. If the quality of work is not satisfactory, City in its discretion has the right to:

- (a) Meet with Consultant to review the quality of the work and resolve the matters of concern;
- (b) Require Consultant to repeat the work at no additional fee until it is satisfactory; and/or
- (c) Terminate the Agreement as hereinafter set forth.

1.4. Warranty. Consultant warrants that it shall perform the services required by this Agreement in compliance with all applicable Federal and California employment laws, including, but not limited to, those laws related to minimum hours and wages; occupational health and safety; fair employment and employment practices; workers' compensation insurance and safety in employment; and all other Federal, State and local laws and ordinances applicable to the services required under this Agreement. Consultant shall indemnify and hold harmless City from and against all claims, demands, payments, suits, actions, proceedings, and judgments of every nature and description including attorneys' fees and costs, to the extent caused by Consultant's violation any of the above-mentioned laws in Consultant's performance under this Agreement.

1.5. Non-Discrimination. In performing this Agreement, Consultant shall not engage in, nor permit its agents to engage in, discrimination in employment of persons because of their race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military or veteran status, except as permitted pursuant to section 12940 of the Government Code.

1.6. Non-Exclusive Agreement. Consultant acknowledges that City may enter into agreements with other consultants for services similar to the services that are subject to this Agreement or may have its own employees perform services similar to those services contemplated by this Agreement.

1.7. Delegation and Assignment. This is a personal service contract, and the duties set forth herein shall not be delegated or assigned to any person or entity without the prior written consent of City. Consultant may engage a subcontractor(s) as permitted by law and may employ other personnel to perform services contemplated by this Agreement at Consultant's sole cost and expense.

1.8. Confidentiality. Employees of Consultant in the course of their duties may have access to financial, accounting, statistical, and personnel data of private individuals and employees of City. Consultant covenants that all data, documents, discussion, or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without written authorization by City. City shall grant such authorization if disclosure is required by law or legal process. All City data shall be returned to City upon the termination of this Agreement. Consultant's covenant under this Section shall survive the termination of this Agreement.

2.0. COMPENSATION AND BILLING

2.1. Compensation. Consultant shall be paid in accordance with the fee schedule set forth in Exhibit "C," attached hereto and made a part of this Agreement (the "Fee Schedule"). Consultant's total compensation shall not exceed One Hundred Thousand and Nine Thousand

Seven Hundred and Six Dollars (\$109,706.00), unless additional work is authorized pursuant to Section 2.2. Additional Services.

2.2. Additional Services. Consultant shall not receive compensation for any services provided outside the scope of services specified in the Consultant's Proposal unless the City Manager or designee, prior to Consultant performing the additional services, approves such additional services in writing. It is specifically understood that oral requests and/or approvals of such additional services or additional compensation shall be barred and are unenforceable.

2.3. Method of Billing. Consultant may submit invoices to the City for approval on a progress basis, but no more often than two times a month. Said invoice shall be based on the total of all Consultant's services which have been completed to City's sole satisfaction. City shall pay Consultant's invoice within forty-five (45) days from the date City receives said invoice. Each invoice shall describe in detail, the services performed, the date of performance, and the associated time for completion. Any additional services approved and performed pursuant to this Agreement shall be designated as "Additional Services" and shall identify the number of the authorized change order, where applicable, on all invoices.

2.4. Records and Audits. Records of Consultant's services pertinent to this Agreement shall be maintained in accordance with generally recognized accounting principles and shall be made available to City or its Project Manager for inspection and/or audit at mutually convenient times from the Effective Date until three (3) years after termination of this Agreement.

3.0. TIME OF PERFORMANCE

3.1. Commencement and Completion of Work. Unless otherwise agreed to in writing by the parties, the professional services to be performed pursuant to this Agreement shall commence within five (5) days from the Effective Date of this Agreement. Said services shall be performed in strict compliance with the Project Schedule approved by City as set forth in Exhibit "D," attached hereto and incorporated herein. The Project Schedule may be amended by mutual agreement of the parties. Failure to commence work in a timely manner and/or diligently pursue work to completion may be grounds for termination of this Agreement.

3.2. Excusable Delays. Neither party shall be responsible for delays or lack of performance resulting from acts beyond the reasonable control of the party or parties. Such acts shall include, but not be limited to, acts of God, fire, strikes, pandemics (excluding COVID-19), material shortages, compliance with laws or regulations, riots, acts of war, or any other conditions beyond the reasonable control of a party (each, a "Force Majeure Event"). If a party experiences a Force Majeure Event, the party shall, within five (5) days of the occurrence of the Force Majeure Event, give written notice to the other party stating the nature of the Force Majeure Event, its anticipated duration and any action being taken to avoid or minimize its effect. Any suspension of performance shall be of no greater scope and of no longer duration than is reasonably required and the party experiencing the Force Majeure Event shall use best efforts without being obligated to incur any material expenditure to remedy its inability to perform; provided, however, if the suspension of performance continues for sixty (60) days after the date of the occurrence and such failure to perform would constitute a material breach of this Agreement in the absence of such Force Majeure Event, the parties shall meet and discuss in good faith any amendments to this Agreement to permit the other party to exercise its rights under this Agreement. If the parties are not able to agree on such amendments within thirty (30) days and if suspension of performance continues, such other party may terminate this Agreement immediately by written notice to the

party experiencing the Force Majeure Event, in which case neither party shall have any liability to the other except for those rights and liabilities that accrued prior to the date of termination.

4.0. TERM AND TERMINATION

4.1. Term. This Agreement shall commence on the Effective Date and continue for a period of 13 months, ending on August 31, 2025, unless previously terminated as provided herein or as otherwise agreed to in writing by the parties.

4.2. Notice of Termination. The City reserves and has the right and privilege of canceling, suspending or abandoning the execution of all or any part of the work contemplated by this Agreement, with or without cause, at any time, by providing written notice to Consultant. The termination of this Agreement shall be deemed effective upon receipt of the notice of termination. In the event of such termination, Consultant shall immediately stop rendering services under this Agreement unless directed otherwise by the City.

4.3. Compensation. In the event of termination, City shall pay Consultant for reasonable costs incurred and professional services satisfactorily performed up to and including the date of City's written notice of termination. Compensation for work in progress shall be prorated based on the percentage of work completed as of the effective date of termination in accordance with the fees set forth herein. In ascertaining the professional services actually rendered hereunder up to the effective date of termination of this Agreement, consideration shall be given to both completed work and work in progress, to complete and incomplete drawings, and to other documents pertaining to the services contemplated herein whether delivered to the City or in the possession of the Consultant.

4.4. Documents. In the event of termination of this Agreement, all documents prepared by Consultant in its performance of this Agreement to create the work identified as a deliverable in Exhibit "B" (collectively, the "Deliverables") including, but not limited to, finished or unfinished design, development and construction documents, data studies, drawings, maps and reports, shall be delivered to the City within ten (10) days of delivery of termination notice to Consultant, at no cost to City. Any use of uncompleted documents without specific written authorization from Consultant shall be at City's sole risk and without liability or legal expense to Consultant.

5.0. INSURANCE

5.1. Minimum Scope and Limits of Insurance. Consultant shall obtain, maintain, and keep in full force and effect during the life of this Agreement all of the following minimum scope of insurance coverages with an insurance company admitted to do business in California, rated "A," Class X, or better in the most recent Best's Key Insurance Rating Guide, and approved by City:

- (a) Commercial general liability, including premises-operations, products/completed operations, broad form property damage, blanket contractual liability, independent contractors, personal injury or bodily injury with a policy limit of not less than One Million Dollars (\$1,000,000.00) per occurrence, Two Million Dollars (\$2,000,000.00) general aggregate.
- (b) Business automobile liability for owned vehicles, hired, and non-owned vehicles, with a policy limit of not less than One Million Dollars

(\$1,000,000.00) combined single limit per accident for bodily injury and property damage.

- (c) Workers' compensation insurance as required by the State of California. Consultant agrees to waive, and to obtain endorsements from its workers' compensation insurer waiving subrogation rights under its workers' compensation insurance policy against the City, its officers, agents, employees, and volunteers arising from work performed by Consultant for the City and to require each of its subcontractors, if any, to do likewise under their workers' compensation insurance policies.
- (d) Professional errors and omissions ("E&O") liability insurance with policy limits of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence and aggregate. Architects' and engineers' coverage shall be endorsed to include contractual liability. If the policy is written as a "claims made" policy, the retro date shall be prior to the start of the contract work. Consultant shall obtain and maintain, said E&O liability insurance during the life of this Agreement and for three years after completion of the work hereunder.

5.2. Endorsements. The commercial general liability insurance policy and business automobile liability policy shall contain or be endorsed to contain the following provisions:

- (a) Additional insureds: "The City of La Verne and its elected and appointed boards, officers, officials, agents, employees, and volunteers are additional insureds with respect to: liability from activities performed by or on behalf of the Consultant pursuant to its contract with the City; products and completed operations of the Consultant; premises owned, occupied or used by the Consultant; automobiles owned, leased, hired, or borrowed by the Consultant."
- (b) Notice: "Said policy shall not terminate, be suspended, or voided, nor shall it be cancelled, nor the coverage or limits reduced, until thirty (30) days after written notice is given to City."
- (c) Other insurance: "The Consultant's insurance coverage shall be primary insurance as respects the City of La Verne, its officers, officials, agents, employees, and volunteers. Any other insurance maintained by the City of La Verne shall be excess and not contributing with the insurance provided by this policy."
- (d) Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the City of La Verne, its officers, officials, agents, employees, and volunteers.
- (e) The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

5.3. Deductible or Self Insured Retention. If any of such policies provide for a deductible

or self-insured retention to provide such coverage, the amount of such deductible or self-insured retention shall be approved in advance by City. No policy of insurance issued as to which the City is an additional insured shall contain a provision which requires that no insured except the named insured can satisfy any such deductible or self-insured retention.

5.4. Certificates of Insurance. Consultant shall provide to City certificates of insurance showing the insurance coverages and required endorsements described above, in a form and content approved by City, prior to performing any services under this Agreement.

5.5. Non-Limiting. Nothing in this Section shall be construed as limiting in any way, the indemnification provision contained in this Agreement, or the extent to which Consultant may be held responsible for payments of damages to persons or property.

6.0. GENERAL PROVISIONS

6.1. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to any matter referenced herein and supersedes any and all other prior writings and oral negotiations. This Agreement may be modified only in writing, and signed by the parties in interest at the time of such modification. The terms of this Agreement shall prevail over any inconsistent provision in any other contract document appurtenant hereto, including exhibits to this Agreement.

6.2. Representatives. The City Manager or his or her designee shall be the representative of City for purposes of this Agreement and may issue all consents, approvals, directives and agreements on behalf of the City, called for by this Agreement, except as otherwise expressly provided in this Agreement.

Consultant shall designate a representative for purposes of this Agreement who shall be authorized to issue all consents, approvals, directives and agreements on behalf of Consultant called for by this Agreement, except as otherwise expressly provided in this Agreement.

6.3. Project Managers. City shall designate a Project Manager to work directly with Consultant in the performance of this Agreement.

Consultant shall designate a Project Manager who shall represent it and be its agent in all consultations with City during the term of this Agreement. Consultant or its Project Manager shall attend and assist in all coordination meetings called by City.

6.4. Notices. Any notices, documents, correspondence or other communications concerning this Agreement or the work hereunder may be provided by personal delivery or mail and shall be addressed as set forth below. Such communication shall be deemed served or delivered: (a) at the time of delivery if such communication is sent by personal delivery, and (b) 48 hours after deposit in the U.S. Mail as reflected by the official U.S. postmark if such communication is sent through regular United States mail.

IF TO CONSULTANT:

IF TO CITY:

City of La Verne
3660 D Street
La Verne, CA 91750

Tel: _____
Attn: _____

Tel: (909) 596-8726
Attn: Ken Domer, City Manager

Courtesy copy to:

City of La Verne 3660 D
Street
La Verne, CA 91750
Attn: Finance Dept. | Purchasing

6.5. Attorneys' Fees. In the event that litigation is brought by any party in connection with this Agreement, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the exercise of any of its rights or remedies hereunder or the enforcement of any of the terms, conditions, or provisions hereof.

6.6. Governing Law. This Agreement shall be governed by and construed under the laws of the State of California without giving effect to that body of laws pertaining to conflict of laws. In the event of any legal action to enforce or interpret this Agreement, the parties hereto agree that the sole and exclusive venue shall be a court of competent jurisdiction located in Los Angeles County, California.

6.7. Assignment. Consultant shall not voluntarily or by operation of law assign, transfer, sublet or encumber all or any part of Consultant's interest in this Agreement without City's prior written consent. Any attempted assignment, transfer, subletting or encumbrance shall be void and shall constitute a breach of this Agreement and cause for termination of this Agreement. Regardless of City's consent, no subletting or assignment shall release Consultant of Consultant's obligation to perform all other obligations to be performed by Consultant hereunder for the term of this Agreement.

6.8 Indemnification and Hold Harmless. Consultant agrees to defend, indemnify, hold free and harmless the City, its elected officials, officers and employees, at Consultant's sole expense, from and against all claims, actions, suits or other legal proceedings brought against the City, its elected officials, officers and employees to the extent caused by the negligent performance of the Consultant, its employees, and/or authorized subcontractors, of the work undertaken pursuant to this Agreement. The defense obligation provided for hereunder shall apply without any advance showing of negligence or wrongdoing by the Consultant, its employees, and/or authorized subcontractors, but shall be required whenever any claim, action, complaint, or suit asserts as its basis the negligence, errors, omissions or misconduct of the Consultant, its employees, and/or authorized subcontractors, and/or whenever any claim, action, complaint or suit asserts liability against the City, its elected officials, officers, agents and employees based upon the work performed by the Consultant, its employees, and/or authorized subcontractors under this Agreement, whether or not the Consultant, its employees, and/or authorized subcontractors are specifically named or otherwise asserted to be liable. Notwithstanding the

foregoing, the Consultant shall not be liable for the defense or indemnification of the City for claims, actions, complaints or suits arising out of the sole active negligence or willful misconduct of the City. This provision shall supersede and replace all other indemnity provisions contained either in the City's specifications or Consultant's Proposal, which shall be of no force and effect. Consultant shall have no obligation to indemnify City against liability for claims by a third party for failure to comply with its obligations under Article XIII D of the California Constitution (Proposition 218).

6.9. Independent Contractor. Consultant is and shall be acting at all times as an independent contractor and not as an employee of City. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise act on behalf of City as an agent. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as set forth in this Agreement. Consultant shall not, at any time, or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of City. Consultant shall secure, at its sole expense, and be responsible for any and all payment of Income Tax, Social Security, State Disability Insurance Compensation, Unemployment Compensation, and other payroll deductions for Consultant and its officers, agents, and employees, and all business licenses, if any are required, in connection with the services to be performed hereunder. Consultant shall indemnify and hold City harmless from any and all taxes, assessments, penalties, and interest asserted against City by reason of the independent contractor relationship created by this Agreement. Consultant further agrees to indemnify and hold City harmless from any failure of Consultant to comply with the applicable worker's compensation laws. City shall have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to City from Consultant as a result of Consultant's failure to promptly pay to City any reimbursement or indemnification arising under this paragraph.

6.10. PERS Eligibility Indemnification. In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

6.11. Cooperation. In the event any claim or action is brought against City relating to Consultant's performance or services rendered under this Agreement, Consultant shall render any reasonable assistance and cooperation which City might require.

6.12. Ownership of Documents. The Deliverables shall be and remain the sole property of City. To the extent any findings, reports, documents, information and data are not a Deliverable, City shall have a royalty-free, non-exclusive, perpetual, irrevocable, non-sublicensable, non-

assignable license to access such findings, reports, documents, information and data for the purposes of this Agreement and to obtain copies of same at no additional charge. Consultant agrees that any such documents or information shall not be made available to any individual or organization without the prior consent of City. Any use of such documents for other projects not contemplated by this Agreement, and any use of incomplete documents, shall be at the sole risk of City and without liability or legal exposure to Consultant. City shall indemnify and hold harmless Consultant from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from City's use of such documents for other projects not contemplated by this Agreement or use of incomplete documents furnished by Consultant. Consultant shall deliver to City the Deliverables as requested by City or its authorized representative, at no additional cost to the City. Nothing in this Agreement shall be deemed or construed as a waiver, release, transfer, assignment or divestiture by Consultant of any of its intellectual property, know-how or trade secrets.

6.13. Public Records Act Disclosure. Consultant has been advised and is aware that this Agreement and all reports, documents, information and data, including, but not limited to, computer tapes, discs or files furnished or prepared by Consultant, or any of its subcontractors, pursuant to this Agreement and provided to City may be subject to public disclosure as required by the California Public Records Act (California Government Code section 7920.000, *et seq.*). Exceptions to public disclosure may be those documents or information that qualify as trade secrets, as that term is defined in the California Government Code section 7924.510, and of which Consultant informs City of such trade secret. The City will endeavor to maintain as confidential all information obtained by it that is designated as a trade secret. The City shall not, in any way, be liable or responsible for the disclosure of any trade secret including, without limitation, those records so marked if disclosure is deemed to be required by law or by order of the Court.

6.14. Conflict of Interest. Consultant and its officers, employees, associates and subconsultants, if any, will comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this agreement, including, but not limited to, the Political Reform Act (Government Code sections 81000, *et seq.*) and Government Code section 1090. During the term of this Agreement, Consultant and its officers, employees, associates and subconsultants shall not, without the prior written approval of the City Representative, perform work for another person or entity for whom Consultant is not currently performing work that would require Consultant or one of its officers, employees, associates or subconsultants to abstain from a decision under this Agreement pursuant to a conflict of interest statute.

6.15. Responsibility for Errors. Consultant shall be responsible for its work and results under this Agreement. Consultant, when requested, shall furnish clarification and/or explanation as may be required by the City's representative, regarding any services rendered under this Agreement at no additional cost to City. In the event that an error or omission attributable to Consultant occurs, then Consultant shall, at no cost to City, provide all necessary design drawings, estimates and other Consultant professional services necessary to rectify and correct the matter to the sole satisfaction of City and to participate in any meeting required with regard to the correction.

6.16. Prohibited Employment. Consultant will not employ any regular employee of City while this Agreement is in effect.

6.17. Order of Precedence. In the event of an inconsistency in this Agreement and any of the attached Exhibits, the terms set forth in this Agreement shall prevail. If, and to the extent

this Agreement incorporates by reference any provision of any document, such provision shall be deemed a part of this Agreement. Nevertheless, if there is any conflict among the terms and conditions of this Agreement and those of any such provision or provisions so incorporated by reference, this Agreement shall govern over the document referenced.

6.18. Costs. Each party shall bear its own costs and fees incurred in the preparation and negotiation of this Agreement and in the performance of its obligations hereunder except as expressly provided herein.

6.19. Binding Effect. This Agreement binds and benefits the parties and their respective permitted successors and assigns.

6.20. No Third Party Beneficiary Rights. This Agreement is entered into for the sole benefit of City and Consultant and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

6.21. Headings. Paragraphs and subparagraph headings contained in this Agreement are included solely for convenience and are not intended to modify, explain or to be a full or accurate description of the content thereof and shall not in any way affect the meaning or interpretation of this Agreement.

6.22. Construction. The parties have participated jointly in the negotiation and drafting of this Agreement and have had an adequate opportunity to review each and every provision of the Agreement and submit the same to counsel or other consultants for review and comment. In the event an ambiguity or question of intent or interpretation arises with respect to this Agreement, this Agreement shall be construed as if drafted jointly by the parties and in accordance with its fair meaning. There shall be no presumption or burden of proof favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

6.23. Amendments. Only a writing executed by the parties hereto or their respective successors and assigns may amend this Agreement.

6.24. Waiver. The delay or failure of either party at any time to require performance or compliance by the other of any of its obligations or agreements shall in no way be deemed a waiver of those rights to require such performance or compliance. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. The waiver of any right or remedy in respect to any occurrence or event shall not be deemed a waiver of any right or remedy in respect to any other occurrence or event, nor shall any waiver constitute a continuing waiver.

6.25. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable in any circumstance, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstance. Notwithstanding the foregoing, if the value of this Agreement, based upon the substantial benefit of the bargain for any party, is materially impaired, which determination made by the presiding court or arbitrator of competent jurisdiction shall be binding, then both parties agree to substitute such provision(s) through good faith negotiations.

6.26. Counterparts. This Agreement may be executed in one or more counterparts, each

of which shall be deemed an original. All counterparts shall be construed together and shall constitute one agreement.

6.27. Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that by doing so the parties hereto are formally bound to the provisions of this Agreement.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by and through their respective authorized officers, as of the date first above written.

CONSULTANT

Signature

Date: _____

[Name and Title]

CITY OF LA VERNE

Ken Domer
City Manager

Date: _____

ATTEST:

Debra Fritz
Deputy City Clerk

APPROVED AS TO FORM:

Kimberly Hall Barlow
City Attorney

Date: _____

EXHIBIT A
REQUEST FOR PROPOSALS

EXHIBIT B
CONSULTANT'S PROPOSAL

EXHIBIT C
FEE SCHEDULE

EXHIBIT D
PROJECT SCHEDULE

EXHIBIT A



REQUEST FOR PROPOSALS (RFP)

COST OF SERVICE AND RATE DESIGN STUDY

**PROPOSALS MUST BE RECEIVED BY
5:00 PM ON THURSDAY, MARCH 21, 2024**

City of La Verne
3660 "D" Street
La Verne, CA 91750

RFP Issue Date: Thursday, February 8, 2024

Proposal Name: Cost of Service and Rate Design Study

Proposal Due Date: **Thursday, March 21, 2024 by 5:00 PM**

Questions: Please direct any questions or concerns to the City Clerk's Office at cityclerk@cityoflaverne.org in writing by 5:00 PM on Thursday, February 29, 2024. Only questions with "**Cost of Service and Rate Design Study**" in the subject line will be accepted. Answers to submitted questions will be posted on the Planet Bids portal.

Proposal Submitted To: Proposals must be submitted electronically for the exact item(s) requested in the RFP specifications. Proposals must be submitted through Planet Bids at:
<https://pbsystem.planetbids.com/portal/45040/portal-home>

Due Date and Delivery:

Proposals are to be submitted electronically online. Proposals must be for the entire scope of services outlined in this RFP. Incomplete proposals will not be considered. The electronic bid system will close exactly at the date and time set forth in this RFP, **5:00 PM, on Thursday, March 21, 2024**. All applicable forms required to be completed per the RFP shall be submitted electronically prior to the RFP deadline. **Hard copies will not be accepted.** It is the Proposer's sole responsibility to ensure that their proposal is received as specified. Proposals may be submitted earlier than the date(s) and time(s) indicated.

Proposals must be submitted through Planet Bids at:
<https://pbsystem.planetbids.com/portal/45040/portal-home>

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SECTION I: GENERAL INFORMATION

A. BACKGROUND

The City of La Verne is located along the foothills of the San Gabriel and Pomona Valleys. La Verne was founded in 1887 and incorporated in 1906, is approximately 35 miles east of Los Angeles, and has a population of over 33,000. The City maintains a council-manager form of government in which the City Council develops and establishes ordinances and policies in the best interest of its citizens.

The City receives its domestic water from groundwater wells and import water from Three Valleys Municipal Water District Connections, which pulls water from the Colorado River and the state water project through Metropolitan Water District of Southern California. The City has nine (9) total groundwater wells with eight (8) currently active, which supply 25% of the City's annual water distribution. The groundwater and import water is blended at City facilities before being distributed to customers.

The City's water system operates under seven (7) zones, which are broken down into five (5) billing cycles, and provides service to approximately 8,900 customers. These zones are labeled numerically one (1) through six (6), and the plateau rate. The zones are charged at different rates based on costs to pump to the customer. The plateau rate is charged a special rate and these customers are entered into the plateau rate by agreement. The City's current water rate structure consists of three components for its bi-monthly payments: (1) a fixed meter charge, (2) charge for pumping, dependent on customer zone, and (3) a commodity charge, which is based on the amount of water used, measured per unit (1,000 gallons). The plateau rate is charged only for two components for its bi-monthly payments: (1) charge for pumping, dependent on customer location, and (2) a commodity charge, which is based on the amount of water used, measured per unit (1,000 gallons).

The City has a collection and conveyance sewer system. The City's sewer system consists of approximately 112 miles of sewer mainlines and owns and operates two (2) sewer lift stations. The sewer system is connected to the Los Angeles County Sanitation District's system. The City charges sewer fees at a flat rate of \$23.43 per bi-monthly billing cycle (approximately 60 days). Commercial, industrial, and institutional customers are additionally charged \$0.20 per unit throughout the bi-monthly billing period, an approximately 60-day cycle.

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In 2018, the City Council approved the most recent rate increase of \$0.37 on the water volumetric rate and a \$4.43 increase on the bimonthly sewer rate. Enclosure 2 identifies the current rates for water and sewer service.

B. OBJECTIVE

The City of La Verne is seeking a qualified firm to independently assess and evaluate the cost and rates of the City of La Verne’s existing domestic water and sewer systems. The broad objective of the study is to adequately fund each utility’s operations and maintenance (O&M), any debt service, capital costs, provide adequate reserve levels for operating cash flow, capital replacement, bond requirements, and unforeseen events, while following legislative directives and minimizing current and future rates to the greatest degree possible.

The study will be based on a comprehensive review of the City of La Verne’s funds and budgets, Capital Improvement Program (CIP), Comprehensive Water System Master Plan, Urban Water Management Plan, Sewer Master Plan, customer classes, current usage data, future planned growth, current/pending legislation, and any other information deemed necessary. The results of this study will provide the foundation for rates for a maximum of five (5) years.

SECTION II: SCOPE OF WORK

Project tasks shall include, but are not necessarily limited to, those items noted below. If the consultant feels that additional tasks are warranted, they must be clearly identified in the consultant’s proposal.

All references to “meeting(s)” will mean face-to-face meetings and not conference calls. All references to “water” references domestic water. The water rate study will be separate from the sewer rate study. Proposal must indicate cost proposal for each study separately.

A. DELIVERABLES

In preparing a response to this RFP, the consultant shall adhere to the Proposal Format detailed in the RFP and must describe the methodology and techniques that it will use, time and staffing resources allocated, anticipated meetings, and costs involved in addressing each of the following tasks:

1. Create a 10-year financial plan model for the potable water and sewer services that projects each service’s revenues, operations and maintenance costs, capital improvement costs, reserve funding and debt service costs.

2. Provide a cost-of-service analysis for each service that fairly and equitably distributes costs across customer zones in compliance with Proposition 218, Proposition 26, and other federal, state, and local laws/regulations.
3. Review the current water and sewer rates and make recommendations for new rate structure(s), if necessary.
4. Utilizing the financial plans, analysis, and chosen framework, create a comprehensive five-year rate schedule for each service, presenting a minimum of two alternatives. Furthermore, suggest an alternative water budget structure for landscape irrigation customers that aligns with the potable water use reduction and conservation objectives outlined in La Verne's Urban Water Management Plan. Ensure that this proposal also adheres to the established Capital Improvement Program (CIP) schedule outlined in the City's Water System Master Plan.
5. Develop drought rate structure for implementation during water shortage situations.
6. Evaluate potable water and sewer facilities and capacity fees that represent new development's share of capital costs required to accommodate their addition to the respective systems. Provide recommendations.
7. An evaluation of impacts or required changes to water rates for inclusion in current rates or for consideration in future rate changes as a result of legislation enacted by any governmental agency.

B. SCOPE OF SERVICES

The below scope of services includes the major tasks required to complete the study. Proposers should include any recommended additional tasks they believe are required to meet the objectives defined above and the reasoning behind such an approach.

1. Conduct an in-person kick-off meeting with City staff to discuss project priorities, data needs, and the project schedule. The consultant will also need to prepare a data request list that will be discussed during the meeting.
2. Develop a 10-year financial plan model for the potable water and sewer services that determines the revenue requirements based on projected revenues, operating and maintenance expenditures including capital improvements, debt service coverage, and adequate reserve funding. The analysis should recommend debt service and reserve funding policies as well as any other policy considerations that the Consultant recommends and the City concurs are priorities.
3. Prepare a cost-of-service analysis that fairly and equitably allocates costs to customer classes while adequately funding revenue requirements including

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operations and maintenance, capital improvements, and debt service. The analysis must ensure that rates, facilities fees, and capacities fees and charges are defensible and comply with the requirements of Proposition 218, Proposition 26, and other regulations.

4. Recommend variances to the current structure and financial impacts of variances. These alternative structures will be presented to Staff with City selecting structure for further analysis.

5. Evaluate the budgets of Three Valleys Municipal Water District, Six Basins Watermaster, Los Angeles County Sanitation Districts, etc. and any impact upon the City's share of costs for administration, operation and CIP for inclusion.

6. Recommend rate and fee structures for potable water and sewer utilities that will fairly recover allocated costs and adequately fund reserves. Rate structure recommendations should consider: current and future operations and maintenance costs, projected demands, water supply, and capital improvement requirements. Consultant shall provide three alternative rate scenarios for each service.

7. Provide a comparative analysis that illustrates how La Verne's rates compare in cost to neighboring agencies and utilities with these agencies determined by the City. At a minimum, this list should include all Three Valleys Metropolitan Water District member agencies for water utility service and the corresponding sewer agencies for the region.

8. As part of the deliverables, the Consultant will develop a rate modeling program (utilizing standard software such as excel) which will become the property of the City that can forecast rates up to 30 years based on expected cost increases over time, including increases in the cost of imported water, anticipated changes in the water and sewer systems, inflation and interest rates, current customer base and growth projections, water sales and production projections, water supply, operations and maintenance costs, staffing costs, and any bonds issuance or debt obligation. Must have the ability to run CIP scenarios and quickly show impact on rates. Model must have a user-friendly dashboard with interactive graphics that automatically produces a suite of reports and graphs as inputs are changed. Consultant shall be responsible for training designated City staff on the use of the model.

9. Review impacts of projected new development and redevelopment on rates. As part of this review, the proposer should differentiate capital costs associated with rehabilitation/replacement of existing utilities from capital costs for improvements required for expansion of service as a result of new development.

10. Prepare draft and final reports that summarize the results and recommendations of the study and serve as a document of record in compliance with Proposition 218.

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Draft and final deliverables shall be made available in Word, Excel, and PDF file formats. Word and Excel formats shall be editable by City Staff.

11. Conduct one or more separate rate workshops with staff and City Council. City Council may require two meetings.

12. Provide a calendar of projected due dates to ensure rates are effective by July 1, 2025.

13. Develop the Proposition 218 notice for the public hearing and present the study to City Council and the public at the Proposition 218 hearing. Conduct a minimum of two community meetings to inform the public of any rate changes prior to the Proposition 218 hearing.

14. The scope should include any additional meetings or webinars that the proposer considers necessary to ensure that the City is well informed as to the status of the project and to discuss major milestones of the project.

SECTION III: PROPOSAL SUBMITTAL REQUIREMENTS

A. TENTATIVE SCHEDULE OF EVENTS

The following is a tentative schedule of this entire RFP process. While the City will attempt to apply the necessary resources to maintain this schedule, the following dates are merely projections, and the City reserves the right to modify this schedule as needed to accommodate the completion of this RFP process. The following is a tentative timeline for the evaluation and RFP selection procedure.

RFP Issued	February 8, 2024
Deadline for Written Questions	February 29, 2024
Response to Questions	March 7, 2024
Proposal Submittal Deadline	March 21, 2024
Review of Proposals	March 2024
Council Review and Approval	April 2024
Contract Start Date	May 2024

B. SUBMISSION OF PROPOSALS

The Proposal shall include the following:

1. Cover Letter

- i. Maximum of two (2) pages
- ii. Address to Public Works Director Meg McWade

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2. Executive Summary

- i. In a brief narrative, describe the proposed solution by setting forth the overall approach and plans to meet the requirements of the RFP. The intent of this narrative is to convey to the City that the firm understands the objective of the requested service, the nature of the work, and the level of effort necessary to successfully provide the defined services. The narrative should stipulate how the firm’s approach and plans to provide the services are appropriate to the tasks involved.

3. Scope of Work

- i. Describe the firm’s approach to managing the project, including an implementation plan that describes in detail the specific plans to manage, control, and supervise the project to ensure satisfactory provision of services.
- ii. Provide a project timeline designed to meet the requirements of the City, as well as scheduling and control methodology that will be used to ensure the schedule will be met. The timeline should include key milestone dates and a detailed description of key project steps.
- iii. Provide a description of the implementation plan considerations, including estimated time frames and deliverables for various stages of the project.
- iv. Detailed description of the specific tasks you will require from City staff. Explain what the respective roles of City staff and your staff would be to complete the tasks specified in the Scope of Work.
- v. Provide a detailed description and/or examples of your quality control procedures that ensures all work products delivered to the City (i.e., drafts and final versions) are of high-quality, and accurate, and have been thoroughly reviewed prior to delivery to the City.
- vi. Provide examples of recent reports the firm has prepared for similar agencies that allows for review of the draft/services in a reasonable time frame. The reports should be uniform, professional, and easy to understand. The reports should provide summary level information that includes (but not limited to variance analysis), summary of costs to be allocated and collected by Fund, Department, and or function, and the ability to drill down into varying levels of detail, if so desired. Reports shall also include a summary of all inputs and costs to be allocated that can be used to easily verify the accuracy of the plan.
- vii. Demonstrate the ability to create ad hoc reports as needed.
- viii. Include in the cost proposal the rate for additional meetings, if needed.
- ix. Cost proposal should be all-inclusive to include travel costs and administrative tasks.

4. References

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- i. Provide at least five (5) references, past and present, of similar size agencies in California using the same service being proposed and indicate the scope of work, date, and the name, email address, and telephone number of the client contact. The reference information should include the role your team member had in the work. Also, provide a complete list of other municipalities in California utilizing your rate study services over the past five (5) years.

5. Required Statements

- i. A statement that all charges for services will be a “Not-To-Exceed” fee, as submitted with and made part of said consultant’s quote.
- ii. A copy of the consultant’s hourly rate schedule and a written statement that said hourly rate schedule is part of the consultant’s quote for use in invoicing for progress payments and for extra work incurred that is not part of this RFP.
- iii. A written statement by the consultant that all federal laws and regulations shall be adhered to notwithstanding any state or local laws and regulations. In case of conflict between federal, state, or local laws or regulations, the strictest shall be adhered to.
- iv. A written statement by the consultant shall allow all authorized federal, state, county, and the City officials access to place of work, books, documents, papers, fiscal, payroll materials, and other relevant contract records pertinent to this project. All relevant records shall be retained for at least three (3) years.
- v. A written statement that the consultant will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.
- vi. A written statement that the consultant shall comply with the California Labor Code., pursuant to said regulations entitled: Federal Labor Standards provisions; Federal Prevailing Wage Decision; and State of California Prevailing Wage Rates, respectively.
- vii. A written statement that the consultant shall comply with the Copeland Anti-kickback Act (18 USC 874 C) and the implementation regulation (29 CFR 3) issued pursuant thereto, and any amendments thereof

SECTION IV: PROPOSAL EVALUATION

Proposals will be evaluated on the basis of the response to all provisions of this RFP. Since this solicitation is an RFP as opposed to a Bid, pricing alone will not constitute the entire selection criteria. The City may use some or all of the following criteria and corresponding percentages in its evaluation and comparison of proposals submitted. The criteria listed are not necessarily an all-inclusive list. The order in which they appear is not intended to

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indicate their relative importance. The City reserves the right to modify the evaluation criteria and percentage of the score as deemed appropriate prior to the commencement of evaluation. The City reserves the right to hold interviews with some and/or all of the proposers as part of the proposal evaluation process. Should the City determine an interview is required, the Consultant shall ensure the key Project Team Members participate in the interview.

Potential Proposal Evaluation Criteria	
Evaluation Criteria	Points
Qualifications/Experience/References	25
Thoroughness & Understanding of the Project	25
Timeline & Methodology	25
Cost of Services	25
Total	100

SECTION V: GENERAL TERMS AND CONDITIONS

1. **Read all Instructions.** Please read the entire RFP and all enclosures before preparing your proposal.
2. **Proposal Costs.** Costs for developing proposals are entirely the responsibility of the proposer and shall not be charged to the City. The consultant shall provide all necessary personnel, instruments, equipment, and materials to perform the described services.
3. **Proposal Becomes City Property.** The RFP and all materials submitted in response to this RFP will become property of the City.
4. **Selection of Vendor.** The selection of a vendor will be memorialized in the form of a City Agreement (See Section VI – Enclosures), authorized by approval of the City Council, and signed by both parties.

Once a vendor is selected, the Agreement with that vendor must still be negotiated and submitted to the City Council for approval, and there is no contractual agreement between the selected vendor unless and until the City Council accepts and signs the Agreement.

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5. **Insurance.** The City of La Verne requires a certificate of insurance prior to the commencement of any work. Upon successful selection, the consultant has three (3) business days to provide the certificate of insurance to the City in compliance with the Standard City Agreement.
6. **Incomplete Proposals May be Rejected.** If a Proposer fails to satisfy any of the requirements identified in this RFP, the Proposer may be considered non-responsive and the proposal may be rejected. The City reserves the right to accept or reject any or all proposals or to waive any defects or irregularities in the proposals or selection process.
7. **Responsible Representatives.** The consultant shall assign a responsible representative and an alternate to perform the assigned tasks. Both staff members shall be identified in the proposal. The consultant's representative will be responsible for all duties from contract negotiations through project completion. If the primary representative is unable to continue with the project, then the alternate representative will become the primary representative. Any other changes in responsible representative must be approved, in advance, by the City. The City will have the right to reject other proposed changes in personnel and may consider any other changes in responsible personnel a breach of contract
8. **City Business License** – The selected proposer shall be required to obtain a City of La Verne Business License prior to commencing any work in La Verne.
9. **Locality Preference.** The City of La Verne reserves the right to have preference towards local bidders.

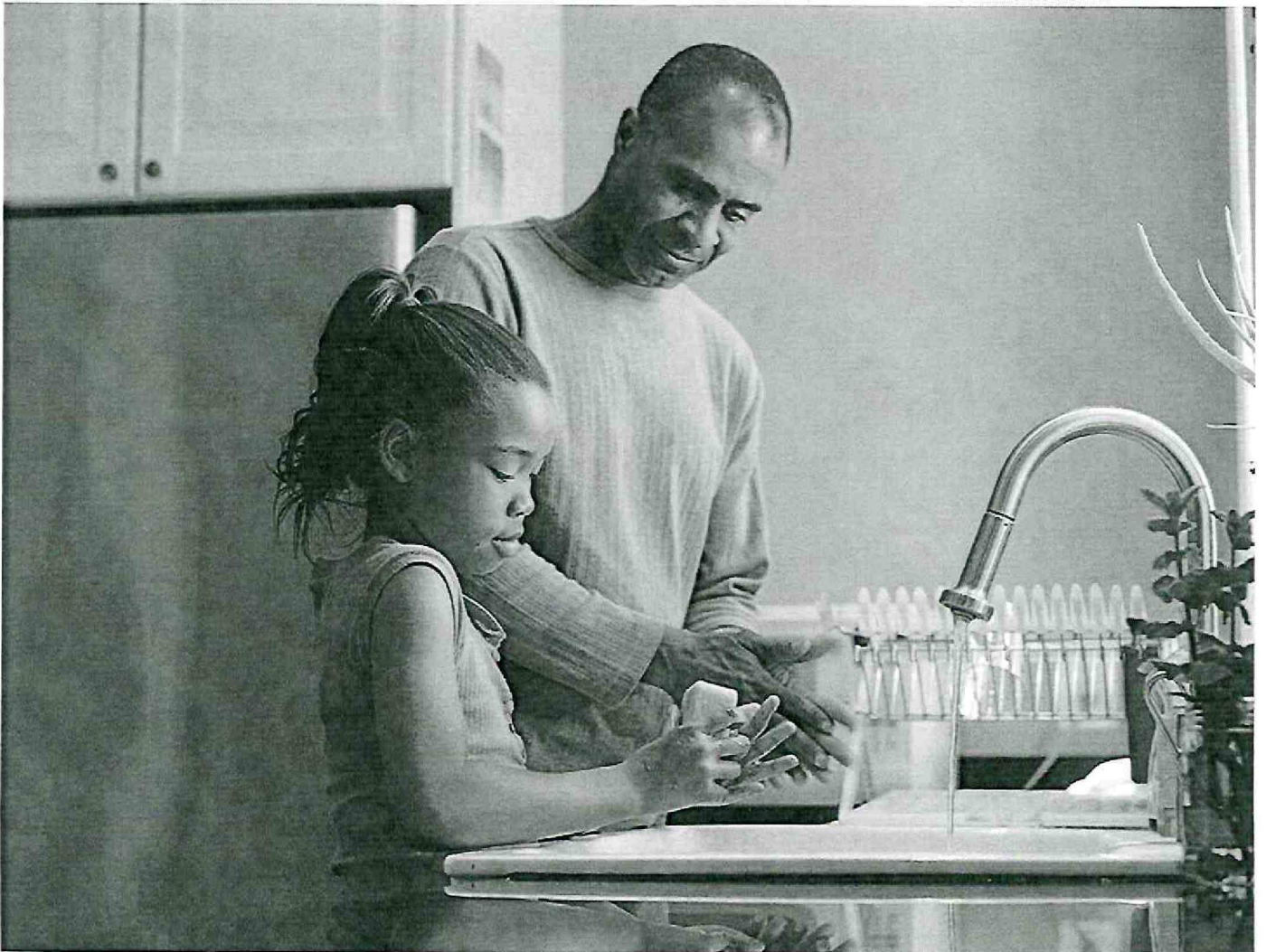
SECTION VI: ENCLOSURES

- | | |
|-------------|----------------------------|
| Enclosure 1 | Standard City Agreement |
| Enclosure 2 | Current Water Rates & Fees |

City of La Verne

Cost of Service and Rate Design Study

PROPOSAL / MARCH 21, 2024





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

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



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

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

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COVER LETTER

March 21, 2024

Ms. Meg McWade
Public Works Director
City of La Verne Public Works Department
3660 D Street
La Verne, CA 91750

Subject: Proposal for Cost of Service and Rate Design Study

Dear Ms. McWade:

The City of La Verne's (City) water and sewer utilities are facing multiple challenges to their combined need for \$6.6 million in capital improvements over the next four years. In FY 2023, the City experienced revenue reductions due to water shortages, high inflation, and increasing wholesale prices from Three Valleys Municipal Water District as well as the Los Angeles County Sanitation Districts. These pressures directly affect the financial health of the City's water and sewer enterprise funds both in the short- and long-term.

We have developed a tailored project approach to specifically address these challenges using information contained in the RFP, research we gathered online, and from our project team's industry experience. The end-goal for the City is to achieve financial health for your water and sewer utilities, minimize rate impacts to customers, and to develop defensible proposed rates.

Raftelis is one of the most experienced municipal utility financial consultants in the country. In California, we have offices in Los Angeles, Santa Barbara, and Riverside County. We have served hundreds of utilities across California, where our recommendations are readily adopted and implemented. We are intimately familiar with the requirements of Proposition 218 and other applicable California regulations. We help California utilities implement rate structures that fund capital improvements while addressing policy goals such as promoting conservation and increasing the affordability of services. A small sampling of our California clients includes the cities of Glendale, San Bernardino, Chino, Redlands, Pomona, and Long Beach. We have also completed recent rate studies for special Districts such as El Toro Water District, Crescenta Valley Water District, and the Vallecitos Water District.

Project Team

I, John Wright, CPA (CO), will serve as the Project Manager, Responsible Representative, and the contact person for this proposal. I will be responsible for deliverables and the schedule. I am a Senior Manager with Raftelis in our Riverside County office with over 26 years of utility industry experience. I am a Municipal Advisor Representative, a member of the Editorial Board overseeing the update of the American Water Works Association (AWWA) publication, *Manual of Water Supply Practice M1, Principles of Water Rates, Fees, and Charges* (AWWA Manual M1), and a contributing author to the Water Environment Federation publication, *Manual of Practice No. 27, Financing and Charges for Wastewater Systems* (WEF Manual 27).

Sudhir Pardiwala, PE (CA) will serve as our Project Director and the alternate Responsible Representative providing project oversight and direction. Sudhir is an Executive Vice President with Raftelis in our Los Angeles office. He has more than 40 years of experience and has worked on hundreds of rate studies in California.

Gina DePinto, APR (Accredited in Public Relations), will lead our effort to assist the City's communications team with public outreach and education activities. Gina is a Manager with Raftelis based in Orange County. She has more than 34 years of public relations experience. Prior to joining Raftelis, Gina served as the Communications Manager for the County of Santa Barbara and led communications for the Orange County Water District.

Why Raftelis?

1. **Extensive California Expertise.** We have served municipal water and sewer utilities across California. We are intimately familiar with local conditions and know the revenue increases, reserve policies, and rate structures of comparable utilities across California.
2. **Proposition 218 Cost-Based Rate Specialists.** Proposition 218 requires that water and sewer rates be *demonstrably based on costs*. We are experts at cost-based rates and have worked with other water agencies facing legal challenges over their tiered rates designed by other consultants.
3. **Depth and Breadth of Resources.** Raftelis is a national rate consulting firm with more than 170 consultants including financial analysts, economists, engineers, communications professionals, and environmental management specialists. These resources can be accessed at any time to assist the City.

Local utility and government agencies partner with Raftelis to improve their financial condition, plan for the future, and communicate effectively with their customers. Our team can successfully complete the water and sewer studies and provide significant value to the City.

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

Sincerely,



John Wright, CPA, Senior Manager (authorized to bind the firm)
 24640 Jefferson Avenue, Suite 207, Murrieta, CA 92562
 Phone: 951.395.1674 / Email: jwright@raftelis.com

EXECUTIVE SUMMARY

Executive Summary

The City must fund advanced metering infrastructure (AMI), financial system upgrades, and \$6.6 million in water/sewer capital improvement projects over the next four years. In addition, utility operational expenses are increasing, inflation remains high, and the City experienced reduced revenues in FY 2023 due to water shortages.

The City is seeking an expert consultant to complete comprehensive water and sewer service rate studies, develop a drought rate structure, and evaluate water/sewer facilities and capacity fees for its Public Works Department. The study's outcome will be proposed water and sewer rates and charges for FY 2025 – FY 2029. New rates will first be implemented on July 1, 2025. Key elements of the required scope of services include the following for each utility service:

- 10-year financial plans, revenue requirement projections, and recommended debt service and reserve funding policies
- Cost-of-service analysis and proposed rates for water and sewer utility services
- Evaluation of the financial planning and revenue requirement impacts of the proposed budgets and rates of the Three Valleys Municipal Water District, the Six Basins Watermaster, the Los Angeles County Sanitation District, and other relevant wholesale suppliers
- Draft and final rate study reports that provide a detailed administrative record of the assumptions and analytical methods used in the rate studies
- Development of a water budget for landscape irrigation customers
- Evaluation of potential bill impacts created by proposed rates
- Rate survey and analysis comparing how the City's rates compare to neighboring agencies and utilities
- Analysis of impacts of projected new development and redevelopment on City rates
- Presentations at one or two rate workshops with City Council and City staff
- Two in-person and two virtual community meetings to inform stakeholders of proposed rate changes
- Drafting of the Proposition 218 notice and presentation of the study at a Proposition 218 hearing
- Microsoft Excel rate model(s)

An outline of our proposed project tasks is listed below. These tasks are discussed in detail later in the project approach section of this proposal.

- Task 1: Project Initiation and Management
 - Initial Data Request
 - Project Kickoff Meeting
 - Project Management
- Task 2: Analysis of Customer Water Consumption Characteristics and Demand Forecasting
 - Analysis of Customer Water Consumption Characteristics
 - Demand Forecasting
- Task 3: Financial Plan and Revenue Requirement Forecasting
 - Review and Evaluate City Financial Policies and Procedures (Each City Utility Service)
 - Projection of Operating Cash Flows
 - Financial Plan Optimization
 - Revenue Requirement Projection
- Task 4: Cost-of-Service Analysis

- Test-Year Revenue Requirement
- Cost Functionalization
- Allocation of Costs to Cost Causation Components
- Determination of Customer Class Units of Service
- Distribution of Costs to Customer Classes
- Pumping Zone Charges
- Task 5: Rate Design
 - Proposed Rates and Rate Structure Alternatives
 - Water Budget Rate Structure for Irrigation Customers
 - Potential Pass-Through Adjustments
 - Pumping Zone Elevation Charges
 - Comprehensive Bill Impact Calculations
- Task 6: Drought Charge Analysis
- Task 7: Capacity Fee Studies
 - Determination of the Calculation Methodology
 - Valuation of the System Infrastructure
 - Determination of Customer Demand
 - Calculation of the Capacity Fee
- Task 8: Rate and Bill Survey Comparative Analysis
- Task 9: Rate Workshops
- Task 10: Community Meetings
- Task 11: Rate Study Reports
 - Creation of a Detailed Administrative Record
 - Collaboration with Legal Counsel
 - Review and Comment by the City
- Task 12: Proposition 218 Notice Preparation and Proposition 218 Hearings
- Task 13: Microsoft Excel Financial Model
 - Model Functionality
 - Model Training

SCOPE OF WORK

Project Approach

The scope of work provided below is based on the City's RFP and our experience conducting water and sewer utility cost-of-service studies for utilities in California and throughout the United States.

Task 1: Project Initiation, Management, and Kick-Off

Initial Data Request

Immediately upon receiving the notice to proceed, Raftelis will submit a comprehensive data request to the City seeking information such as customer consumption data, budgets, CIP projections, financial plans, engineering master plans for each utility service, and the Urban Water Management Plan.

Project Kickoff Meeting

As soon as possible after receiving the notice to proceed, an in-person kick-off meeting will be held. Topics of discussion will include:

- Information on the operations of each utility service including:
 - Customer demographics, consumption characteristics, and land-use patterns
 - Rate structure concerns and pricing objectives
 - Major infrastructure
 - Projected capital expenditures for the water and sewer utility systems
 - Outstanding principal balances for debt used to finance system infrastructure
 - Engineering master plans for the water and sewer utility systems
 - Financial policies
 - Legal/regulatory issues
 - Key City Council and external stakeholder concerns/perspectives
- City and Raftelis points of contact and communications protocols
- Confirmation of project objectives, deliverables, and schedule
- Required City staff resources

Project Management

- Timely identification of project issues/challenges
- On-going model QA/QC by the Project Director, Project Manager, and Subject Matter Experts

DELIVERABLES:

- Pre-kick-off meeting data request
- In-person kick-off meeting
- Kick-off meeting agenda and meeting minutes
- Project schedule with key milestones within two weeks after the kick-off meeting

Task 2: Analysis of Customer Water Consumption Characteristics and Demand Forecasting

Analysis of Customer Water Consumption Characteristics

The analysis of customer water consumption characteristics is critical to developing the demand forecast that underlies the water and sewer financial plans, allocating costs to customer classes, and determining fixed and variable rates. After obtaining the City's actual historical customer billing data for the period FY 2021 – FY 2023, Raftelis will seek to analyze the following types of information for each major customer type/land use:

- Account growth by meter size
- Monthly, seasonal, and annual consumption
- Average day, maximum day, and maximum hour consumption
- Water consumption by pumping elevation zones
- Winter average consumption as a proxy for indoor consumption
- Estimates of indoor and outdoor consumption on a per account and gallons per capita day (GPCD) basis
- The correlation between water consumption and irrigable area for irrigation customers
- Consumption during drought stage emergencies

Demand Forecasting

Raftelis will prepare comprehensive demand forecasts for the City's utility services by major customer type for the 10-year period FY 2025 – FY 2034. The water demand forecast will be compared to the demand projection in the City's Urban Water Management Plan, other internal planning documents, and the Three Valleys Municipal Water District planning documents. The demand forecast will serve as the foundation of the financial plans and revenue requirement projections prepared by Raftelis. It will be developed using Microsoft Excel to allow for scenario modeling.

DELIVERABLES:

- Detailed understanding of customer water consumption characteristics
- Comprehensive forecast of billed water consumption for the 10-year period FY 2025 – FY 2034
- Comprehensive estimate of billed sewer discharges for the 10-year period FY 2025 – FY 2034

Task 3: Financial Plan and Revenue Requirement Forecasting

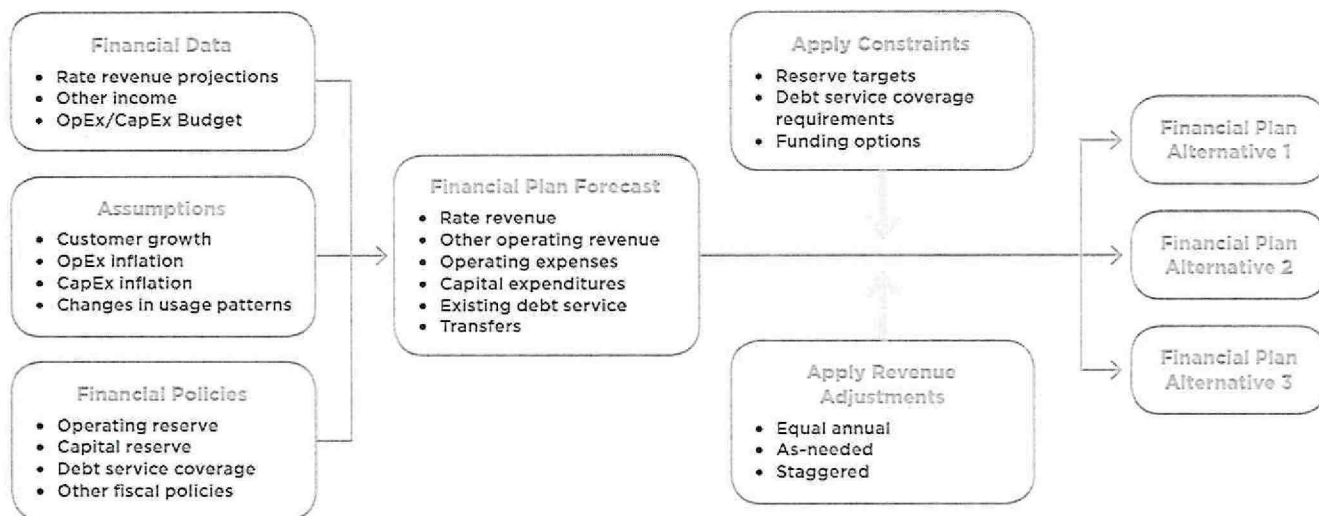
Raftelis Approach to the Financial Planning Process

Utility financial planning is an iterative process in which the "optimal" capital financing strategy must be identified. This requires achieving the correct balance between CIP financing provided by rate revenues, impact fees, grants, and external debt financing.

A comprehensive and correctly developed financial plan must be based on a realistic projection of customer water demand under normalized climate conditions and reasonable assumptions of customer account growth. The Microsoft Excel financial planning models developed by Raftelis will allow City staff to vary inputs for items such as customer account growth, average billed water consumption per account, average contributed sewer flow per account, CIP expenditures and financing strategies, operating expenses, inflation rates, etc.

Figure 1 on the following page illustrates the financial planning process that will be used by Raftelis for each of the City's utility services.

Figure 1: Financial Planning Process



Review and Evaluate City Financial Policies and Procedures (Each City Utility Service)

- **Review and Evaluation of Financial Policies** – Policies related to the use of external debt financing by CIP type, target and contractual minimum debt service coverage ratios, current and target credit rating, cash reserve minimum, and maximum targets. Raftelis will propose modifications to the City’s financial policies, as appropriate.

Projection of Operating Cash Flows

- **Revenue at Existing Rates** – Projection of rate revenue under existing rates using the demand projections developed in Task 2
- **Operations and Maintenance Costs** – Projection of O&M costs that incorporate cost inflation factors, changes in costs created by the implementation of new technologies, or planned organizational restructuring
 - Identification of the appropriate inflation factors to use in projecting O&M costs
 - Identification of ongoing costs that are not under City control and thus appropriate for recovery via an annual “pass thru” adjustment (e.g., wholesale water supply costs, wholesale sewer service costs)
- **Capital Improvement Program Expenditures** – Projection of CIP costs for repair and replacement (R&R) capital, growth-related expansion capital, and regulatory compliance-related CIP
 - Identification of the appropriate construction cost inflation factors to use in projecting CIP costs
- **Debt Service Expenditures** –Projection of existing and proposed debt service based on the capital financing strategy selected.

Financial Plan Optimization

- **Scenario Analysis** – Analysis of required rate increase under different utility sales for each service, CIP expenditure, and debt service alternatives. Modeling of projected cash reserve and debt service coverage for each year of the planning horizon.

- **Drought Risk Assessment (Water Service)** – Assessment of the risk of water sales revenue shortfalls due to short- and long-term drought events. Development of proposed financial/rate mitigation measures.
- **Optimal Capital Financing Scenario** – Development of an “optimal” capital financing strategy that balances the mix of rate revenue, capacity fee, and external debt funding to fund capital improvements. Finalized financial plan in full compliance with all City financial policies.

Revenue Requirement Projection

- Projected total system revenue requirement from rates for the 10-year period FY 2025 – FY 2034 for water and sewer utility services

DELIVERABLES:

- Financial plans and revenue requirement projections for the 10-year period FY 2025 – FY 2034 for water and sewer utility services
- Recommendations for debt service and reserve funding policies

Task 4: Cost-of-Service Analysis

Raftelis Approach to the Cost-of-Service Process

The procedures used by Raftelis in water and sewer cost-of-service studies are based on industry-accepted methods published in AWWA Manual M1 and WEF Manual 27. The use of industry-standard procedures corresponds to the cost-of-service mandate contained in California Proposition 218. Figure 2 illustrates the multi-step cost allocation process used by Raftelis for a water cost-of-service study.

Figure 2: Water Cost-of-Service Process

Step 1 Revenue Requirement	Step 2 <u>Functionalize</u> Costs	Step 3 <u>Allocate</u> Functions to Demand Characteristics	Step 4 <u>Distribute</u> Costs to Customer Classes
Operation and Maintenance Expense	Source of Supply	Base	Residential
Debt service	Treatment	Max Day	Multifamily
Capital Costs	Storage & Distribution	Max Hour	Commercial / Industrial
Transfers	Meters and Billing	Metering	Irrigation
		Fire Protection	

Water Utility Cost-of-Service Analysis

- **Test-Year Revenue Requirement** – Determine the test year revenue requirement based on the Task 3 financial planning process
- **Cost Functionalization** – Assign the net book value or replacement cost of existing utility infrastructure to the correct functional categories in order to allocate annual capital costs. Assign test-year capital costs (PAYGO financing and projected debt service), O&M expenses, and non-rate revenue offsets to the correct functional categories

- **Allocation to Cost Causation Components** – Allocate test-year capital cost, O&M expenses, and non-rate revenue offsets to the correct cost causation components such as water supply, base, maximum day, and maximum hour demand
- **Customer Class Units of Service** – Determine customer class units of service. Units of service include class average day demands, peak demands, number of bills, and number of 3/4” or 1” meter equivalents
- **Customer Class Cost-of-Service** – Distribute the allocated test-year capital costs, O&M expenses, and non-rate revenue offsets to customer classes based on each of their proportionate share of demands, bills, and equivalent meters. Compare the class cost-of-service to the revenue projected under existing rates. This comparison will show the percentage change in the classes based on the cost-of-service process
- **Pumping Zone Charges** – Estimate of the capital and operational costs incurred to serve each pumping zone

Sewer Utility Cost-of-Service Analysis

- **Test-Year Revenue Requirement** – Determine the test year revenue requirement based on the Task 3 financial planning process
- **Cost Functionalization** – Assign the net book value or replacement cost of existing utility infrastructure to the correct functional categories in order to allocate annual capital costs. Assign test-year capital costs (PAYGO financing and projected debt service), O&M expenses, and non-rate revenue offsets to the correct functional categories
- **Allocation to Cost Causation Components** – Allocate test-year capital cost, O&M expenses, and non-rate revenue offsets to the correct cost causation components such as flow, biochemical oxygen demand, and suspended solids
- **Customer Class Units of Service** – Determine customer class units of service. Units of service include class billable flows, infiltration and inflow contributions, and the strength of customer discharges
- **Customer Class Cost-of-Service** – Distribute the allocated test-year capital costs, O&M expenses, and non-rate revenue offsets to customer classes based on each of their proportionate share of demands, bills, and equivalent meters. Compare the class cost-of-service to the revenue projected under existing rates. This comparison will show the percentage change in the classes based on the cost-of-service process

DELIVERABLES:

- Water service customer class cost-of-service
- Sewer service customer class cost-of-service

Task 5: Water and Sewer Rate Design

The City currently charges a bi-monthly flat volumetric rate for water customers by Zone and fixed bi-monthly charges by meter size. Existing water rates are shown below.

Water Rate Service Zone	Bi-Monthly Charge
Zone I	\$3.92 per 1,000 gallons
Zone II	\$4.02 per 1,000 gallons
Zone III	\$4.21 per 1,000 gallons
Zone IV	\$4.42 per 1,000 gallons
Zone V	\$4.53 per 1,000 gallons
Zone VI	\$4.77 per 1,000 gallons
Plateau	\$5.37 per 1,000 gallons

Water Rate Meter Service Charge	Bi-Monthly Charge
5/8"	\$36.40
3/4"	\$40.00
1"	\$51.00
2"	\$106.00

The City currently charges a bi-monthly flat volumetric rate for sewer customers. Existing sewer rates are shown below.

Sewer Rate Service Type	Bi-Monthly Charge
Flat Rate	\$23.43 per 1,000 gallons
Commercial, Industrial, and Institutional Rate	\$23.63 per 1,000 gallons

Proposed Rates and Rate Structure Alternatives

After the completion of the cost-of-service analyses described in Task 4, Raftelis will work with the City staff to develop potential alternative water and sewer rate structures. **Our proposed consulting fee assumes we will evaluate a maximum of two alternative water rate structures and one alternative sewer rate structure.** Compliance with Proposition 218 and other California legal requirements will be of paramount importance when considering potential alternative rate structures.

It goes without saying that the alternative rate structures recommended by Raftelis (if any) will produce adequate revenues to maintain water and sewer utility financial sufficiency over short-, medium-, and long-term planning horizons. When considering potential alternative rate designs, Raftelis will perform the following analysis:

- Evaluation of the effectiveness of the current water and sewer rate structures in achieving the City’s pricing and policy objectives
- Appropriateness of the current water and sewer rate structures considering the customer class definitions identified in the water and sewer cost-of-service processes (Tasks 4)
- Ability of potential alternative rate structures to achieve the City’s desired pricing and policy objectives
- Ability of potential alternative rate structures to fully comply with Proposition 218 and other applicable California regulatory requirements
- Impact of potential alternative rate structures on customer bills (monthly and annual) across a broad range of demand (i.e., very low consumption to very high consumption customers)

- Ability of customers to easily understand potential alternative rate structures and the ability of the City to administer such alternatives
- Impact of potential alternative rates on water and sewer fund revenue stability/volatility

Water Budget Rate Structure for Irrigation Customers

As part of the rate design process, we will develop a water budget structure for landscape irrigation customers that aligns with the water use reduction and conservation objectives outlined in the City's Urban Water Management Plan.

Overarching Awareness of Proposition 218 Requirements

From the initial kickoff meeting through the development of proposed rates, we stay focused on the need to comply with the intent and requirements of Proposition 218. Throughout the financial planning, cost allocation, and rate design process we will work with City staff and legal counsel to help achieve this objective. While we strive to comply with the intent and requirements of Proposition 218, it is important to note the Raftelis shall have no obligation to indemnify the District or any Indemnitee against liability for claims by a third party for failure to comply with its obligations under Article XIII D of the California Constitution (Proposition 218).

Awareness of California Regulatory Requirement and Litigation

Raftelis is not a law firm, but we do closely follow litigation that may have bearing on the water rate structures implemented by our clients. For example, the California Court of Appeals is currently considering two cases related to the validity of tiered rate structures. Similarly, Senate Bill AB 1157, which became law in 2022, requires that indoor water use be a maximum of 47 gallons per capita per day (gpcd) in 2025 declining to 42 gpcd in 2030. Another example is the recently enacted Assembly Bill 755 which requires utilities to quantify the cost of serving the top 10% of water users. Our awareness of litigation and changing regulatory requirements enhances our ability to serve the City.

Potential Pass-Through Adjustments

As part of the rate design process, we will evaluate the creation and implementation of pass-through adjustments for costs such as water supplies and electric power that are not under the City's direct control.

Pumping Zone Elevation Charges

The water service commodity rates will include pumping zone elevation charges as determined during the Task 4 Cost-of-Service process.

Comprehensive Bill Impact Calculations

Raftelis will calculate comprehensive bill impacts for the City's existing and proposed water and sewer rates. Bill impacts will be calculated for multiple customer land use types and across a wide distribution of monthly and annual consumption volumes. This will ensure that City staff is fully informed about potential customer bill ramifications.

DELIVERABLES:

- Proposed 5-year water and sewer rates for the period FY 2025 – FY 2029, including two alternative rate structures for water service and one alternative for sewer service (a total of 3 alternative rate structure)
- Creation of a water budget structure for landscape irrigation customers
- Recommendation regarding implementing pass-through adjustments for costs such as water supplies and electric power that are not under the City's direct control
- Comprehensive customer bill impacts

Task 6: Drought Charge Analysis

Raftelis will develop a drought charge rate structure for implementation during water shortage emergencies. The tasks we will complete as part of this process will include:

- Assessing the effectiveness of the City’s current drought charges based on historical meter data
- Reviewing the relative success of drought charges used by other agencies with water budget rate structures
- Reviewing and updating the City’s existing drought charge ordinance and making recommendations on modifications to comply with the State of California requirements
- Estimating the decline in billed water consumption associated with each drought stage
- Estimating the decline in billed water sales revenues and expenditures associated with each drought stage
- Developing and recommending new drought charges needed to maintain utility financial health
- Exploring other mitigation techniques for declines in water sales revenues with City staff, such as increases in cash reserves or revenue from fixed charges

DELIVERABLES:

- New, proposed drought rates

Task 7: Water and Sewer Capacity Fee Studies

To initiate the water and sewer capacity fee studies, we will consult with City staff to understand how capacity fees are currently assessed and what costs they recover. Based on the understanding gained from this discussion we will develop a proposed approach and provide the City with a comprehensive data request. We will then review all relevant documentation, including the water and sewer engineering master plans, the City’s Urban Water Management Plan, and the City’s rules/regulations for capacity fees. A key decision point in the capacity fee calculation process is the determination of the appropriate methodology to use. There are three industry-standard methods for the calculation of capacity fees:

- **Buy-In Approach**: Appropriate for utilities with existing available infrastructure capacity to meet projected demand
- **Incremental Approach**: Appropriate for utilities with existing infrastructure capacity constraints that must construct significant new infrastructure to meet projected demand
- **Hybrid Approach**: Appropriate for utilities with some available existing infrastructure capacity but also a need to construct new infrastructure to meet projected demand

The capacity fees we develop will be based on industry practices and in full compliance with California legal standards as contained in California Government Code Sections 6600 - 66025. This will include compliance with the requirements of California’s Mitigation Fee Act and general legal principles related to impact fees. Under California law, “fees,” as opposed to “taxes,” can be adopted without the two-thirds vote of the public as required by Proposition 13. The State of California Mitigation Fee Act, also known as AB 1600 and codified in Sections 66000-66025 of the California Government Code, establishes a requirement for “nexus” in the establishment of a development fee. The nexus requirements are that: 1) a development fee is directly related to the impacts of the development and 2) the fee is roughly proportional to the impacts of the project.

Buy-In Method

The buy-in approach is most suitable when the current utility system has excess capacity to accommodate growth. It is also the most common methodology. The buy-in approach rests on the premise that new customers are entitled to service at the same “price or cost” as existing customers. However, existing customers have already developed the facilities that will serve new customers, including the costs associated with financing those services. Under the buy-in approach, new customers pay an amount equal to the net investment (accounting for depreciation) already made by existing customers, based on the value of the utility. The value is normally established using the cost approach of replacement cost less depreciation. There are two variations of the buy-in approach: the system buy-in and the equity buy-in. For the system buy-in, the system value is divided by the ultimate system demand to determine the proposed capacity fee. For the equity buy-in, the system value is divided by the current demand.

Incremental Method

The incremental method is a forward-looking calculation and can be used when substantial new investment in capital facilities is required to serve new customers. Stated simply, it is the value of the new facilities divided by the total capacity of the new facilities.

Hybrid Method

A hybrid approach can be used when new customers will use both current excess capacity in existing facilities and new facilities. Mathematically, it is the weighted average of the buy-in method and the incremental method.

Task 7a: Water Capacity Fee Study

Determination of the Calculation Methodology

Raftelis will provide information to the City on the industry standard capacity fee calculation methodologies (mentioned above) and work with the City to choose the appropriate methodology to be used in the City’s water capacity fee study.

Valuation of Water Infrastructure

Informed by the chosen calculation methodology, Raftelis will develop a water capacity fee model that reflects either, or both, of the following:

- **Existing Infrastructure:** An infrastructure valuation for each major existing functional component of the water system. For existing assets, the valuation will be based on “replacement cost less depreciation” (RCLD). The replacement cost will be developed using the construction cost inflation factors published in the Engineering News-Record (ENR CCI). The value of growth-related infrastructure will be based on present value as expressed in 2024 dollars. If the City’s fixed asset subsidiary ledger does not contain an adequate level of information to develop a replacement cost estimates using these construction cost inflation factors (for example, inadequate information on the function performed by major assets), then an alternative valuation method will be selected in consultation with City staff.
- **Planned Infrastructure Expansion:** The present value of projected water growth-related infrastructure expenditures contained in the City’s current capital improvement plans

As part of the infrastructure valuation process, outstanding debt principal used to finance existing system water infrastructure will be subtracted from the RCLD valuation. Accumulated cash reserves will be added to the RCLD valuation.

Determination of Customer Demand

For the Buy-In Method, Raftelis will estimate the number of equivalent residential units (ERU) currently served by the City's existing water system. The number of ERUs will reflect the number of equivalent connections of the appropriate meter size (e.g., 3/4") calculated for the City's water system using your current meter technologies and associated maximum meter flow rates. For the Incremental Method, Raftelis will project the number of future ERUs that can be served by planned growth-related infrastructure additions. This estimate will be based on residential customer household density and GPCD water usage. As part of this process, Raftelis will analyze billing data for existing customers, consult your current Urban Water Management Plan, and the most recent engineering master plan.

Calculation of the Water Capacity Fee

Based on the work completed for the calculation methodology and customer demand analysis, Raftelis will calculate the following:

- The baseline water capacity fee expressed on a \$/ERU basis (e.g., for a 3/4" equivalent connection)
- A water capacity fee assessment schedule for each water meter size served by the City's water system

Task 7b: Sewer Capacity Fee Study

The process used to calculate the sewer capacity fees will be similar to that used for the water capacity fee. Raftelis will work with the City to determine the basis which is appropriate for the sewer capacity fee study. At present, Raftelis assumes the City will wish to use ERUs as the basis for calculating sewer capacity fees. However, other metrics may be used.

Determination of the Calculation Methodology

Raftelis will work with City staff to determine the appropriate methodology for the sewer capacity fee study (i.e., Buy-In, Incremental, Hybrid).

Valuation of Sewer Infrastructure

The RCLD of sewer infrastructure will be calculated using the following key inputs:

- Existing and planned future sewer infrastructure directly owned by the City
- Existing and planned future sewer infrastructure shared with the Los Angeles County Sanitation Districts

As part of the infrastructure valuation process, outstanding debt principal used to finance existing system sewer infrastructure will be subtracted from the RCLD valuation. Accumulated cash reserves will be added to the RCLD valuation.

Determination of Customer Demand

Pending discussions with City staff, ERUs will be calculated based on the chosen ERU basis.

Calculation of the Sewer Capacity Fee

Based on the work completed in in the above sub-tasks, Raftelis will calculate the following:

- The sewer capacity fee expressed in a baseline \$/ERU basis

DELIVERABLES:

- Recommendations for water and sewer capacity fees

Task 8: Rate and Bill Survey Comparative Analysis

A rate and bill survey of the Three Valleys Municipal Water District member agencies providing water utility service and corresponding sewer utility agencies will be completed. A comparison of the City's existing rates, proposed rates, and sample bills will be made to each agency.

DELIVERABLES:

- Rate and bill survey of the agencies specified by City in its RFP

Task 9: Rate Workshops

Our proposed consulting fee includes the estimated cost of two on-site rate workshops with City staff and City Council. This includes the development of presentations to ensure the City Council is well informed as to the status of the project as well as to discuss major milestones and decision points. All PowerPoint presentations are to be presented to the City's Leadership Team prior to presentation to the City Council.

DELIVERABLES:

- Two on-site rate workshops with City staff and City Council
- Review of all PowerPoint presentations by the City's Leadership Team prior to presentation to City Council

Task 10: Community Meetings

Our proposed consulting fee includes the estimated cost of two in-person community meetings to inform the public of any rate changes and any reason for those changes prior to the Proposition 218 meeting. Planning for the community meetings will be conducted by Ms. Gina DePinto, APR (Accredited in Public Relations), our Community Outreach Subject Matter Expert.

Raftelis offers specialized communication outreach support for which we are prepared to provide any level desired. We can provide significant value all along the spectrum from low to high. A higher level of support could mean developing a strategic communications and outreach plan on your behalf, or designing a robust suite of supporting communications tools, like bill inserts, postcard mailers, infographics, videos, and fact sheets.

We are experts at developing fact-based messages that are woven together to tell your story in ways that are easy for even the layperson to grasp. Our work goes beyond satisfying Proposition 218 requirements to:

- Build an appreciation for the value of water services
- Properly frame the need for continued infrastructure investment
- Explain – at a high level – how rates and fees are calculated
- Communicate the potential changes and impacts for the typical customer

These elements will be core to the communication tools and pieces we develop in support of the City, including:

- A press release to announce the community meetings
- Social media content
- A set of frequently asked questions and answers for the City's website and for use as talking points by City staff as well as elected officials

DELIVERABLES:

- Two in-person community meetings
- Community meeting PowerPoint presentations to be reviewed by the City Leadership Team prior to presentation
- Press release and social media content
- Frequently asked questions and answers
- Design of bill inserts

Task 11: Rate Study Reports

Our approach to the report development process is to work collaboratively with the City's legal counsel to ensure compliance with state law. Our approach includes:

- **Creation of a Detailed Administrative Record** – Raftelis prepares comprehensive rate study reports that fully document the assumptions, inputs, and analytical procedures used to develop proposed rates. Our reports provide clients with a detailed administrative record that can be referenced if rates are questioned or challenged in litigation.
- **Collaboration with Legal Counsel** – Maintaining a close partnership with City legal counsel throughout the rate study process is a priority. As complex, and potentially controversial, cost allocation or rate design cost recovery issues arise during the rate study process, we will request review and input from the City's legal counsel.
- **Review and Comment by the City** – Raftelis welcomes the comprehensive review and comment of preliminary/draft reports by City staff, City legal counsel, and the City Board.

DELIVERABLES:

- Draft rate study reports for review by City Staff and City Council
- Final rate study report

Task 12: Proposition 218 Notice Preparation and Proposition 218 Hearings

Raftelis' in-house Strategic Communications will prepare rate adjustment notices for mailing within the required 45-day noticing period prior to holding the public hearing. While requirements of Proposition 218 notifications are easy to satisfy, too many utilities miss the opportunity to strategically educate and inform ratepayers. Raftelis has designed countless Proposition 218 notifications that go beyond the minimum dictated by statute to deliver visually appealing pieces that customers want to read. The notices will outline the proposed rate changes, explain the right to challenge the rates, and will meet and comply with all noticing requirements. Raftelis will also prepare a pass-through adjustment formula for water supply-related costs. Once these arrive in mailboxes, City customers will not only be properly notified, but will understand the City's need and be more likely to support rate adjustments. Raftelis will deliver final press-ready documents for the City to print and mail notices to all parcel owners and customers of record.

Our proposed consulting fee includes two in-person presentations to City Council for the Proposition 218 process. The first presentation will be to seek City Council's authorization to issue a Proposition 218 notice. The second presentation will be at the formal Proposition 218 hearing. All presentation material prepared by Raftelis will be provided to the City Leadership team for review prior to the City Council meetings.

DELIVERABLES:

- Proposition 218 presentation seeking City Council authorization and formal Proposition 218 hearing presentation
- Proposition 218 notice preparation

Task 13: Financial Model and Training

Raftelis creates financial models using Microsoft Excel. We do not use canned “one-size-fits-all” models. Instead, we build financial models specifically designed to the specifications provided by our clients.

Model Functionality

- Depending on the City’s needs and specifications, the model functionality can include:
 - Inflation and escalation assumptions
 - Forecasting up to 30 years into the future
 - Ability to enter customer class data, including account growth and billed consumption per account
 - Scenario modeling to analyze alternative CIP expenditure, O&M expenses, and debt service payment projections
 - Specific metrics or financial policies that must be met as part of the financial plan
 - The cost allocation component of the model can allow City staff to vary inputs for items such as customer maximum day and maximum hour demand factors
 - The rate update component of the model will enable City staff to vary inputs such as the revenue contribution made by volumetric rates versus fixed charges and then view the resulting customer bill impacts

Model Training

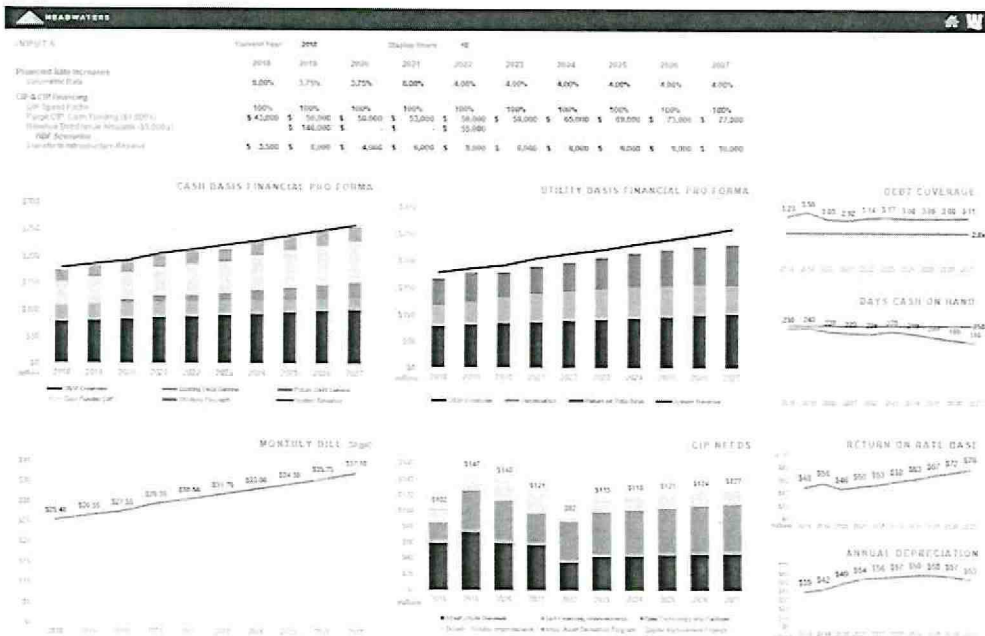
- Our proposed consulting fee includes four hours of virtual model training for City staff

PLANNED MEETINGS:

- Virtual meetings as required with City staff

DELIVERABLES:

- Microsoft Excel financial model
- Four hours of onsite model training



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

PROJECT TIMELINE

Raftelis will complete the scope of services within the timeframe shown in the schedule below. The proposed schedule assumes a notice-to-proceed by the beginning of May 2024 and that Raftelis will receive the needed data in a timely manner and be able to schedule meetings as necessary. Project completion is estimated for June 2025.

TASKS	2024								2025					
	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
1. Project Initiation, Management, and Kick-Off	●													
2. Analysis of Consumption and Demand			●●											
3. Financial Plan Development				●●										
4. Cost-of-Service Analysis					●●									
5. Water and Sewer Rate Design						●●								
6. Drought Charge Analysis							●●							
7. Water and Sewer Capacity Fee Studies					●			●●						
8. Rate and Bill Survey Comparative Analysis									●					
9. Rate Workshops						●		●						
10. Community Meetings								●●	●●					
11. Rate Study Reports										●●				
12. Proposition 218 Preparation and Hearings											●●		●●	
13. Financial Model and Training														●●

- *In-person Meetings*
- *Web Meetings*
- *Deliverables*

SCHEDULING AND CONTROL METHODOLOGY

Raftelis employs several management strategies to heighten the effectiveness and efficiency of the services we provide to our clients. We place a high priority on being responsive to our clients and, as we determine scope and staffing for each project, we carefully consider our workload and the availability of resources to meet client needs and project schedules.

Each week, the Raftelis management team participates in a conference call to review the number of consulting hours required to meet the needs of our clients during the upcoming week. This weekly meeting allows our project managers to deploy our consulting staff in a flexible manner that ensures a suitable level of hours will be devoted to the City even during periods of accelerated deadlines and heavy work requirements.

Our project management conference calls provide Raftelis project managers with opportunities to effectively distribute work within a project. However, it is equally important that consulting hours spent on the project are tracked and compared to project budgets on a real-time basis. Raftelis uses project management software to monitor project progress, consulting hours, and budgets.

If selected for this project, we will conduct a comprehensive scoping meeting with the City staff and our project team to discuss the work plan to ensure we are in agreement on how best to achieve the City’s goals and objectives. This meeting will include a discussion of our proposed schedule and the City’s timing requirements for meetings, milestones, and deliverables, so that our teams have a full understanding of what to expect on the project. Throughout the project, we will provide the City with frequent updates so that you are constantly aware of the status of the project and our progress towards meeting milestones and deadlines.

QUALITY ASSURANCE PROCEDURES

QA/QC is performed at two project milestones: 1) at the completion of the financial plan and 2) after the completion of the cost-of-service and rate design. Our quality assurance/quality control (QA/QC) procedure is as follows:

1. **Built-In Model Checks:** The model has several built-in checks to ensure that the total expenditures are included. The built-in checks include: 1) ties to the clients total operating budget; 2) a revenue requirement check to ensure rates are collecting the right amount of revenue derived from the financial plan; and 3) a revenue proof to ensure rates are designed to collect the total revenue requirement.
2. **Project Manager Review:** The Project Manager reviews each model worksheet at each project milestone.
3. **Senior Consultant Review:** A Senior Consultant, who is not involved with the project, performs a complete model review. This review includes both modeling integrity and adherence to common rate setting practices. We use an analyst not involved with the project to provide a fresh perspective.

In addition, Raftelis has a 40-point checklist for QA/QC to check the most common modeling oversights. A portion of the checklist is shown below.

Item	Worksheet	Review Step
1	Revenue	Confirm the rates are bimonthly or monthly
2	Revenue	Confirm the latest rates are in the model
3	Revenue	Is calculated revenue within 1 to 2 % of actual revenue?
4	Revenue	Check revenue from year-to-year, does it vary much?
5	Revenue	Do any one time revenue items need to be removed like sale of assets?
6	O&M	Does the total O&M entered for a particular year tie back to the source document? If not, are you clear why not?

7	O&M	Has depreciation been removed?
8	O&M	Are there any capital items in the budget that need to be removed so as not to double count.
9	O&M	If debt is shown in the budget, is it also in the debt sheet?
10	O&M	Review the year-to-year changes in O&M expenses, is there a big change in one year, if so why?
11	O&M	Water purchase costs - do they tie back to actuals for a year?
12	O&M	Are calculated water purchase costs close to budget for years that have a water purchase cost budget?

EXAMPLE REPORT

We have included a recent example reports in the Appendix.

Cost Proposal

The following tables provide a breakdown of our proposed fees for this project. These tables include the estimated level of effort required for completing each task and the hourly billing rates for our project team members. Expenses include costs associated with travel and a \$10 per hour technology charge covering computers, networks, telephones, postage, etc.

WATER COST PROPOSAL

Tasks	Web Meetings	In-person Meetings	Hours									Total Fees & Expenses	
			JW	SP	TC	GD	CO	JG	SS	Admin	Total		
1. Project Initiation, Management, and Kick-Off		0.5	4	1	1	1	1	1	1	1	1	11	\$3,359
2. Analysis of Consumption and Demand	1		2					3		10		15	\$3,495
3. Financial Plan Development	1		2					3		12		17	\$3,885
4. Cost-of-Service Analysis	1		2	1	1			2		16		22	\$5,150
5. Water and Sewer Rate Design	1		4	1	1			4		12		20	\$5,600
6. Drought Charge Analysis	1		1	1				1		8		11	\$2,595
7. Water and Sewer Capacity Fee Studies	1		4					4		28		36	\$7,960
8. Rate and Bill Survey Comparative Analysis	1							1		8		9	\$1,855
9. Rate Workshops		1	6	1	1	3	2			2		15	\$4,893
10. Community Meetings		1	8			18					2	28	\$8,438
11. Rate Study Reports	1		8	1	1		4		20	2		36	\$8,720
12. Proposition 218 Preparation and Hearings		1	8	1		16	1				2	28	\$8,553
13. Financial Model and Training	1								6			6	\$1,170
Total Meetings / Hours	8	3.5	49	7	5	38	26	1	123	7	254		
Hourly Billing Rate			\$320	\$400	\$360	\$285	\$285	\$220	\$185	\$100			
Total Professional Fees			\$15,680	\$2,800	\$1,800	\$10,830	\$7,410	\$220	\$22,755	\$700	\$62,195		
												Total Fees	\$62,195
												Total Expenses	\$3,478
												Total Fees & Expenses	\$65,673

JW - John Wright
 SP - Sudhir Pardiwala
 TC - Todd Cristiano
 GD - Gina DePinto
 CO - Cameron Okie
 JG - Jourm Galvan
 SS - Summer Simpson

SEWER COST PROPOSAL

Tasks	Web Meetings	In-person Meetings	Hours									Total Fees & Expenses	
			JW	SP	TC	GD	CO	JG	SS	Admin	Total		
1. Project Initiation, Management, and Kick-Off		0.5	4	1	1	1	1	1	1	1	11	\$3,359	
2. Analysis of Consumption and Demand	1		1				1		8		10	\$2,185	
3. Financial Plan Development	1		1				1				2	\$625	
4. Cost-of-Service Analysis	1		2	1	1		1	10			15	\$4,035	
5. Water and Sewer Rate Design	1		2				2	6			10	\$2,630	
6. Drought Charge Analysis	1										0	\$0	
7. Water and Sewer Capacity Fee Studies	1		2	1			4	20			27	\$6,850	
8. Rate and Bill Survey Comparative Analysis	1						1		6		7	\$1,465	
9. Rate Workshops		1	4				3	2	2		11	\$3,523	
10. Community Meetings		1	6				14			2	22	\$6,598	
11. Rate Study Reports	1		4	1	1		4	16		2	28	\$7,180	
12. Proposition 218 Preparation and Hearings		1	6				8	1		2	17	\$5,123	
13. Financial Model and Training	1							2			2	\$460	
Total Meetings / Hours	9	3.5	32	4	3	26	18	57	15	7	162		
Hourly Billing Rate			\$320	\$400	\$360	\$285	\$285	\$220	\$185	\$100			
Total Professional Fees			\$10,240	\$1,600	\$1,080	\$7,410	\$5,130	\$12,540	\$2,775	\$700	\$41,475		
												Total Fees	\$41,475
												Total Expenses	\$2,558
												Total Fees & Expenses	\$44,033

JW - John Wright
 SP - Sudhir Pardiwala
 TC - Todd Cristiano
 GD - Gina DePinto
 CO - Cameron Okie
 JG - Journ Galvan
 SS - Summer Simpson

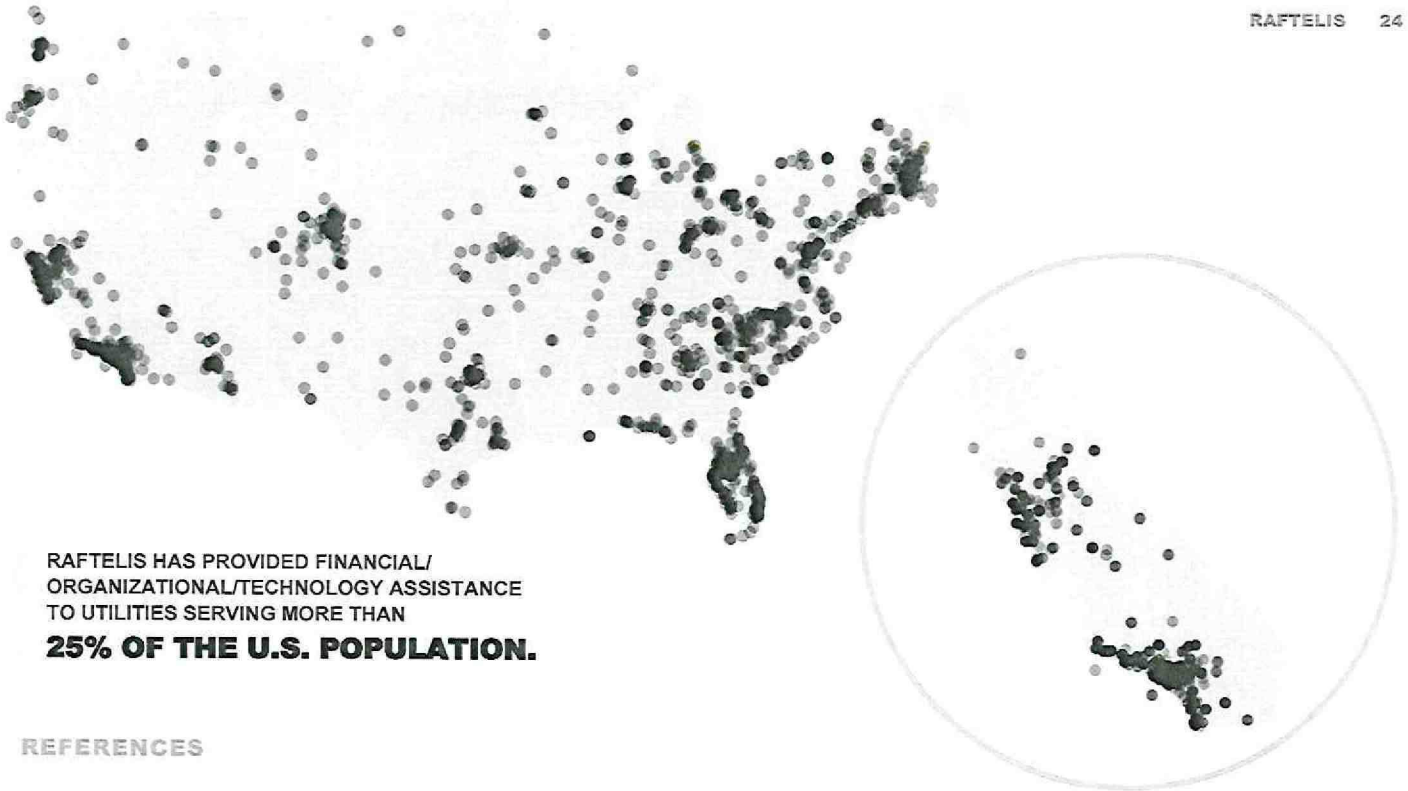
Hourly Billing Rates

Project team hours and expenses will be billed on the same invoice. Expenses related to travel will be billed at cost. Additional services outside the agreed upon scope of work will be billed on a time and materials basis. Raftelis' billing rates can be found below. These rates will be in effect for calendar year 2024 and will then increase annually by 3% unless specified otherwise by contract.

POSITION	HOURLY BILLING RATE**
Chair/Chair Emeritus	\$500
Chief Executive Officer/President	\$450
Executive Vice President	\$400
Vice President	\$360
Senior Manager	\$320
Principal Consultant	\$295
Manager	\$285
Senior Consultant	\$250
Consultant	\$220
Creative Director	\$220
Associate	\$185
Graphic Designer	\$160
Analyst	\$135
Administration	\$100
Technology Charge*	\$10

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

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



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

REFERENCES

Experience & References

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

Our staff has assisted more than 1,700 public agencies and utilities across the U.S., including some of the largest and most complex agencies in the nation. In the past year alone, Raftelis worked on more than 1,300 financial, organizational, and/or technology consulting projects for over 700 agencies in 47 states, the District of Columbia, and Canada. Below, we have provided descriptions of projects that we have worked on that are similar in scope to the City's project. We have included references for each of these clients and urge you to contact them to better understand our capabilities and the quality of service that we provide.

El Toro Water District CA

Reference: Dennis Cafferty, General Manager

24251 Los Alisos Boulevard, Lake Forest, CA 92630 / P: 949.837.7050 ext 223 / E: dcafferty@etwd.com

Date: 2017 – 2023 / **Team Member Role:** Sudhir Pardiwala

Raftelis has assisted El Toro Water District (District) with the development of its rates on an ongoing basis since 2006. At that time, the District had not updated its water and wastewater rates or rate structure in more than 10 years and was operating at a deficit. Raftelis prepared a 12-year financial plan evaluating the operating and capital expenses, debt service, and reserve requirements. A cost-of-service analysis was conducted to review the equity of the rates and existing rate structures. The adopted rates, resulting from the cost-of-service study in 2006, unbundled rate components to convey the true cost of various service components and to continue to equitably pass on the cost of water, wastewater, and recycled water services to users.

In 2009, the District engaged Raftelis to design a water budget rate structure for its residential and irrigation accounts to help promote water-use efficiency. Raftelis designed a water budget rate structure which ensured revenue stability, financial sufficiency, and provided the appropriate price signal for different supply costs and conservation program funding for the District. The following outlines the methodology used to develop the water budget rate structure:

- Indoor allocations varied by the number of occupants and outdoor allocations varied based on weather data and irrigable area
- The irrigable area was determined by taking the total parcel area less the building area acquired from the Assessors' Secured Roll
- The allocation budgets considered irrigation efficiency and type of landscape

Next, Raftelis developed a water budget rate model that allowed the District to quickly view the impacts of alternative rates and budgets, to aid policy makers in making well-informed decisions in a timely manner. This tool proved invaluable when presenting the results in a graphical format to the District Board of Directors because it enabled them to easily see the impacts of different water budgets on their customers in real-time. As a result, the Board adopted the water budget rate structure in June 2010. To minimize rate shock to upper-tier users, Raftelis developed a three-phase implementation plan that slowly phased in Tier 3 and Tier 4 rates. The rate unbundling and phase-in implementation plan were found beneficial and useful for the District during public outreach and rate implementation. The findings and recommendations resulting from the Study were summarized and documented in the Study Report.

Since the water budget rate study, each year Raftelis was retained by the District to conduct the cost-of-service annual study to update its water and wastewater rates. In 2012, the District engaged Raftelis to conduct a recycled water financial plan study to evaluate the impacts of the recycled water expansion on the Water and Wastewater Enterprises. In late 2014 and early 2015, California experienced one of the most severe droughts in state history. The District purchases 100 percent of its potable water supply from the Metropolitan Water District of Orange County (MDWOC), a wholesale customer of the Metropolitan Water District of Southern California (MWD). To address water supply issues, MWD developed the Water Supply Allocation Plan (WSAP) which provides reduced allocations to wholesale customers within MWD's service area. In turn, on January 20, 2015, MWDOC adopted a methodology to determine the allocation to its member agencies. Member agencies, such as the District, can purchase water above the allocation, but such purchases are subject to severe penalties. The District engaged Raftelis to conduct a drought rate study to determine the indoor and outdoor drought factor adjustments necessary to encourage conservation among its residential and irrigation customers and to develop penalty rates for commercial customers in order to achieve the required reductions in consumption under increasing levels of drought. As part of the study, Raftelis conducted financial impact analysis on revenues, expenditures, and net revenues for each drought stage. The study analyzed the impacts if: 1) customers continued to consume at normal (non-drought) levels, or 2) customers reduced consumption by the amount required. The methodology and results of the Study were documented in the drought study report and submitted to the District to support the adoption of the District's "Water Conservation & Water Supply Shortage Ordinance" in 2015.

In 2017, the District retained Raftelis to conduct Rate Study Introduction Workshop for its employees. The District also requested Raftelis' services for its annual rate update study for water and recycled water services, and cost-of-service analysis for its sewer services. Raftelis presented the results of the study to District staff using the Rate Model to run rate scenarios and customer impact analysis. The results of the study were documented in the Final Report submitted to the District in April 2017 and the rates were adopted July 1, 2017. Raftelis updated the rates most recently in 2023.

City of Chino CA

Reference: Rob Burns, Director of Finance

13220 Central Avenue, Chino, CA 91710 / P: 909.334.3341 / E: rburns@cityofchino.org

Date: 2022 – 2024 / **Team member involved:** Sudhir Pardiwala

Raftelis conducted a water and wastewater study for the City of Chino (City) that involved a comprehensive review of the City's financial plan and rate structure. The City has a total of 19,200 water accounts and 25,100 wastewater accounts. Water is supplied through three main sources: local groundwater and purchased treated water from the Water Facilities Authority (WFA) and the Chino Basin Desalter Authority (CDA). The City also purchases recycled water from the Inland Empire Utilities Agency (IEUA) for sale and for recharge purposes. Wastewater treatment is provided by IEUA; thus the City's wastewater rates are for collection services. The study included a comprehensive review of the City's revenue requirements and allocation methodology, a review of City's user classification, a cost-of-service analysis, and rate design for City users. The resulting rates were fair and equitable and met the fiscal needs of the City's utilities in the context of the City's overall policy objectives and were designed for simplicity of administration, cost effective implementation and ease of communication to customers. Raftelis is currently assisting the City with a water budget rate study.

City of Redlands CA

Reference: Ross Wittman, Senior Project Manager

35 Cajon Street, Redland, CA 92373 / P: 909.346.7487 / E: rwittman@cityofredlands.org

Date: 2022 – 2023 / **Team member involved:** Sudhir Pardiwala

The City of Redlands (City) charges separate fees for water source acquisition and facilities. The water source acquisition fees are based on the costs of purchasing water rights. Raftelis assisted the City with the development of the water acquisition fees and facilities fees. The capacity fee calculation involved a review of the existing assets and future CIP that would benefit both existing and future customers. The calculated fee was based on a hybrid methodology including existing and future facilities. Water source acquisition fees to provide water supply were computed separately. Fees for the non-potable system, including recycled water, were calculated to recover costs and provide incentives to users. Raftelis completed a water and wastewater rate study for the City to review their rate structure in light of Proposition 218 requirements. The goal was to develop rates that adhere to cost-of-service and pay for necessary capital improvements. The study included a comprehensive review of the City's revenue requirements and allocation methodology, review of the City's user classification, a cost-of-service analysis, and rate design for City users. We assisted the City with a review of their billing system to compile data needed for this study. The study was conducted with input from a 12-member Utility Advisory Committee. Over a dozen workshops with the Committee were conducted to explain concepts, gather feedback from Committee members, and to discuss the overall findings of the study. Raftelis surveyed neighboring utilities to benchmark rates.

Raftelis has a history of working for Redlands. We have been working with the City to update rates every two years since 2000. We did their most recent update in 2023.

San Bernardino Municipal Water Department CA

Reference: Cindy Mouser, Director of Finance

1350 Southeast Street, San Bernardino, CA 92408 / P: 909.453.6010 / E: cindy.mouser@sbmwd.org

Date: 2021 – 2021 / **Team member involved:** John Wright

The San Bernardino Municipal Water Department has a water service area encompasses approximately 45-square miles of the City's 62 square miles and serves water to roughly 200,000 people throughout both the City of San Bernardino and the unincorporated areas of San Bernardino County. John Wright was the project manager for a comprehensive water and wastewater rate study for the City of San Bernardino (Department). The study included the development of 10-year financial plans, cost-of-service studies using industry-standard principles, and the development of wholly revised water and wastewater rate structures that were implemented by the Department's Board of Water Commissioners. In addition, Raftelis also developed drought surcharges for the Department. The outcome of the study was the development of Proposition 218-compliant water and wastewater rates for the period FY 2022 - FY 2026. The Department provides wholesale wastewater service to the City of Loma Linda and the East Valley Water District. In 2022, the East Valley Water District began using its own Water Reclamation Facility and will no longer be a wholesale wastewater customer of the Department. As part of the rate study, Raftelis has assisted the Department's plan for this significant loss of revenue.

City of Long Beach Utilities – Rate Study CA

Reference: Brandon Walker, Director of Finance

1800 East Wardlow Road, Long Beach, CA 90807 / P: 562.570.2367 / E: brandon.walker@lbwater.org

Date: 2021 – 2022 / **Team member involved:** John Wright

The Long Beach Water Department (Department) provides water, sewer, and recycled water service to a population over 460,000 in the City of Long Beach. John Wright served as the project manager on a water and sewer cost-of-service study for the Department. The key objective of the study was a comprehensive review of the cost allocations used to support the Department's currently effective utility rates and the creation of a new financial planning and cost allocation model. John also served as the project manager for a study investigating the potential implementation of water capacity fees. The study includes the valuation of the City's water infrastructure, the identification of capacity fee calculation methodologies, and the development of proposed capacity fee assessment schedules.

City of Long Beach Utilities – Capacity Fee Study CA

Reference: Dennis A. Santos, P.E., Manager of Engineering – Development Services

1800 East Wardlow Road, Long Beach, CA 90807 / P: 562.570.2381 / E: dennis.santos@lbwater.org

Date: 2020 – 2022 / **Team member involved:** John Wright

In 2022, Raftelis completed a water connection fee study for the Long Beach Water (LBW) potable water system. The study was completed by our Project Manager, John Wright. LBW does not currently charge potable water capacity fees and has not done so in the past. The City of Long Beach is almost fully developed and LBW has available capacity in its existing potable water infrastructure to serve future demand growth. Thus, new customers will largely be served by existing infrastructure, which was originally funded using external debt financing. Recognizing these factors and taking into consideration the investment made by existing customers in the potable water system, Raftelis calculated potable water connection fees for LBW using the equity buy-in method. As part of the calculation process, fees for different functional components of the water system such as wells, pumping,

transmission, and treatment were calculated. The study included the development of a proposed connection fee assessment schedule based on meter sizes.

City of San Diego CA

Reference: Adam Jones, Deputy Director of Finance

525 B Street, San Diego, CA 92101 / P: 858.614.4030 / E: jonesal@sandiego.gov

Date: 2019 – 2021 / **Team member involved:** John Wright

The City of San Diego (City) provides retail water, wastewater, and recycled water service to approximately 1.4 million people in metropolitan San Diego County. During the period 2019 – 2021 Raftelis completed a comprehensive wastewater cost-of-service study that resulting in the adoption of Proposition 218 compliant wastewater and recycled water rates that were approved by the San Diego City Council for the period FY 2022 – FY 2026.

The City's wastewater utility features two sub-systems. The Municipal sub-system is a sewage collection system for retail customers served within the City's jurisdictional boundaries. It consists of the piping and pumping infrastructure required for the collection and conveyance of the wastewater that is ultimately discharged into the Metropolitan sub-system. The Metropolitan sub-system is a regional sewage treatment and disposal system that operates under the auspices of the Metro Wastewater Joint Powers Authority (San Diego Metro). San Diego Metro serves the City and several other participating agencies in the County of San Diego through three City-owned wastewater treatment plants.

The distinct services completed by Raftelis as part of the wastewater cost-of-service study included:

- The addition of Pure Water Program capital improvement expenditures and operating costs in the wastewater financial planning model
- An analysis of the methodology used to allocate operating and capital costs between the City and the participating agencies in San Diego Metro
- The development of a comprehensive mass balance analysis that reconciled the wastewater flow and strength loadings contributed by the City's retail customers to the influent and strength loadings recorded at the City's Point Loma, North City, and South Bay wastewater treatment facilities
- The identification of wastewater costs appropriately allocable to recycled water service such as tertiary treatment costs
- The development of proposed Proposition 218 compliant wastewater and recycled water rates based on the proportionate contribution of volumes and strength loadings for the following customer classes: residential, multi-family residential, commercial, industrial, the United States Navy, trucked waste, and stormwater transportation

Las Virgenes Municipal Water District – Capacity Fee Study CA

Reference: Donald Patterson, Director of Finance & Administration

4232 Las Virgenes Road, CA 91302 / P: 818.251.2133 / E: dpatterson@lvmwd.com

Date: 2023 – 2023 / **Team member involved:** John Wright

Raftelis is currently in the process of finalizing a water, wastewater, and recycled connection fee update for the Las Virgenes Municipal Water District (District). The project is being led by our Project Manager, John Wright. The District services approximately 20,000 water customer connections primarily with imported water provided by the Metropolitan Water District of Southern California. The District, in conjunction with the Triunfo Water and

Sanitation District, is a member agency of the Las Virgenes-Triunfo Joint Powers Authority (JPA) which provides wastewater and recycled water service. As part of the study, Raftelis used the hybrid method to calculate updated water and recycled water connection fees and the equity buy-in method to calculate updated wastewater connection fees. Our work in this regard including valuing the District's share of Las Virgenes-Triunfo JPA assets.

CALIFORNIA EXPERIENCE

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

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

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

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

Client

- Walnut Valley Water District
- Watsonville, City of
- West Basin Municipal Water District
- Western Municipal Water District
- Yorba Linda Water District
- Zone 7 Water Agency

	Affordability Analysis & Program Development	Debt Issuance Support	Dispute Resolution	Financial & Capital Improvements Planning	Rate Case Support	Rate Design	Risk Analysis	Cost-of-Service	Development/Impact Fees	Stormwater Utility Development	Organizational Optimization	Water/Wastewater Utility Valuation
Walnut Valley Water District	●			●		●		●				
Watsonville, City of				●		●		●				
West Basin Municipal Water District				●		●	●	●				
Western Municipal Water District				●		●		●		●		
Yorba Linda Water District				●		●		●				
Zone 7 Water Agency				●		●		●				

REQUIRED STATEMENTS

Required Statements

Raftelis agrees that all service charges will be a “Not-To-Exceed” fee, as submitted with and made part of said quote.

Raftelis agrees that the hourly rate schedule is part of the quote for use in invoicing for progress payments and for extra work incurred that is not part of this RFP. We have provided an hourly rate schedule with the cost proposal.

Raftelis agrees that all federal laws and regulations shall be adhered to notwithstanding any state or local laws and regulations. In case of conflict between federal, state, or local laws or regulations, the strictest shall be adhered to.

Raftelis shall allow all authorized federal, state, county, and City officials access to place of work, books, documents, papers, fiscal, payroll materials, and other relevant contract records pertinent to this project. All relevant records shall be retained for at least three (3) years.

Raftelis will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

Raftelis shall comply with the California Labor Code., pursuant to said regulations entitled: Federal Labor Standards provisions; Federal Prevailing Wage Decision; and State of California Prevailing Wage Rates, respectively.

Raftelis shall comply with the Copeland Anti-kickback Act (18 USC 874 C) and the implementation regulation (29 CFR 3) issued pursuant thereto, and any amendments thereof.

FIRM OVERVIEW

Firm Overview

HELPING PUBLIC SECTOR UTILITIES THRIVE

Public sector utilities partner with Raftelis to ensure long-term financial viability and fully equitable cost recovery. We've helped more than 700 organizations in the last year alone. Our California financial consulting practice has assisted dozens of California utilities over the past three decades.

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

DEPTH OF RESOURCES: **Specialized and highly experienced utility rate consultants that all stakeholders can have confidence in.** With more than 170 consultants, Raftelis has the largest water-industry rate consulting practice in the nation. Our depth of resources will allow us to provide the City with the technical expertise necessary to meet your objectives. In addition to having many of the industry's leading rate consultants, we also have experts in key related areas, like stakeholder engagement and data analytics, to provide additional insights as needed.

EXCEPTIONAL TECHNICAL EXPERTISE: **Technical expertise to ensure financial planning, cost-of-service, and rate design methodologies reflect industry standard best practices.** Our senior staff has helped shape industry standards by chairing various committees within the AWWA. Members of the Raftelis staff have co-authored many industry-standard books regarding utility finance and rate setting. Being so actively involved in the industry will allow us to keep the City informed of emerging trends and issues and to be confident that our recommendations are insightful and founded on sound industry principles. Our Municipal Advisor registration guarantees that the City can be confident that we are fully qualified and capable of providing financial advice related to all aspects of the financial planning in compliance with applicable federal regulations.

EXPERTS ON CALIFORNIA REGULATORY REQUIREMENTS: **Raftelis understands Proposition 218 challenges faced by California public sector water utilities.** The City can be assured that Raftelis will complete each phase of the cost-of-service analysis (financial planning, cost allocations, and rate structure design) fully aware of the importance of Proposition 218 compliance. We are not a law firm, and we do not offer legal advice. Nonetheless, our staff members are well versed in California regulatory requirements. We routinely work with client legal counsel during rate studies and members of our firm have served as expert litigation witnesses.

HISTORY OF SIMILAR SUCCESSES: **A long history of project experience to ensure successful execution.** Raftelis staff has assisted 1,700+ utilities throughout the U.S. with financial and rate consulting services with wide-ranging needs and objectives. Our extensive experience will allow us to provide innovative and insightful recommendations to the City and will provide validation for our proposed methodology ensuring that industry best practices are incorporated.

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

PROJECT TEAM

Project Team

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

Here, we have included an organizational chart showing the structure of our project team. We have included resumes for each team member and a description of their role on the project.

City of La Verne

PROJECT DIRECTOR

Sudhir Pardiwala, PE

PROJECT MANAGER

John Wright, CPA

SUBJECT MATTER EXPERT

Gina DePinto, APR
(Community Outreach)

ASSISTANT PROJECT MANAGER

Cameron Okie

TECHNICAL REVIEWER

Todd Cristiano

STAFF CONSULTANTS

Journ Galvan
Summer Simpson

Sudhir Pardiwala PE

PROJECT DIRECTOR Executive Vice President

ROLE

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

PROFILE

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

KEY PROJECT EXPERIENCE

City of Redlands (CA): Impact Fee Study, Non-Potable Water Fee Study, Rocky MWC, Valuation and Lease Study, Bi-Annual Rate Updates, Reclaimed Water Funding, Water and Wastewater Rate Study

Sudhir has managed several financial projects for the City of Redlands (City) including water, wastewater and reclaimed water projects. The studies were conducted with extensive stakeholder input and multiple meetings with a Utilities Advisory Commission composed of local residents, businesses, and other interested parties. The first rate studies involved significant rate adjustments as well as rate structure adjustments to ensure financial stability, meet debt coverage and regulatory requirements. The analysis included calculation of outside-City charges and impact fees. The City received user-friendly working rate models for future updates. Sudhir assisted the City with State Revolving Fund loans for reclaimed water and potable water. He helped them find grants for the reclaimed water project and water treatment plant upgrade. He has been assisting the City biennially with their water, wastewater and recycled water rates.



Specialties

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

Professional History

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

Education

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

Certifications

- Series 50 Municipal Advisor Representative

Professional Registrations

- Registered Professional Engineer, California: Civil (1988); Chemical (1981)

Professional Memberships

- AWWA
- WEF
- California Municipal Finance Officers Association

PROJECT LIST

- City of Anaheim (CA) - Water rate study
- City of Atwater (CA) - Water and wastewater rate study
- City of Banning (CA) - Recycled water revenue program
- Beaumont Cherry Valley Water District (CA) - Water rate and connection fee study
- Carpinteria Sanitary District - Wastewater rate study
- Casitas Municipal Water District - Water rate study
- Castroville Water District (CA) - Water and wastewater rate study
- City of Beverly Hills (CA) - Asset replacement study, connection fee study, conservation rate study, valuation and development of replacement program and asset inventory, and water rate study and update
- City of Brea (CA) - Water rate study, connection fees and related fees and charges study
- City of Brentwood (CA) - Water and wastewater rate study
- City of Buena Ventura (CA) - Water and wastewater rate study
- City of Burbank (CA) - Bond feasibility study, reclaimed water study, and water and wastewater rate study
- City of Carlsbad (CA) - Asset replacement study and water, wastewater and reclaimed water revenue program
- City of Chino (CA) - Valuation study and water rate study
- City of Chowchilla (CA) - Water and wastewater rates study
- City of Cloverdale (CA) - Water and wastewater connection fees and rate study
- City of Corona (CA) - Water and wastewater rate study
- El Toro Water District (CA) - Water budget and wastewater rate studies and connection fees
- City of Encinitas (CA) - Water and wastewater rate study
- City of Escondido (CA) - Valuation study, water and wastewater rate study
- City of Glendora (CA) - Water and wastewater financial planning and rate study
- Goleta Water District (CA) - Water and wastewater rates and connection fees studies, asset management, and financing plan
- City of Madera (CA) - Water and wastewater rate study
- Mammoth Community Water District (CA) - Water and wastewater rate study
- Ojai Valley Sanitary District - Wastewater rate study
- Olivenhain Municipal Water District (CA) - Water and wastewater financial planning studies and recycled water rate study
- City of Ontario (CA) - Water, wastewater and solid waste rate study
- Palmdale Water District (CA) - Water budget rate study
- City of Palo Alto (CA) - Water rate study
- City of Poway (CA) - Wastewater rate structure analysis
- Ramona Municipal Water District (CA) - Water rate study
- Rainbow Municipal Water District (CA) - Water, wastewater rate and capacity fee studies
- County of San Bernardino (CA) - Water and wastewater rate study and connection fees
- City of San Diego (CA) - Recycled water rate study, valuation study, and water and wastewater financial plan, rate and connection fees study, litigation support
- City of Santa Barbara (CA) - Water and wastewater rate study
- City of Santa Fe springs - Water rate study
- City of Santa Monica (CA) - Wastewater rate study
- City of South Pasadena (CA) - Water and wastewater rate study
- Sweetwater Authority (CA) - Water rate study
- Valley County Water District (CA) - Water rate study
- Ventura County Water and Sanitation Department (CA) - Water Cost-of-Service and Rate Study

John Wright CPA

PROJECT MANAGER

Senior Manager



ROLE

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

PROFILE

John has over 25 years of utility industry financial management and economic analysis experience – 14 years as a utility consultant with Raftelis and 7 years as a utility staff member with Denver Water (CO) and the City of Portland Bureau of Environmental Services (OR). John’s expertise includes water, recycled water, and wastewater cost-of-service, financial planning, and capacity fee studies.

John has provided consulting services to numerous complex utility clients, including the San Francisco Public Utilities Commission, the Metropolitan Water District of Southern California, the City of San Diego, the San Bernardino Municipal Water Department, Austin Water, the Portland Water Bureau, Milwaukee Water Works, the City of Calgary, and the Puerto Rico Aqueduct and Sewer Authority.

John is a contributing author to several AWWA and Water Environment Federation (WEF) publications, including AWWA Manual M1, *Principles of Water Rates, Fees, and Charges*, and WEF Manual 27, *Financing and Charges for Wastewater Systems*.

KEY PROJECT EXPERIENCE

City of Long Beach Water Department (CA): Cost-of-Service Update for Water, Reclaimed Water, and Sewer Rates

The Long Beach Water Department (Department) provides water, sewer, and recycled water service to a population over 460,000 in the City of Long Beach. John served as the project manager on a water and sewer cost-of-service study for the Department. The key objective of the study was a comprehensive review of the cost allocations used to support the Department’s currently effective utility rates and the creation of a new financial planning and cost allocation model. John also served as the project manager for a study investigating the potential implementation of water capacity fees. The study includes the valuation of the City’s water infrastructure, the identification of capacity fee calculation methodologies, and the development of proposed capacity fee assessment schedules.

Specialties

- Cost-of-service studies
- Capacity fee studies
- Financial & economic analysis
- Public speaking and presentations
- Expert witness testimony
- Litigation support

Professional History

- Raftelis: Senior Manager (2020-present); Manager (2017-2019); Senior Consultant (2010-2016)
- Denver Water: Manager of Rate Administration (2006-2009)
- Portland Bureau of Environmental Services: Senior Economist (2004-2006)
- Public Utility Commission of Oregon: Senior Utility Analyst (2002-2004)
- Positions in the Competitive Telecommunications Industry (1997-2002)
- Colorado Public Utilities Commission: Senior Financial Analyst (1991-1997)

Education

- Master of Science in Finance - University of Colorado, Denver
- Bachelor of Science in Accounting - Metropolitan State University of Denver

Certifications

- Certified Public Accountant, State of Colorado #11959
- Series 50 Municipal Advisor Representative

Professional Memberships

- AWWA - Rates & Charges Committee
 - Contributing author to the 6th and 7th editions of AWWA Manual M1. Member of the editorial committee responsible for the upcoming 8th edition of Manual M1
- WEF Utility Management Committee
 - Contributing author to the 4th edition of WEF Manual No. 27.

San Bernardino Municipal Water Department (CA): Comprehensive Cost-of-Services and Rate Structure Update

John was the project manager for a comprehensive water and wastewater rate study for the City of San Bernardino (Department). The study included the development of 10-year financial plans, cost-of-service studies using industry-standard principles, and the development of wholly revised water and wastewater rate structures that were implemented by the Department's Board of Water Commissioners. In addition, Raftelis also developed drought surcharges for the Department. The outcome of the study was the development of Proposition 218-compliant water and wastewater rates for the period FY 2022 - FY 2026. The Department provides wholesale wastewater service to the City of Loma Linda and the East Valley Water District. In 2022, the East Valley Water District began using its own Water Reclamation Facility and will no longer be a wholesale wastewater customer of the Department. As part of the rate study, Raftelis has assisted the Department's plan for this significant loss of revenue.

City of San Diego (CA): Consulting Services for the Public Utilities Department - Water and Wastewater Cost-of-Service Studies

The City of San Diego (City) provides retail water, wastewater, and recycled water service to approximately 1.4 million people in metropolitan San Diego. John was the lead consultant on the City's recent wastewater and recycled water rate studies. His responsibilities included working with City staff to prepare a revenue requirement projection for the wastewater enterprise fund, 2) developing wastewater and recycled water cost allocations as part of the wastewater cost-of-service study, and 3) calculating proposed wastewater and recycled water rates for the period FY 2022 – FY 2026.

The City's wastewater utility system consists of Municipal and Metropolitan sub-systems. The Municipal sub-system is a wastewater collection and conveyance system for retail customers served within the City's jurisdictional boundaries. The Metropolitan sub-system is a regional wastewater treatment and disposal system that provides service to 16 member agencies in the County of San Diego. John's work on the project included analyzing the methodology used to allocate Municipal and Metropolitan subsystem operating and capital costs to the City's retail wastewater and recycled water customers. He also developed a comprehensive mass balance analysis that reconciled the wastewater flow and strength loadings contributed by the City to the flow and strength loadings recorded at each of the three City-owned treatment plants.

Eastern Municipal Water District (CA): Long-Term Financial Plan Update

The Eastern Municipal Water District (District) provides water, wastewater, and recycled water service to a population of approximately 850,000 in Riverside County. John served as the project manager for an update of the long-term financial planning models for each of the District's utilities. The models featured scenario planning capabilities and developed revenue requirement projections over a fifteen-year planning horizon.

Irvine Ranch Water District (CA): Cost-of-Service and Rate Design Study

The Irvine Ranch Water District (District) serves a 181 square mile area that includes all of the City of Irvine and portions of the cities of Tustin, Newport Beach, Costa Mesa, Orange, and Lake Forest, as well as some unincorporated regions of Orange County. The total estimated daytime population served is approximately 600,000 people through approximately 118,000 water and 113,000 sewer connections. John was the project manager responsible for a water, sewer, and recycled water cost-of-service and rate design study for the District. The overarching objective of the Study was to conduct a comprehensive review of the methods used by the District to develop the rates it charges for water, sewer, and recycled water service in order to confirm compliance with Proposition 218 and other applicable legal requirements.

Cameron Okie

ASSITANT PROJECT MANAGER Manager



ROLE

Cameron will assist the Project Manager with managing the day-to-day aspects of the project and leading the consulting staff in conducting analyses and preparing deliverables for the project.

PROFILE

Cameron has more than 8 years of consulting experience with public and private sector clients. Prior to joining Raftelis, Cameron supported corporate clients with data-driven water and energy efficiency services. In addition, Cameron also provided private sector clients environmental compliance for capital projects, business process mapping/optimization, and stormwater permitting compliance. Prior to working with private sector clients, Cameron supported federal government clients with water and energy efficiency analysis, tracking, and policy development.

RELEVANT PROFESSIONAL EXPERIENCE

ERM Inc.: Managing Consultant (2020-2023); Project Manager (2018-2020)

ERM is an environmental consulting firm which mainly supports corporate clients. Cameron worked to build custom Excel tools to analyze client utility/infrastructure data; identify energy, water, and emissions savings opportunities; and develop custom reports prioritizing analyses and savings opportunities. In addition, Cameron provided environmental compliance for construction projects and stormwater permitting compliance in multiple states. Last, Cameron also launched business process improvement efforts for various clients.

Booz Allen Hamilton: Associate (2017-2018); Senior Consultant (2015-2017)

Booz Allen is a management consulting firm which mainly supports federal government clients. Cameron worked on several projects for the Navy and the Office of the Secretary of Defense (OSD). For the Navy, Cameron managed two Navy CNIC energy efficiency programs that developed modeled facility-by-facility energy savings and a facility energy audit program. In addition, Cameron supported the Navy Resilient Energy Program Office (REPO) utility savings programs through policy writing and stakeholder coordination. Last, Cameron managed the Energy Conservation Investment Program (ECIP) which funded energy savings projects across all agencies of the Department of Defense for the OSD Installation Energy Office.

Specialties

- Data and financial analysis
- Business Process Improvements
- Energy and water efficiency

Professional History

- Raftelis: Manager (2023-present)
- ERM Inc.: Managing Consultant (2020-2023); Project Manager (2018-2020)
- Booz Allen Hamilton: Associate (2017-2018); Senior Consultant (2015-2017)

Education

- Master of Environmental Management (MEM) in Water Resources Management - Duke University's Nicholas School of the Environment (2015)
- Bachelor of Arts in Environmental Studies - Lewis and Clark College (2006)

Gina DePinto APR

COMMUNITY OUTREACH SUBJECT MATTER EXPERT Manager



ROLE

Gina will provide input and guidance as a Subject Matter Expert for the community outreach components of this project.

PROFILE

Gina is an award-winning and accredited public relations professional with more than 35 years of experience and leadership in crisis communications, community outreach, advocacy, stakeholder engagement, marketing, and media relations in the public and private sectors. Gina's leadership experience includes communications program management for \$2 billion in public transportation and water infrastructure projects, including the Port of Long Beach Gerald Desmond Bridge Replacement Project and the Orange County Groundwater Replenishment System. The GWRS has been covered by international media including National Geographic, Wall Street Journal, New York Times, BBC, CNN, and NPR to name a few. Prior to joining Raftelis, Gina served the residents of Santa Barbara County as the first executive Communications Manager in the county government's 171-year history. She advised the County Executive Team on strategic communications programs, crisis communication, media relations, issues management, internal communications, branding and culture change. During her tenure, the County Emergency Operations Center was activated 19 times and included two federally declared disasters, a global pandemic, two mass casualty incidents, and a \$2M embezzlement in the Public Works Department. Born and raised in Phoenix, Arizona, DePinto served as a public information officer for the City of Phoenix, public relations director for Farnam Companies, Inc. (animal health and pet products), and coordinated publicity for Olympic and World Champion figure skater Dorothy Hamill prior to relocating to California. Gina has a bachelor's degree in organizational communication from Arizona State University and is accredited in public relations from the Public Relations Society of America. Gina is currently a member of the California Association of Public Information Officials (CAPIO), Public Relations Society of America (PRSA), and the Municipal Management Association of Southern California (MMASC).

KEY PROJECT EXPERIENCE

Carpinteria Groundwater Sustainability Agency (CA): Rate Study Communications and Engagement

Gina provided strategic guidance to the Carpinteria Groundwater Sustainability Agency (CGSA) Executive Director in support of establishing a groundwater users sustainability fee. The CGSA was formed in 2020 after the groundwater basin was designated a high priority by the state Department of Water Resources under the Sustainable Groundwater Management Act (SGMA). Without the ability to collect rates or fees, the CGSA was operating on loans from the Carpinteria Valley Water District for two years.

Specialties

- Strategic communications planning
- Crisis & risk communications
- Reputation management
- Stakeholder engagement
- Media relations & media training
- Development & oversight of earned social and paid media
- Writing, copyediting, script writing
- Collateral development and art direction
- Branding and marketing
- Public speaking

Professional History

- Raftelis: Manager, Strategic Communications (2022-present)
- County of Santa Barbara: Communications Manager (2016-2022)
- Westbound Communications: Account Director (2013-2016)
- Orange County Water District: Communications Specialist (2006-2013)
- Bylines Public Relations & Marketing: Owner/Principle (1996-2006)
- Farnam Companies: Public Relations Director (2000-2003)
- City of Phoenix: Public Information Officer (1998-2000)
- Martz Goldwater Public Relations: Senior Account Executive (1996-1997)
- Dorothy Hamill's Ice Capades: Marketing Manager & Publicist (1993-1995)

Education

- Accredited in Public Relations – PRSA (2013)
- Bachelor of Arts in Organizational Communication - Arizona State University (1987)

Professional Memberships

- Public Relations Society of America
- California Association of Public Information Officials
- Municipal Management Association of Southern California

Gina developed and executed an engagement plan to guide outreach activities for the fee study. The tactics included an engagement plan with a master message platform; bilingual website content, fact sheet, video, and social media content; direct mail; and a series of community meetings and Board presentations. As recommended in Raftelis' Fee Study Report, the CGSA Board of Directors approved a groundwater fee assessed beginning with FY 2022-23.

Orange County (CA): Water Education and Outreach Program Development

While leading strategic communications at the Orange County Water District (OCWD), Gina was engaged with planning and directing content, and engaging partners and sponsors for several signature events to engage generational audiences about regional and state water resources and supplies, water efficiency, and environmental sustainability. Key partners and sponsors included The Walt Disney Company, National Geographic, Wyland Foundation, UC Irvine, UCLA, NASA JPL, USGS, National Water Research Institute, California Department of Water Resources, and others to support events like the annual O.C. Water Summit, Children's Water Education Festival, and the Groundwater Adventure Tour.

Orange County (CA): Infrastructure Outreach and Communications For Water Reuse Project

Gina led communications and outreach for the world's largest advanced water purification system for potable reuse. While Orange County's Groundwater Replenishment System (GWRS) is one of the most celebrated civil engineering and water reuse projects in the world, its success is equally recognized for the robust strategic public engagement and outreach program. In the early 2000s, public opposition had prevented or shuttered similar water reuse projects in Los Angeles and San Diego, but Orange County's system earned the public's trust and overwhelming support. The strategic communications plan included a support letter campaign, citizens advisory group, multicultural outreach, media outreach, speaker's bureau, and facility tour program with technology demonstrations and water tasting. To date, the GWRS has never been publicly opposed. Initially producing 70 million gallons of purified water per day in 2012, the GWRS final expansion will increase capacity from 100 MGD to 130 MGD, enough to secure water reliability for more than 1 million people.

Santa Barbara County (CA): Corporate Strategic Planning

In 2017, the County of Santa Barbara embarked on a five-year initiative to transform how the County government does its work. The Renew 2022 initiative originated with an internal strategic organizational plan in 2015, followed by the Budget Rebalance effort in 2016, which was intended to address significant pension cost increases. Renew '22 sought to build the County's capacity for innovation and continuous improvement through organizational transformation. Gina developed a comprehensive communications and engagement plan, master messaging platform, fact sheets, video presentations, employee and public presentations, employee feedback surveys, logo development and branding guide, and four sessions of a one-day custom leadership development seminar scripted by Gina that was offered to 300 middle managers.

Canton Township (MI): Communications Assessment

Gina conducted a comprehensive review and assessment of Canton Township's approach to communications and outreach to assure it was reaching constituents efficiently and with timely information while successfully achieving the Township's mission. The assessment included a comprehensive, systematic, and customized review of the communication program through an environmental scan, in-depth materials review, internal and external stakeholder interviews, a public survey, focus groups, and benchmark interviews. The final assessment underscored efforts that are working well and provided many easy-to-implement recommendations.

Todd Cristiano

TECHNICAL REVIEWER Vice President



ROLE

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

PROFILE

Todd has nearly 20 years of utility finance experience—14 years as a consultant to utilities and 6 years as the Manager of Rates at Denver Water. He has completed studies across the U.S. for water, wastewater, stormwater, electric, and gas utilities. His experience covers technical areas and industries such as municipal fee development, utility cost-of-service and rate structure studies, economic feasibility analyses, impact fee studies, and budget processes. While at Denver Water, he oversaw four significant rate- and fee-related studies, all unanimously approved by the Board of Water Commissioners, and also served as interim budget manager at Denver Water. As a member of the AWWA, he has helped to develop industry guidelines regarding financial and rate-making practices. In particular, as the Past Chair and current member of the AWWA Rates and Charges Committee, he co-authored the water reuse chapter in the latest edition of *Manual M1, Principles of Water Rates, Fees and Charges*. Todd is also co-instructor for the AWWA's biennial *Financial Management: Cost-of-Service Rate-Making Seminar*.

KEY PROJECT EXPERIENCE

City of San Diego (CA): Water and Wastewater Cost-of-service and Rate Study

The City of San Diego provides service water and wastewater to approximately 300,000 customers. The City retained Raftelis to conduct a comprehensive water and wastewater cost of service and rate analysis. Also included in this study was development of wastewater industrial pretreatment fees and capacity fees for both utilities. Raftelis delivered a customized financial planning, cost of service, and rate model for the City's use at the end of the project. Todd lead the efforts on this project.

Of particular concern to the City was ensuring that rates are equitable and follow Proposition 218 requirements. In addition, the previous droughts have caused variability in revenues. As a result, they requested an analysis of their recovery of fixed charges and variable charges. Any increases to fixed charges may negatively affect low volume and low-income users. Raftelis completed a scenario analysis on financial planning alternatives that will minimize rate impacts and optimize funding for their large capital improvement program. The rate design module will allow the City to evaluate different rate structures with varying fixed charge recovery as well as showing the impacts to customers. Raftelis presented these results to the City's Independent Rate Advisory Committee (IROC) for feedback and recommendations. The study concluded with a presentation to City Council for vote on the proposed rates. Rate approvals were effective in FY21.

Specialties

- Financial planning
- Cost-of-service & rate structure studies
- Litigation support
- Economic feasibility analyses
- Impact fee studies - utility & non-utility
- Reviews of policies, procedures, & operating practices
- Budget processes

Professional History

- Raftelis: Vice President (2024-present); Senior Manager (2019-2023); Manager (2017-2018)
- Stantec (2016-2017)
- Denver Water: Manager of Rates (2010-2016)
- Malcolm Pirnie-Arcadis-US (2005-2010)
- Black & Veatch (1998-2005)

Education

- Master of Business Administration - University of Colorado (2003)
- Bachelor of Science in Chemical Engineering - University of Tulsa (1995)

Professional Memberships

- AWWA: Past Chair and current member of Rates & Charges Committee
- WEF

Todd also updated their industrial pretreatment fees to comply with an internal audit. This evaluation considered all activities the industrial pretreatment department completes to manage permits, issue violations, sample customers, and monitor truck waste. The outcome was cost-based fees for each of these areas which complied with the internal audit and Proposition 218.

Finally, Todd updated the City's water and wastewater capacity fees to ensure that fees recovered the cost to serve growth. The fees included in-service assets plus future growth-related projects. Fees are assessed on a per EDU basis. This process follows the Proposition 218 requirements.

PROJECT LIST

- City of Aspen (CO) – Water and electric rate study
- Town of Berthoud (CO) – Water and wastewater rate and fee study
- City of Boulder (CO) – Water budget rate study and plant investment fee study
- Breckenridge Sanitation District (CO) – Wastewater impact fee study
- City of Craig (CO) – Water and wastewater financial plan
- City of Davenport (IA) – Water and wastewater financial plan
- Town of Dillon (CO) – Water and wastewater rate and fee study
- El Paso Water Utility (TX) – Reclaimed water rate study
- Town of Erie (CO) – Water and wastewater rate and fee study
- City of Farmington (NM) – Water and wastewater rate study
- City of Fort Collins (CO) – Water and wastewater rate and fee study
- City of Glendale (AZ) – Water and Wastewater Rate Study
- City of Grand Junction (CO) – Wastewater financial plan
- City of Great Falls (MT) – Water and wastewater financial plan
- City of Greeley (CO) – Water and wastewater cost-of-service update
- Mammoth Community Water District (CA) – Water and wastewater rate study
- Moapa Valley (NV) – Water financial plan
- City of Peoria (AZ) – Water and wastewater rate study
- City of Pocatello (ID) – Water, wastewater and sanitation rate and fee study
- City of Prescott (AZ) – Water and wastewater rate and fee study
- Pueblo Wastewater (CO) - Wastewater rate and fee study
- Pueblo West Metropolitan District (CO) – Water and wastewater rate and fee study
- Puerto Rico Aqueduct and Sewer Authority (Puerto Rico) – Water and wastewater rate and fee study
- Sacramento Sanitation District (CA) – Bond feasibility study
- City of Salt Lake City (UT) – Water, wastewater, and stormwater rate and fee study
- Snyderville Water Reclamation District (UT) – Wastewater financial plan study
- City of Surprise (AZ) – General government impact fee study
- Water Research Foundation (CO) – WaterReuse research project

STAFF CONSULTANT QUALIFICATIONS & EXPERIENCE



Journ Galvan

Staff Consultant | Consultant

Journ is a highly motivated and detail-oriented professional with a Master of Science degree in Geospatial Data Science and has a strong focus on water utilities consulting. As a member of a hiring committee for the Cooperative Institute for Great Lakes Research (CIGLR) in hydrodynamics and a graduate student instructor for an oceanography and scientific writing class, he has gained valuable experience in collaborative research and teaching. His master's project, funded by the U.S. Army Corps of Engineers (USACE), involved using advanced modeling techniques to predict harmful algal blooms in Lake Erie which serves as a crucial drinking water source for millions of people. Results from this project were presented at IAGLR's 66th Annual Conference on Great Lakes Research held in Toronto, Canada. Additionally, his work experience includes assisting with water, sewer, and stormwater rate studies, demonstrating knowledge of financial planning and cost analysis in the water utilities industry. With his expertise in geospatial data analysis and passion for sustainable water management, Journ is well-equipped to contribute to Raftelis' success.

Relevant Projects: Metropolitan Water District of Southern California (CA): Fixed Versus Variable Revenue and Cost Survey, California Rate Survey (CA): Passthrough Charges Impact Analysis



Summer Simpson CPA

Staff Consultant | Associate Consultant

Summer is an Associate Consultant in the Austin Branch. She is aiding and learning from other members of the team. Prior to her role at Raftelis, Summer was a Business Consultant through her master's program at Wake Forest University where she gained experience working with clients and large sets of data. Summer holds a bachelor's degree in Business Administration and a master's degree in business analytics. With this, she is looking forward to utilizing her analytical skills to provide data-driven insights within the industry.

Relevant Projects: Lake Hemet Municipal Water District (CA): Water and Wastewater Cost-of-Service and Financial Planning Study, Fort Collins-Loveland Water District (CO): Water and Wastewater Cost-of-Service and Financial Planning Study

EXHIBIT C

Cost Proposal

The following tables provide a breakdown of our proposed fees for this project. These tables include the estimated level of effort required for completing each task and the hourly billing rates for our project team members. Expenses include costs associated with travel and a \$10 per hour technology charge covering computers, networks, telephones, postage, etc.

WATER COST PROPOSAL

Tasks	Web Meetings	In-person Meetings	Hours									Total Fees & Expenses		
			JW	SP	TC	GD	CO	JG	SS	Admin	Total			
1. Project Initiation, Management, and Kick-Off		0.5	4	1	1	1	1	1	1	1	1	11	\$3,359	
2. Analysis of Consumption and Demand	1		2					3		10		15	\$3,495	
3. Financial Plan Development	1		2					3		12		17	\$3,885	
4. Cost-of-Service Analysis	1		2	1	1			2		16		22	\$5,150	
5. Water and Sewer Rate Design	1		4	1	1			4		12		20	\$5,600	
6. Drought Charge Analysis	1		1	1				1		8		11	\$2,595	
7. Water and Sewer Capacity Fee Studies	1		4					4		28		36	\$7,960	
8. Rate and Bill Survey Comparative Analysis	1							1		8		9	\$1,855	
9. Rate Workshops		1	6	1	1	3	2			2		15	\$4,893	
10. Community Meetings		1	8			18					2	28	\$8,438	
11. Rate Study Reports	1		8	1	1		4			20	2	36	\$8,720	
12. Proposition 218 Preparation and Hearings		1	8	1		16	1				2	28	\$8,553	
13. Financial Model and Training	1									6		6	\$1,170	
Total Meetings / Hours	8	3.5	49	7	5	38	26	1	123	7	254			
Hourly Billing Rate			\$320	\$400	\$360	\$285	\$285	\$220	\$185	\$100				
Total Professional Fees			\$15,680	\$2,800	\$1,800	\$10,830	\$7,410	\$220	\$22,755	\$700	\$62,195			
<i>JW - John Wright</i> <i>SP - Sudhir Pardiwala</i> <i>TC - Todd Cristiano</i> <i>GD - Gina DePinto</i> <i>CO - Cameron Okie</i> <i>JG - Journ Galvan</i> <i>SS - Summer Simpson</i>												Total Fees	\$62,195	
												Total Expenses	\$3,478	
												Total Fees & Expenses	\$65,673	

SEWER COST PROPOSAL

Tasks	Web Meetings	In-person Meetings	Hours									Total Fees & Expenses
			JW	SP	TC	GD	CO	JG	SS	Admin	Total	
1. Project Initiation, Management, and Kick-Off		0.5	4	1	1	1	1	1	1	1	11	\$3,359
2. Analysis of Consumption and Demand	1		1				1		8		10	\$2,185
3. Financial Plan Development	1		1				1				2	\$625
4. Cost-of-Service Analysis	1		2	1	1		1	10			15	\$4,035
5. Water and Sewer Rate Design	1		2				2	6			10	\$2,630
6. Drought Charge Analysis	1										0	\$0
7. Water and Sewer Capacity Fee Studies	1		2	1			4	20			27	\$6,850
8. Rate and Bill Survey Comparative Analysis	1						1		6		7	\$1,465
9. Rate Workshops		1	4			3	2	2			11	\$3,523
10. Community Meetings		1	6			14				2	22	\$6,598
11. Rate Study Reports	1		4	1	1		4	16		2	28	\$7,180
12. Proposition 218 Preparation and Hearings		1	6			8	1			2	17	\$5,123
13. Financial Model and Training	1							2			2	\$460
Total Meetings / Hours	9	3.5	32	4	3	26	18	57	15	7	162	
Hourly Billing Rate			\$320	\$400	\$360	\$285	\$285	\$220	\$185	\$100		
Total Professional Fees			\$10,240	\$1,600	\$1,080	\$7,410	\$5,130	\$12,540	\$2,775	\$700	\$41,475	
<i>JW - John Wright</i> <i>SP - Sudhir Pardiwala</i> <i>TC - Todd Cristiano</i> <i>GD - Gina DePinto</i> <i>CO - Cameron Okie</i> <i>JG - Journ Galvan</i> <i>SS - Summer Simpson</i>											Total Fees	\$41,475
											Total Expenses	\$2,558
											Total Fees & Expenses	\$44,033

EXHIBIT D

PROJECT TIMELINE

Raftelis will complete the scope of services within the timeframe shown in the schedule below. The proposed schedule assumes a notice-to-proceed by the beginning of May 2024 and that Raftelis will receive the needed data in a timely manner and be able to schedule meetings as necessary. Project completion is estimated for June 2025.

TASKS	2024								2025					
	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
1. Project Initiation, Management, and Kick-Off	●													
2. Analysis of Consumption and Demand			●●											
3. Financial Plan Development				●●										
4. Cost-of-Service Analysis					●●									
5. Water and Sewer Rate Design						●●								
6. Drought Charge Analysis							●●							
7. Water and Sewer Capacity Fee Studies					●			●●						
8. Rate and Bill Survey Comparative Analysis									●					
9. Rate Workshops						●		●						
10. Community Meetings								●●	●●					
11. Rate Study Reports										●●				
12. Proposition 218 Preparation and Hearings											●●		●●	
13. Financial Model and Training														●●

- In-person Meetings
- Web Meetings
- Deliverables



Water and Sewer Utility Cost of Service and Rate Design Bids Analysis & Timeline – July 2024

February 8, 2024 – Request for Proposals (RFP) is posted.

March 21, 2024 – RFP closes with five (5) bids received by the due date and time.

April 2024 – An Interdepartmental Review Committee evaluated the proposals based on experience, cost, methodology, expertise, and reference checks.

Project Cost					
<i>The cost variations arise from the different proposed strategies for approaching the study, each reflecting the firm's proposed best practices.</i>					
	Endeavor	Bartle Wells	Willdan	NBS	Raftelis
Project Cost	\$47,799	\$128,850	\$64,630	\$132,210	\$109,706

Overall Rating of Bids Received					
<i>Rating was based on a total of 100 points with 25 points per each of the following categories: qualifications, understanding of the scope of work, methodology, and cost. The firms are listed below in rank order.</i>					
	Raftelis	Bartle Wells	Willdan	NBS	Endeavor
Total Average Score	1	2	2	3	4

May 2024 – Follow-up interviews were conducted with the three (3) highest rated firms.

Overall Rating From Interviews			
<i>Rating was listed in rank order.</i>			
	Raftelis	Bartle Wells	Willdan
Total Average Score	1	2	3

RESOLUTION NO. 24-50

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA VERNE,
CALIFORNIA, ESTABLISHING AN AD HOC WATER AND SEWER RATE STUDY
COMMITTEE

WHEREAS, the City of La Verne recognizes the importance of fair, equitable, and sufficient water and sewer rates to cover the cost of providing services, ensuring system safety and reliability; and

WHEREAS, the City Council desires to provide residents and businesses with an enhanced opportunity for public participation with an opportunity to offer insights during the proposed water and sewer rate design process; and

WHEREAS, the establishment of an Ad Hoc Water and Sewer Rate Study Committee (hereinafter referred to as the "Committee") will serve as an advisory body to the City Council on matters relating to water and sewer rates;

WHEREAS, the Committee will serve a limited term, set to dissolve upon completion of the water and sewer rate study; and

WHEREAS, the bylaws outline the purpose, authority, membership, officers, meetings, duties, responsibilities, and dissolution of the Committee;

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of La Verne as follows:

Section 1. The City Council hereby establishes the Ad Hoc Water and Sewer Rate Study Committee.

Section 2. The bylaws of the Ad Hoc Water and Sewer Rate Study Committee are established as specified in Attachment A of this Resolution.

Section 3. That the Mayor shall sign and the Deputy City Clerk shall certify to the passage and adoption of this Resolution and thereupon the same shall take effect and be in force.

PASSED, APPROVED AND ADOPTED this 1st day of July, 2024.

/S/ TIM HEPBURN

Mayor Tim Hepburn

ATTEST:

/S/ DEBRA FRITZ

Debra Fritz, Deputy City Clerk

CERTIFICATION

I hereby certify that the foregoing **Resolution No. 24-50** was duly and regularly adopted by the City Council of the City of La Verne at a meeting thereof held on the **1st day of July, 2024**, by the following vote:

AYES: Kashifalghita, Crosby, Lau, Johnson, and Hepburn.

NOES: None.

ABSENT: None.

ABSTAIN: None.

/S/ DEBRA FRITZ

Debra Fritz, Deputy City Clerk

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City of La Verne – July 1, 2024

Ad Hoc Water and Sewer Rate Study Committee Bylaws

Purpose: The purpose of the Ad Hoc Water and Sewer Rate Study Committee (“Committee”) is to review, analyze, and make recommendations regarding the water and sewer rates for the City of La Verne. The Committee serves a limited term, charged with accomplishing a specific task for a period time. Specifically, the Committee will ensure that the rates are fair, equitable, and sufficient to cover the cost of providing water and sewer services including necessary capital investments, in compliance with California law and best practices. The Committee shall report its findings and recommendations to the City Council, as appropriate, and submit a final report upon completion of its work.

Authority & Compliance: The Committee is established by the La Verne City Council and operates under its authority. The Committee shall function as an advisory body to the City Council. The Committee shall comply with all applicable California laws, including the California Public Records Act, the Brown Act (California Government Code Section 54950 et seq.), and any other relevant regulations. These bylaws may be amended by a majority vote of the Committee members, subject to approval by the City Council.

Committee Composition: The Committee shall consist of no more than five (5) members appointed by the City Council, preferably one per City Council district. Members shall be residents or business owners within the City of La Verne and have an interest in water and sewer rates and policies. Each member shall have one vote. Actions of the Committee require a majority vote of the members present. Staff support for the committee shall be provided by the Public Works Director or their designee.

Term: Members shall serve for the duration of the Committee's existence, which shall not exceed one year unless extended by the City Manager. Because of the timeliness of the Study, any member with two absences may be replaced to ensure the work of the Committee can continue.

Committee Officers and Duties: The officers of the Committee shall be a Chair and a Vice-Chair, elected by the Committee members. The Chair shall preside over all meetings, represent the Committee in its advisory capacity to the City Council, and perform other duties as required. The Vice-Chair shall assume the duties of the Chair in their absence and perform other duties as assigned.

Meetings: The Committee shall hold regular meetings to provide comments and recommendations to the City Council about the proposed water and sewer rates. Meetings shall be open to the public and conducted in accordance with the Brown Act. Meetings will occur as needed, but at least once every two months, with more frequent meetings occurring as the Study progresses. A majority of the appointed members shall constitute a quorum for the meetings.

Dissolution: The Committee shall be dissolved upon completion of its tasks or by action of the City Council.