CITY *of* BRISBANE

Infrastructure, Utilities & Franchise Subcommittee Agenda

Tuesday, March 9th, 2021 at 4:00 PM • Virtual Meeting

This meeting is compliant with the Governors Executive Order N-29-20 issued on March 17, 2020 allowing for deviation of teleconference rules required by the Brown Act. The purpose of this is to provide the safest environment for staff, subcommittee members and the public while allowing for public participation. The public may address the subcommittee using exclusively remote public comment options.

TO ADDRESS THE SUBCOMMITTEE

The meeting will be an exclusively virtual meeting. The agenda materials may be viewed online at www.brisbaneca.org at least 72 hours prior to the meeting.

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Meeting ID: 980 4414 4941 (After entering the meeting ID and pressing #, simply press # a second time to enter the meeting waiting room. No participant code is required. Please wait on the call until a Subcommittee or Staff Member announces that the phone line is open. Dial *6 to mute/unmute and dial *9 to "raise hand")

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SPECIAL ASSISTANCE

If you need special assistance to participate in this meeting, please contact Angel Ibarra at (415) 508-2109. Notification in advance of the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

SUBCOMMITTEE MEMBERS:

Councilmember O'Connell, Councilmember Mackin

PRESENTATIONS AND DISCUSSION ITEMS

A. Meet with Raftelis to Receive their Water and Wastewater Rate Study Proposal

PUBLIC COMMENT

ADJOURNMENT

File Attachments for Item:

A. Meet with Raftelis to Receive their Water and Wastewater Rate Study Proposal

MEMORANDUM

To: Infrastructure, Utilities & Franchise Subcommittee

From: Stuart Schillinger, Deputy City Manager

Subject: Interview Companies for the Water and Wastewater Rate Study

Date: March 9, 2021 and March 11, 2021

Community Goal/Result

Fiscal Sustainability

Purpose

Ensure the City's water and sewer rates reflect the full cost of providing clean water and effective wastewater disposal to the various users while encouraging conservation of resources.

Recommendation

Determine the firm to recommend to the City Council who will do the City's Water and Wastewater Rate Study.

Background

On August 13, 2001 the City Council discussed Ordinance No. 458 which set the process for determining future water and sewer rate increases.

Subsequent to passing Ordinance No. 458, the California Supreme Court ruled that water and sewer charges are property related and subject to Proposition 218, the Right to Vote on Taxes Act. As such, we are required to notify property owners regarding any increase and hold a public hearing at least 45 days later to allow time for community input. As a courtesy to our customers, we also notify renters of the forthcoming change in rates.

The last rate study the City had performed was in 2000. The City hired FCSG and Carollo Engineers to complete a rate structure study and Capital Improvement Plan. The City has been working from this rate study for the last twenty years. The City has taken the rates recommended in the Plan and adopted them based on need. The last operational rate increase went into effect in 2012. Additionally, the City has implemented its first capital improvement charge to pay for bonds issued in 2015. This was the first of an anticipated series of Capital

Rate Charges in order to pay for the water and wastewater Capital Improvement Plan. The plan is to sell bonds approximately every five years over 20 years. The bonds would have a duration of 20 years so after 20 years there will be a set Capital Charge that will only be reviewed to ensure it can continue to pay for the necessary Capital Improvements.

A drought reserve charge was implemented in 2019. This would ensure that during a drought the City would not need to raise rates as customers lowered their water usage as other water providers do.

The City has been able to keep operational rates constant due to an increase in usage among users and the use of one-time revenue sources (i.e. Connection fees).

City Council directed staff to begin the process of contracting for a new water and wastewater rate study on September 3, 2020. Staff released the Request for Proposals on January 8th. The deadline for the return of the proposals is February 16th. Staff contacted BAWSCA (Bay Area Water Supply and Conservation Agency) for a list of companies that provide this type of service. Staff sent the proposal to seven different firms. Staff received proposals from five firms. Staff has set up interviews with the three firms which best met the needs of the City based on qualifications and experience.

Discussion

The subcommittee will interview three firms: Lechowicz & Tseng, Raftelis, and Bartle Wells. The interviews will provide the firms an opportunity to present the qualifications and their method for completing the study. The subcommittee will have an opportunity ask questions of the firms to determine the one that is the best fit for our community. The subcommittee will make a recommendation to the City Council and the agreement will be brought to the City at one of their meetings in April.

By law, customers from one class of customer cannot pay for costs of another class of customer. The subcommittee may want to ask questions on how the firm ensures this happens through the rate study. What experience the firm has had with creating rates that are conservation oriented while ensuring the rate structure meets the current standards. How the company provides public outreach to ensure rate payers understand the basis for the new rates.

Fiscal Impact

The cost of doing the study will be spent from the City's Utility Enterprise Fund. The Enterprise Fund is set up to capture all of the revenues and costs generated by the City's and GVMID's utility system. As such, the Enterprise is self-sufficient and does not rely on the City's General Fund except for the City's Low-Income Rate Assistance program as required by law.

Measure of Success

The City is able to provide clean-safe drinking water and effectively disposes of wastewater as economically as possible while being financially sustainable.

Stuart Schillinger

Stuart Schillinger, Deputy City Manager

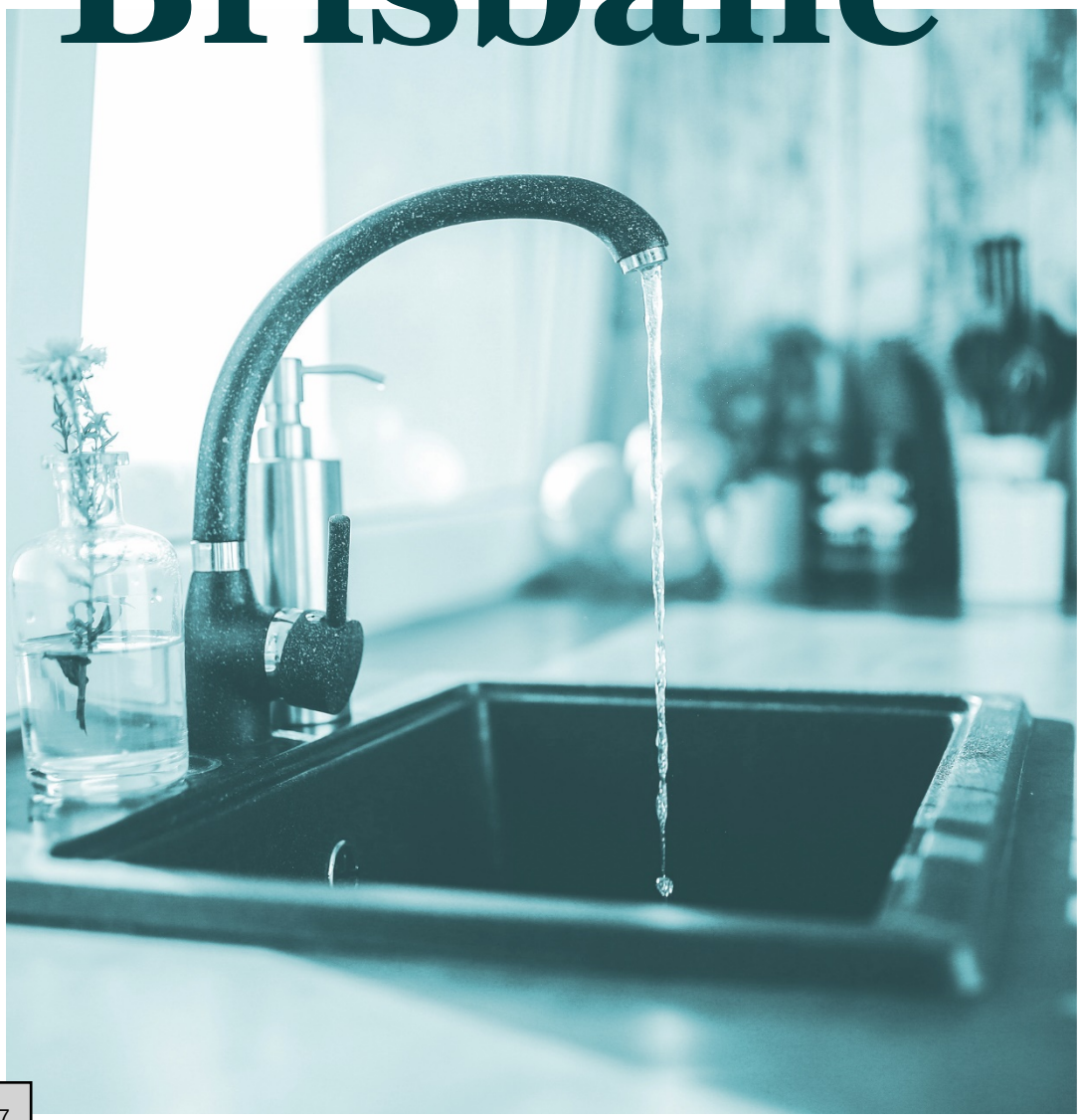
Clay Holstine, City Manager

RAFTELIS

Consultant Services: Water and Sewer Comprehensive Utility Rate Study

PROPOSAL / FEBRUARY 16, 2021

City of Brisbane



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.

REGISTERED MUNICIPAL ADVISOR

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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RAFTELIS

February 16, 2021

Mr. Stuart Schillinger
Administrative Services Director/Deputy City Manager
City of Brisbane
50 Park Place
Brisbane, CA 94005

Subject: Proposal for Consultant Services –Water and Sewer Comprehensive Utility Rate Study

Dear Mr. Schillinger:

Raftelis is pleased to submit this proposal to assist the City of Brisbane (City) with a water and sewer utility rate study. We appreciate the opportunity to submit this proposal, which details our project approach to meet the City's objectives as well as our qualifications and experience within the water and wastewater utility industry.

Raftelis was established in 1993 to provide financial, rate, and management consulting services of the highest quality to water and wastewater utilities. Since that time, Raftelis has grown to have the largest water and wastewater utility rate and financial consulting practice in the country, with 120 consultants. Our staff has assisted over 1,000 utilities across the United States and has conducted thousands of studies. Our mission has always been focused on assisting our clients in meeting their goals of financial viability.

We understand that the City would like to conduct a comprehensive water and sewer rate study for its three enterprises: water, sewer, and the Guadalupe Valley Municipal Improvement District (GVMID). The City's last rate study was prepared in 2001. Based on the City's Request for Proposals (RFP), we have identified the following objectives for this study:

- Ensure financial sufficiency to pay for rising costs, especially those related to water purchases from the San Francisco Public Utilities Commission (SFPUC)
- Fund necessary infrastructure improvements
- Maintain adequate reserves for working capital and potential emergencies
- Develop rates that are defensible under Proposition 218, equitable, and affordable

We have conducted many similar studies for Northern California agencies, including ongoing and completed projects for the City of Santa Cruz, the City of Hayward, Stanford University, the City of Pleasanton, the City of Vallejo/Vallejo Flood and Wastewater District, Alameda County Water District, Marin Municipal Water District, the City of Milpitas, and the City of Palo Alto. Similar to the City, Hayward, Stanford, and Palo Alto are member agencies of the Bay Area Water Supply and Conservation Agency (BAWSCA), provide water and sewer service, and source all or most of their water from SFPUC.

To assist the City with this project, we have assembled a team with extensive experience and a reputation for quality service. I will serve as Project Director of the study, providing policy direction for the project and ensuring that the City's objectives are fully met. I have over 20 years of public-sector consulting experience and am one of the industry's leading

RAFTELIS

experts on designing rates that are compliant under Proposition 218. I will work closely with the Project Manager, Nancy Phan, who will manage the day-to-day aspects of the project ensuring it is within budget and on schedule. She will serve as the City's main point of contact for the study and will lead the consulting staff in conducting analyses and preparing deliverables for the project. Sudhir Pardiwala, PE, with over 40 years of experience, will serve as Technical Reviewer, and Michael Hicks will serve as Lead Analyst. Matt Wittern, APR, PMP will lead the strategic communications components of this project.

Given the ongoing COVID-19 pandemic and emergency health orders, all meetings are proposed to be virtual/web-based. Our fee proposal reflects this assumption. Should the current public health circumstances change, Raftelis will gladly work with the City to attend public workshops on site.

Raftelis is proud of the team and resources we can offer the City on this engagement. I am authorized to negotiate on behalf of and to contractually bind Raftelis. The submittal of this proposal is valid for 90 days. Should you have any questions, please do not hesitate to contact me.

Very truly yours,

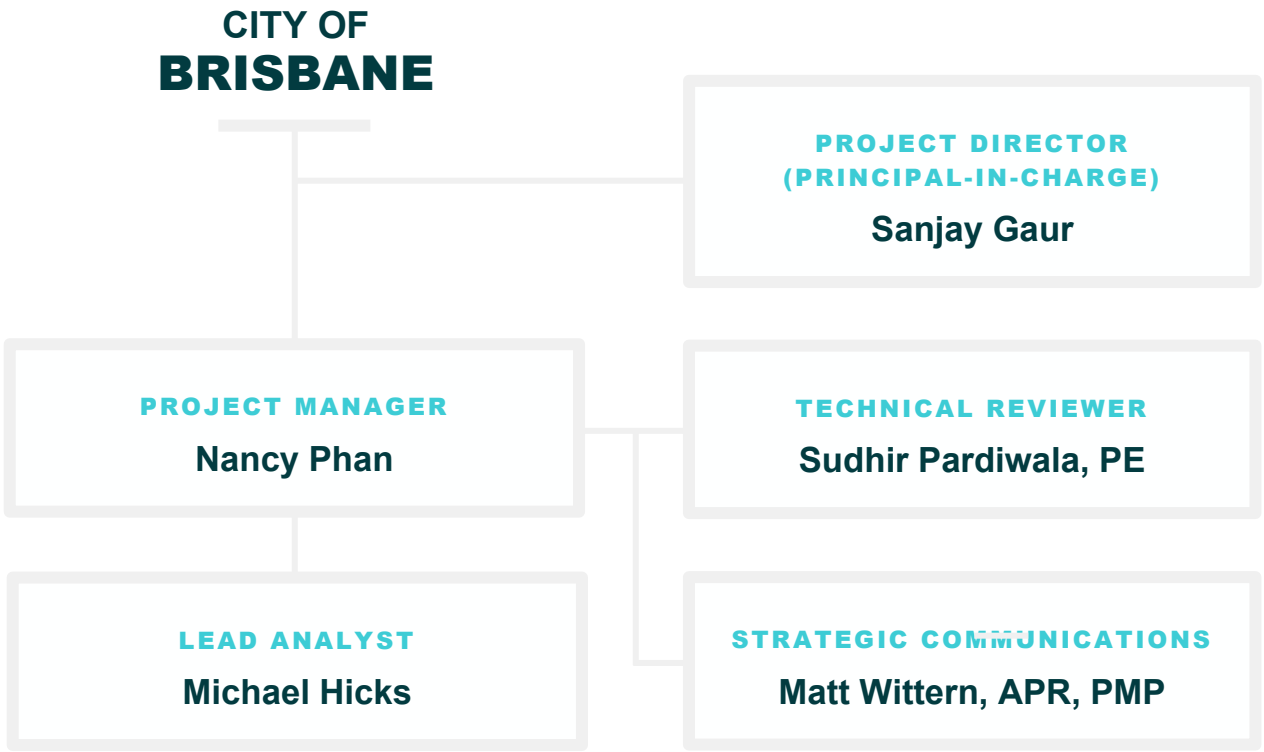
Sanjay Gaur, *Vice President*
445 S. Figueroa Street, Suite 1925, Los Angeles, CA 90071
Office: 213-262-9304 / Mobile: 213-327-4405 / Email: sgaur@raftelis.com

Key Personnel

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

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

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



Sanjay Gaur

PROJECT DIRECTOR (PRINCIPAL-IN-CHARGE)

Vice President

Specialties

- Proposition 218 rate compliance
- Financial analysis
- Cost-of-service studies
- Conservation rate structure design
- Capacity fee studies
- Cost benefit analysis
- Econometric analysis

Professional History

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

Education

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

Professional Memberships

- AWWA: Rates & Charges Committee
- California Society of Municipal Finance Officers

Professional Recognition

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

ROLE

Sanjay will be responsible for overall project accountability and will be available to provide quality assurance and control, industry perspective, and insights into the project. Sanjay will be the Principal-in-Charge and will have the ultimate authority to bind the firm.

PROFILE

Sanjay has over 20 years of public-sector consulting experience, primarily focusing on providing financial and rate consulting services to water and wastewater utilities. His experience includes providing rate structure design, cost-of-service studies, financial analysis, cost benefit analysis, capacity fee studies, conservation studies, and demand forecasting for utilities spanning the west coast. He has also international experience in water and wastewater rate studies, including the country of Belize and Grenada. He has provided consulting service to over 100 different agencies. Sanjay is considered one of the leading experts in developing rates that meet Proposition 218 requirements, has exceptional public speaking skills and, due to these qualities, he is often sought out to provide assistance on rate studies that are complex and controversial. He has often provided his insight into utility rate and conservation-related matters for various publications and industry forums including: authoring articles in *Journal AWWA*; being quoted in various newspaper articles including the *Los Angeles Times* and the *New York Times*; participating in a forum regarding the future of water in Southern California sponsored by the Milken Institute; being quoted on National Public Radio; speaking at various industry conferences including American Water Works Association (AWWA), the Utility Management Conference, Association of California Water Agencies, and California Society of Municipal Finance Officers; and, co-authoring several industry guide books including AWWA's *Manual M1 Principles of Water Rates, Fees and Charges, 7th Edition* as well as AWWA's *Water Rates, Fees, and the Legal Environment, Second Edition*. Sanjay co-authored a chapter entitled, "Understanding Conservation and Efficiency Rate Structures," for the Fourth Edition of the industry guidebook, *Water and Wastewater Finance and Pricing: The Changing Landscape*. Sanjay is also active in a number of utility-related associations, including serving as a member of AWWA's Rates and Charges Committee.

KEY PROJECT EXPERIENCE

Alameda County Water District (CA)

Sanjay has provided financial and rate consulting experience to Alameda County Water District (District) since 2010. During these years, Sanjay has been the project manager on numerous studies, including the evaluation of different types of conservation rates, development of a 25-year financial model that assists the

District in evaluating different financial risks, development of drought rates, and public outreach to stakeholders. During these projects, Sanjay has led a series of workshops with the Executive Management and the Board of Directors in evaluating and identifying which financial/rate solutions meet their objectives.

East Bay Municipal Utility District (CA)

Since 2013, Sanjay has provided consulting services to East Bay Municipal Utility District (District).He successfully accomplished several objectives for the District and served as the project manager for a comprehensive water and wastewater cost-of-service study. The last comprehensive cost-of-service study was done in 2000. As part of the study, Raftelis thoroughly examined the District's cost structure, analyzed water and wastewater flow and customers data, and evaluated alternative rate structures to develop an equitable rate structure that meets Proposition 218 requirements and the District's goals and objectives. One of the key deliverables was the administrative record, which is a document that clearly explains how the rates are derived and is a critical document to support the requirements of Proposition 218.

Castaic Lake Water Agency (CA)

Castaic Lake Water Agency is a wholesale water agency that is a member of the State Water Contractor. Since 2012, Sanjay has provided numerous consulting services including the evaluation of different types of wholesale rates, a financial model, annexation fees, capacity fees, and other financial consulting services. Sanjay has made numerous presentations to the Board of Directors and has secured their supports on critical matters.

City of San Juan Capistrano (CA)

In 2012, City of San Juan Capistrano (City) was in the midst of a legal lawsuit over its water rates. A group of taxpayers sued the City over its water rates, saying they did not comply with Proposition 218. The City sought out an expert rate consultant to assist them in developing new rates that will meet the stringent requirements of the taxpayer group and City Council. The City hired Raftelis and Sanjay served as the project manager for this significant project. The project required a series of six City Council Workshops, with each one lasting over 3 hours. In addition, two members of the City Council were active in supporting the lawsuit against the City. Sanjay was successful in mustering support for the new rates and developing the new standard associated with the administrative record. The rates were approved and the President of the Taxpayer association expressed his support of the new rates.

City of Long Beach (CA)

In 2016, the City of Long Beach hired Raftelis in conducting a comprehensive rate study that meets the heightened standard associated with Proposition 218. Given the large percentage of the population at the poverty rate, the City was concerned about affordability, revenue stability due to the recent drought, and developing a strong nexus associated with its water and wastewater rates. Sanjay served as the project manager and successfully assisted the City in adopting rates that meet their requirements. Since then, Sanjay has provided financial and rate consulting services to the City, including how to fund stormwater services.

Fallbrook Public Utility District (CA)

Fallbrook Public Utility District (District) provides water, recycled water, and wastewater services. The District has a complex rate structure due to the fact that it provides both domestic service, special agricultural rates from the San Diego County Water Authority, normal agricultural service, and a combination of these services to the same meter. Given the recent lawsuit associated with San Juan Capistrano, the District was interested in developing a comprehensive rate study that can fund a new source of water supply and cost-of-service rate study that can justify the different types of rates. In 2016, Sanjay served as the project manager on this study and was successful in developing a 180-page administrative record that clearly explains the nexus requirement associated with Proposition 218 and the adoption of the five years of rates.

Placer County Water Agency (CA)

Placer County Water Agency (Agency) provides four major types of water services: treated retail, untreated retail, treated wholesale, and untreated wholesale. Given the complexity of the system, the agency has over 50 different types of rates. The agency has evolved over the last 60 years of existence and has acquired numerous neighboring agencies. Given the San Juan Capistrano ruling, the Agency was interested in consolidating and developing a clear rationale behind the complex services it provides. The Agency sought out Sanjay to be the project manager on this significant study in redeveloping all the different water rates. Sanjay conducted a series of workshops with Executive Management in developing a rationale and logic behind the services it provides. The 150-page administrative record was well received by the Board of Directors and they were pleased with this study. The new rates were approved in 2017.

Las Virgenes Municipal Water District (CA)

Since 2008, Sanjay has provided financial and rate consulting services to Las Virgenes Municipal Water District (District). This include assisting the District in adopting a controversial rate increase, the evaluation and implementation of a water budget rate structure, capacity fees for water and wastewater services, and other financial related matters. The District receives water from only one source, Metropolitan Water District of Southern California. With the desire to implement a water budget tiered rate, Sanjay assisted the District in establishing tiered rates that meet the requirements of Proposition 218.

City of Santa Cruz (CA)

Since 2012, Sanjay has provided financial and rate consulting services to the City of Santa Cruz (City). This includes developing a financial model that can evaluate different water demand factors and associated drought rates, reserve policies, a comprehensive rate study, drought rates, capacity fees and other financial/rate matters. The drought rates study was particularly complex. The City experienced a significant drought and had to allocate water. Water use was already at a historical low level and residential water use was one of the lowest in California. With the desire of refunding a debt and low commodity revenues sales, the City needed to adopt drought rates within a short time period. Sanjay was successful in adopting 5 stage drought rates and was able to assist the City in at this critical time. Lastly, Sanjay assisted the City in redeveloping its rate structure so that it would meet the values of the community, while remaining both be financially sustainable and meeting the requirements of Proposition 218.

Rancho California Water District (CA)

Sanjay has provided consulting services to Rancho California Water District (District) since 2007. During this time, he has assisted the District in the development of a water budget rate structure. The project required the consultant to develop a flexible water budget model that could determine multiple blocks widths and allocations. The team was successfully able to accomplish this task and assisted the District in implementing the new water budget rate structure. The rates where successfully adopted in November 2009.

Sanjay also assisted the District in the development of a New Water Demand Offset Fee. The New Water Demand Offset Program is a form of funding for conservation measures that will help to create sustainable, zero water footprint development. New developments will pay fees called New Water Demand Offset Fees to create potable water savings in the existing system to support water demand generated by new developments. Water savings can be achieved by converting irrigation accounts to recycled water or installing high efficiency retrofits to replace inefficient fixtures for existing accounts in the District. Lastly, Sanjay has provided consulting services on Capacity Fee studies and updating water rates.

Western Municipal Water District (CA)

Since 2009, Sanjay has provided consulting services to Western Municipal Water District (District). Sanjay successfully accomplished several objectives for the District including the implementation of water budget rates, which included facilitating and leading a discussion on the policy options associated with the development of water budget rates. Based

on these policy options, a water budget model was developed that evaluated different allocation factors for indoor and outdoor water use, determined rate components for the corresponding tiers, and developed the corresponding rates and customer impacts.

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

Lastly, Sanjay conducted a Capacity Fee study for the District, which included water, wastewater, and recycled water. The prior Capacity Fee was outdated and significant changes were required. This study included public outreach to the Business Industry Association. Since then, Sanjay has provided assistance to the District in updating its water rates and developing the administrative record required.

PROJECT LIST

- Alameda County Water District (CA) - Financial plan study and annual updates, conservation tiered rate feasibility analysis, drought rate study, water cost-of-service and rate study, and other ad-hoc support
- American Water Company (CA) - Water rate study
- Country of Belize - Water and wastewater rate study
- Borrego Water District (CA) - Financial planning study, groundwater sustainability plan, water rate study, and basin management evaluation
- City of Calexico (CA) - Water and sewer rate study
- City of Camarillo (CA) - Water and wastewater rate study, financial plan study, and cost-of-service study
- Carpinteria Sanitary District (CA) - Sewer rate and fee study
- Central Basin Municipal Water District (CA) - Financial plan
- City of Chino Hills (CA) - Water budge rate design, financial plan study and cost-of-service and rate design
- City of Chowchilla (CA) - Water and wastewater rate study
- Coastside County Water District (CA) - Water rate study
- Contra Costa Water District (CA) - Financial plan study, water rate study and drought rates study
- City of Corona (CA) - Water budget rate study, wastewater capacity fees study
- Cucamonga Valley Water District (CA) - Financial plan, water conservation rate study, and drought rates
- East Bay Municipal Utility District (CA) - Water and wastewater cost-of-service and rate study
- Eastern Municipal Water District (CA) - Water budget study and financial plan study
- East Orange County Water District (CA) - Water budget study, sewer capacity fees study, and financial plan study
- Elsinore Valley Municipal Water District (CA) - Financial model, drought rate analysis, water and recycled water rate study, capacity fee study, and wastewater rate study
- City of El Segundo (CA) –-Water and wastewater rate study
- El Toro Water District (CA) - Water budget study and recycled water financial plan study
- City of Escondido (CA) - Water and wastewater rate study and capacity fees study
- Fallbrook Public Utilities District (CA) - Water, wastewater and recycled water rate study
- City of Glendora (CA) - Water budget feasibility study
- Country of Grenada - Water and wastewater rate study
- City of Gridley (CA) - Water rate study
- Helix Water District (CA) - Water rate and cost-of-service study
- Hi-Desert Water District (CA) - Water rate study
- City of Hollister (CA) - Sewer rate and impact fee study, water rates study, and capacity fee study
- City of Huntington Beach (CA) - Sewer rate study, water budget rate study, and financial plan study
- Imperial County Gateway County Service Area(CA) - Water and wastewater rate study

- Indio Water Authority (CA) - User fee study and water rate study
- Inland Empire Utilities Agency (CA) - Conservation rate structure workshop and financial plan study
- Inyo County Water Department (CA) - Water rate study
- Irvine Ranch Water District (CA) - Conservation study
- Jurupa Community Services District (CA) - Water budget study and water and wastewater rate study
- La Habra Heights County Water District (CA) - Wheeling rate study and financial plan study
- La Puente Valley County Water District (CA) - Water rate and fee study
- Las Virgenes Municipal Water District (CA) - Water budget rate study, water, recycled water and wastewater financial plan and rate studies, capacity fees study
- City of Livermore (CA) - Water cost-of-service study
- City of Livingston (CA) - Water rate study
- City of Lomita (CA) - Water rate workshop
- City of Long Beach (CA) - Water, recycled water and wastewater financial plan and rate studies
- Los Alamos Community Services District (CA) - Water and wastewater rate study
- Los Angeles Department of Water and Power (CA) - Daily demand estimates
- City of Lynwood (CA) - Cost allocation plan
- City of Malibu (CA) - Wastewater and recycled water rate study
- Mammoth Community Water District (CA) - Water rate study
- City of Merced (CA) - Water and sewer rate and impact fee study
- Mesa Consolidated Water District (CA) - Financial plan study, cost comparison study, water and recycled water cost-of-service and rate design study
- Metropolitan Water District of Southern California (CA) - Drought allocation model, long range financial plan, and cost-of-service evaluation
- Mill Valley - Tamalpais Community Services District (CA) - Financial plan study
- Mojave Water Agency (CA) - Financial plan study, financial impact analysis for water exchange and leasing programs and water reliability rate development
- Modesto Irrigation District (CA) - Stormwater fee study
- Montecito Water District (CA) - Water rate study
- Monterey Peninsula Water Management District (CA) - Water budget study
- Municipal Water District of Orange County (CA) - Conservation potential study and rate study
- City of Newport Beach (CA) - Water rate study
- City of Palo Alto (CA) - Water and wastewater cost-of-service and rate study
- Pasadena Water and Power (CA) - Water cost-of-service and rate design study
- Placer County Water Agency (CA) - Cost-of-service, rate, and financial plan study
- City of Pleasanton (CA) - Water and wastewater rate study
- City of Pomona (CA) - Rate study
- City of Port Hueneme (CA) - Water and solid waste rate study
- City of Orange (CA) - Water and sanitation rate study
- Rancho California Water District (CA) - Water budget rate study, water demand offset fees, commercial water budget revision study, alternative water supply feasibility analysis
- City of Reno (NV) - Wastewater rate study
- City of Rio Vista (CA) - Water and sewer rate and impact fee study
- Salton Community Services District (CA) - Sewer rate study
- City of San Clemente (CA) - Water and wastewater rate study
- San Diego County Water Authority (CA) - Indexing model and wholesale water rate
- City of San Juan Capistrano (CA) - Water rate study
- Santa Ana Watershed Project Authority (CA) - Financial model and wastewater rate study
- Santa Clara Valley Water District (CA) - Project evaluation - water conservation project
- Santa Clarita Valley Water Agency (CA) - Wholesale water rate study, Drought Rates, Rate Analysis, and Facility Capacity Fees
- Santa Clarita Water District (CA) - Retail water rate study

- City of Santa Cruz (CA) - Financial plan, water budget feasibility analysis, cost-of-service and rate study, drought rate study, capacity fees update and water demand offset fees analysis, and alternative water supply feasibility analysis
- City of Santa Monica (CA) - Rate study for the Groundwater Sustainability Plan
- Scotts Valley Water District (CA) - Water and recycled water rate study
- City of Seal Beach (CA) - Water rate study
- City of Shasta Lake (CA) - Water rate study and water and wastewater capacity fee study
- City of Sierra Madre (CA) - Water and sewer rate study
- City of Signal Hill (CA) - Water rate and cost-of-service study
- City of Simi Valley (CA) - Sewer rate study
- Soquel Creek Water District (CA) - Water rate structure study
- South Coast Water District (CA) - Water budget assessment
- South Mesa Water Company (CA) - Rate structure and recycled water rate study
- City of South Gate (CA) - Water impact fee
- Sunnyslope County Water District (CA) - Water rates and capacity fees
- Temescal Valley Water District (CA) - Water and sewer rate study and capacity fee study
- Trabuco Canyon Water District (CA) - Water rate study
- City of Thousand Oaks (CA) - Water and wastewater cost-of-service and financial plan study
- City of Ventura (CA) - Water and wastewater rate study
- City of Vista (CA) - Sewer rate and connection fee study
- Victor Valley Wastewater Reclamation Authority (CA) - Wholesale wastewater rate study and connection fee study
- Walnut Valley Water District (CA) - Water rate study
- City of Watsonville (CA) - Utility enterprise rate study
- West Basin Municipal Water District (CA) - Wholesale water rate study and desalination financial evaluation
- Western Municipal Water District (CA) - Financial plan, capacity fees, and water budget rate studies
- City of Westminster (CA) - Water rate study
- Yorba Linda Water District (CA) - Sewer and water budget rate study, financial plan study, and cost-of-service rate study
- Zone 7 Water Agency (CA) - Cost-of-services study and water rate study update

PUBLICATIONS

- “Mandates and Messaging: How Californians Responded to the State’s Historical Drought," Journal - American Water Works Association, Volume 111, Issue 3, 2019
- “California Water Rate Trends: Maintaining Affordable Rates in a Volatile Environment," Journal - American Water Works Association, Volume 109, Number 9, 2017
- “M1 Principles of Water Rates, Fees and Charges,” Journal - American Water Works Association, 7th Edition, 2017
- “Committee Report: Ripples from the San Juan Capistrano Decision,” Journal - American Water Works Association, Volume 108, 2016
- “The Drought is Over - Now is The Time to Develop Drought Rates,” CSMFO Magazine, 2016
- “Developing Drought Rates: Why Agencies Should Prepare for a Not-So-Rainy Day," Journal AWWA, Volume 108, 2016
- “There’s Opportunity in the San Juan Capistrano Rates Decision,” California-Nevada Section AWWA, Volume 29, Number 4, 2015
- “California Water Rate Trends,” Journal - American Water Works Association, Volume 107, Number 1, 2015
- “Water and Wastewater Finance and Pricing: The Changing Landscape," 4th Edition, 2015
- “Why do Water Agencies need Reserves?," Journal - American Water Works Association, Volume 106, Number 11, 2014
- “Conservation Rates Offer Options,” CA/NV Section of American Water Works Association, Volume 28, Number 2, 2014
- “California Water Rate Trends,” Journal - American Water Works Association, Volume 105, Number 3, 2013
- “Water Rates, Fees and the Legal Environment," American Water Works Association, 2nd Edition, 2010

Nancy Phan

PROJECT MANAGER

Senior Consultant

Specialties

- Financial modeling
- Utility rate studies
- Administrative records / technical reports

Professional History

- Raftelis: Senior Consultant (2020-present); Consultant (2018-2019); Associate Consultant (2016-2017)
- Microsoft Corporation: Partner Account Specialist (2015-2016)

Education

- Bachelor of Arts in Business Economics - University of California, Irvine (2015)

ROLE

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

PROFILE

Nancy has a background in business economics and works with water, wastewater, stormwater, and solid waste utilities across the nation. Her work focuses on helping clients build and design robust, yet easy to use financial models to support long-term planning and facilitate decision-making at both staff and executive levels. Her approach to financial planning and ratemaking, while highly technical, is clear and consistent, which is best represented in her technical reports that distill complex ratemaking concepts into easy-to-understand language. She is particularly interested in providing simple, creative, and defensible solutions for her clients to meet key policy objectives while encouraging financial transparency, customer understanding, and public communication.

KEY PROJECT EXPERIENCE

City of Santa Cruz (CA)

Nancy is currently serving as project lead for a water rate study and connection fee study for the City of Santa Cruz (City). The City is interested in developing alternative rate structures and an updated methodology on charging outside city customers and customers residing in higher elevations. In addition, the study involves a comprehensive analysis of the City's existing water system assets and developing a methodology in allocating the costs of those assets between the various customer classes. Nancy works closely with City staff to determine the most appropriate and defensible methodology to develop water rates and water connection fees for the City's conservation-minded customer base.

Vallejo Flood and Wastewater District (CA)

Nancy has worked with the Vallejo Flood and Wastewater District (District) over the course of several years, serving as project manager for a wastewater rate and tax roll study update, lead consultant for a tax roll study, and analyst for a wastewater rate study. In a previous wastewater rate study, the District adopted a revised wastewater rate structure with updated customer classifications. Nancy assisted the District with developing a tax roll billing file based on the updated rate structure, customer classifications, and wastewater rates. She is currently working with the District on a wastewater rate study update to determine the financial impacts of new capital project costs and analyzing alternate funding sources.

Stanford University (CA)

Nancy has worked with Stanford University (Stanford) for multiple years and has assisted Stanford with a water and sewer rate analysis and a comprehensive benchmarking study. She served as project manager for both studies. Stanford currently has a volumetric-only water rate structure and considered alternative rate structures, such as the addition of a monthly fixed charge for meter service, private fire service, and backflow. A monthly service charge for sewer rates was also examined as part of the study. She assisted Stanford and developed a methodology to allocate meter and private fire-related costs from the existing system to justify a potential monthly fixed meter and private fire charge. The

benchmarking study compared Stanford with five BAWSCA utilities, including the City of Milpitas, North Coast County Water District, City of Burlingame, Coastside County Water District, and the City of Palo Alto. The categories for comparison include major cost categories, which include O&M expenses, capital program costs, and existing debt obligations; funding mechanisms of those cost categories; connection fees; funding for system expansion; number of service connections; and staff count, represented by FTE positions.

Marin Municipal Water District (CA)

Nancy assisted the Marin Municipal Water District (District) with a water rate study and served as lead consultant on the project. The water rate study consisted of a comprehensive financial plan to determine adequate revenue adjustments required to fund operating and capital expenses, maintain financial sufficiency, and develop reserve balances over time. The District did not elect to change its water rate structure or tiers, and the prior rates were adjusted to determine the proposed water rates for the study. She compiled an administrative record detailing the financial plan assumptions, projections, and results as well as the proposed rate calculations.

Contra Costa Water District (CA)

Nancy served as the lead consultant for Contra Costa Water District's (District) comprehensive water rate study. The study involved developing a new rate structure for the District's treated water, retail untreated, and wholesale untreated water enterprises. The project involved a complete restructuring of the District's treated and untreated water rates to sustain operational and capital needs, enhance equity and fairness amongst the different customer classes, and minimize customer impacts to the extent possible. The resulting water rates were developed according to cost of service principles and industry standards and are compliant with Proposition 218. The results and recommendations were documented in a comprehensive administrative record that detailed the concepts, methodologies, and rationale behind the final recommendations.

City of Pleasanton (CA)

The City of Pleasanton (City) is updating its water, recycled water, and wastewater rates. Nancy currently serves as lead consultant of the City's rate study. The rate study involves developing long-term financial plans, cost of service analyses, and rate structures for all three enterprises. The City receives the majority of its water from Zone 7 Water Agency, the costs of which are passthroughs to customers. The rate study will identify a proposed rate structure that maintains financial sufficiency, enhances revenue stability, and encourages customer understanding of the various components of the water, recycled water, and wastewater rates.

Zone 7 Water Agency (CA)

Nancy currently serves as project manager of the Zone 7 Water Agency's (Agency) wholesale treated and untreated water rate studies. In previous years, she served as lead consultant for prior iterations of the Agency's rate studies. She has worked with the Agency over several years and assisted with wholesale treated and untreated rate reviews, studies, and updates which involved projecting a long-range financial plan for each enterprise, developing a cost of service analysis, and determining fair and equitable rates for the Agency's direct and retail customers. Water supply and reliability, and the costs associated with acquiring additional supply, was a key driver in the rate studies considering potential reduction in supply availability. The Agency was previously experiencing revenue shortages due to low water usage and has since adopted a modified multi-year rate structure to enhance revenue stability based on the recommendations and results of these studies.

Selma-Kingsburg-Fowler County Sanitation District (CA)

Nancy currently serves as project manager of the Selma-Kingsburg-Fowler County Sanitation District's (District) wastewater rate study update. In previous years, she served as lead consultant assisting the District with a wastewater rate study. The District operates the treatment facilities and oversees the collection systems owned by the Cities of Selma, Kingsburg, and Fowler. The study involved developing wastewater rates for the District and individual fixed charges to

fund each of the three cities' replacement and refurbishment capital projects. The proposed rates are based on cost of service principles, are complaint with Proposition 218, and maintain the financial sufficiency of the District and its three member cities.

Seattle Public Utilities (WA)

Seattle Public Utilities (SPU) engaged Raftelis to redesign and develop a comprehensive, long-range financial planning model for the wastewater and drainage, water, and solid waste lines of business. Nancy currently serves as lead consultant and leads development of the financial model. She collaborates closely with SPU staff to understand established processes, identify roadblocks, and recommend solutions to improve the model and enhance functionality. The wastewater and drainage model includes features such as automated bond financing and timing, various capital financing sources (such as SRF and WIFIA loans), customer impacts, affordability analyses, etc. The financial model serves as a key decision-making tool for executive-level management to understand the financial and rate impacts of proposed scenarios and policy changes.

PROJECT LIST

- Antelope Valley East Kern Water Agency (CA)
- City of Boston (MA)
- Central Contra Costa Sanitation District (CA)
- City of Chino (CA)
- City of Corona (CA)
- City of Covina (CA)
- City of Escondido (CA)
- City of Glendale (CA)
- Goleta West Sanitary District (CA)
- County of Kauai, Department of Water (HI)
- City of La Habra (CA)
- City of La Habra Heights (CA)
- Lower Paxton Township (PA)
- City of Monterey Park (CA)
- Ontario Municipal Utilities Company (CA)
- City of Ontario (CA)
- City of Oxnard (CA)
- City of Pasadena (CA)
- City of Pomona (CA)
- City of Port Hueneme (CA)
- Rainbow Municipal Water District (CA)
- City of Redlands (CA)
- City of Reno (NV)
- City of San Gabriel (CA)
- City of San Jose (CA)
- Santa Clarita Valley Water District (CA)
- Santa Fe Irrigation District (CA)
- City of Santa Fe Springs (CA)
- City of Shafter (CA)
- Soquel Creek Water District (CA)
- City of South Pasadena (CA)
- Temescal Valley Water District (CA)
- City of Torrance (CA)
- County of Ventura (CA)

Sudhir Pardiwala PE

TECHNICAL REVIEWER

Executive Vice President

ROLE

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

PROFILE

Sudhir has 40 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 Palo Alto (CA)

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

City of Vallejo (CA)

The City of Vallejo (City) engaged Raftelis to develop a financial plan for the water utility to ensure that the City would not be in technical default of its bond covenants after another consultant had completed a rate study. In short order, Raftelis prepared a Financial Plan to help the City tide over the immediate crisis and assisted with developing a Proposition 218 notice and with mailing it to over 42,000 customers and properties. Subsequently, the City again engaged Raftelis in a competitive proposal process to conduct a cost-of-service and rate study. The

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

City has multiple service areas and financial plan and rates were determined for each area. Raftelis redefined the tiers based on the water usage patterns in the City single family class and developed uniform rates by customer class for multi-family, non-residential, raw water and construction classes. Raftelis made several presentations to a Utility Advisory Committee and supported staff in workshops with City Council. The City Council accepted our report and Raftelis assisted in drafting the Proposition 218 notice and mailing it. Raftelis also calculated rates for contract customers American Canyon and Travis Air Force Base schools.

Vallejo Flood and Wastewater District (CA)

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

City of Brentwood (CA)

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

City of Ontario (CA)

Sudhir served as project manager on multiple water, wastewater and solid waste rate studies. The study included a comprehensive review of the City of Ontario's (City) revenue requirements and allocation methodology, review of user classifications, a cost-of-service analysis, and rate design for City users.

Raftelis designed tiered water rates, recycled rates and wastewater rates considering Inland Empire Utilities Agency (IEUA) rates. Solid waste rates were designed to recover costs. Raftelis provided the City with a model that is used for planning purposes by the City. The City has engaged Raftelis multiple times to update these rates, optimize water sources to minimize costs.

City of Redlands (CA)

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.

City of Santa Barbara (CA)

Sudhir has been assisting the City of Santa Barbara (City) with their water, wastewater and recycled water financial plans and cost-of-service rates studies involving rates for different customer classes including agriculture, outside City, tiered residential, commercial etc. Wastewater rates were developed for various funding sources including grants and SRF loans. The City is facing severe water supply shortages and water rates included evaluation of multiple drought stages, the rates and impacts on customers as well as funding desalination to provide adequate supplies for the City's customers. Raftelis also evaluated system capacity fees for new water and wastewater customers.

Olivenhain Municipal Water District (CA)

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

City of Sacramento (CA)

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

City of San Diego (CA)

Sudhir conducted numerous studies for the City of San Diego (City), including a water, wastewater and reclaimed water rate study. The entire wastewater rate study was conducted with extensive stakeholder group involvement because of the changes required in the wastewater rate structure to meet regulatory requirements. In addition, Sudhir served as project manager for the City's reclaimed water rate study, impact fee studies for both water and wastewater, and a transportation charges study for agencies contributing to the City's regional wastewater facility. Sudhir also managed a water demand study which involved statistical analysis of historical water consumption to model projections based on weather, economic activity, population, inflation, etc. Sudhir evaluated the feasibility of a water budget rate structure for the City. He assisted the City with the Proposition 218 noticing and public outreach.

City of Beverly Hills (CA)

Sudhir served as project manager for Raftelis' engagement with the City of Beverly Hills (City) water and wastewater rate studies. Raftelis was engaged by the City to develop a rate and financial planning model that would be used to evaluate alternative rate structures and to provide more detailed forecasts to assist in the preparation of updating rates in future years. Raftelis modeled numerous alternative rate structures and reviewed customer and revenue impacts before recommending that the City modify its current three tiered rate structure to include a fourth tier that targets large irrigation usage. In addition, Raftelis recommended that the costs of service based on flow and strength. Raftelis continues to provide biennial updates to the City model so that rates may be projected in future years.

City of Ventura (CA)

Sudhir served as project manager for a water, wastewater, and recycled water cost-of-service and rate study for the City of Ventura (City). The City had not updated its rate structure in 20 years. Additionally, the City was under a cease and desist order that required the City to carry out improvements estimated at more than $55 million, and which the City wanted to start funding to mitigate impacts. The goal of the study was to develop conservation-oriented rates consistent with cost-of-service to recover adequate revenues to pay for necessary capital improvements, meet debt service coverage requirements, as well as maintaining sufficient reserve requirements. The study included a comprehensive review of the City's revenue requirements and allocation methodology, review of the City's user classification, usage patterns, a cost-of-service analysis, and rate design for City users. Raftelis developed long-range financial plans so that the water and wastewater utilities could be financially stable and save costs in the long run. We also assisted the City with developing different water and wastewater rate alternatives with various scenarios as well as calculating outside-city rates. The study was conducted with several meetings and input from stakeholders comprised of customers within the City. Raftelis educated the Citizen Advisory Committee on the basics of rates, cost allocations, and rate design to obtain their buy-in through the use of the dashboards in the rate models we developed for them to demonstrate the impacts of various revenue adjustments on the long-term financial stability of the enterprises. Raftelis also developed a schedule for funding a major wastewater program required by environmental groups. Recommended rates were implemented for two years in July 2012. Raftelis updated rates for the City in 2014 and provided water drought rates.

Goleta West Sanitary District (CA)

Sudhir has been Goleta West Sanitary District's (District) financial consultant for over more than 15 years. During that time he has assisted the District with financial planning, development and financing their replacement and refurbishment program, developing a rate structure, annexation fees, connection fees, miscellaneous fees, reserves policy development, and other financial issues. The District charges customers on the tax roll. Raftelis developed the data to be included on the tax roll and the District now manages it.

Clark County Water Reclamation District (NV)

Sudhir was project manager for a cost-of-service study for the Clark County Water Reclamation District (District) to help evaluate the current system of rates and charges to ensure that users were being charged appropriately. The District has not updated its rate structure system for many years and the current system based on fixture units is believed to need

restructuring. Raftelis managed the sampling and wastewater flow monitoring from different types of users to determine the definition of an equivalent dwelling unit and the flows from different types of users. There are multiple outreach meetings with member agencies and interested stakeholders to educate them on the process and to obtain buy-in.

City and County of San Francisco (CA)

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

Napa Sanitation District (CA)

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

City of Henderson (NV)

Sudhir served as project manager for the engagement with the City of Henderson (City). In Phase I, Raftelis assisted the City in conducting a water and wastewater financial assessment. Raftelis developed a financial vision which will ultimately shape the utilities for the next 10 years. As part of our conceptual design process, Raftelis recommended several alternative rate philosophies to be evaluated as part of Phase II. The Model was also developed to evaluate certain rate philosophies and user charge structure modifications focused on improving the equitable recovery of costs from different user classes, legal defensibility of the rates and system development charges, revenue predictability, and conservation incentives. Raftelis developed an allocation or budget for different meter sizes to ensure that the tiered rates set up would fairly collect revenues from customers. Raftelis updated the City's financial plan by participating in the City's rate implementation process. This included presentations of final findings and recommendations to City Council and the Citizen's Advisory Committee.

City of North Las Vegas (NV)

Sudhir was the project manager for the water and sewer financial planning and rate study conducted for the City of North Las Vegas (City). At the time, the City had experienced rapid growth and had a significant amount of capital projects including construction of their own treatment plant. The City faced many financial challenges at a time when there were signs of a slowing economy. Raftelis conducted a multi-year financial plan that examined various customer growth, capital funding, and rate revenue assumptions. Raftelis prepared rate models for both water and wastewater and trained City staff on their use. The models provided dashboards for ease of use and decision making.

City of Portland (OR)

The City of Portland (City) wanted a financial planning and rate model to determine rates for its wholesale and retail customers. Sudhir served as project manager for this study. The City provided wholesale water to 19 agencies under old agreement that were expiring soon. The City was finalizing long-term agreements with explicit terms on rate setting. The City wanted to develop rates consistent with the new agreement for the wholesale agencies, review rate structure alternatives for its retail customers, review impacts and provide flexibility for planning for the next 20 years.

The City's existing retail rate structure consisted of an increasing 3-tier rate structure for all customers with fixed tiers for single family customers and tiers based on the average usage in the preceding 12-month period for the remaining customers. The current retail rates applied to all classes and did not take into account peaking which factors can vary significantly from class to class. Raftelis developed alternative rate structure options for retail customers and explore the creation of more classes to increase equity and fairness and encourage conservation. Alternative rate structures included uniform volume rates, seasonal rates, increasing and "V" or "U" shaped block rates, and a range of individualized block rates with cutoffs based on average account usage, seasonal usage, or customer characteristics. Raftelis provided the City with the computer model and provided training and a manual in the user of the model.

In 2012, Sudhir managed a bond feasibility study for the City's Bureau of Environmental Services. The City needed to issue bonds for several hundred million dollars to meet regulatory requirements related to its wastewater and stormwater systems. Raftelis met with City staff and reviewed the CIP, business processes, rates and rate setting procedures, and provided a certificate of parity showing that the City could meet its coverage requirements under the current rates so that the City could sell bonds with a good rating.

City of Tacoma (WA)

Sudhir was project manager for a study to develop financial plans and rate models for the City of Tacoma's (City) Environmental Services including wastewater, surface water and solid waste utilities. The study involved development of user friendly financial and rate planning models that would allow the City to update rates on an annual basis, quickly make changes, and review rates. The model also provided capability to compare the status of the CIP, and actual revenues and expenses against budgets on a month by month basis. To make this process easy, the model was integrated with the City's SAP and E Builder system. The financial plan and rates were reviewed with input from the City's Environmental Services Commission. Raftelis turned over the models to the City, provided training and computer manuals in the use of the models.

Sudhir also provided financial planning models to the City's water utility, which included user-friendly features and benchmarking tools to maximize improvements in operations and management.

City of Los Angeles (CA)

Sudhir was project manager on studies to develop rates and rate models for solid waste and wastewater utilities. The City of Los Angeles (City) wanted to have a planning tool in-house to evaluate what if scenarios, impacts and determine rates for various customers. The model incorporated many user friendly features to assist the City update rates and prepare financial plans on an annual basis. Solid waste rates included non-residential customers based on size of containers and frequency of collection. Wastewater rates to the 27 subscribing agencies discharging to the City's wastewater treatment facilities were also determined. This involved complex calculations and allocations to wastewater loadings, conveyance distance, etc. Connection or impact fees were also included in the model. User training, model documentation, regular updates and ongoing service were also included in this project.

Sudhir also served as project manager on a wheeling charges study for the Los Angeles Department of Water and Power. The City was interested in determining the appropriate charges to be levied on various customers that may wish to use the extra capacity in the City's system from the Los Angeles Aqueduct to the distribution network-to transfer water.

City of Pasadena (CA)

Sudhir was project manager for a study for the City of Pasadena (City) to determine roll-out charges for solid waste services provided by the City. Certain customers in the City needed assistance with rolling out their containers and replacing them again. Sudhir analyzed the costs associated with this service and set up a charge for it.

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 Buenaventura (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
- Clark County Water Reclamation District (NV) - Cost-of-service 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 Henderson (NV) - Water and wastewater rate study
- La Canada Irrigation District - Water rate study
- La Crescenta Water District - Water and wastewater rate study
- City of Livingston (CA) - Water, wastewater and solid waste rates study and litigation support
- City of Los Angeles (CA) - Wheeling charge review
- Los Angeles Department of Water and Power (CA) - Water rate study and wheeling charge review
- City of Madera (CA) - Water and wastewater rate study
- Mammoth Community Water District (CA) - Water and wastewater rate study
- Metropolitan Wastewater Joint Powers Authority (CA) - Wastewater valuation study and capacity valuation study
- Napa Valley Sanitation District (CA) - State revolving fund loan assistance
- City of North Las Vegas (NV) - Water and wastewater rates study and model
- 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
- Portland Water Bureau (OR) - Retail and wholesale water rates model

- 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
- 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, and water and wastewater rate study
- City of Rialto (CA) - SRF funding and water and wastewater rate study
- 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
- San Diego County Water Authority (CA) - Capacity valuation, rate analysis, valuation study, and wheeling charge study
- City of San Fernando (CA) - Water and wastewater rates study
- City of San Francisco (CA) - Water, wastewater rate study and stormwater incentives for low impact development
- San Gorgonio Pass Water Agency (CA) - Financing plan
- City of San Jose (CA) - Sewer service related fees and charges
- City of San Luis Obispo (CA) - Stormwater financial feasibility study
- City of Santa Barbara (CA) - Water and wastewater rate study
- City of Santa Fe springs - Water rate study
- Santa Fe Irrigation District (CA) - Wastewater treatment plant cost evaluation, water connection fees study, and water rate study and update
- City of Santa Monica (CA) - Wastewater rate study
- City of Scottsdale (AZ) - Impact fee study
- City of South Pasadena (CA) - Water and wastewater rate study
- City of Springfield (OR) - Wastewater rates model
- Sweetwater Authority (CA) - Water rate study
- Tacoma Public Utilities (WA) - 2008 Business planning assistance and financial model
- City of Upland (CA) - Valuation study
- City of Vallejo (CA) - Water financial plan
- Valley County Water District (CA) - Water rate study
- Town of Windsor (CA) - Impact fee review, state revolving fund loan application assistance, water and wastewater connection fees and rates study, and water and water reclamation rate studies

Matt Wittern APR, PMP

STRATEGIC COMMUNICATIONS

Senior Consultant

ROLE

Matt will lead the strategic communications components of this project.

PROFILE

Matt has a 20+ year public relations career serving clients and customers in the public utility, engineering and construction sectors. He excels at designing and implementing strategic communications campaigns that incorporate stakeholder input to inform, advocate and achieve behavior change. His specialty is successfully translating complex subjects and concepts into messages that are easily understood by target audiences. At Raftelis he manages strategic communications planning and implementation, as well as stakeholder engagement initiatives. Prior to joining Raftelis, Matt managed a variety of public affairs efforts at Denver Water, which included designing the public engagement and public information strategies for nearly a billion dollars' worth of infrastructure projects, spearheading the public process for the utility's policy decision regarding Community Water Fluoridation, and led development of processes to gain stakeholder support for preventative maintenance on critical infrastructure. He earned a B.A. in journalism, is Accredited in Public Relations (APR) from the Public Relations Society of America (PRSA) and achieved status as a Project Management Professional (PMP) from the Project Management Institute. Matt has presented at national conferences including the American Water Works Association's ACE and the City-County Communications and Marketing Association's (3CMA) Annual Conference. Matt's work has earned prestigious Gold Pick Awards from the Colorado Chapter of PRSA and SAVVY Awards from 3CMA.

KEY PROJECT EXPERIENCE

City of Port Hueneme (CA)

A rate study had not been performed for some time for this small coastal city, and the City Council stressed that affordability was a key factor for their approval. They also stressed the importance of transparency, especially as it related to ensuring the community's significant population of individuals for whom English was not their primary language. As the strategic communications project coordinator, Matt conducted public outreach efforts for the City of Port Hueneme (City) that included the development of an infographic that explains the City's rate structure changes, a Proposition 218 notice, and facilitated three public workshops to explain the changes. All materials were translated into Spanish-language versions to enable communication across a potential language barrier.

Specialties

- Strategic communication planning
- Stakeholder engagement
- Public involvement
- Community outreach
- Primary & secondary research
- Expert positioning
- Media relations
- Social media
- Art direction
- Reputation management
- Coalition building
- Advocacy campaigns

Professional History

- Raftelis: Senior Consultant (2019-present)
- Denver Water: Senior Community Relations Specialist/Communications Manager (2015-2019)
- Communication Infrastructure Group: Counselor (2006-2015)
- CollegeInvest: Marketing Communications Manager (2005-2006)
- Transportation Expansion (T-REX) Project: Community Relations Manager (2002-2005)
- LawsComm: Client Service Coordinator (1998-2002)

Education

- Bachelor of Arts in Technical Journalism (Public Relations) - Colorado State University (1999)

Professional Memberships

- Public Relations Society of America: Accredited in Public Relations (APR)
- Project Management Institute - Project Management Professional (PMP)
- International Association of Public Participation (IAP2) - Certified in Public Participation
- WEF
- AWWA

Montecito Water District (CA)

This coastal community faced the opportunity to reduce its reliance on surface water sources that are becoming less and less certain due to the effects of climate change and drought. Their solution was to switch over to a guaranteed source using a state-of-the-art desalination plant. This change modified the cost structure paid by customers, but also came with benefits that were not obvious at first glance. Matt managed the implementation of a strategic communications plan that included development of a variety of communication tools and pieces that effectively made the case for why the changes planned will provide long-term community benefits.

Cucamonga Valley Water District (CA)

The Cucamonga Valley Water District, in California's Inland Empire, was updating its rates and fees to account for a modified pass-through fee for State Water Project water, along with aligning its tiered rate structure to more closely follow the varied costs of different sources of water. In addition, CVWD's financial plan and Capital Investment Plan called for infrastructure upgrades to its aging water infrastructure before costly breaks and outages became more common. Matt coordinated the implementation of a strategic communications and outreach plan that included communication tools such as bill stuffers, FAQs, a fact sheet/infographic, Proposition 218 notice, and participation in an annual community outreach event.

Crestview-Lake Arrowhead Water Agency (CA)

Crestview-Lake Arrowhead Water Agency (CLAWA) had not had a rate increase in 26 years and needed to ensure compliance with California's Proposition 218 requirements. CLAWA sought specialized assistance communicating the purpose and need for rate increases to customers on a strict implementation timeline. Matt provided strategic communications assistance, including guidance on messaging strategy and tactics.

City of Newport Beach (CA)

The City of Newport Beach (City) Utilities Division provides water service to more than 86,000 people over 50 square miles. A high-income community composed of primarily single-family residential properties, there was significant resistance to past water rate increases. For the past four years, City Council declined to increase rates, but with costs such as purchasing supplemental water rising by 75% in recent years, the time had come for action. Matt was on the Raftelis team charged with developing a comprehensive strategic communications plan, messages and communications tools, including a Proposition 218 notice. The effort communicated the great need for infrastructure improvements to ensure continued deliver of high-quality drinking water and water for fire protection. City Council voted to increase rates at the end of 2019.

Town of Jackson (WY)

The Town of Jackson, located in Teton County, boasts among the highest incomes of any county in the United States. Juxtaposed against that is the thousands of hourly and service industry jobs that support the vibrant tourism industry, and Raftelis accepted the challenge to develop a water and wastewater rate structure that was fair and equitable, while pricing in complications such as the prevalence of seasonal homes that only had seasonal demand and impact on the system. Matt led the creation of a Technical Advisory Committee made up of representatives from myriad stakeholder groups. Through a series of meetings facilitated by Matt, the TAC ensured that the recommendation ultimately delivered to the Town Council was representative of the community and included measures for affordability.

Denver Water (CO)

In the wake of updated guidelines from the Centers for Disease Control and Prevention regarding management of fluoride levels in drinking water, advocates on either side of the policy issue lobbied Denver Water's Board of Water Commissioners (Commissioners). The utility charged Matt with designing and implementing a public process to provide Commissioners with sufficient information to make a policy decision. Matt brought together local and national experts

on the issue to debate the pros and cons of managing fluoride levels. This included launch of a strategic communications strategy that built community awareness about the issues that garnered support for the board's ultimate decision. The result was a decision supported by customers who were well informed compared to the start of the campaign and a board that could stand behind the legitimacy of a policy reaffirmed by a process that included robust stakeholder involvement.

Denver Water's collection system is unbalanced, lacks resiliency and is at-risk to myriad natural disasters including wildfires, floods and drought. In the federal permitting process for the past 16 years, plans to expand the capacity of Gross Reservoir to help mitigate these risks had grown stagnant while voices of project opponents grew louder. How could Denver Water raise the profile of the nearly $500 million project and gain support from critical stakeholders and customers? How could claims of opponents be effectively rebutted and diffused? How could political support be marshaled and directed to ease the work of permitting entities and oversight authorities? Matt stepped in and became the architect of a multi-layered, multi-faceted advocacy and public information campaign designed to achieve these goals. It included:

- Primary research to gauge support of/opposition to the project, along with identification of top objections from fence sitters and opponents that helped drive key messaging.
- Successful lobbying of state and federal elected officials - including then Colorado Governor John Hickenlooper - to go on record supporting the project.
- Recruiting dozens of local governments and major environmental groups to pledge their support and help negate claims by more radical/fringe environmental groups opposing the project.
- Launch of stakeholder outreach plan including presentations delivered to civic organizations and creation of a community outreach office built to serve as a truth repository and venue to gather ongoing public input.
- Design of a comprehensive proactive media relations campaign that targeted key stakeholders in major media outlets through third-party supporters' letters to the editor, media tours, exclusive interview and meetings with editorial boards.
- Design of robust education campaign delivered via social media campaign that that rebutted common false claims made by project opponents in ways that did not lend them legitimacy by drawing attention to opponents directly.
- Development of a multi-layered online and multimedia presence that delivered compelling messages about the project's purpose and need through rich storytelling, powerful imagery and the use of influential third-party advocates.

Colorado Department of Transportation (CO)

The Colorado Department of Transportation was in a pinch. After many years of costly traffic congestion through the critical I-70 mountain corridor, funding was secured to conduct the first step in the federal process to conform to requirements set by the National Environmental Protection Act (NEPA). After performing much of the work associated with the Draft Preliminary Environmental Impact Statement (DPEIS), concerns were raised by officials that the process had not sufficiently engaged members of the local low-income and minority communities. NEPA promotes environmental justice by requiring federal agencies to include a proposed project's potential environmental, economic, and public health impacts on low-income, minority, and rural communities. Mr. Witten was charged with designing and implementing a strategic engagement process to ensure voices from these underrepresented communities were included in the DPEIS. Teaming with partners specializing in multicultural outreach, the program successfully engaged members of this community by approaching with cultural sensitivity and appropriateness. The result was a successful integration of feedback from once underrepresented groups and satisfied environmental justice requirements.

The Colorado Department of Transportation hired Matt and a partner engineering firm to develop a report to inform the Department's approach to public involvement. Through primary and secondary research, and by applying public involvement expertise gained over years of practice, the team delivered the comprehensive report, which became the go-to source on the topic. Feedback from end-users across the state was an incredible validation of the work that was performed. Many had been directed to perform public involvement as part of their individual projects, but there was no

prior guidelines for implementation. This report gave important insights, dove deep into practice and provided a solid roadmap to ensure that those most impacted by the Department's work were properly consulted.

Drivers on Interstate 25 between Denver and Fort Collins were fed up. Northbound, the lane count abruptly went from four lanes to two just north of the metro area, creating congestion even during non-peak travel hours. In both directions, road rage was common as aggressive drivers wove in and out of traffic; creating unsafe conditions and frequent accidents that only added time and expense to travelers on this vital thoroughfare. Matt, as part of a consultant team, led community engagement efforts to gather stakeholder input on preferred alternatives to relieve the situation. The team launched a project-specific website (a near first for the time) to increase stakeholder awareness and provided multiple two-way communication channels. Open houses were hosted at strategic points in the community that were designed to lower barriers to participation, and these strategies were successful. As a result of the outreach, stakeholders were in a much better position to understand the engineering and likely funding limitations. Members of the project team benefitted from the fresh eyes of stakeholders who were being impacted by the conditions and were able to screen alternatives to those that addressed the challenges while being responsive to the public's needs.

Northern Colorado Water Conservancy District (CO)

Like many parts of the state, Northern Colorado is experiencing exceptional growth, with a population that is expected to double to a half-million people by 2050. As a key raw water provider to municipalities and agricultural interests, the Northern Colorado Water Conservancy District began plans in the 1980s to provide valuable source water to 15 partners working together to make the Northern Integrated Supply Project a reality. Today, on the cusp of state and federal regulatory approvals, NISP faces opposition from a very small but vocal minority who threaten to derail the public process and stop the project by any means necessary. Millions of dollars, years of planning and thorough environmental study and protections hangs in the balance. Raftelis was hired to assist Northern with development of a comprehensive public outreach and information campaign to ensure continued public support for this critical $1.1 billion project. Matt conducted thorough primary and secondary research to inform a plan that when implemented will ensure those who will benefit most from the project will understand the value it brings and its role to help ensure a continued thriving community for years to come.

Denver International Airport South Terminal Redevelopment Program (CO)

Commuter rail was finally coming to Denver International Airport (DIA). The question was – how and where would it connect? The good news is the $500 million program was merely a continuation of the original vision for DIA that included a world-class hotel and open-air plaza. The bad news was the multi-year construction – if managed and communicated improperly – would create chaos at one of the nation's busiest travel hubs.

Matt was on the team hired to develop a strategic communications program designed to properly inform a variety of internal and external stakeholder groups; to convey the vision for the program while also communicating valuable coping messages to avoid or mitigate disruption from construction.

Strategic communications included a variety of stakeholder outreach strategies, including convening a Program Advisory Committee to bring together myriad groups and interests, a leading-edge diversity program to promote inclusion and opportunity, and a host of innovative communication tools (touchscreen kiosk, large vinyl floor messages, special events, etc.).

The result of the multi-year campaign was reduced frustration levels among busy travelers and a program that serves as a model for other regional construction projects that must be undertaken while the underlying infrastructure remains in operation.

City of Wheat Ridge (CO)

Matt was the project manager on the team hired to design and implement a community-based brand identity development for the City of Wheat Ridge (City). The City's existing brand was designed by a high school student in the mid-1970s and despite the brand's age and dated nature, there were voices in the community opposed to the City's rebranding. Matt designed a process that brought together key community stakeholders using a variety of public engagement techniques to draw out from them their view of what was quintessentially Wheat Ridge. These elements were then distilled down to core themes that were woven into the City's new identity. While there was no consensus on what made Wheat Ridge Wheat Ridge, each group could literally point to an element of the brand and buy-in to the brand as a whole. The result was a process that members of City Council praised as the model for how City staff should encourage public involvement. A post-project survey found that 70 percent of respondents agreed that the new identity represents the City as a positive, progressive community.

Cherokee Denver's Redevelopment of the Old Gates Rubber Factory (CO)

An icon (and to some an eyesore) on the Denver skyline since the late-1800s, the Gates Rubber Factory was decommissioned and for decades sat empty and had fallen into disrepair. One reason it remained in such a condition for so long was the significant environmental contamination that was present at the site that had been found to be leaching chemicals into the water table and into surrounding neighborhoods. Cherokee Denver, a developer specializing in brownfield redevelopments, secured the property and began work to revitalize it into a modern mixed-use destination including residential, retail, commercial and public spaces.

Wary of powerful nearby neighborhood groups, Cherokee Denver hired Matt to lead community relations and public engagement activities designed to inform the community of future plans and incorporate public feedback to avoid political hurdles. Through a comprehensive campaign of education and outreach, Matt built valuable mutually beneficial relationships with community leaders, business interests, homeowner's associations and elected officials. On his recommendation, Cherokee Denver convened the Cherokee Denver Redevelopment Advisory Committee, which consisted of community leaders and some of the project's most outspoken opponents. Through dialogue and relationship building, objections from opponents dwindled and community support increased. The project resulted in a development that was properly remediated environmentally and today the community is one of the most desirable and visited in the area.

PRESENTATIONS

- "It's Human Nature: Using Social Science to Enhance Your Communications," RMSAWWA/RMWEA, 2020
- "Ensuring Public Process Legitimacy Through the Lens of The Community Water Fluoridation Issue," AWWA ACE Conference, 2016

PUBLICATIONS

- "Leverage Social Media in Times of Crisis", Article, Journal AWWA, 2020

Michael Hicks

LEAD ANALYST

Consultant

Specialties

- Utility rate analysis
- Expense management
- Statistical analysis

Professional History

- Raftelis: Consultant (2021-present); Associate Consultant (2019-2020)
- Conservice: Utility Rate Analyst (2018-2019)

Education

- Bachelor of Science in Math & Atmospheric & Oceanic Science - University of California, Los Angeles (2018)

ROLE

Michael will work at the direction of Nancy in conducting analyses and preparing deliverables for the project.

PROFILE

Michael has a background in utility management and operations. His primary expertise lies in statistical analysis, utility rate analysis, and expense management. He initially joined Raftelis in 2019 as an associate consultant after working as a rate analyst for Conservice where he assisted development companies and property managers throughout the US in managing their utilities expenditures and utility billing procedures. Michael has also worked with UCLA's marine operations team where he assisted the Lab in collecting and analyzing submesoscale features such as fronts and eddies in the Santa Monica Bay region.

KEY PROJECT EXPERIENCE

City of Palo Alto (CA)

Michael served as an associate consultant for the City of Palo Alto in conducting their Wastewater Cost of Service Study. He assisted in the development of a comprehensive cost of service section of the model that determines the equity and sufficiency of the City's current wastewater rate structure to aid in the recommendation for any necessary changes that must be made to ensure the defensibility of the rate structure and the rates under the new legal environment for wastewater rates.

City of Long Beach (CA)

Michael served as the lead analyst on a project with the City of Long Beach in conducting a rate/ benchmarking survey of twenty-one different water and wastewater utilities. The project involves the analysis of rates for the typical residential customer, water supply mix, asset value for the last 10 years, population, and debt amount. The update was based on multiple publicly available information sources such as the City's CAFR, urban water management plan, and websites. Michael also developed a model to efficiently summarize the information.

Mesa Water District (CA)

Michael served as the lead analyst on a project with Mesa Water District to conduct a market research on special districts and cities to identify member agencies who have more than 3,000 connections and a revenue base made up of 80 % retail water sales. The project involved analyzing data from the Department of Water Resources and California State Controller's Office.

Michael served as the lead analyst to perform a Water Cost Comparison Study update for Mesa Water District. The study utilizes the most recent data obtained from the California State Controller's office and the Municipal Water District of Orange County. It summarizes background information regarding water rates and identifies a set of indicators to measure the efficiency of water districts operations. The update was based on multiple publicly available databases.

South Mesa Water Company (CA)

Michael assisted South Mesa Water Company in conducting a Water Rate Study and Connection Fee Update. The project included developing a new financial planning and rate model for the District. Using the model, Raftelis developed the required rate increase scenarios which were based on the City's capital obligations, projected expenditures and projected debt issuance.

La Habra Heights Community Water District and Rowland Water District (CA)

Michael served as the lead analyst for La Habra Heights Community Water District and Rowland Water District in conducting a Wheeling Water Rate Study. He developed the model to calculate rates that allow both districts to sufficiently recover the costs associated with wheeling water by reviewing the capital costs and creating a fair and equitable wheeling rate that compensated LHHCWD for the use of its assets.

City of Westminster (CA)

Michael is served as an associate consultant for the City of Westminster (City) in conducting a water rate study and cost-of-service analysis for water service. He developed a financial planning tool for the city to analyze their retail water sales, operational expenses, and capital & debt obligations. He will develop a comprehensive cost-of-service section of the model that determines the equity and sufficiency of the City's current rate structure and Retail water sales and recommend necessary changes to ensure the defensibility of the rate structure and the rates under the new legal environment for water rates.

Las Virgenes Municipal Water District (CA)

Michael is served as an associate consultant for the Las Virgenes Municipal Water District in conducting a Water Sanitation and Recycled Water Financial Plan and Cost of Service Analysis. He has developed a financial planning tool for the city to analyze their potable water, recycled water and sanitation enterprise funds. He is also developing a comprehensive cost of service section of the model that determines the equity and sufficiency of the City's current rate structure that will assist in recommending the necessary changes to ensure the defensibility of the rate structure for each enterprise.

Mammoth Community Water District (CA)

Michael is serving as an consultant for the Mammoth Community Water District in conducting a Water and Sanitation Financial Plan and Cost of Service Analysis. He is developing a financial planning tool for the city to analyze their potable water and sanitation enterprise funds. He is also developing a comprehensive cost of service section of the model that determines the equity and sufficiency of the City's current rate structure that will assist in recommending the necessary changes to ensure the defensibility of the rate structure for each enterprise.

RELEVANT PROFESSIONAL EXPERIENCE

Conservice: Utility Rate Analyst (2018-2019)

Michael previously worked for the utility management company Conservice as part of the rates and budget teams. There he assisted multifamily and commercial property managers in managing their expenses, forecasting their future utility expenditures, and auditing their utility bills.

Fee

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

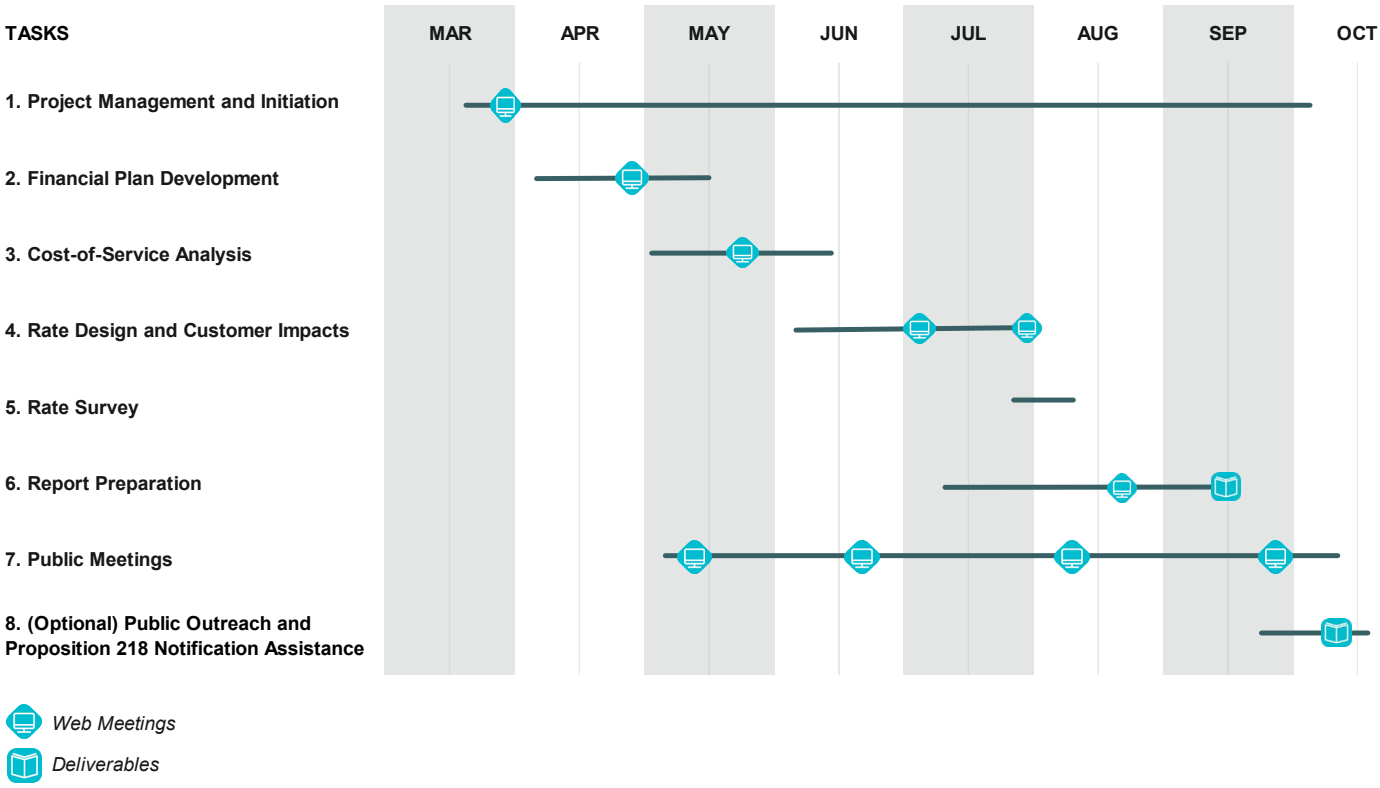
Tasks	Webinars	Virtual Public Meetings	Hours								Total Fees & Expenses
			SG	NP	MH	SP	MW	GD	Admin	Total	
1. Project Management and Initiation	1		6	8	8	0	0	0	4	26	**$5,640**
2. Financial Plan Development	1		4	12	40	2	0	0	0	58	**$12,480**
3. Cost-of-Service Analysis			4	12	30	2	0	0	0	48	**$10,530**
4. Rate Design and Customer Impacts	2		6	12	24	2	0	0	0	44	**$10,000**
5. Rate Survey			0	4	8	0	0	0	0	12	**$2,460**
6. Report Preparation	1		6	12	40	2	0	0	0	60	**$13,120**
7. Public Meetings		4	12	24	8	0	0	4	0	48	**$11,340**
8. (Optional) Public Outreach and Proposition 218 Notification Assistance	**1**		**0**	**2**	**2**	**0**	**30**	**17**	**0**	**51**	**$9,885**
Total Estimated Meetings / Hours	**5**	**4**	**38**	**84**	**158**	**8**	**0**	**4**	**4**	**296**	
Hourly Billing Rate			**$310**	**$215**	**$185**	**$340**	**$215**	**$125**	**$80**		
Total Professional Fees			**$11,780**	**$18,060**	**$29,230**	**$2,720**	**$0**	**$500**	**$320**	**$62,610**	

SG - Sanjay Gaur, Project Director
NP - Nancy Phan, Project Manager
MH - Michael Hicks, Lead Analyst
SP - Sudhir Pardiwala, Technical Reviewer
MW - Matt Wittern, Strategic Communications
GD - Graphic Design

Total Fees	**$62,610**
Total Expenses	**$2,960**
Total Fees & Expenses (does not include Optional Task 8)	**$65,570**

Work Schedule

Raftelis will complete the scope of services within the timeframe shown in the schedule below. The proposed schedule assumes a notice-to-proceed by March 18, 2021 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 October 2021.



WHO IS Raftelis

RAFTELIS IS THE TRUSTED ADVISOR TO UTILITIES AND THE PUBLIC SECTOR.

+ VISIT **RAFTELIS.COM** TO LEARN MORE

Raftelis provides utilities and public-sector organizations with insights and expertise to help them operate as high-performing, sustainable entities providing essential services to their citizens. We help our clients solve their financial, organizational, technology, and communication challenges, achieve their objectives, and, ultimately, make their communities better places to live, work, and play.

THE CITY & RAFTELIS

The Right Fit

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

RESOURCES & EXPERTISE

This project will require the resources necessary to effectively staff the project and the skillsets to complete all of the required components.

With 120 consultants, Raftelis has the largest water-industry financial and 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.

DEFENSIBLE RECOMMENDATIONS

When your elected officials and customers are considering the validity and merit of recommended changes, they want to be confident that they were developed by experts using the latest industry standard methodology.

Our senior staff is involved in shaping industry standards by chairing various committees within the American Water Works Association (AWWA) and the Water Environment Federation (WEF). Raftelis' staff members have also 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. In addition, with Raftelis' registration as a Municipal Advisor, you can be confident that we are fully qualified and capable of providing financial advice related to all aspects of utility financial planning in compliance with federal regulations.

HISTORY OF SIMILAR SUCCESSES

An extensive track record of past similar work will help to avoid potential pitfalls on this project and provide the know-how to bring it across the finish line.

Raftelis staff has assisted 1,000+ utilities throughout the U.S. with financial and rate consulting services with wide-ranging needs and objectives. Our extensive experience will allow us to provide innovative and insightful recommendations to the City and will provide validation for our proposed methodology ensuring that industry best practices are incorporated.

USER-FRIENDLY MODELING

A modeling tool that your staff can use for scenario analysis and financial planning now and into the future will be key for the City going forward.

Raftelis has developed some of the most sophisticated yet user-friendly financial/rate models available in the industry. Our models are tools that allow us to examine different policy options and cost allocations and their financial/customer impacts in real time. Our models are non-proprietary and are developed with the expectation that they will be used by the client as a financial planning tool long after the project is complete.

EXPERTS ON CALIFORNIA REGULATORY REQUIREMENTS

This expertise will allow the City to be confident that our recommendations consider all of the 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.

How we stack up

27 years serving the public sector

OUR TEAM INCLUDES

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

5 chairs & **20** members of AWWA and WEF utility finance and management committees and subcommittees

& the President of AWWA

RAFTELIS HAS PROVIDED ASSISTANCE FOR

1,200+ public agencies and utilities

that serve more than **25%** of the U.S. population

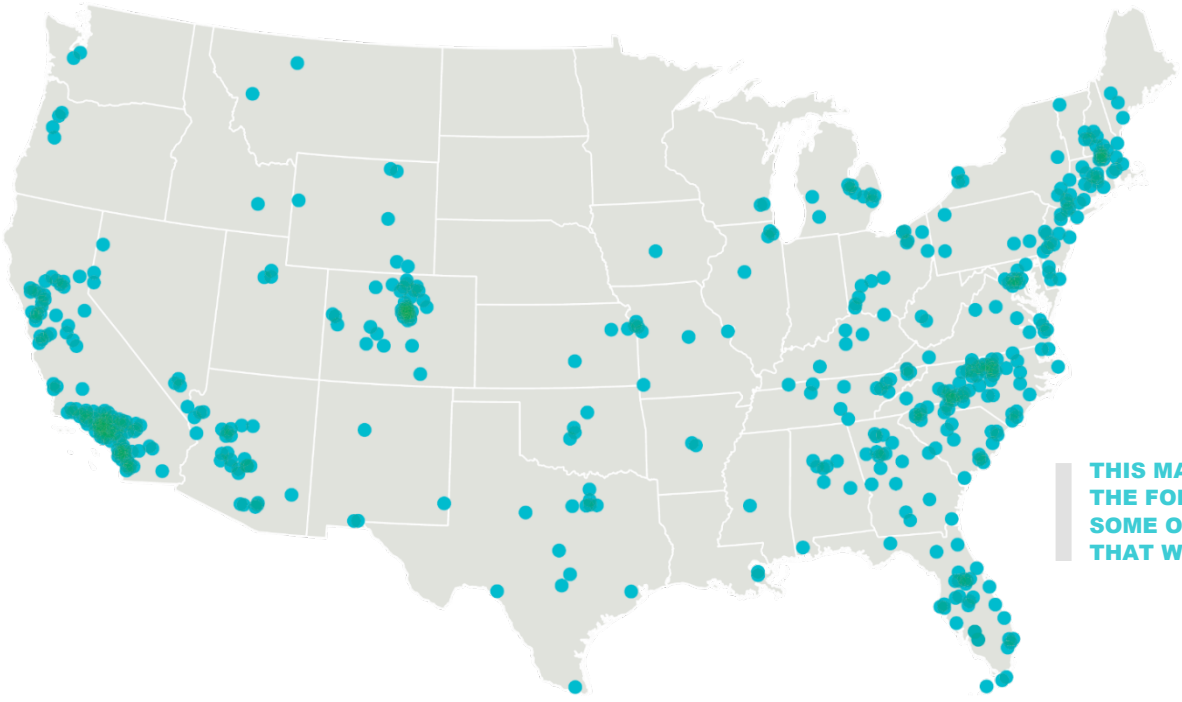
including the agencies serving **38** of the nation's 50 largest cities

In the past year alone, we worked on **900+** projects for **600+** agencies in **44** states

Experience

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

Our staff has assisted more than 1,200 public agencies and utilities across the U.S., including some of the largest and most complex agencies in the nation. In the past year alone, Raftelis worked on more than 900 financial/organizational/technology consulting projects for over 600 agencies in 44 states, the District of Columbia, and Canada.



THIS MAP AND THE MATRIX ON THE FOLLOWING PAGES SHOW SOME OF THE UTILITY CLIENTS THAT WE HAVE ASSISTED.

Raftelis has provided financial/ organizational/technology assistance to utilities serving more than

25% of the U.S. population

California Experience

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

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

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

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

Project Understanding

The City of Brisbane provides water and sewer service to over 4,000 residents in Northern San Mateo County. The City oversees three enterprises, including the City Water Enterprise, City Wastewater Enterprise, and the Guadalupe Valley Municipal Improvement District. The most recent comprehensive water and sewer rate study was conducted in 2001. Since the City's last rate study, several events have drastically changed the rate-setting landscape in California, including a record long drought from 2012 to 2016, which resulted in permanently reduced water demand for many agencies, and *Capistrano Taxpayer Association v. City of San Juan Capistrano*, which heightened the need for defensible rates and a thorough administrative record (also known as a rate study report).

The City seeks to conduct a comprehensive water and sewer rate study to achieve the following objectives:

- Ensure financial sufficiency to pay for rising costs, especially those related to water purchases from SFPUC
- Fund necessary infrastructure replacements and improvements
- Maintain adequate reserves for working capital and potential emergencies
- Develop rates that are defensible under Proposition 218, equitable, and affordable

Raftelis will develop a multi-year financial plan and cash flow projections for the three enterprises, which result in the revenue adjustments needed for the City to fund operating and maintenance (O&M) costs, the capital improvement plan (CIP), and reserve balances over the study period. We will then design rates that are based on cost-of-service principles, fully recover the revenue requirements defined in the financial plan, and meet the City's objectives. At project completion, the financial plan and rate model will be provided to City staff for future use.

A successful rate study results in water and sewer rates that are sufficient to recover all revenue requirements, legally defensible and compliant with Proposition 218, and meet the City's policy objectives. Rates do more than just recover costs—they must clearly show the relationship between the charges that a customer pays and the costs to serve that customer, and they present an opportunity for an agency to communicate its goals and objectives with the community it serves. Since the City has not conducted a comprehensive rate study since 2001, we can assess alternative rate structures that may better suit the City's policy objectives and the needs of its customers.

Project Approach

We have developed the following proposed services based on our extensive experience in completing comprehensive rate studies for other utilities while taking into account the considerations identified by the City in its RFP. The approach has been tailored to address the specific objectives and concerns identified in the RFP while maintaining those elements that we believe are essential for a successful project. We have used a similar project approach for many of the rate studies we have conducted for utilities throughout California.

Task 1: Project Initiation and Management

Initial Data Request

After the notice to proceed is given in March 2021, Raftelis will prepare a detailed data request list that we will send to the City that will identify the necessary information required to complete the various analyses. Ideally, we would receive data from City staff prior the kick-off meeting so we can discuss any outstanding data needs and ask clarifying questions if needed. The data request list may include items such as:

- Detailed budgets for each utility service
- Actual revenues and expenses for each utility service for historical years
- Current and historical water production and customer billing data
- Long-term CIP
- Debt repayment schedules and Official Statements
- Reserve balances for all enterprise funds
- Adopted financial or reserve policies, if applicable
- Most recent Master Plan, Urban Water Management Plan, or other relevant planning documents
- Fixed asset values for water and sewer systems

Kick-Off Meeting

We believe that the execution of a productive kick-off meeting is the most effective way to begin a project of this nature. The goals for this meeting include:

- Establishing an understanding of the overall goals of the study
- Introducing our project team to City staff
- Providing a forum to finalize the work plan and schedule
- Defining the City's main policy objectives for rate setting
- Develop a preliminary understanding of the City's existing facilities and projected capital expenditures
- Reviewing the data needs for the study
- Discussing potential alternative rate structures

Quality Assurance and Control

Our quality assurance/quality control process ensures that all work performed by Raftelis throughout the course of the study is consistent, valid, accurate, and of the highest quality. Our proposed Technical Reviewer, Sudhir Pardiwala, PE, will ensure that the cost-of-service and rate model that we develop is accurate and based on sound rate-making principles and standard industry practice. He will also review the preliminary and final reports, which will address the nexus between costs and rates to meet the requirements of Proposition 218. This process ensures that our final work products meet the City's objectives and the high standards that our clients have come to expect from us.

Project Management

In order to successfully complete the project, Raftelis will be in constant communication with City staff regarding data requests, data validation, data decisions, and reviewing preliminary and final results. Much of this can be accomplished through conference calls, emails, and demonstrations using tools such as Microsoft Teams or GoToMeeting. These efforts provide for consistent and competent project management to ensure that all deadlines and objectives are met in a timely and efficient manner. We believe in a no-surprises approach so that the City is always aware of the project status.

PLANNED MEETINGS:

- Web-based kick-off meeting

DELIVERABLES:

- Kick-off meeting agenda, presentation, and minutes
- Data request list

Task 2: Financial Plan Development

Multi-Year Cash Flow Analysis

Developing a long-range financial plan allows us to determine any additional rate revenue that is required to maintain the financial sufficiency and integrity of the City's water and sewer enterprises. This process starts with projecting revenues and costs for the study period. Future rate revenues are projected based on customer data, customer account and water demand growth projections, and the City's existing rates, which allows us to determine the rate revenues prior to any rate increases. Future miscellaneous revenues and expenses are projected based on the most recent adopted budget and cost inflation factors. Future expenses will also include the long-term CIP as defined in the Master Plan and debt service payments for existing debt. The City's most recent cost allocation plan will be used to determine the overhead costs associated with each enterprise.

We will develop a multi-year cash flow analysis to determine the revenue adjustments needed to meet projected revenue requirements for the multi-year planning period while minimizing sharp rate fluctuations. The cash flow worksheet incorporates revenues generated from different sources, expenses needed to maintain the utility systems, any transfers in and out of the enterprise funds, as well as the coverage needed to meet current and proposed debt service requirements.

The cash flow worksheet incorporates revenues generated from different sources, expenses needed to maintain the utility systems, any transfers in and out of the enterprise funds, as well as the coverage needed to meet current and proposed debt service requirements.

Financial and Reserve Policies

Financial policies drive decision-making at the core of the City's operations. We will review the City's existing financial and reserve policies and make recommendations as appropriate. Generally, our recommendations for reserve policies include operating, capital, rate stabilization, and emergency components. A strong reserve policy allows the City to maintain adequate reserves in case of demand

reductions, potential drought, or water supply emergencies. Rate stabilization and emergency reserves can help mitigate the financial risk of each potential scenario. Our recommendations for financial policies, particularly for debt service coverage, will consider any portion of the CIP that may be funded through debt.

Financial Model

Raftelis will collaborate closely with City staff to determine the most appropriate financial plan scenario. The key deliverable for this task is a financial plan model in Excel, which will be tailored to the City's long-term needs for the planning period. Our models are designed to be user friendly while having the flexibility to show the sensitivity to changes in various assumptions, such as changes to capital financing scenarios, capital spending plan, or water demand assumptions. City staff can provide input on the level of customization and technical capabilities that are required for the financial model. The final deliverable is non-proprietary and is created to provide the City with a robust planning resource to use in future years. The interactive dashboard, an example of which is shown on the following page, immediately and visually shows the impacts of any scenario, allowing both City staff and the City Council to make informed decisions. Like other aspects of the model, the dashboard graphs and tables are completely customizable based on City staff's input to enhance stakeholder communication.

PLANNED MEETINGS:

- Web-based meeting to review multi-year financial plans

DELIVERABLES:

- Financial plan model in Microsoft Excel

Task 3: Cost-of-Service Analysis

Cost-of-Service Allocation

Although we take care to tailor a utility's cost-of-service analysis to meet the needs of the individual utility, we always make sure to follow the basic premise of cost-of-service allocations set forth by state and local laws, AWWA's *Manual M1, Principles of Water Rates, Fees, and Charges*, WEF's *Manual of Practice No. 27, Financing and Charges for Wastewater Systems*, and other authoritative bodies.

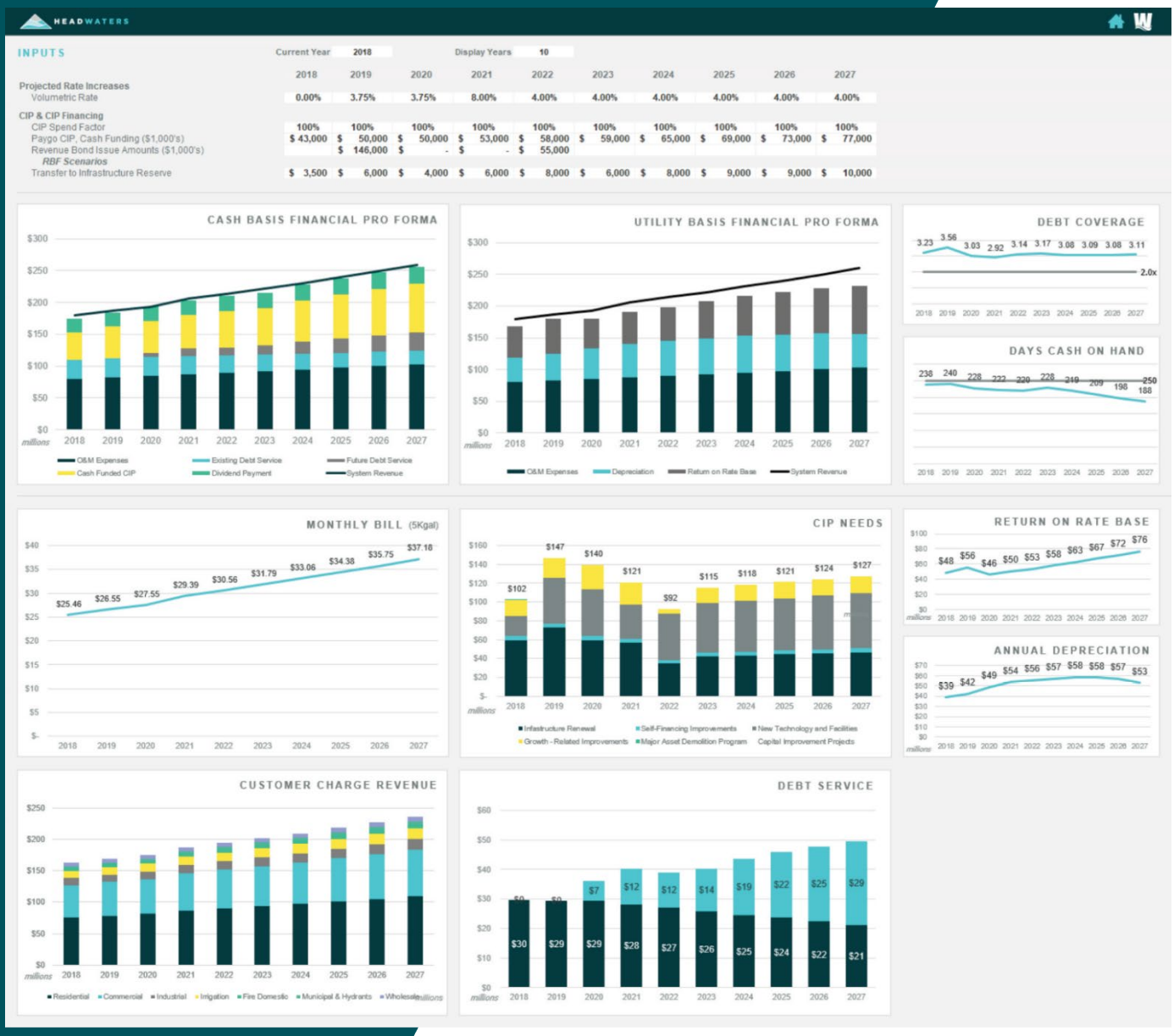
The four basic steps of a cost-of-service analysis include:

1. Determine the revenue requirement, which is based on the financial plan and represents the amount of revenue that will be recovered from rates
2. Allocate the revenue requirement to cost components based on operating expenses and system assets
3. Determine the units of service for each customer class and tier related to each cost component
4. Allocate the revenue requirement to each customer class based on their respective units of service and unit costs

Cost causation components usually include water supply, average day delivery, peak capacity, wastewater flow and strength, meter servicing, customer billing, and conservation, among other direct and indirect costs. After the revenue requirement is allocated to each cost component, it is then distributed to each customer class based on the proportion of their burden on the system, which is represented by the units of service for each of the cost components.

Raftelis will develop a customized financial model for the City that incorporates a dashboard to allow you to easily run scenarios and see the impacts in real time.

Shown below is a sample dashboard that we developed for another project.



The cost-of-service analysis is a technical process that results in allocating the total revenue needs of the utility to each customer class based on how that class uses the system. This is the foundational step to create a nexus between costs to serve each customer and the rates charged for water service. Throughout the allocation process, we will consider the City's policy objectives and current federal, state, and local rules and regulations, such as Proposition 218.

PLANNED MEETINGS:

- Web-based meeting to review cost-of-service analysis

DELIVERABLES:

- Cost-of-service model in Excel

Task 4: Rate Design and Customer Impacts

Existing Rate Structure

The City currently charges for water and sewer service on a bi-monthly basis. The following section describes the existing rate structure for water and sewer based on the information presented on the City's website.

Water Service Rates

Bi-monthly meter charge:

- Differentiated by customer class (residential, commercial, and irrigation)
- Based on meter size (5/8" to 6" meters)

Bi-monthly tiered consumption charge:

- Differentiated by customer class and meter size
- Smaller residential meters (3/4" and smaller) receive up to 3 ccf of water at a lower rate
- First tier provides up to 8 ccf of water per bi-monthly billing period
- Second tier provides up to 16 ccf of water per bi-monthly billing period
- Third tier is equal to any usage above 16 ccf of water per bi-monthly billing period

Bi-monthly capital projects charge:

- Differentiated by ccf of water used per bi-monthly billing period
- Graduated based on springtime usage to ensure that low-volume users pay less than high-volume users

Bi-monthly drought contingency charge:

- Differentiated by customer class
- Residential and commercial accounts are charged based on annual average use (one charge for those using under 12 ccf and another for those using over 12 ccf)
- Irrigation accounts are charged a flat charge per bi-monthly billing period

Sewer Service Rates

Bi-monthly fixed charge:

- Differentiated based on customer class (residential, standard commercial, medium commercial, and heavy commercial)
- Based on water use during winter months (October through January)

Bi-monthly tiered flow charge:

- Differentiated based on customer class
- First tier provides up to 8 ccf of winter flow per bi-monthly billing period
- Second tier provides up to 20 ccf of winter flow per bi-monthly billing period
- Third tier is equal to any winter flow above 20 ccf per bi-monthly billing period

Rate Design and Alternative Rate Structures

We will develop a rate model that calculates rates under the City's existing water and sewer rate structure. The model will have the capability to modify the cost recovery between fixed and volumetric charges, which can maintain or increase revenue stability. We will also review the existing water and sewer rate structures and provide recommendations based on the City's policy objectives and direction from City staff, such as a change to the tier width for the consumption rates. The City has expressed an interest in modifying the tier definitions to better encourage conservation. Regardless of the selected rate structure (whether using the City's existing structure or an alternative one), the calculated rates will recover sufficient revenue to meet all cost requirements.

We recognize that rate making is an art, so we will work within the broad industry guidelines to meet the rate-setting and pricing objectives of the City. Rates will be calculated for each year in the five-year forecast period and adjusted, where possible, to provide for a smooth forecast of rate adjustments. For example, changes in the timing of capital expenditures and the use of reserve funds to mitigate short-term rate impacts are two ways that rate smoothing could be addressed. The objective is to minimize the magnitude of customer impacts while still achieving long-term revenue objectives. The rate design process will also take into consideration the ease with which the rates can be administered within the current billing system capabilities.

Customer Impacts

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

PLANNED MEETINGS:

- Web-based meeting to discuss rate design
- Web-based meeting to review preliminary rates

DELIVERABLES:

- Rate model in Excel

Task 5: Rate Survey

Rate Survey of Neighboring Agencies

As requested in the RFP, Raftelis will prepare a water rate survey of up to five nearby and similarly sized cities and water districts. We have prepared many rate surveys, most notably the *California-Nevada Water and Wastewater Rate Survey* (conducted jointly with the California-Nevada AWWA) and the national *Water and Wastewater Rate Survey* (conducted

jointly with AWWA). We are also currently working with Stanford University, which, like the City, is a member of the Bay Area Water Supply and Conservation Agency (BAWSCA), on a study that includes a monthly water customer bill comparison of all BAWSCA utilities. We are well equipped to prepare a rate survey for the City to compare the proposed rates with other water agencies in the region.

PLANNED MEETINGS:

- None

DELIVERABLES:

- Rate survey of up to five other agencies

Task 6: Report Preparation

Preliminary and Final Reports

Raftelis will prepare a report documenting the water and sewer rate study. The preliminary rate analysis report will include an executive summary highlighting the major issues and decisions reached during the development of rates. The main body of the report will include a brief physical description of the water and sewer systems; service area description; an overview of O&M expenses; the CIP; the financial plan including long-term cash flows; the cost-of-service analysis; and rate design, the proposed rates, and customer impacts. The report will also contain a discussion on rate structure selection, rate design assumptions, and methodologies used to develop the rates. The methodology describing the cost-of-service and rate calculations will be described in detail so that the nexus between costs and rates are clearly defined and understandable. Feedback from City staff and the City Council will be incorporated into the final rate analysis report.

Proposition 218 Compliance

The final rate analysis report, also known as the administrative record, is a key requirement to comply with Proposition 218. The report describes each step of the rate study process in great detail to clearly explain the methodologies and rationales used to determine the water rates. This provides the clear nexus between the costs to serve each customer and the water rates that are ultimately charged to the City's customers. Raftelis has a reputation for writing detailed, technical reports that are clearly organized and simple to understand. The text of our reports is accompanied by numerous graphs and tables that help guide the reader through the often convoluted process of rate making. In an increasingly litigious environment, the administrative record is a crucial document that explains the validity of the implemented rates.

PLANNED MEETINGS:

- Web-based meeting to review draft report with City staff

DELIVERABLES:

- Preliminary and final rate analysis reports in Word, plus 10 bound copies as requested

Task 7: Public Meetings

Public Workshops and Hearing

As requested in the RFP, Raftelis will be available for four public meetings. We can present at three public workshops and one Proposition 218 Public Hearing to adopt water and sewer rates. For the purposes of this proposal, the public

meetings are virtual due to the ongoing COVID-19 pandemic. Should the current public health circumstances change, Raftelis will gladly work with the City to attend public workshops on site.

PLANNED MEETINGS:

- Four virtual public meetings

DELIVERABLES:

- Presentation materials

Task 8: (Optional) Public Outreach and Proposition 218 Notification Assistance

Public Outreach Materials

Raftelis' in-house Strategic Communications Group are experts at developing fact-based messages that are woven together to tell your rate change story in ways that are easy for your customers to understand and support. Our work helps you go beyond satisfying Proposition 218 requirements to:

- Build an appreciation for the value of water and wastewater 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

Increasingly, our clients find that acceptance and adoption of rate adjustments require a strategic approach that is heavy on raising public awareness. Prior rate adjustment recommendations we have made for clients have benefitted greatly from a suite of tailored communications tools. In the case of the City of Brisbane, the mix may include:

- A set of Frequently Asked Questions and Answers for use as talking points by City staff and elected officials as well as posted to the City's website
- A short article for publication in the City's STAR Newsletter and/or City Manager's Weekly Update
- Information for the City's News and Announcements page
- Content for the City's Public Works page
- Content for the City's signboards at the Park and the Ridge
- Fact sheet/infographic
- Bill stuffer/buck slip
- Social media content
- Short "explainer" video
- Presentation slide decks for presentations to local community groups/civic organizations
- Content for City councilperson e-newsletters

Our experience is that each community is unique and, thus, has unique needs and values. That is why our approach starts with secondary research and a collaborative kick-off meeting with key City staff representation, including from the City's Communications Department. Following that meeting, we will develop Brisbane-specific key messages and develop

communications tools the City can use for a robust, overlapping communications plan to raise public awareness of the study and earn support for the ultimate recommendations.

Proposition 218 Notification

Raftelis' in-house strategic communicators and graphic designers will prepare the Proposition 218 Public Notice for City staff and legal review. The final version will include key messages from the public outreach efforts, meet all legal requirements, explain the Proposition 218 protest procedures, and be designed consistent with current City brand guidelines. Translation into another language, if desired, is also available at an additional cost.

PLANNED MEETINGS:

- Web-based kick-off meeting
- Web-based strategic plan review meeting

DELIVERABLES:

- Strategic communications plan
- Public outreach materials (specifics are to be determined in coordination with City staff)
- Press-ready Proposition 218 Notification

References

Below, we have provided descriptions of projects that we have worked on that are similar in scope to the City's project. We have included references for each of these clients and urge you to contact them to better understand our capabilities and the quality of service that we provide.

City of Santa Cruz

CALIFORNIA

Reference
Rosemary Menard, Water Director
212 Locust Street, Suite C, Santa Cruz, CA 95060
P: 831.420.5205 / E: rmenard@cityofsantacruz.com

The City of Santa Cruz (City) Water Department provides water service to a population of approximately 93,000. The City relies entirely on local sources for the community's water supply, which is currently susceptible to water supply instability. Similar to many other cities and utilities in California, the City's Water Department is faced with several challenges including aging infrastructure and the resulting intensive capital improvement costs, drought and its subsequent impacts, increasing operations and maintenance costs, and volatile water sales. In recent years, these obstacles have driven the City to develop financial policies to help mitigate potential risks and to establish sound financial management practices.

Raftelis has worked on a series of projects for the City to help ensure the financial sustainability of the City's water system. The City engaged Raftelis to conduct a Water Demand Offset Fee Study to evaluate the feasibility of implementing a Water Demand Offset Fee. Water Demand Offset Fees are a form of funding conservation measures which are used to offset the demand generated by new developments. Water savings can be achieved in many different ways, such as installing high-efficiency retrofits to replace inefficient fixtures, removing turf, or converting irrigation accounts to recycled water. Raftelis used the water conservation measures savings and costs from the Water Conservation Master Plan to calculate the proposed Water Demand Offset Fee. Raftelis presented the results of the study to the Water Commission and assisted the City with evaluating the fees and policy decision of whether or not to implement such a fee.

The City commissioned Raftelis to develop a financial plan model as a tool to assess the financial implications of different financial policies. Raftelis evaluated the risks associated with water supply variances, various capital spending plans, etc. and presented the model to the Water Commission to illustrate the Water Enterprise's financial health under various scenarios related to financial policies. The model was delivered to City staff along with a training session to demonstrate all key aspects of the model. A user manual was also provided by Raftelis to assist City staff with use of the model in the future.

Raftelis also evaluated the City's system development charges to ensure new system users or existing users requiring increased system capacity recover their fair share of the costs associated with the water facilities required to serve them. System development charges are one-time fees collected as a condition of establishing a new connection to the City's water system or expansion of an already existing connection. The purpose of these fees is to pay for development's share

of the costs of new and existing water facilities. The City's system development charges had not been updated since 2004, did not account for any changes that occurred to the system, and were no longer charging new customers their fair share of the costs. Raftelis calculated the proposed system development charges using the equity buy-in approach. Raftelis presented the proposed system development charges to the Water Commission in December of 2014. The results of the study were summarized in the Systems Development Charge Report and were presented to the City Council for implementation. The City adopted a phased implementation of the system development charges in June 2015 along with an annual inflationary adjustment.

In 2015, the City entered a Stage 3 water shortage due to the continued drought. Under mandatory curtailment and rationing, customers use less water and, therefore, the Water Department earns less revenue. The City implemented drought cost recovery fees to combat the revenue shortage. The City engaged Raftelis to develop a revenue calculator to examine the effects on the City's revenue from various levels of water usage. This tool helped the City understand the financial impacts caused by the rationing and helped project the expected revenues from the drought cost recovery fees.

Additionally, Raftelis worked with the City to design an appropriate, Proposition 218-compliant, water rate structure. Raftelis conducted a pricing objective workshop with the Water Commission and City Council to prioritize rate-setting objectives. Raftelis analyzed and set forth the pros and cons for a number of rate structures and discussed these with City Staff, the Water Commission, and the City Council. Based on the input and direction provided by key staff, the Water Commission, and the City Council, Raftelis presented a framework for the rate structure best suited for the City and performed a cost of service-based rate design. Raftelis developed a dynamic model capable of evaluating six different rate scenarios. The rate structure included an analysis to determine the allocation to inside customers versus outside customers, allocations by class, and tier. In addition, a separate infrastructure reinvestment charge was developed to help finance the significant repairs and replacements and to clearly communicate the needs to the City's customers. Rates were successfully adopted in August 2016.

In 2017, Raftelis assisted the City with a Water Reliability Financial Impact Study to meet the grant requirements of the State Water Resource Control Board Water Recycling Funding Program. Raftelis obtained a high-level understanding of the financial impacts associated with the recycled water project alternatives and documented the results of the study in the Construction Financing Plan and Revenue Program section of the Recycled Water Facilities Planning Study. Raftelis identified and discussed various funding mechanisms, recycled water pricing policy considerations, cost categories, and cost allocations. Based on the selected projects, unit prices were developed and presented to City staff.

Vallejo Flood and Wastewater District (CA)

CALIFORNIA

Reference
Chas Fadrigo, Finance Supervisor
450 Ryder Street, Vallejo, CA 94590
P: 707.651.7127 / E: cfadrigo@vallejowastewaer.org

Raftelis assisted the Vallejo Flood and Wastewater District (District) with a comprehensive wastewater rate and connection fee study (Study). The District is an independent special district that collects, treats, and disposes of wastewater for 38,000 accounts in the City of Vallejo with a service area that covers 36 square miles and includes one wastewater treatment plant and 36 wastewater pump stations. The sewer rate structure comprised of flat rates for all residential customers, including single and multi-family residences. For commercial customers, rates were based on both flow and sewage strength. The District moved over to a service charge to be levied on the property tax roll. Raftelis assisted with this study after another consultant's study was found to be unacceptable to the District. As part of the study,

Raftelis thoroughly examined the District's revenue streams, cost structure, analyzed customer data, and developed an equitable rate structure that meets both Proposition 218 requirements and the District's goals and objectives. An important part of the study was the evaluation of the commercial customer classifications to ensure that customers were accurately categorized by strength and assessed the appropriate rates. Raftelis also created a user-friendly model so that various scenarios could be evaluated on the fly. Additionally, Raftelis reviewed and updated the District's connection fees. Upon completion of the rates calculation, Raftelis assisted the District in a comprehensive public outreach campaign to obtain customers buy-in, which was crucial in the successful implementation of the proposed rates for fiscal year 2019.

Stanford University (CA)

CALIFORNIA

Reference
Julia Nussbaum, Associate Director – Water Planning and Stewardship
327 Bonair Siding, 2nd Floor, Stanford, CA 94305
P: 650.223.9930 / E: juliann@stanford.edu

Raftelis assisted Stanford University (Stanford) with a water and sewer rate analysis and more recently, a comprehensive benchmarking study.

Stanford currently has a volumetric-only water rate structure and considered alternative rate structures, such as the addition of a monthly fixed charge for meter, private fire, and backflow service. A monthly service charge for sewer rates was also examined as part of the study. The main concerns in the study were determining the impacts to Stanford's various customer classes if monthly fixed charge components were included in the rate structure. Stanford's customer base consists mainly of residential customers and some large institutional customers (for example, campus labs). Raftelis developed a methodology to allocate meter and private fire-related costs from the existing system to justify a potential monthly fixed meter and private fire charge.

Stanford engaged Raftelis to perform a water rate benchmarking study. The study involved reviewing the Single Family bill comparison and debt service analysis developed by Stanford staff, comparing the costs between Stanford and five other BAWSCA utilities, and providing relevant insights from the benchmarking results. The five BAWSCA utilities for comparison in this study include the City of Milpitas, North Coast County Water District, City of Burlingame, Coastside County Water District, and the City of Palo Alto. The categories for comparison include major cost categories, which include O&M expenses, capital program costs, and existing debt obligations; funding mechanisms of those cost categories; connection fees; funding for system expansion; number of service connections; and staff count, represented by FTE positions.

City of Palo Alto

CALIFORNIA

Reference
Lisa Bilir, Project Manager
250 Hamilton Avenue, Palo Alto, CA 94301
P 650.329.2543 / E: lisa.bilir@cityofpaloalto.org

Raftelis recently completed a water cost of service and rate study for the City of Palo Alto (City). The goal of the study was to develop conservation-oriented rates consistent with cost of service to recover adequate revenues to pay for

necessary capital improvements, meet debt service coverage requirements, and maintain sufficient reserve requirements. Raftelis conducted the study with input from the Utilities Advisory Commission made up of City residents. The study included a comprehensive review of the City's revenue requirements and allocation methodology, review of the City's user classification, usage patterns, a cost-of-service analysis, and rate design for City users. The study also included a review of the peaking characteristics of different customer classes, an analysis of the master-metered MFR customers, and a review of separate charges for higher elevations customers.

Raftelis also completed a drought rate study for the City which included rates for different stages of conservation. Tiered rates consistent with the latest court ruling were incorporated in the study.

Alameda County Water District

CALIFORNIA

Reference

Jonathan Wunderlich, Finance Manager
43885 S. Grimmer Boulevard, Fremont, CA 94538
P: 510.668.4200 / E: jonathan.wunderlich@acwd.com

In 2011, the Alameda County Water District (District) engaged Raftelis to conduct a water conservation rate study. They had recently seen a significant reduction in demand, which caused a decrease in revenue. The District was interested in developing a conservation rate structure that would assist them in meeting the regulatory requirements of SBx7-7, promote efficiency, and create revenue stability. The District's existing rate structure consisted of a fixed service charge and uniform commodity rates for all customer classes. Raftelis examined and evaluated inclining tiered rate structures and water budget-based rate structures. Each potential rate structure had numerous variations associated with them. Factors examined included: historical vs. real-time weather factors for designing the tier widths for budget-based rates and inclining tiered rates; different methodologies for determining residential landscape areas which were used to determine outdoor water budgets; indoor and outdoor drought factors; and gallons per capita per day for each residential household member.

In early 2012, the District commissioned Raftelis to develop a 25-year financial plan model to assess risks of water supply variance and capital spending plans and evaluate the associated potential financial impacts. Raftelis presented the Model to the District Board to show the District's financial health under various scenarios related to water supply, water sales, and expenditures. In the same year, the District retained Raftelis to conduct the financial impact analysis of the outcomes of the union negotiation. Raftelis worked closely with District staff to develop the Union Negotiation Module which was used to demonstrate the financial impacts of the negotiated labor and benefits contracts on the District.

Since 2012, the District has retained Raftelis annually for support on updating the financial plan and other financial and rate analyses. In 2014, the District engaged Raftelis to conduct a drought rate study to evaluate the financial impacts of the severe and ongoing drought and to develop a drought rate schedule to help mitigate the financial impacts. The Drought Study Report, which summarized the methodology and results of the Study, was submitted to the District and adopted by the District Board in April 2014.

In late 2014, the District retained Raftelis to conduct a long-term financial plan and cost of service analysis to develop rates that: would maintain financial sufficiency; are consistent with the District's policies; comply with general cost of service principles; and are in compliance with Proposition 218 requirements. During the course of the study, the financial plan model considered numerous drought scenarios and different financial outcomes. The scenarios covered included normal no-drought conditions, a mild drought ending in one year (2015 drought only), a medium drought ending after

two years (medium), and a severe drought spanning three years (extended dry period). In addition, as part of the study, Raftelis evaluated and presented two bi-monthly fixed service charge options to the Board of Directors during the December 2014 Public Workshop.

The drought surcharge, which was developed in the drought rate study and adopted in July of 2014, will continue to mitigate the effects of reduced demand until the provisions of the Drought Surcharge Sunset criterion are met. As part of the study, Raftelis developed the 2015 Water Rate Study Report to be used as an administrative record. The Report highlighted the major issues and decisions made during the course of the study, provided an overview of operations, CIP, and the financial plan, and discussed and explained the cost of service analysis and methodology used to develop the final rates. The explanation of the methodology found within the Report demonstrates that the rates: are equitable, reflect the District's policies and values, and are driven by the District's revenue requirements. The Final Report was submitted to the District in March 2015 and rates were successfully adopted on May 1, 2015. The drought surcharge was rescinded effective July 1, 2016.

In 2016, the District retained Raftelis to provide analytical support to conduct annual financial plan and rate-setting updates. Raftelis assisted with the development of a multi-year financial plan, which included projected lower water consumption, new water-supply cost information, and assumptions of increased Capital Improvement Plan (CIP) spending. The analysis also evaluated various levels of advance funding of the District's unfunded liabilities for CalPERS pension and other post-employment benefits (OPEB). As part of the study, Raftelis evaluated six rates scenarios for single-family residential between uniform and tiered rates and three different levels of advance funding for CalPERS and OPEB unfunded liabilities. Raftelis presented the results to the Board at numerous workshops and, after considering the various options, the Board selected and adopted rates to be effective on March 1, 2017.

Raftelis helped the Alameda County Water District (District) update its Facilities Connection Charges (FCC). Raftelis used a hybrid methodology for the updated FCC, the charges take into account both the value of the District's current infrastructure and also the District's proposed growth-related infrastructure. In order to calculate a charge to recover the costs associated with new connectors paying an equitable share of the system's value, Raftelis used the replacement cost less depreciation of the District's system value and divided by the number of currently connected equivalent meter units (EMU). These charges are also designed to fund the District's future growth-related CIP. Raftelis calculated this portion of the charge by dividing the amount of growth-elated CIP spending by the projected number of connecting EMUs. The final charges were calculated by multiplying each portion of the FCC by the connector's projected proportionate required capacity.

Form of Agreement

We would like to request that the following changes in red be made to the City's Service Provider Agreement.

8. HOLD HARMLESS:

a. Provider shall indemnify, defend, and hold harmless the City, its City Council, boards, commissions, officials, employees, and volunteers ("Indemnitees") from and against ~~any and~~ all loss, damages, liability, claims, suits, costs and expenses ~~whatsoever~~, including reasonable attorneys' fees ("Claims"), ~~arising from or in any manner connected to~~ caused by Provider's negligent, reckless or intentional act or omission~~, whether alleged or actual,~~ regarding performance of services or work conducted or performed pursuant to this Agreement. If Claims are filed against Indemnitees which allege negligence, recklessness or willful misconduct on behalf of the Provider, Provider shall have no right of reimbursement against Indemnitees for the costs of defense even if negligence, recklessness or willful misconduct is not found on the part of Provider. However, Provider shall not be obligated to indemnify Indemnitees from Claims arising from the sole negligence or willful misconduct of Indemnitees.

b. Indemnification for Claims for Professional Liability Only: As to Claims for professional liability only, Provider's obligation to defend Indemnitees (as set forth above) is limited as provided in California Civil Code Section 2782.8.

c. Provider's obligation to indemnify, defend and hold harmless Indemnities shall expressly survive the expiration or early termination of this Agreement for the period of the applicable statute of limitations.

17. TERMINATION:

a. In the event Provider fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, Provider shall be deemed in default in the performance of this Agreement. If such default is not cured or Provider has not commenced to cure the default and diligently pursue the cure within two (2) business days after receipt by Provider from City of written notice of default, specifying the nature of such default and the steps necessary to cure such default, City may thereafter immediately terminate the Agreement forthwith by giving to the Provider written notice thereof.

b. The foregoing notwithstanding, City shall have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) days' prior written notice to Provider as provided herein.

c. Upon termination of this Agreement either for cause or for convenience, each party shall pay to the other party that portion of compensation specified in this Agreement that is earned and unpaid prior to the effective date of termination. The obligation of the parties under this Section 17.c. shall survive the expiration or early termination of this Agreement.

Insurance

On the following page, we have included a copy of our current insurance certificate. Upon award of contract, Raftelis will provide an additional insured endorsement consistent with the City's standard agreement.

Client#: 1722483 RAFTEFIN

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 1/20/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer any rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME: Linda Rolfe	
Cameron M Harris & Co, LLC Div USI Ins 6100 Fairview Road Ste 1400 Charlotte, NC 28210	PHONE (A/C, No, Ext): 980-265-5804	FAX (A/C, No):
	E-MAIL ADDRESS: linda.rolfe@usi.com	
	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A : National Fire Insurance Co. of Hartford	20478
INSURED Raftelis Financial Consultants, Inc. 227 West Trade Street, Ste. 1400 Charlotte, NC 28202	INSURER B : Continental Insurance Company	35289
	INSURER C : American Casualty Company of Reading PA	20427
	INSURER D : Continental Casualty Company	20443
	INSURER E :	
	INSURER F :	

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY			6076000011	01/21/2020	01/21/2021	EACH OCCURRENCE	$1,000,000
	CLAIMS-MADE X OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$500,000
							MED EXP (Any one person)	$15,000
							PERSONAL & ADV INJURY	$1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$2,000,000
	POLICY PRO-JECT LOC						PRODUCTS - COMP/OP AGG	$2,000,000
	OTHER:							$
D	AUTOMOBILE LIABILITY			6076000025	01/21/2020	01/21/2021	COMBINED SINGLE LIMIT (Ea accident)	$1,000,000
	ANY AUTO						BODILY INJURY (Per person)	$
	OWNED AUTOS ONLY / SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	X HIRED AUTOS ONLY / X NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
B	X UMBRELLA LIAB X OCCUR			6076000039	01/21/2020	01/21/2021	EACH OCCURRENCE	$5,000,000
	EXCESS LIAB CLAIMS-MADE						AGGREGATE	$5,000,000
	DED X RETENTION $10000							$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			6076305637	01/21/2020	01/21/2021	X PER STATUTE / OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N N	N / A		6076000042	01/21/2020	01/21/2021	E.L. EACH ACCIDENT	$1,000,000
	(Mandatory in NH)						E.L. DISEASE - EA EMPLOYEE	$1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - POLICY LIMIT	$1,000,000
D	Prof. Liability			652071235	01/21/2020	01/21/2021	$5,000,000 Occurrence $5,000,000 Aggregate	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

Raftelis Financial Consultants, Inc.
227 W. Trade Street Suite 1400
Charlotte, NC 28202-0000

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

ADDENDUM:

Supplemental Fee

Supplemental Fee

The following table provides a breakdown of our proposed fee to assist the City with developing water and sewer rates for the undeveloped Baylands Community parcel. According to the General Plan, this parcel can have between 1,800 and 2,200 housing units and up to 7,000,000 square feet of commercial space, which includes two hotels. The addition of the new community would double the size of the City's existing system.

This table includes the estimated level of effort required for completing each task and the hourly billing rates for our project team members based on the brief write-up in the RFP. If the City wishes to proceed with the supplemental project, please note that the fees may change depending on any changes in scope. Expenses include costs associated with travel and a $10 per hour technology charge covering computers, networks, telephones, postage, etc.

Tasks	Webinars	Virtual Public Meetings	Hours				Total Fees & Expenses
			SG	NP	MH	Total	
1. Project Management and Initiation	1		4	2	2	8	**$2,120**
2. Financial Plan Update	1		4	12	20	36	**$7,880**
3. Cost of Service and Rate Design	1		4	12	24	40	**$8,660**
4. Report Update	1		4	8	16	28	**$6,200**
Total Estimated Meetings / Hours	**4**	**0**	**16**	**34**	**62**	**112**	
Hourly Billing Rate			**$310**	**$215**	**$185**		
Total Professional Fees			**$4,960**	**$7,310**	**$11,470**	**$23,740**	

Total Fees	**$23,740**
Total Expenses	**$1,960**
Total Fees & Expenses	**$25,700**

SG - Sanjay Gaur, Project Director
NP - Nancy Phan, Project Manager
MH - Michael Hicks, Lead Analyst