



# CITY of BRISBANE

## Infrastructure, Utilities & Franchise Subcommittee Agenda

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Thursday, March 11<sup>th</sup>, 2021 at 3:30 PM • Virtual Meeting

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*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.*

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**SUBCOMMITTEE MEMBERS:**

Councilmember O'Connell, Councilmember Mackin

**PRESENTATIONS AND DISCUSSION ITEMS**

- A. Meet with Bartle Wells to Receive their Water and Wastewater Rate Study Proposal

**PUBLIC COMMENT****ADJOURNMENT**

A.

**File Attachments for Item:**

A. Meet with Bartle Wells 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

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### **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 8<sup>th</sup>. The deadline for the return of the proposals is February 16<sup>th</sup>. 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**

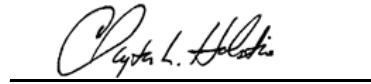
The cost of doing the study will be spent from the City's Utility Enterprise Fund. The Enterprise Fund is set up to capture all of the revenues and costs generated by the City's and GVMID's utility system. As such, the Enterprise is self-sufficient and does not rely on the City's General Fund except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

  
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Clay Holstine, City Manager



# City of Brisbane



## Proposal for a Comprehensive Water & Sewer Utility Rate Study



**BARTLE WELLS ASSOCIATES**  
INDEPENDENT PUBLIC FINANCE ADVISORS



**BARTLE WELLS ASSOCIATES**  
INDEPENDENT PUBLIC FINANCE ADVISORS

2625 Alcatraz Ave #602  
Berkeley, CA 94705  
Tel 510 653 3399  
www.bartlewells.com

February 16, 2021

City of Brisbane  
50 Park Place  
Brisbane, CA 94005

Attn: Stuart Schillinger, Administrative Services Director/Deputy City Manager

Re: Proposal for a Comprehensive Water and Sewer Utility Rate Study

Bartle Wells Associates is pleased to submit this proposal to develop a Comprehensive Water Sewer Utility Rate Study for the City of Brisbane. BWA specializes in providing utility rate consulting and independent financial advisory services to California water and wastewater agencies. We have extensive experience developing long-term financial plans and utility rate studies. And we have a strong track record building consensus and public acceptance for final recommendations.

Bartle Wells Associates has been a leader in California utility finance since 1964. We have served over 500 public agencies throughout California and the western United States, including numerous regional agencies such as: Burlingame, Millbrae, South San Francisco, San Bruno, Redwood City, San Carlos, San Mateo, Foster City, Sunnyvale, Mountain View, East Palo Alto, Mid-Peninsula Water District, East Palo Alto Sanitary District, Montara Water and Sanitary District, Purissima Hills Water District, Silicon Valley Clean Water, Union Sanitary District, San Francisco Public Utility Commission, Alameda County Water District, and others.

Our overall goal for the utility rate study would be to work closely with the City to gain ongoing input, identify and evaluate alternatives, and build consensus for final recommendations. Key tasks will include:

- **Develop 10-year financial plans for the City's water and sewer utilities** - The plans will serve as financial roadmaps for funding future operating and capital programs, meeting debt service requirements, and supporting long-term financial stability.
- **Develop water & sewer rates based on a cost-of-service approach** - Rate recommendations will be designed to a) fund each utility's long-term costs of providing service, b) be fair and equitable to all customers, c) provide a prudent balance of revenue stability and conservation incentive, d) be easy to understand and administer, and e) comply with the substantive requirements of Proposition 218 (Article 13D, Section 6 of the California Constitution).
- **Build Consensus for Final Recommendations:** BWA has a strong track record of building consensus and public acceptance for final recommendations. We will work closely with the City throughout the project, participate in public outreach efforts, and assist with all phases of the rate adoption process.



BWA proposes to assign Alex Handlers, a principal and vice-president of BWA, as project manager and lead consultant of this assignment. Alex has extensive experience developing financial plans and utility rate studies and helping agencies successfully implement rate increases. He has consulted for over 150 California water and wastewater agencies, including many regional agencies, and is highly experienced developing utility rates that achieve agencies' financial objectives while complying with Proposition 218. Alex also specializes in developing financial plans and evaluating financing alternatives for capital programs. He is Certified Independent Professional Municipal Advisor, an MSRB-Registered Municipal Advisor, and a current Board Member of the National Association of Municipal Advisors.

He will be assisted by Erik Helgeson, a senior consultant with ten years of industry experience including serving as a senior analyst in the rates division for Denver Water, as a rate consultant for a large engineering firm, and in recent years as a consultant for Bartle Wells Associates. Erik has developed financial plans and utility rates for a wide range of California agencies and is an active member of the Rates and Charges Committee of the American Water Works Association (AWWA).

We appreciate the opportunity to assist the City of Brisbane with a Comprehensive Water and Sewer Utility Rate Study. Please contact us if you have any questions or need additional information.

Sincerely,

BARTLE WELLS ASSOCIATES



Alex Handlers  
Principal/Vice-President



Erik Helgeson  
Senior Consultant/Assistance Vice-President

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## SECTION 1: EXECUTIVE SUMMARY

### BWA Firm Overview

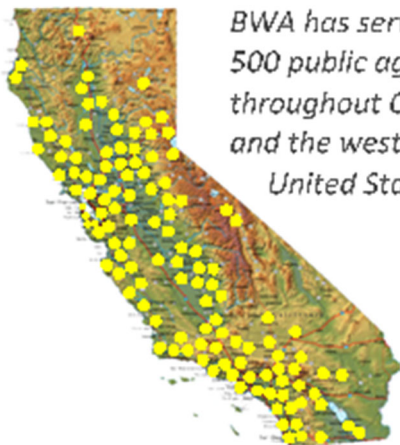
Bartle Wells Associates (BWA) specializes in providing independent financial advisory and utility rate consulting services to California cities and special districts. Our firm was established in 1964 as California's first independent financial advisor to public agencies. BWA specializes in three professional services: utility rate and fee studies, financial plans, and project financing. We are the only independent financial advisor providing *all three* of these interrelated services to public agencies.



BWA has successfully served over 500 public agencies throughout California and has completed over 2,000 utility rate and fee studies. BWA has prior successful experience assisting the City of Millbrae with its 2017 Water Financial Plan & Rate Study and 2017 Clean Bay Charge study. We have extensive regional experience and are familiar with the issues facing local water and sewer agencies.

***BWA has over 50 years of experience providing agencies with independent, expert advice in the areas of financial planning, utility rates, and project financing.***

BWA is also a charter member of the National Association of Municipal Advisors. Our lead consultants are Certified Independent Professional Municipal Advisors with expertise in capital improvement funding and debt financing. Our strength is quality—the quality of advice, service, and work we do for all our clients.



*BWA has served over 500 public agencies throughout California and the western United States.*

### BWA Project Team

BWA proposes to assign Alex Handers, a principal and vice-president of the firm, as project manager and principal-in-charge for this engagement. Alex has consulted for over 150 California public agencies, has extensive regional experience, and is highly experienced developing utility rates that achieve agencies' financial objectives while complying with the legal requirements of Proposition 218. Alex also specializes in evaluating financing alternatives for capital programs. He is a Certified Independent Professional Municipal Advisor and Board Member of the National Association of Municipal Advisors.

Alex will be assisted by Erik Helgeson, a BWA consultant with ten years of industry experience including serving as a senior analyst in the rates division for Denver Water, as a rate consultant for a large engineering firm, and in recent years as a consultant for BWA. Erik has developed financial plans and utility rates for a wide range of California cities and special districts and is a member of the American Water Works Association's Rates & Charges Committee. Resumes for Alex and Erik are attached. Other BWA consultants are available to assist this project team if needed.

## Regional Experience

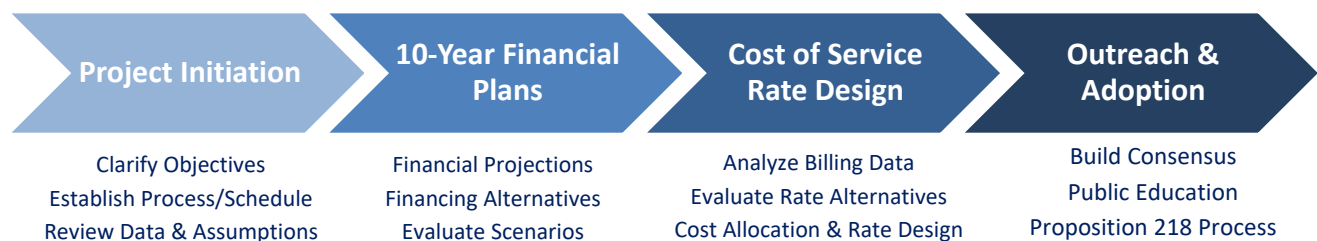
BWA has extensive experience developing long-term financial plans and utility rate studies for California and Bay Area agencies. We have consulted for many regional agencies including:

- City of Millbrae
- City of San Bruno
- San Francisco Public Utility Commission
- City of San Carlos
- Redwood City
- Mid-Peninsula Water District (Belmont)
- East Palo Alto Sanitary District
- City of Alameda
- Purissima Hills Water District
- City of Mountain View
- Montara Water & Sanitary District
- City of Burlingame
- City of South San Francisco
- Alameda County Water District
- City of San Mateo
- City of Foster City
- Union Sanitary District
- City of Petaluma
- City of East Palo Alto
- East Bay Municipal Utility District
- City of Benicia
- City of Sunnyvale

## Project Understanding & Objectives

BWA will develop a comprehensive water and sewer utility rate study with the goal of helping the City implement a series of rates for upcoming years that a) fund the City's projected operating and capital programs, b) maintain financial stability, and c) are fair to all customers. Our general rate study process is summarized below:

### Rate Study Process



Key tasks of our study will include:

**10-year Water & Sewer Utility Financial Plans:** Develop comprehensive 10-year financial plan for the City's water and sewer utilities. The plans will facilitate evaluation of a range of scenarios and assumptions, and serve as financial roadmaps for funding projected operating, maintenance and capital programs while maintaining long-term financial stability. The financial plan will include evaluation of financing alternatives for capital projects, recommendation of fund reserve targets, and development of a strategy for funding long-term repairs, replacements, and other capital needs.

**Cost of Service Rate Analysis:** Develop an updated cost-of-service analysis to support proposed water and sewer rates. The goal will be to recommend rates that a) reflect the underlying costs of providing service, b) are fair and equitable to all customers, c) are easy to understand and administer, d) provide a prudent balance of conservation incentive and revenue stability, and e) comply with the substantive requirements of Proposition 218 (Article 13D, Section 6 of the California Constitution).

**Build Consensus for Final Recommendations:** BWA has a strong track record of building consensus and public acceptance for final recommendations. We also have extensive experience collaborating with public agencies and presenting findings and recommendations to City Councils and the public. We have found that ratepayers are more accepting of rate increases when they both understand the need for the increases and believe they are being treated fairly. BWA will draft the required Proposition 218 rate notice, present a summary of recommendations at the required Public Rate Hearing, and can assist with public outreach efforts. Our goal will be to build consensus and public acceptance for final recommendations.

## Collaborative Project Approach

BWA uses a collaborative project approach to ensure final recommendations reflect the policy preferences and objectives of the agencies we serve. Our general approach will be to work closely with the City's project team throughout the project. As part of the process, BWA will meet (online or in person when safe) periodically with the City's project team to clarify objectives, evaluate alternatives and their impacts, gain ongoing input, and remain flexible to resolve unanticipated issues.

BWA is available to assist the City in all phases of the study, from project initiation through final adoption and implementation. Rate and fee increases can be controversial. BWA has assisted many agencies with public outreach efforts aimed at fostering understanding and acceptance for rate and fee increases. BWA also has substantial experience working with citizen advisory groups, community groups, and other stakeholders, and has a long track record of completing projects on time and on budget. We have helped many agencies successfully adopt rate increases in challenging political environments.

## Proposal Contact Information

As requested in the RFP:

- Correspondence and other contacts during the consultant selection process should be directed to:  
 Alex Handlers, Principal/Vice-President  
 Bartle Wells Associates  
 2625 Alcatraz Ave #602, Berkeley, CA 94705  
 Phone: 510.653.3399 (x109) / Email: alex@bartlewells.com
- Alex Handlers will also represent Bartle Wells Associates in any contract negotiation with the City and is authorized to contractually bind the firm.
- This proposal is valid for a minimum of 90 days.

BARTLE WELLS ASSOCIATES



Alex Handlers  
Principal/Vice-President

## SECTION 2: BWA PROJECT STAFFING

### Project Staffing

BWA uses a **team approach** for most projects, typically assigning two consultants to each assignment, including at least one principal consultant. Our general project approach is to work closely with staff and other members of the project team, identify objectives, set milestones, have frequent communication, and remain flexible to resolve unanticipated issues.

Bartle Wells Associates has a highly-qualified professional team. Our education and backgrounds include finance, civil engineering, business, public administration, public policy, and economics. Bartle Wells Associates has a long track record of completing projects on time and on or under budget. Bartle Wells Associates will perform all work related to this assignment and does plan to use any subcontractors for this project. Our consulting staff has availability to assist on this project as needed to ensure all project work and deliverables are completed on schedule.

#### Alex Handers, Project Manager

Alex Handers, a principal and vice-president of the firm, will serve as project manager and principal-in-charge for this engagement. He has extensive experience developing strategic financial plans and utility rate studies and has consulted for more than 150 California cities and special districts including many agencies in San Mateo County and the Bay Area. He is a Certified Independent Professional Municipal Advisor and Board Member of the National Association of Municipal Advisors. *Alex will serve as the primary contact person and manage the day-to-day project work. He will be involved in all aspects of the project from kickoff through completion.*

#### Erik Helgeson, Project Consultant

Erik Helgeson is an assistant vice president of BWA and a senior consultant with substantial experience developing long-term financial models and utility rates based on a cost of service approach. His experience includes working for as a senior finance analyst for Denver Water in the rates and charges group and as a utility rate consultant in Colorado and California for over 50 agencies. His prior experience working a utility gives him a unique perspective on the internal challenges a utility faces when implementing a study's recommendations. He currently serves on American Water Works Association's Rates and Charges Committee. *Erik will serve as project consultant and will assist in managing day-to-day project work.*

Alex and Erik are both available to commit time as needed to ensure successful completion of this project. Resumes for Alex and Erik are attached. Other BWA consultants are available to assist as needed.



**Project Manager**  
Alex Handers, MPA, CIPMA

**Project Consultant**  
Erik Helgeson, MBA

**Analytical Support**  
Additional BWA Staff  
Available as Needed



## ALEX HANDLERS



### Experience

Alex Handlers is a principal and vice president of Bartle Wells Associates with expertise in the areas of utility rates and finance. He has extensive experience developing long-term financial plans, utility rates, and development impact fees for utility enterprises. Alex has helped agencies implement a wide variety of water and sewer rate and fee structures and is knowledgeable about the legal requirements governing rates and fees. He has substantial experience working with governing boards and community advisory groups to build consensus for recommendations and has helped many agencies implement rate increases in challenging political environments. He has managed projects for over 150 cities, counties, and special districts.

Alex is also an independent financial advisor who helps public agencies secure low-cost financing for capital projects. He is an MSRB-Registered Municipal Advisor, a Certified Independent Professional Municipal Advisor, and a current Board Member of the National Association of Municipal Advisors. He has expertise helping public agencies evaluate financing alternatives for capital improvement programs and has helped agencies obtain over \$2 billion in financing via bonds, COPs, bank loans/private placements, lines of credit, and various state and federal funding programs.

### Education

M.P.A. - University of Washington

B.A. - Lehigh University

### Certifications

Board Member – National Association of Municipal Advisors

CIPMA – Certified Independent Professional Municipal Advisor

MSRB-Registered Municipal Advisor (Series 50)

### Representative Projects

- **City of San Bruno:** Developed 10-year water and wastewater financial plans and rate studies. Recommended a 5-year phase-in of rate increases to fund repair and replacement of aging infrastructure. Recommended rate modifications to improve equity and conservation incentive. Updated the City's water and sewer capacity charges levied on new development.
- **City of San Mateo:** Developed a sewer enterprise financial plan and rate recommendations supporting funding for a roughly \$900 million wastewater capital improvement program needed to improve wet weather capacity and rebuild the City's aging wastewater treatment plant. Transitioned residential sewer rates from 100% volumetric rates to a hybrid 50% fixed & 50% volumetric rate structure. Currently assisting with an update of the City's wastewater development impact fees.
- **City of Millbrae:** Developed a water rate study resulting in a 5-year phase of water rates to support infrastructure rehabilitation and replacement and fund wholesale water rate increases. Developed new Clean Bay Charges to fund capital improvements designed to eliminate sanitary sewer system overflows.
- **South San Luis Obispo County Sanitation District:** Developed a long-term financial plan and wastewater rate recommendations supporting the funding of a major capital upgrade to the District's wastewater treatment plant. Served as independent financial advisor on a competitive sale of \$27 million of bonds and assisted with securing a \$5 million low-rate USDA loan.
- **City of San Carlos:** Developed a sewer enterprise financial plan and rate study designed to support collection system capacity improvements, long-term pipeline replacements, and over \$120 million for the City's share of costs for rebuilding the regional wastewater treatment plant. Evaluated residential rate alternatives and recommended modifications designed to improve rate equity. Updated sewer capacity charges levied on new development. Developed a solid waste rate study to support projected funding needs and recommended rate modifications to restore rate equity.



A. **Alex Handlers, continued**

- **Redwood City:** BWA has assisted Redwood City on a number of financial consulting assignments including developing water and sewer financial plans and utility rates supporting a) construction of a \$72 million recycled water project, b) funding the City's roughly \$400 million share of improvements to the regional wastewater treatment plant, c) funding major increases in wholesale water rates, and d) increasing funding for ongoing investment in the City's aging water and sewer infrastructure.
- **City of Morro Bay:** Developed water and sewer rate studies resulting in a 5-year phase of water and sewer rate increases and rate structure modifications to improve rate equity. Developed a financial plan and rate recommendations supporting the construction of a new \$125 wastewater treatment plant with water recycling and indirect potable reuse facilities. Served as independent financial advisor on over \$55 million of WIFIA financing and a \$60 million of State Revolving Fund loan.
- **North Miami Beach Water:** Developed water and sewer financial plans supporting over \$100 million of high-priority capital improvements. Developed multi-year rate recommendations designed to support debt issuance via a combination of low-interest-rate WIFIA financing and utility revenue bonds.
- **City of Sunnyvale:** Developed sewer enterprise financial projections and rate recommendations. Updated the City's water and sewer capacity charges levied on new development.
- **City of Petaluma:** Developed water and sewer financial plans and rate studies designed to support each utility's long-term capital improvement program. Recommendation included a gradual phase-in of rate increases along with automatic inflationary rate adjustments keep rates aligned with the cost of service. Developed updated sewer financial projections supporting issuance of refunding bonds to achieve savings.
- **Monterey One Water** (formerly Monterey Regional Water Pollution Control Agency): Developed a long-term financial plan, sewer rate study, capacity charge study, and update of other fees and charges.
- **South Tahoe Public Utility District:** Serves as independent financial advisor on competitive and negotiated bonds sales and 5 competitively bid private placements generating over \$50 million to fund water and sewer capital improvements and refinance outstanding debt to achieve savings.
- **City of Tulare:** Served as financial advisor on 12 competitive and negotiated bond sales issues including over \$250 million of wastewater revenue bonds, \$33 million of water revenue bonds, \$22 million of successor agency tax allocation bonds, \$7 million of short term notes, and \$33 million of lease revenue bonds. Developed water and sewer financial plans supporting capital improvements and debt financing.
- **Montara Water & Sanitary District:** Developed water and sewer rate studies. Worked with District to develop and implement a new Water System Reliability Charge to generate funding for rehabilitation and replacement of aging water system infrastructure. Served as independent financial advisor on competitive sales of \$23 million of general obligation refunding bonds and renegotiation of lower interest rate for a private placement.
- **San Francisco Public Utilities Commission:** Developed financial projections for SFPUC's water, sewer, and power divisions designed to supporting over \$2 billion of bonds issued to help fund a \$4+ billion upgrade to the Hetch-Hetchy regional water system and improvements to San Francisco's wastewater system.
- **Joshua Basin Water District:** Developed a comprehensive water rate study designed to fund supplemental water supply and capital improvement funding needs. Worked closely with a community advisory committee to evaluate rate alternatives and hone recommendations.
- **Union Sanitary District:** Conducted a comprehensive analysis and update of the District's capacity fees levied on new development. Developed a long-term financial plan supporting over \$100 million of wastewater system capital improvements.
- **City of Fresno:** Developed wastewater enterprise financial plan and Excel-based financial model used by City staff to update financial and rate projections. Developed new water connection fees designed to recover costs of existing facilities and future supplemental water supply projects benefiting new development. Transitioned water connection fees from regional fees to uniform Citywide charges.



## ERIK W. HELGESON



### Senior Consultant

Erik Helgeson an assistant vice president and senior consultant with Bartle Wells and Associates. His areas of expertise include the development of financial plans, ratemaking, and policy solutions for water, stormwater and wastewater utilities. He has ten years of utility finance experience - as a finance analyst at Denver Water, as a rate consultant for a large engineering firm, and in recent years as a utility rate and finance consultant with Bartle Wells Associates. Erik has extensive expertise in working with executive level staff and assisting in strategic decisions. He serves on the American Water Works Association (AWWA) Rates and Charges Committee and has presented at the Utility Management Conference.

### Education

M.B.A. – University of Colorado, Denver CO

B.A., Business Administration – Gonzaga University, Spokane WA

### Professional Memberships/Certifications

American Water Works Association – Member of Rates and Charges Committee

MSRB-Registered Municipal Advisor (Series 50)

### Representative Projects

- **Alameda County Water District, CA** Independent expert review of proposed water wheeling charges on behalf of the local agency partners working on the Los Vaqueros Dam expansion project.
- **King City, CA:** Wastewater financial plan and rate study
- **City of Vacaville, CA:** Water and wastewater capacity fee studies
- **City of Benicia:** Water and wastewater financial plan and rate studies
- **City of Paso Robles:** Wastewater financial plan and rate study
- **Madera County, CA:** Lead consultant providing rate studies for twenty-three of the county's water and sewer special service districts
- **Castle Pines North Metropolitan District, CO:** Lead consultant providing annual water and wastewater financial plans and rate study updates
- **Sacramento County Water Authority, Sacramento, CA:** Lead analyst supporting water financial plan and rate study
- **Union Sanitary District, CA:** Wastewater capacity fee study
- **Modesto Irrigation District:** Designed an allocation methodology between the district's domestic water, irrigation, and electric enterprises.
- **Pico Water District, CA:** Lead consultant for a water financial plan and rate study. The study was designed to fund new water treatment facilities and revise the rate structure to align with the District's objectives.
- **City of Modesto, CA:** Analytical support for water and wastewater financial plans and rate studies
- **Patterson Irrigation District, CA:** Analysis of financing alternatives
- **Big Bear City CSD, CA:** Water, sewer and solid waste cost-of-service rate studies
- **City of Placerville, CA:** Analytical support for water financial plans and rate studies.
- **City of Hemet, CA:** Water budget rate design and cost of service study

## Erik Helgeson, continued

- **City of Imperial, CA:** Lead consultant providing water and wastewater financial plans and rate studies
- **San Miguel Community Services District, CA:** Lead consultant providing water and wastewater financial plans and rate studies. The District was nearing insolvency and large rate increases were needed to save the District.
- **Las Gallinas Valley Sanitary District, CA:** Support for annual budget process
- **San Luis Water District, CA:** Prop. 218 Assessment Election
- **Leland Meadows CSD, CA:** Project manager for water and sewer rate studies
- **City of Willits, CA:** Lead consultant providing water and wastewater financial plans and rate studies
- **The Cities of Pinole and Hercules, CA:** Assisted the cities with the co-financing of a wastewater project with SRF loans. This included the design of the payment and reimbursement process, the administration of the process, and navigating the State requirements.
- **Humboldt Bay Municipal Water District, CA:** Lead consultant providing 10-year financial plan update
- **Arapahoe Parks and Recreation District, CO:** Reviewed water rates for fairness
- **Marin Municipal Water District, Marin, CA:** Analyst supporting the financial plan and rate study update in 2016.
- **Carlsbad, CA:** Played a key role in completing the 2016 water cost of service study. Created a supply-based cost allocation and supply layered, tiered, water rate design

### Public Utility Experience

#### Denver Water, Denver, CO:

*Senior Finance Analyst-* Assisted with the annual cost of service study and financial plan, provided regular revenue reports, and oversaw the gathering and reporting of metrics to support Denver Water's organizational improvement initiatives. As the lead analyst on the initiative to change the rate design he facilitated research (customer survey and affordability study), performed rate design analysis, and assisted with stakeholder outreach (municipalities, customers, business representatives, non-profits, and Denver Water executives and Board) which led to the adoption of new rate structures. He coordinated the implementation efforts between various business units to ensure a successful rollout of the new rates and rate structures.

## SECTION 3: AVAILABILITY & FEES

1. Bartle Wells Associates is prepared to begin work upon the City's authorization to proceed.
2. During the project development period, Bartle Wells Associates will be available at all reasonable times and on reasonable notice for meetings and for consultation with staff, attorneys, consulting engineers, and others as necessary.
3. Bartle Wells Associates will perform all work related to the assignment. Alex Handlers, a principal and vice president of BWA will be assigned as project manager on this assignment. He will serve as the lead contact person for BWA and will be involved with the project a day-to-day basis.
4. The fees for a comprehensive water and sewer utility rate study as outlined in this proposal will not exceed \$49,935 including direct expenses. The fee is based on the following assumptions:
  - a. All necessary information will be provided by the City in a timely manner.
  - b. Development of a draft, final draft, and final versions of tables, presentations, and reports. Time and expenses involved in additional revisions of tables or reports may constitute additional services if not achievable within the budget.
  - c. Up to 5 trips to the City for project team meetings, City Council Meetings, and the Proposition 218 Public Rate Hearing. Additional meetings or presentations may constitute additional services if not achievable within the budget.
5. Progress payments and direct expenses are payable monthly on a time and materials basis as the work proceeds as provided in our Billing Rate Schedule 2021, which will remain in effect through the duration of this assignment.
6. In addition to the services provided under this proposal, the City may authorize Bartle Wells Associates to perform additional services for which the City will compensate us based on consultants' hourly rates at the time the work is performed, plus direct expenses. Additional services may include, but are not limited to:
  - Additional meetings or presentations
  - Substantial changes in project scope
7. For the services in this proposal, Bartle Wells Associates is serving as a financial and utility rate consultant, but is not serving in the capacity as a Municipal Advisor regarding the issuance of debt. Any Municipal Advisory activity would need to be authorized via a separate agreement.
8. Bartle Wells Associates will maintain in force, during the full term of the assignment, insurance as provided in the Certificate of Insurance attached.
9. If the project is terminated for any reason, we are to be reimbursed for professional services and direct expenses incurred up to the time we receive notification of such termination.
10. This proposal may be withdrawn or amended if not accepted within 90 days of its date.

## Project Budget

This section presents a draft not-to-exceed budget for completing a comprehensive water and sewer utility rate study. *BWA will remain available to work with the City to develop a final budget to ensure the project cost is in line with City objectives and expectations.*

PROJECT TASK	Estimated Hours	A. Handlers @ \$265/hr	E. Helgeson @ \$195/hr	Total Cost
<b>PHASE 1. PROJECT INITIATION &amp; DATA COLLECTION</b>	<b>18</b>	<b>8</b>	<b>10</b>	<b>\$4,070</b>
1. Project Team Orientation				
2. Investigation & Data Collection				
<b>PHASE 2. WATER &amp; SEWER FINANCIAL PLANS</b>	<b>68</b>	<b>28</b>	<b>40</b>	<b>\$15,220</b>
1. Develop Forecasts & Projections				
2. Evaluating Financing Alternatives for Capital Improvements				
3. Establish Prudent Minimum Fund Reserve Targets				
5. Develop 10-Year Financial Projections & Evaluate Scenarios				
6. Evaluate Rate Increase Options				
<b>PHASE 3. COST OF SERVICE RATE DESIGN</b>	<b>68</b>	<b>28</b>	<b>40</b>	<b>\$15,220</b>
1. Identify Rate Structure Modifications & Alternatives				
2. Conduct Survey of Regional Water & Sewer Rates				
3. Analyze Utility Consumption & Billing Data				
4. Cost of Service Rate Derivation				
5. Develop Preliminary & Final Rate Recommendations				
6. Evaluate Rate Impacts on Customers				
<b>PHASE 4. MEETINGS, REPORTS, &amp; RATE ADOPTION</b>	<b>65</b>	<b>25</b>	<b>40</b>	<b>\$14,425</b>
1. Progress Meetings & Calls				
2. City Council Presentations & Proposition 218 Hearing				
3. Prepare Draft & Final Reports				
5. Proposition 218 Rate Notice				
<b>TOTAL ESTIMATED HOURS</b>	<b>219</b>	<b>89</b>	<b>130</b>	<b>\$48,935</b>
<b>ESTIMATED DIRECT EXPENSES</b>				<b>\$1,000</b>
<b>TOTAL PROJECT COSTS</b>				<b>\$49,935</b>

Note: The Addendum to this proposal includes separate cost proposals for the additional services listed in the City's RFP including:

- Public Outreach & Education Assistance
- Development of Water and Sewer Rates for the Baylands Community



**BARTLE WELLS ASSOCIATES**  
**BILLING RATE SCHEDULE 2021**  
 Rates Effective 1/1/2021

### Professional Services

Financial Analyst I .....	\$110 per hour
Financial Analyst II .....	\$135 per hour
Consultant.....	\$165 per hour
Project Consultant .....	\$180 per hour
Senior Consultant.....	\$195 per hour
Senior Project Manager .....	\$225 per hour
Principal Consultant.....	\$265 per hour

The hourly rates for professional services include all overhead and indirect expenses. Bartle Wells Associates does not charge for administrative support services. Expert witness, legal testimony, or other special limited assignments will be billed at one and one-half times the consultant's hourly rate.

The above rates will be in effect through December 31, 2021 at which time they will be subject to change.

### Direct Expenses

Subconsultants will be billed at cost plus ten percent. Other reimbursable direct expenses incurred on behalf of the agency will be billed at cost plus ten percent. These reimbursable costs include, but are not limited to:

- Travel, meals, lodging
- Printing and photocopying
- Special statistical analysis
- Outside computer services
- Bond ratings
- Automobile mileage
- Messenger services and mailing costs
- Graphic design and photography
- Special legal services
- Legal advertisements

### Insurance

Bartle Wells Associates maintains insurance in the amounts and coverage as provided in the attached schedule of insurance. Additional or special insurance, licensing, or permit requirements beyond what is shown on the schedule of insurance are billed in addition to the contract amount.

### Payment

Fees are typically billed monthly for the preceding month and will be payable within 30 days of the date of the invoice. A late charge of 1.0 percent per month may be applied to balances unpaid after 60 days.

## SECTION 4: SCHEDULE & PROJECT APPROACH

### Preliminary Project Schedule

This section presents a preliminary draft schedule for completing this project. A revised schedule can be developed with input from City staff to ensure the schedule meets the City's scheduling needs.

PROJECT TASK	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Project Initiation & Data Collection	■ ■ ■ ■ ■					
10-Year Water & Sewer Financial Plans	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■			
Water & Sewer Rate Analysis		■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■		
Draft & Final Reports				■ ■ ■ ■ ■		
Project Team Meetings	■ ■ ■ ■ ■		■ ■ ■ ■ ■			
City Council Presentations					■ ■ ■ ■ ■	■ ■ ■ ■ ■
Proposition 218 Process					■ ■ ■ ■ ■	■ ■ ■ ■ ■

### Project Approach

This section presents a draft work plan and scope of services that we believe forms a sound basis for completing a comprehensive Water and Sewer Utility Rate Study. Bartle Wells Associates can work with the City to finalize a scope of services that meets the City's objectives. Our general project approach is to work closely with staff and other members of the project team, identify objectives, set milestones, have frequent communication, and remain flexible to resolve unanticipated issues.

#### Phase 1. Project Initiation & Data Collection

##### 1. Project Team Orientation

To initiate our work, hold an online meeting or conference call with City staff and others as appropriate, to accomplish the following:

- Identify members of City staff, City Council, engineering consultants, and others who will participate in the project.
- Determine the roles and responsibilities of all project participants.
- Identify other parties that may have a significant interest in the project, such as community groups, business organizations, developers, and large customers.
- Establish project schedule and key milestone dates.
- Confirm the key goals and expectations of the project team.

*BWA recommends holding the kickoff meeting after we have reviewed preliminary information. This will enable the kickoff meeting to be more substantive and facilitate more in-depth discussion of key issues and preliminary observations and potential alternatives.*

## 2. Investigation and Data Collection

Assemble the information necessary to understand the City's water and sewer systems, finances, customers and usage, rate and fee structures, capital improvement needs and alternatives, and legal agreements. Assistance and cooperation of City staff will be needed to assemble the relevant background information. The objectives of investigation and data collection are to develop a complete understanding of the City's utilities and finances, and to reach an agreement on basic assumptions to be used in the study as well as key alternatives for evaluation.

### Phase 1 Deliverables Include:

- Project kickoff meeting
- Identification of project goals and objectives
- Identification of key issues impacting the study
- Project schedule and budget
- Project team contact list
- Summary of current and historical rates and finances

## Phase 2. 10-Year Financial Plans

### 1. Develop Forecasts and Projections

Based on evaluation of the data assembled and input provided by the City, prepare forecasts and projections to be used in the development of financial models for the City's water and sewer utilities. Develop projections for the following areas (and others as appropriate). Review projections and alternatives with City staff for agreements on assumptions, interpretation of data, and completeness of approach.

- **Capital Improvements Including Long-Term Repairs & Replacements:** Based on input from City staff, identify future capital improvement program costs or alternatives to include in the financial analysis and determine a reasonable amount to include for future, ongoing capital repairs and replacements. BWA often recommends that agencies phase in funding for long-term system rehabilitation.
- **Projected Water and Sewer Demand:** With City input, forecast water and sewer demand. Identify future demand scenarios for evaluation.
- **Growth & New Development:** Work with the City to identify levels of growth to incorporate in the financial projections. Evaluate financial impacts under different levels of growth.
- **Projected Water Supply Costs:** Review historical and projected costs of water supply. Work with City to develop projections or a range of projections for inclusion in the water rate study.
- **Cost Escalation Factors:** Review historical cost trends and work with project team to develop reasonable cost escalation factors for both operating and capital expenditures. Work with City staff to identify any anticipated changes in future staffing, benefits, and/or other operating costs.



*The 10-year financial plans will serve as financial roadmaps for funding future operating and capital programs while supporting long-term financial stability.*

## 2. Evaluate Financing Alternatives for Capital Improvements

Evaluate options for financing capital improvement projects. Our evaluation will:

- Allocate capital improvement costs to existing customers and new development based on the share of each project benefitting current vs. future customers.
- Estimate the amount and timing of any debt, if needed, to finance capital projects.
- Evaluate the alternative borrowing methods available including bonds, COPs, state and federal loan programs (including the State Revolving Fund Financing Program), bank loans and lines of credit, and other options.
- Recommend the appropriate type of debt, its term and structure.
- As needed, develop debt service estimates to incorporate in the financial projections.

## 3. Establish Prudent Minimum Fund Reserve Targets

Evaluate the adequacy of the City's current utility fund reserves. Establish prudent minimum fund reserve targets based on the City's operating and capital funding projections. Develop an implementation plan for achieving and maintaining the recommended reserve fund levels.

## 4. Develop 10-Year Financial Projections & Evaluate Scenarios

Develop 10-year cash flow projections showing the financial position of the water and sewer utilities over the next 10 years. The cash flows will project fund balances, revenues, expenses, and debt service coverage, and will incorporate the forecasts developed with staff input. After developing a base-case cash flow scenario, we can model alternatives for additional evaluation such as capital improvement alternatives, project financing alternatives, the impacts of various levels of water demand, etc. During this phase, BWA will work closely with the project team to evaluate financial and rate projections under alternative scenarios.

## 5. Evaluate Rate Increase Options

Based on the cash flow projections, determine future annual revenue requirements from rates and project the overall level of required rate increases. Evaluate rate adjustment alternatives, such as gradually phasing in required rate increases over a number of years. If appropriate, evaluate different levels of rate increases and their impacts on the City's ability to fund future operating and capital needs.

### Phase 2 Deliverables Include:

- Summary of 10-year capital improvement plans and/or key alternatives
- Evaluation of financing alternatives for capital improvements
- Minimum fund reserve target recommendations
- 10-year financial projections with supporting tables
- Evaluation of alternative financial scenarios as needed
- Evaluation of rate increase options
- Meet with the City's project team to present findings, discuss alternatives, and gain input



## Phase 3. Cost of Service Rate Design

### 1. Identify Water and Sewer Rate Structure Alternatives

Review the City's current water and sewer rate structures and discuss advantages and disadvantages compared to other rate approaches. Identify potential alternatives and modifications that could help improve rate equity, address City concerns, or help achieve other City objectives. Discuss pros and cons of different rate structure options and their general impacts on different types of customers. Rate structure options can be refined as the study progresses based on input from the project team.

### 2. Conduct Survey of Regional Utility Rates

Review and summarize water and sewer rates of other regional agencies. Summarize results in tables and charts.

### 3. Analyze Consumption & Utility Billing Data

Analyze current and historical usage and utility billing data to determine reasonable and conservative estimates of water and sewer demand to use in developing financial projections and rates. Water use can fluctuate from year to year depending on various factors such as weather and local and regional conservation efforts. Ideally, we would prefer to analyze multiple years of utility billing data in order to determine slightly conservative demand projections and evaluate water and sewer demands under various normal year and water shortage scenarios.

### 4. Cost of Service Rate Derivation

BWA has helped many agencies develop utility rates designed to reflect the costs of providing service, be fair and equitable to all customers, and comply with Proposition 218 and other legal requirements. For this task, we will derive proposed rates based on a defensible cost of service methodology. A key component of this task includes allocating operating, maintenance, capital, and debt service expenses for cost recovery from appropriate rate components. Water rates will be based on a) an allocation of costs to be recovered from fixed vs. variable charges, b) a cost-based justification to support the City's water usage charges. Sewer rates will be based on cost allocations to wastewater flow and strength (as measured by BOD and SS) in order to develop underlying unit costs for flow, BOD and SS. These unit costs are then applied to the wastewater discharge characteristics of each customer class to ensure rates reflect the proportional cost of providing service to each class.

### 5. Develop Preliminary & Final Rate Recommendations with City Input

Based on evaluation of alternatives, develop draft rate recommendations for City input. The recommendations may include a multi-year phase in of both overall rate increases and proposed rate structure adjustments in order to help mitigate the annual impact on ratepayers. Revise recommendations based on input received. Final rate recommendations will be designed to:

- a) fund the costs of providing service, including operating, capital, and debt service funding needs
- b) be fair and equitable to all customers,
- c) provide a prudent balance of conservation incentive and revenue stability,
- d) be easy to understand and administer, and
- e) comply with the substantive requirements of Proposition 218.



*Rates will be developed based on a cost-of-service approach designed to equitably recover the cost of providing service to all customers and comply with Proposition 218.*

## 6. Evaluate Rate Impacts

Calculate the impacts of each rate alternative on a range of City customers. Discuss additional rate structure adjustments that may reduce the impact on certain customers if warranted.

### Phase 3 Deliverables Include:

- Evaluation of current utility rates and potential rate structure modifications
- Regional utility rate surveys
- Analysis of historical consumption and utility billing data
- Cost of service analysis to support equitable and legally-defensible rates
- Development of draft water and sewer rate alternatives for City evaluation and input
- Meet with City to discuss findings and alternatives, gain input, and develop recommendations

## Phase 4. Meetings, Reports and Rate Adoption

### 1. Progress Meetings & Conference Calls (3 Progress Meetings & Conference Calls as Needed)

Attend online and in-person meetings (when safe) to present findings, discuss alternatives and preliminary recommendations, and gain ongoing input. Remain available for phone conferences as needed.

### 2. City Council Meetings (2 City Council Meetings including the Proposition 218 Rate Hearing)

Attend a City Council Meeting to present findings and draft recommendations and receive input. Incorporate input as warranted to ensure final recommendations reflect Council preferences. BWA will subsequently attend the Proposition 218 Rate Hearing at a City Council Meeting as described below.

### 3. Prepare Draft & Final Reports

Develop a draft report summarizing study objectives, findings and draft recommendations. The report will provide an administrative record supporting the proposed recommendations. The report will be written for a non-technical audience and will clearly explain the rationale for recommendations. Submit a draft report for City review and feedback. Incorporate input into a revised report and ultimately provide the City with printed and electronic copies as needed.

### 4. Proposition 218 Rate Notice

Develop draft and final Proposition 218 Notices. BWA recommends the notice go beyond the minimum legal requirements and provide clear and concise explanation of the reasons for any rate adjustments. BWA has helped many agencies adopt rates via the Proposition 218 process. We have found that ratepayers are generally much more accepting of rate increases or rate structure modification when they understand the reasons underlying the adjustments.

### 5. Proposition 218 Rate Hearing

Attend the Proposition 218 Public Rate Hearing and remain available to present a summary of findings and recommendations and respond to Council and public comments. BWA has extensive experience presenting financial and rate recommendations to non-technical audiences, dealing with challenging questions, and building acceptance for final recommendations.

### Phase 4 Deliverables Include:

- 3 Progress Meetings & Phone Conferences as Needed
- 2 Council Meetings (including the Prop. 218 Rate Hearing)
- Draft and final reports
- Draft and final Proposition 218 Notice of proposed rate increases

## SECTION 5: BWA FIRM QUALIFICATIONS



**BARTLE WELLS ASSOCIATES**  
INDEPENDENT PUBLIC FINANCE ADVISORS

**WHO WE ARE** Bartle Wells Associates (BWA) is an independent public finance advisory firm with expertise in the areas of utility rates and project financing. BWA was established in 1964 and has over 50 years of experience advising public agencies on the complexities and challenges in public finance. We have advised over 500 agencies from all areas of California and the western United States. We have a diversity of abilities and



experience to evaluate all types of financial issues faced by local governments and to recommend the best and most-practical solutions.

Bartle Wells Associates has a highly-qualified professional team. Our education and backgrounds include finance, civil engineering, business, public administration, public policy, and economics.

**BWA KEY SERVICES** BWA specializes in three professional services: utility rate and fee studies, strategic financial plans, and project financing. We are the only independent financial advisor providing *all three* of these interrelated services to public agencies.

**STRATEGIC FINANCIAL PLANS** Our financial plans provide agencies with a flexible roadmap for funding long-term operating and capital needs and meeting debt service requirements. We evaluate the wide range of financing options available and develop a plan that recommends the best financing approach. We also help agencies develop prudent financial policies, such as fund reserve targets, to support sound financial management. BWA has developed over 2,000 financial plans to help public agencies fund their operating and capital programs, meet debt requirements, and maintain their long-term financial health.



**UTILITY RATE & FEE STUDIES** Our rate studies employ a cost-of-service approach and are designed to maintain the long-term financial health of a utility enterprise while being fair to all customers. We develop practical recommendations that are easy to implement and often phase in rate adjustments over time to minimize the impact on ratepayers. We also have extensive experience developing impact fees that equitably recover the costs of infrastructure required to serve new development.

BWA has completed over 2,000 utility rate and fee studies. We have helped agencies implement a wide range of utility rate and fee structures and are knowledgeable about the legal requirements governing rates and development impact fees. We develop clear, effective presentations and have represented agencies at hundreds of public hearings to build consensus for our recommendations. We support our clients every step of the way, from project initiation through final adoption and implementation.



**PROJECT FINANCING** BWA has served as an independent municipal advisor to public agencies on over 300 financings. To date, we have helped California agencies obtain over \$5 billion of financing via bonds, bank loans, private placements, lines of credit, low-rate State Revolving Fund Loans, and other funding programs. We work only for public agencies. We are independent financial advisors and do not, trade, or resell bonds. BWA is a registered municipal advisory firm with the SEC and MSRB. All of our lead consultants are MSRB Registered Municipal Advisors. Our work is concentrated on providing independent and objective advice that enables our clients to finance projects on the most favorable terms: lowest interest rates, smallest issue size, and greatest flexibility.



Bartle Wells Associates is a charter member of the *National Association of Municipal Advisors* and its predecessor, the *National Association of Independent Public Finance Advisors*. NAMA promotes high ethical and professional standards in the industry.

**COLLABORATIVE APPROACH** BWA has a strong track record building consensus and public acceptance for final recommendations. BWA uses a collaborative approach to ensure recommendations reflect the input and objectives of the agencies we serve. Our general approach is to work closely with our clients to clarify objectives, evaluate alternatives, gain ongoing input, and remain flexible to resolve unanticipated issues

## COMMUNITY OUTREACH

Rate and fee increases can be controversial. BWA has assisted many agencies with community outreach efforts to help foster understanding and acceptance for final recommendations. BWA has substantial experience working with governing boards and city councils, citizen advisory committees, community groups, and other stakeholders. We help agencies develop effective public outreach strategies and also work in partnership with our client's public relations staff and independent public relations firms. We have a long track record of helping our clients successfully adopt rate increases in challenging political environments.



## ADVANTAGES OF BWA

### Utility Rate & Finance Expertise

- Successfully served over 500 public agencies
- Developed over 2,000 utility rate and fee studies
- Secured over \$5 billion of financing for public agencies; MSRB-Registered Municipal Advisor
- Highly qualified and experienced staff

### Technical Expertise

- Expertise in cost-of-service and rate-setting methodologies and strategic financial planning
- Knowledgeable about legal requirements governing utility rates and capacity charges
- Creative ability to tailor rate and finance recommendations to achieve client objectives

### Effective Communication

- Extensive work with councils, boards, community groups and citizen advisory committees
- Clear and informative reports and presentations
- Effective Proposition 218 rate notices and community outreach strategies

### Outstanding Service & Results

- Proven ability to build consensus for final recommendations
- Long track record of completing projects on time and on budget
- Helped many agencies successfully adopt rate increases in challenging political environments.

***Bartle Wells Associates is committed to helping public agencies achieve their financial objectives. Our strength is quality—the quality of advice, service, and work we do for all our clients.***

## CONTACT US



Bartle Wells Associates  
2625 Alcatraz Ave #602  
Berkeley, CA 94705

(510) 653-3399  
bwa@bartlewells.com  
www.bartlewells.com

Bartle Wells Associates was established in 1964 and is a California Corporation and certified State of California Small Business. Our Federal Tax ID number is 94-1664409.

SECTION 6: REFERENCES



City of San Carlos

BWA has assisted San Carlos on many assignments over the past decade. BWA updated the City’s sewer capacity charges levied on new development based on a new capacity charge methodology designed to recover the full costs of infrastructure benefitting growth. Prior to the update, the City’s sewer impact fees had not been updated in over 20 years. BWA developed a wastewater enterprise financial plan and rate study for the City. Prior to this study, the City’s sewer rates and finances had not been independently reviewed in many years.

BWA developed long-term cash flow projections to evaluate revenue requirements and rate increases and presented three rate options for the City Council’s consideration. The rate projections were designed to fund a) legally-mandated system capacity improvements, b) the City’s share of costs for rebuilding the regional wastewater treatment plant, and c) various levels of high-priority collection system improvements identified in a recently-updated Sewer Master Plan. To improve rate equity, BWA recommended several rate structure modifications, including adding a moderate strength commercial sewer rate class and transitioning hotels/motels to a volumetric rate based on metered water use, similar to other commercial customers. BWA presented findings and preliminary recommendations to the City Council for input and drafted the Proposition 218 notice. The City adopted three years of rate increases. BWA has assisted the City with an evaluation of residential sewer rate alternatives and developed financial and rate recommendations for the City’s solid waste rates designed to restore equity between residential and commercial customers, and between residential accounts with different cart sizes.

Reference..... Steven Machida, Director of Public Works  
smachida@cityofsancarlos.org / 650.802.4203

City of San Bruno

BWA has assisted the City of San Bruno with water and sewer utility financial planning and rates since 2012. Our work has included development 10-year water and wastewater financial plans and rate studies, as well as development of updated water and sewer capacity charges levied on new development. Our recommendations have included ongoing phase-in of annual rate increases designed to fund the increasing costs of wholesale water supply and generate additional ongoing funding for rehabilitation and replacement of aging water and sewer system infrastructure. BWA also recommended rate modifications to improve equity and conservation incentive. BWA worked closely with City staff and a City Council Subcommittee to review alternatives and gain ongoing input for development of final recommendations. The adopted rate increases have substantially improved the finances of the City’s water and sewer enterprises and put each utility on strong financial footing.



Reference..... Jimmy Tan, Pubic Works Director  
JTan@sanbruno.ca.gov / 650.616.7065





**City of Paso Robles**

The City of Paso Robles provides wastewater service to roughly 10,000 residential, commercial and institutional accounts within the City. Paso Robles has a population of approximately 31,200 and is located on California’s Central Coast in northern San Luis Obispo County, roughly half-way between San Francisco and Los Angeles. The City owns and operates a wastewater system consisting of approximately 126 miles of sewer pipelines, 14 lift stations and force mains, and a wastewater treatment plant with a capacity of 4.9 million gallons per day.

The City of Paso Robles retained Bartle Wells to develop a financial plan and rate study for the City’s wastewater enterprise. Prior the study, the City had not raised wastewater rates in five years and had recently completed a Wastewater Collection System Renewal Strategy and Master Plan that identified over \$50 million of capital improvements. The City was also facing new debt service funding requirements and significant loss of revenues from another wastewater agency that stopped sending wastewater to the City for treatment and disposal. In addition to ensuring that the rates were sufficient to fund the operating and capital needs of the enterprise, BWA also evaluated a number of modifications to the City’s wastewater rate structure. The City’s wastewater rates were 100% volumetric charges while most of the City’s wastewater expenses are fixed costs that do not vary with changes in usage. BWA developed rate alternatives for phasing in a fixed rate component. Throughout the project BWA worked closely with City staff and management to evaluate alternatives and develop final recommendations.

**Reference**..... Matt Thompson, Wastewater Division Manager  
MThompson@prcity.org / 805.227.7200 ext. 7716

**Redwood City**

BWA has assisted Redwood City on many assignments over the past decade including development of the City’s water and recycled water financial plans, development of a cost-of-service wastewater rate study, recommendation for a new Water Supply capacity charge levied on new development, and periodic updates to the City’s water and wastewater financial plans and utility rate recommendations. We have worked closely with City staff and the City’s Utilities Advisory Committee to evaluate rate increase alternatives and a range of financial scenarios. Over the years, we have helped the City phase in gradual, ongoing water and wastewater rate increases to keep revenues in line with escalating costs of service and ensure adequate funding for the City’s long-term capital needs, including funding for repairs and replacements, construction of a \$72 million recycled water project, and funding for the City’s share of capital costs for rehabilitation of the regional wastewater treatment plant.



**Reference**..... Terence Kyaw, Public Works Director  
tkyaw@redwoodDistrict.org / 650.780.7466

**BWA has completed numerous water and sewer rate studies over the past 5 years  
Additional references are available upon request**

## SECTION 7: FORM OF AGREEMENT

BWA has reviewed the City's Sample Service Provider Agreement and has no deviations or edits.

## SECTION 8: INSURANCE

The Schedule of Insurance below lists Bartle Wells Associates levels of coverage, which will be maintained for the duration of this project. Our insurance agent will provide an additional insured endorsement consistent with the City's standard agreement.

### SCHEDULE OF INSURANCE

Insured: BARTLE WELLS ASSOCIATES

*Bartle Wells Associates will maintain in force, during the full term of the assignment, insurance in the amounts and coverage as provided in this schedule. If additional insurance is required, and the insurer increases the premium as a result, then the amount of the increase will be added to the contract price.*

TYPE OF INSURANCE	COMPANY POLICY NUMBER	COVERAGES AND LIMITS	EXP. DATE
Commercial General Liability	Hartford Insurance Company Policy #35-SBA PA6857	<ul style="list-style-type: none"> <li>▪ \$2,000,000 General Aggregate</li> <li>▪ \$2,000,000 Products Comp/Op Aggregate</li> <li>▪ \$2,000,000 Personal &amp; Advertising Injury</li> <li>▪ \$1,000,000 Each Occurrence</li> </ul>	6/1/21
Excess/Umbrella Liability	Hartford Insurance Company Policy #35-SBA PA6857	<ul style="list-style-type: none"> <li>▪ \$1,000,000 Aggregate</li> <li>▪ \$1,000,000 Each Occurrence</li> </ul>	6/1/21
Automobile Liability	Hartford Insurance Company Policy #35-UEC VU2842	<ul style="list-style-type: none"> <li>▪ \$1,000,000 Combined Single Limit</li> </ul>	6/1/21
Workers Compensation & Employers' Liability	Hartford Underwriters Insurance Company Policy #35-WEC FG7858	Workers' Compensation: Statutory Limits for the State of California. Employers' Liability: <ul style="list-style-type: none"> <li>▪ Bodily Injury by Accident - \$1,000,000 each accident</li> <li>▪ Bodily Injury by Disease - \$1,000,000 each employee</li> <li>▪ Bodily Injury by Disease - \$1,000,000 policy limit</li> </ul>	6/1/21
Professional Liability	Chubb & Son, Inc. BINDO94045	Solely in the performance of services as municipal financing consultants for others for a fee. Limit: \$2,000,000 Per Occurrence & Aggregate (including defense costs, charges, and expenses)	6/1/21



## ADDENDUM FOR ADDITIONAL SERVICES

### Public Outreach & Education Assistance

Our rate study proposal already includes drafting of the Proposition 218 Notice and assisting with adoption of rates pursuant in compliance with the process required by Proposition 218.

BWA can also assist with development of public outreach and education materials and can participate in public outreach efforts and meetings as needed to explain findings and recommendations, receive public input, respond to questions, and build understanding and acceptance for proposed rates. The timing of these meetings can be determined by City staff as the project progresses. Rate and fee adjustments are often controversial. BWA has helped many agencies with their public education and outreach efforts regarding rate and fee increases. We understand the importance of building consensus and public acceptance for our recommendations. While the exact extent of these efforts is not yet know, we would propose to include a not-to-exceed contingency of up to \$10,000 for such services, which would be performed at the direction of City staff.

### Rate Structure for the Baylands Community

The Brisbane Baylands Specific Plan includes development of up to 2,200 residential units and 7 million square feet of commercial development. This area is currently mostly undeveloped and will require installation of new water and sewer system infrastructure to serve planned development.

BWA can assist the City with development of water and sewer rates for the Baylands Community after completion of the Brisbane Baylands Specific Plan. As part of the study, BWA will need to work with City staff and potentially the City's consulting engineers to identify future funding needs for operating and maintaining new water and sewer systems serving the Baylands Community.

We anticipate that the scope of services would be similar to those detailed in the water and sewer utility rate study proposal. Key tasks would include development of a comprehensive 10-year financial plans for the Baylands Community water and sewer utilities as well as development of utility rates to a) recover the projected costs of service, b) be fair and equitable to all customers, c) be easy to understand and administer, d) provide a prudent balance of conservation incentive and revenue stability, and e) comply with the substantive requirements of Proposition 218 (Article 13D, Section 6 of the California Constitution).

While the exact extent of the efforts required for completing water and sewer rate studies for the Baylands Community is not currently know, BWA estimates a preliminary budget of roughly \$45,000 for the studies. BWA will remain available to work with the City to develop a final scope and budget to ensure the project cost is in line with City objectives and expectations.