

# **PAJARO/SUNNY MESA**

**COMMUNITY SERVICES DISTRICT**  
136 San Juan Road, Royal Oaks, CA 95076  
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[www.pajarosunnymesa.com](http://www.pajarosunnymesa.com)

P. 1

## **AGENDA**

**SPECIAL MEETING OF THE BOARD OF DIRECTORS**  
**DISTRICT CONFERENCE BOARD ROOM**  
**136 SAN JUAN ROAD, ROYAL OAKS, CA 95076**

**APRIL 29, 2020**  
**1:30 P.M.**

### **“Notice of Teleconferenced Meeting”**

Pursuant to Governor Newsom’s March 17, 2020 Executive Order [N-29-20](#) regarding COVID-19, members of the Pajaro/Sunny Mesa Community Services District Board of Directors and staff may participate in this meeting by teleconference.

To reduce the spread of COVID-19, members of the public may listen to the meeting via teleconference by calling **1-425-436-6355** and entering passcode **407147** and then the pound sign (“#”). There will be no in-person participation in the meeting under the authority of Governor Newsom’s Executive Order [N-29-20](#). You may also submit written comments in writing either at District Offices in person or by email by 10:00 am on April 27, 2020.

To submit a comment by email, please send to [info@pajarosunnymesa.com](mailto:info@pajarosunnymesa.com) and write “Public Comment” in the subject line. Include the item number and/or title of the item in the body of the email and your comments. All comments received by 10:00 am will be emailed to the Board members and included as an “Add to Packet” on the District’s website before the meeting. Those comments received after 10:00 am will be added to the record of the meeting and shared with Board members at the meeting.”

The Pajaro/Sunny Mesa Community Services District welcomes you to its meetings regularly scheduled on the fourth Thursday of each month, and your interest and participation is encouraged and appreciated.

Contact the District office at the email address or telephone number above if you believe you require any modification or accommodation for any disability which might impair your ability to participate in the meeting.

Documents provided to the District after the agenda has been published will be available at the District office and available for photocopying during ordinary business hours as Public Records at the cost set by resolution by the Board from time to time. This is ordinarily \$.25 per page. Documents provided to the Board for agenda items will ordinarily be placed on the District website if time permits. Otherwise, late documents will be provided to the Board at the meeting and a copy placed with the agendas available to the Public at Board meetings.

**AMERICANS WITH DISABILITIES ACT:** In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Pajaro Sunny Mesa Community Services District at (831) 722-1839 before the meeting to allow the District to make reasonable accommodations.

**1. PLEDGE OF ALLEGIANCE**

**2. CALL TO ORDER AND ROLL CALL**

- o (11/21) President Harry Wiggins \_\_\_\_\_
- o (11/21) Vice President Sanford Coplin \_\_\_\_\_
- o (11/23) Secretary Robert Moody \_\_\_\_\_
- o (11/23) Assistant Secretary Darlene Lamboley \_\_\_\_\_
- o (11/21) Treasurer Michael Moore \_\_\_\_\_

<u>ADMINISTRATIVE STAFF:</u>	General Manager Don Rosa _____
	Recorder Judy Vazquez-Varela _____
<u>DISTRICT COUNSEL:</u>	Attorney Alan Smith _____

**3. ADDITIONS TO AGENDA [SUBDIVISION (b), GOVERNMENT CODE § 54954.2]**

The Board may act on items of business not appearing on the posted agenda if (1) three members determine that an emergency (as defined in Section 54956.5 exists), (2) two-thirds vote of the members present, or, if less than two-thirds of the members are present, a unanimous vote of those members present, determine that there is a need to take immediate action and that the need for action came to the attention of the District after the agenda was being or (3) the item was posted for a prior Board meeting not more than five calendar days before the date action is taken, and at the prior meeting the item was continued to the meeting at which action is taken. Before discussing any item pursuant to this subdivision, the Board will publicly identify the item.

**4. COMMENTS FROM PUBLIC OR MEMBERS OF BOARD ON ITEMS NOT ON AGENDA**

Any person may address the Board on any item not on the agenda when recognized by the Board President.

Any Board member may comment on any item not on the agenda.

**ACTION ITEMS**

**Consent Agenda**

Any person may comment on any item on the consent agenda.

1. NONE

Old Business:

- 1. NONE

New Business:

- 1. NONE

**STAFF/COMMITTEE REPORTS: (INFORMATION ONLY, NO ACTION)**

This part of agenda is for the Staff to report to the Board on District operations however no action is agendized and no action may be taken other than asking for an action item to be brought to the Board at a future meeting.

1. WATER RATE STUDY KICKOFF

- Attached: Technical Proposal for Water Rate Study Update (February 7, 2020)  
Prepared by NBS
- Select ad hoc committee to work with GM and NBS

**CLOSED SESSION:**

- None

**MOTION TO ADJOURN**

Next Board meeting date: \_\_\_\_\_  
 Motioned by: Director \_\_\_\_\_ Seconded by: Director \_\_\_\_\_  
 Ayes: \_\_\_\_\_ Noes: \_\_\_\_\_ Absent: \_\_\_\_\_ Abstained: \_\_\_\_\_  
 Motion passed: \_\_\_\_\_ Motion Failed \_\_\_\_\_ Motion Tabled \_\_\_\_\_

Adjournment Time: \_\_\_\_\_ p.m.



# PAJARO / SUNNY MESA COMMUNITY SERVICES DISTRICT

*Technical Proposal for:*

**Water Rate Study Update**

February 7, 2020

Prepared by:



[nbsgov.com](http://nbsgov.com)

February 7, 2020

Don Rosa  
General Manager  
Pajaro / Sunny Mesa Community Services District  
136 San Juan Road  
Royal Oaks, CA 95076

**RE: Proposal to Update the Water Rate Study**

Dear Mr. Rosa,

After completing the comprehensive study for the Community Services District (District) in 2015, this study will update the water rates based on our recent discussions with you. The District is also considering updating the staffing compensation under a separate agreement with Robert DeLoach, and the results of that study will be incorporated into the updated water rates.

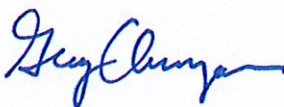
Our proposal is structured to fully update the critical components of the water rate analysis and review the District's underlying policies and assumptions to ensure that our recommendations meet the District's objectives.

As in the previous study, we will work closely with key District personnel and the Board in developing final recommendations and clearly communicating the analysis to the Board and District customers. The study report will also provide the administrative record necessary to comply with Proposition 218. Other key benefits include:

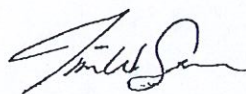
- 1. Dedicated Project Team:** Greg Clumpner will again oversee and direct this study as the project manager, including attending Board meetings, to ensure that the study is managed successfully from start to finish. Our proven staff of consultants will provide the technical support necessary to the success of this study.
- 2. Comprehensive Project Approach:** Due to the unpredictable rate-setting environment, we will take a fresh look at the District's water rate challenges and offer any options that might enhance the value and success of this study. Towards this end, we will: (1) conduct two meetings with the Board to discuss the overall study approach, issues, policies, and initial findings; and, (2) take a comprehensive approach to projected consumption, conservation, potential supply shortages, and long-term revenue stability. This update will also include the results of the compensation study and costs for the new standby generators.
- 3. Technically Sound Rate Study Tasks:** Based on our experience with similar agencies throughout the State and the 35 years of experience of our project manager, our proposal offers sound and implementable solutions.

Please do not hesitate to contact me at 530.297.5856 or [gclumpner@nbsgov.com](mailto:gclumpner@nbsgov.com) if you have any questions.

Sincerely,



Greg Clumpner  
Project Manager



Tim Seufert  
Managing Director

# TABLE OF CONTENTS

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1   APPROACH TO THE PROJECT .....	1
2   EXPERIENCE .....	5
3   QUALIFICATIONS .....	11
4   STUDY BUDGET .....	12
5   SCHEDULE.....	13
APPENDIX.....	14



# 1 | APPROACH TO THE PROJECT

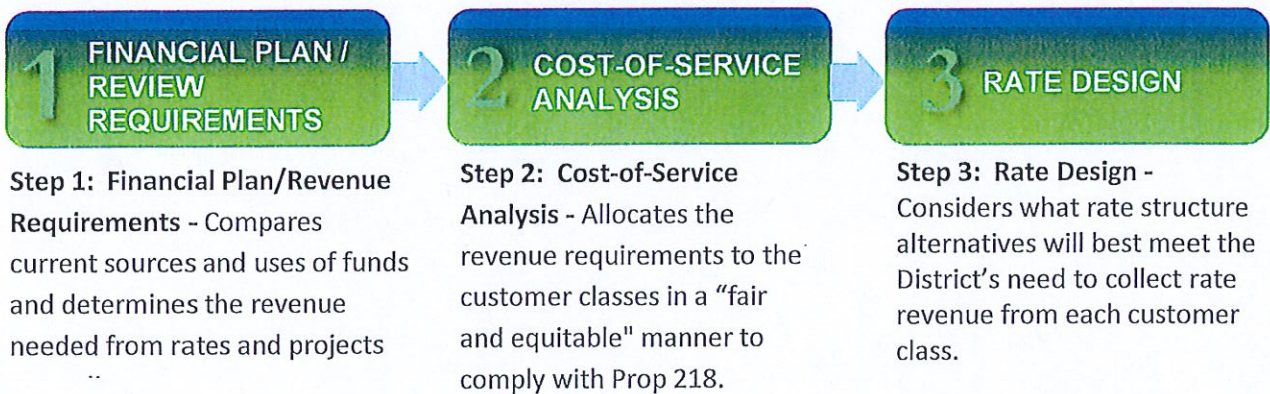
**Background and Understanding** – Prior to the 2015 rate study, the District was managed as a small, complex service area consisting of two separate water systems plus eight smaller systems. This study update will provide a comprehensive review of the current rate structure and financial management practices and comply with Prop 218 while achieving overall fairness and equity for the District’s customers. A key objective of this study will be to maintain transparency throughout the process and clearly communicate the methodology and findings.

**Key Services & Tasks** – In order to address the key challenges facing the District, NBS will provide a comprehensive review that results in practical and implementable solutions and recommendations, including the following:

- **Current Rate Structure Review** – NBS will review the current rates and discuss the sufficiency of current rate revenue; no changes will be made unless they are deemed necessary.
- **District Policies** – We will review policies related to reserve funds and other financial practices.
- **Financial Plan** – We will prepare financial/budget projections for the following:
  - Annual operating and maintenance costs
  - Capital improvement as well as repair and replacement costs
  - Rate increases necessary to maintain the District’s bond coverage ratios
- **Fairness & Equity** – We will evaluate cost allocations to ensure the fairness and equity of proposed rates
- **Rate Design Alternatives** – We will evaluate the District’s current rate design and whether any improvements are warranted. The intent will be ensuring and/or improving equity for customers and revenue stability for the District. In addition to re-evaluating how revenue collected from fixed and volumetric charges impacts revenue stability, we will also evaluate drought rates.

**Rate Study Components** – Figure 1 below summarizes the primary components of the water rate study and the overall technical approach we will use.

Figure 1. PRIMARY COMPONENTS OF A RATE STUDY



## Scope of Work

The sections below serve as the basis for the scope of work for this study.

### **TASK 1 – KICK-OFF MEETING AND DATA COLLECTION**

The kick-off meeting will review and discuss the data from the District's billing and accounting systems along with the general data requirements. We would also like to discuss the District's current rate structure and the possibility of any new rate alternatives that would be explored in this study. The data needs to include customer accounts, meter sizes, monthly consumption records for each customer, total rate revenue collected, and financial data typically reported in financial statements.

### **TASK 2 – REVIEW OF CURRENT RATES & POLICIES**

NBS will work with District staff to review the District's current rate structure and related policies. We will discuss policies and practices related to basic equity and fairness, revenue stability vs. water conservation, the level of funding for capital including repair and replacement costs, particularly the new standby generators the District is planning to purchase and the possibility of adding a remote/radio type meter read system. This approach also offers the opportunity to work closely with District staff to discuss past policy-related problems and recommend changes.

### **TASK 3 – FINANCIAL PLAN AND REVENUE REQUIREMENTS**

This task lays the groundwork for the cost-of-service and rate design analyses, and includes the following subtasks:

- **Project Revenues and Expenditures** – By using a cash-basis method that incorporates the District's system of accounts, NBS will update the 20-year projection of revenues and expenses. This will identify future rate increases and help maintain appropriate reserve fund levels in light of updated budget projections.
- **Incorporate Results of the Compensation Study** – The District is separately conducting a compensation study and NBS will incorporate the results of this study as directed by District staff.
- **Evaluate Reserve Fund Sufficiency** – NBS will review existing reserve funds, target reserves, reserve fund policies, and other related issues such as debt service coverage ratios.
- **Review Capital Improvement Funding** – NBS will incorporate District-provided capital project plans and evaluate the timing, costs, and available reserves used to fund the various projects including the new standby generators. We will then work with District staff to review the approach to funding these capital needs.

### **TASK 4 – COST OF SERVICE ANALYSIS**

The revenue requirements are equitably allocated to individual customer classes using the same steps followed in the previous study, including the following:

- **Functionalization of Expenses** – Functionalizing the expenses means arranging costs into basic categories, such as source of supply, treatment, transmission, and distribution, as well as administrative and overhead.
- **Classification of Expenses** – Once the costs have been functionalized, they are then classified into various cost components, such as fixed capacity, variable (commodity), or customer-related costs.



- **Allocation of Costs to Customer Classes** – These costs are then allocated to individual customer classes based on allocation factors specific to each cost classification, such as those shown in Figure 2. This process results in fixed and variable revenue requirements for each customer class which are then used for the actual rate calculations.
- **Miscellaneous Fees & Charges** – NBS will base these charges on actual District costs for these services.

Figure 2. Example of Allocation Factors

Cost Classification Category	Commodity Allocation Factor	Capacity Allocation Factor	Customer Allocation Factor
<b>Allocation Factors:</b>	Water Consumption by Customer Class	Peak Water Use	Number of Accounts by Customer Class
<b>Types of Costs:</b>	Costs associated with the consumption of water over time.	Costs associated with the maximum demand required at one point in time or the maximum size of facilities required to meet this demand	Costs associated with having customers connected to the system
<b>Examples of Costs:</b>	- Variable Costs of Purchased Water - Electricity - Chemicals	- Primarily Capital Facilities - Fixed Costs of Purchased Water	- Meter Reading - Customer Billing - Customer Service

**TASK 5 – RATE DESIGN ANALYSIS**

NBS will review the current rate design and evaluate whether any adjustments are warranted to meet the District’s broader rate design goals and objectives. Any new alternatives will be compared to the current rate structure. We will also discuss the relative merits of the current rates and any adjustments deemed necessary.

**Criteria for Improving the Rate Design** – NBS will review the following:

- The impact of cost allocations to fixed and volumetric rates on revenue stability.
- Changes in peaking factors and how they are reflected in the rate design.
- Changes in meter sizes and their impact on calculating fixed charges.
- Potential “price elasticity” reductions in water use in response to rate increases.
- The impact on monthly customer billing.

The recommended rates will be used to compare customers’ monthly bills under both current and new rates. However, all rate alternatives will be “revenue neutral,” because they will all collect the same amount of revenue from each customer class (a key requirement of Prop 218).

**Evaluation of Consumption Patterns** – This evaluation identifies the amount of water consumption that occurs within each customer class. The District’s most recent water consumption data will be used for this analysis.

**Calculate Fixed and Volumetric Charges** – Fixed costs are allocated based on the number of accounts, equivalent meters, and the number and size of meters. Variable costs are allocated in proportion to consumption. Other factors considered include revenue stability, water conservation goals, ease of understanding, and ease of administration.

**Drought Water Rates** – Assuming the District is interested in drought rates, NBS will develop drought rates that reflect the financial plan and cost-of-service analysis. Based on the approach that NBS has used for

most water utilities in recent years, “drought rates” would reflect any cost reductions in variable costs due to reduced production (e.g., pumping and treatment costs) and would be applied to volumetric rates. The overall objective would be to meet adjusted revenue requirements under reduced water use scenarios and provide, or ensure, revenue stability during various drought stages.

**Rate Model** – During the study, we will update the rate model and review changes with District staff so that the impact of rates and financial plans are transparent.

#### **TASK 6 – PREPARE A WRITTEN STUDY REPORT**

NBS will prepare preliminary, draft final, and final reports. We will work with District staff to incorporate their comments<sup>1</sup> during this process.

#### **TASK 7 – MEETINGS, WORKSHOPS AND PRESENTATIONS**

NBS will plan to meet with District staff and management to assist the District in successfully adopting and implementing the recommended rates. We expect to have regular phone conversations with staff to discuss data requirements, address any questions, explain specific findings, and review initial results. We assume there will be the following meetings:

- Kick-off meeting to take place by phone with District staff.
- Two Board meetings to review the approach used in the study and discuss the results. One of these meetings would likely be to review the proposed rates prior to issuing the Prop 218 notice.
- One public hearing at the end of the 45-day noticing period to address any last questions prior to adoption of the new rates.

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<sup>1</sup> We assume District staff will provide all comments in Microsoft Word format using the track-changes mode.

## 2 | EXPERIENCE

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### NBS Firm Experience

**Helping communities fund tomorrow.** NBS was founded in 1996 by experienced finance and engineering professionals, and has worked with more than 400 public agencies to date. NBS is an independent consulting firm serving local governmental agencies, including cities, towns, counties, municipal utilities, and special purpose districts. The ultimate goal of NBS is to provide support, expertise, and solutions that allow these local agencies to focus on community needs and core services.

Our Financial Consulting Practice focuses primarily on cost recovery mechanisms and provides support for the justification of various agency revenue streams, such as:

- Rate studies for municipal water, sewer, storm drainage, and solid waste utilities.
- Financial plans for public utilities.
- System capacity and development impact fees.
- User and regulatory fees for a wide variety of local government programs and services.
- Overhead cost allocation analysis.

Services in this study will be performed in conformance with California-specific statutes and guidelines, including:

- Proposition 218, 26, and subsequent legislation and case law.
- Mitigation Fee Act (Government Code 66000 et seq., codified by "AB 1600").

**Individuals assigned to the study.** The NBS study team includes the expertise of a senior project manager (Greg Clumpner), with more than 35 years of experience working closely with water agencies on financial planning and rate design issues. More detailed descriptions of our team's qualifications are included in their resumes and outlined in the project descriptions provided below.

## Recent Relevant NBS Projects and References

### CITY OF REDDING, CA

#### WATER, SEWER AND SOLID WASTE RATE, RATE UPDATE, AND IMPACT FEE

Years as client: Six (6) years / Project Completed: 2016



**Contact Information**

Chuck Aukland,  
Public Works Director  
or Ryan Bailey, PE  
777 Cypress Ave.  
Redding, CA 96001  
P: 530.225.4170 (Chuck)  
P: 530.224.6030 (Ryan)  
E: caukland@ci.redding.ca.us  
E: rbailey@ci.redding.ca.us

**NBS Project Team:**

Greg Clumpner, Kim Boehler,  
Jordan Taylor

NBS is currently updating the extensive cost-of-service study of water, sewer, and solid waste rates originally prepared in 2013. A key part of these studies was working with a Citizens Advisory Group that reviews and provides recommendations to the City Council. Major tasks included reviewing financial/rate setting policies, preparing financial plans, revenue requirements, cost-of-service analysis, and developing alternative rate designs. NBS also updated the City's capacity fees in 2017, and is now updating the rates – the fourth study for the City since 2013 and the result of their confidence in NBS' ability to effectively conduct these studies.

Project dates for studies:

2013 Rate & Capacity Fee Study: March 2012 – August 2013

2016 Rate Update Study: January 2016 – November 2016

2017 Impact Fee Study: July 2017 – December 2017

2019 Rate Study Update: January 2019 – present

*"The City of Redding has been extremely happy with the rate and fee update support you and your staff have provided in the last few years. The NBS strengths we realized in Redding have been your technical understanding and tools in developing rate and fee alternatives, your commitment and ability to adapt to our local environment and related community expectations, and the positive teamwork you and your team displayed in working with my staff and our community advisory group."*



**BRIAN CRANE**  
former public  
works director

**UTILITY RATE PROGRAM UPDATE | 2016**

**CITY OF SANTA PAULA, CA**  
**WATER AND SEWER RATE STUDY**



*Years as client: Six (6) years / Last Project Completed: 2019*

**Contact Information**  
Clete Saunier  
Public Works Director  
886 Main Street  
Santa Paula, CA 93060  
P: 805.933.8700  
E: CSaunier@spcity.org

In October 2019, NBS completed and update of cost-of-service study of water and sewer rates originally prepared in 2014. Funding for significant capital improvement projects and converting sewer rates to fixed plus volumetric charge based on average winter consumption were key elements. Several public workshops and council meetings were critical to securing a 5-0 approval by the City Council. Rates have now been approved through the Prop 218 process and adopted.

**NBS Project Team:**  
Greg Clumpner, Jordan Taylor  
and Alice Bou

Project dates for studies:  
*2014 Water and Sewer Rate Study Report: November 2014*  
*2016 Review of Rate Alternatives*  
*2019 Water and Sewer Rate Study Report: September 2019*

*“The professional team from NBS was nothing short of extraordinary. Especially Mr. Clumpner – his wealth of knowledge and expertise coupling with his ability to spring into action helped us navigate seamlessly through the entire process of the utility rate study.”*



**TAI CHAU**  
*assistant public works director*

**Water and Sewer Rate Study | 2019**

**MOUNTAIN HOUSE CSD, TRACY, CA**

**WATER AND SEWER RATE STUDY**

*Years as client: two (2) years / Last Project Completed: 2017*



**Contact Information**

Ed Pattison  
 (Former) General Manager  
 (Now GM at Tuolumne Utilities District)  
 230 S. Sterling Dr. Suite 100,  
 Mountain House, CA 95391  
 P: 209.831.5657 (MHCS D)  
 P; 209.831.5656 (TUD)  
 E: epattison@tudwater.com

NBS completed a comprehensive water and sewer rate study that re-designed rates for the District. Mountain House is a unique master-planned development that had in place the original rate structures prepared in the 1990's. Much of the water and sewer utility budgets have been subsidized from District general funds, but the Board determined that each utility should phase-out those subsidies over a 5-year period. Other key tasks included reviewing existing rate policies, restructuring rates, and customer bill impacts. Several public workshops were provided. NBS also prepared the District's Prop 218 notices.

**NBS Project Team:**

Greg Clumpner

Project date for study:

*2017 Water and Wastewater Rate Study: May 2017*

*"MHCS D would like to express its sincere appreciation to NBS for stewarding the District through this exigent project. NBS provided world-class customer service, leadership, a commendable level of stoicism, and displayed a command of subject matter expertise throughout this project. The District is now on a financially sustainable trajectory that was developed through shared vision and a collaborative process in which NBS facilitated. A special thank you to Greg Clumpner and the project team. Their hard work and dedication to this project was admirable and irreplaceable."*



**EDWIN  
 PATTISON**

*former general manager  
 current general manager,  
 Tuolumne Utilities District*

**WATER AND SEWER COST OF SERVICE RATE STUDY | 2017**

**SAN LORENZO VALLEY WATER DISTRICT, BOULDER CREEK, CA  
WATER AND SEWER COST-OF-SERVICE AND RATE DESIGN STUDY**



*Years as client: two (2) years / Last Project Completed: 2017*

**Contact Information**

Brian Lee  
(Former) District Manager  
(Now GM at San Antonio Water Company)  
13060 Highway 9  
Boulder Creek, CA 95006  
P: 909.982.4107  
E: blee@sawaterco.com

NBS prepared separate cost-of-service and rate design studies for the District’s water and sewer utilities that included several public workshops to discuss rates and connection fees. NBS also provided Proposition 218 assistance. This study evaluated, prioritized and then incorporated the District’s capital improvement plans and conducted an organizational analysis using subconsultants on our study team. The District requested, and NBS provided, a comprehensive review of rate design alternatives that best met the District’s long-range plans and were consistent with recent legal cases regarding cost-based rate design.

**NBS Project Team:**

Greg Clumpner, Jordan Taylor

Project dates for studies:

*2016 Water and Sewer Rate Cost-of-Service Study: November 2016*

*2017 Water and Sewer Rate Design: June 2017*

*“He (Greg) met with the committees and presented his findings in clear, understandable graphs and tables. He worked with staff to fine tune the information for presentation to the Board and community. Greg’s knowledge and expertise helped the process immensely. Please contact me if you have any questions.”*



**BRIAN LEE**  
*former general manager*

**WATER AND SEWER COST OF SERVICE AND RATE STUDIES | 2017**

*Excerpt from the recent*

**MARIN COUNTY GRAND JURY REPORT ON SEWER SYSTEMS:**

**Summary:** The Grand Jury conducted a survey of all wastewater agencies in Marin (except the park services), with the intention of shedding light on the operational, financial and governance aspects of these agencies. [They] also inquired about [the agencies'] experiences cooperating with each other and their views on consolidation.

**City of Sausalito Rate Study:** The City of Sausalito completed a Rate Study (February 27, 2014 [conducted by NBS]) and adopted a resolution in March 2014 whereby their rates will be increased over a 5-year period and a volumetric charge, based on annualized winter water consumption, will be incorporated into the base rate. The approach taken by this study could be considered by other agencies looking at rate increases and how to incorporate a usage element.

**Grand Jury Findings:** The City of Sausalito's Rate Study (February 27, 2014 [conducted by NBS]), presents a combination of fixed and variable fees to meet capital improvement projects and create greater equity among ratepayers.

**Grand Jury Recommendations:** The City of Sausalito share its rate study dated February 27, 2014, with all the collection agencies in Marin County.

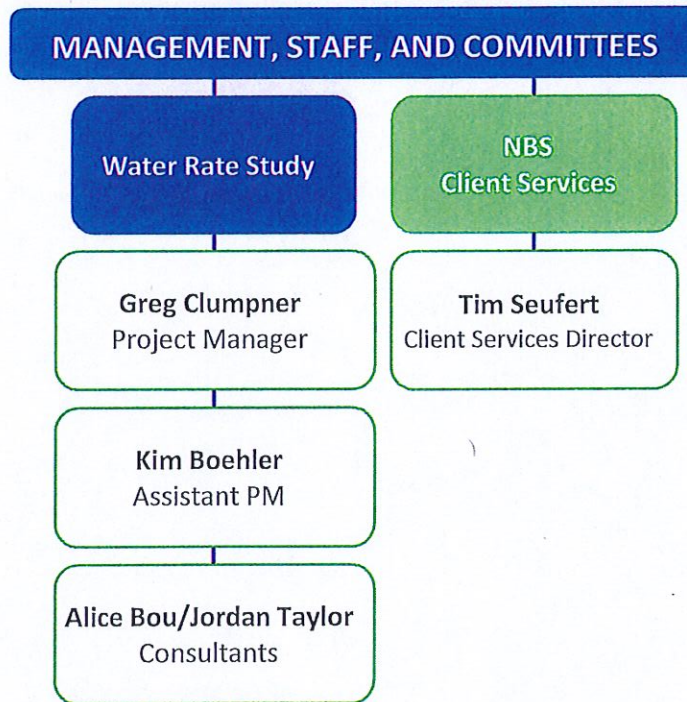
**Full report:** <http://www.marincounty.org/depts/gj/reports-and-responses/reports-responses/2013-14/~media/Files/Departments/GJ/Reports%20Responses/2013/SewerScoop1.pdf>



### 3 | QUALIFICATIONS

In addition to having the expertise for resolving complex issues, our rate study team works cohesively and efficiently with our clients. We have demonstrated the ability to successfully complete similar studies such as the one requested by the District. Besides treating our clients as partners, we work to develop an intimate knowledge of their needs in order to respond with strategic and timely solutions. The NBS Project Team has an in-depth understanding of all changes to laws, codes, and regulations affecting the District, including Proposition 218. As recognized leaders in their field, our team members are often asked to teach continuing education courses and assist distressed agencies. The functional relationships of our proposed project team are detailed as follows:

#### NBS Project Team Organization



The NBS project team offers several key attributes that we believe will be critical to the success of this project:

- **Senior Project Manager** – Greg Clumpner is an experienced project manager with over 35 years of experience in complicated rate design projects and cost-of-service analyses. His management consulting experience provides good “big-picture” skills, along with extensive experience in public workshops and hearings.
- **Proven Consulting Staff** – Kim Boehler has 10 years at NBS and has completed more than 100 similar, complex rate studies over the last 8 years. Both Alice Bou and Jordan Taylor bring 6-10 years of related financial experience to this study. They will provide excellent support on technical tasks.

*Resumes for our project team are in the Appendix.*

## 4 | STUDY BUDGET

Our detailed project budget is shown below. Our professional fees are based on our understanding of the District’s needs and the effort we believe is necessary to complete the scope of services/task plan described. Additionally, out-of-scope work will be provided at the labor rates shown in the table below.

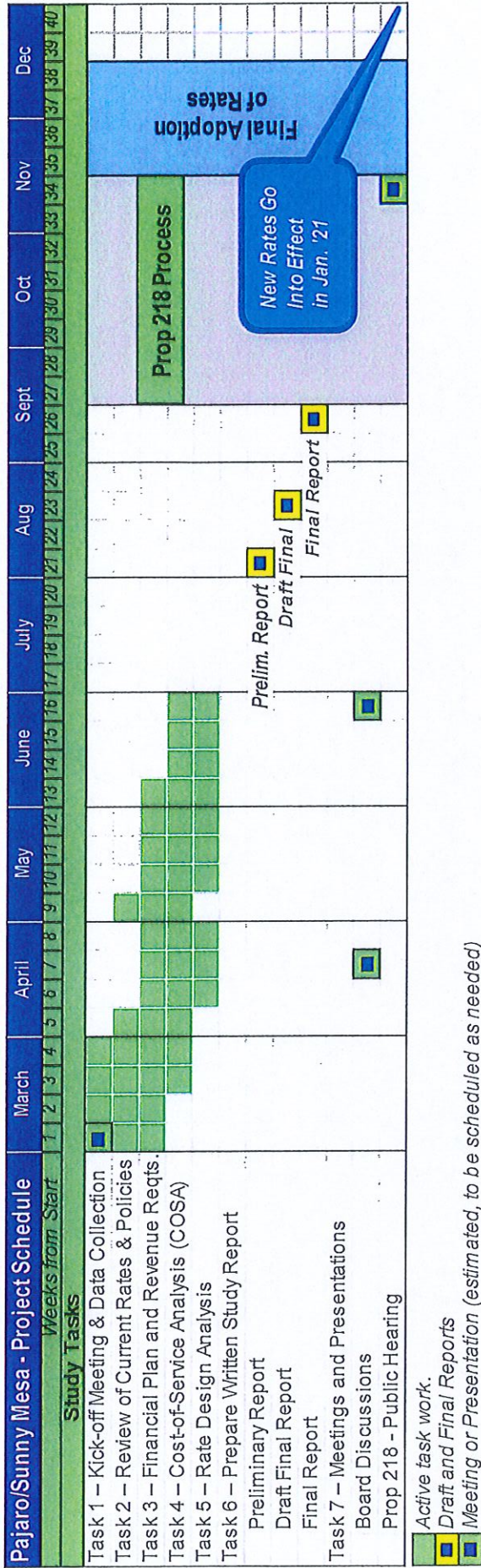
PROJECT BUDGET - Pajaro-Sunny Mesa Water District, Update of the Water Rate Study					
Rate Study Tasks	Consultant Labor (Hours)			Grand Totals	
	Project Manager (Clumpner)	Assistant PM (Boehler)	Consultants (Bou/Taylor)	Consultant Labor (Hrs.)	Consultant Costs (\$)
<i>Hourly Rate</i>	<b>\$250</b>	<b>\$205</b>	<b>\$170</b>		
Task 1 – Kick-off Meeting & Data Collection	2.0		10.0	12.0	\$2,200
Task 2 – Review of Current Rates & Policies	6.0		-	6.0	\$1,500
Task 3 – Financial Plan and Revenue Reqts.	6.0	-	20.0	26.0	\$4,900
Task 4 – Cost-of-Service Analysis (COSA)	12.0	2.0	30.0	44.0	\$8,510
Task 5 – Rate Design Analysis	8.0		18.0	26.0	\$5,060
Task 6 – Prepare Written Study Report	12.0	2.0	8.0	22.0	\$4,770
Task 7 – Meetings and Presentations	26.0	-	4.0	30.0	\$7,180
Contingency <sup>1</sup>	-	-	-	-	\$5,000
<b>Task Totals</b>	<b>72.0</b>	<b>4.0</b>	<b>90.0</b>	<b>166.0</b>	<b>\$39,120</b>
Reimbursable Expenses <sup>2</sup>					\$880
<b>GRAND TOTAL NOT TO EXCEED</b>	<b>72.0</b>	<b>4.0</b>	<b>90.0</b>	<b>166.0</b>	<b>\$40,000</b>

1. Will be used as needed for additional data collection, evaluation of additional alternatives, or other unbudgeted hours.

2. Includes travel costs to meetings. Billed as direct expenses (no mark-up).

# 5 | SCHEDULE

The following is an overview of the preliminary study schedule. We will plan to discuss a more detailed schedule at the kick-off meeting along with the expected timing for individual task completions.



# APPENDIX

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This appendix contains full resumes for our proposed project team.

**GREG CLUMPNER**  
**Project Manager**



**RESUME HIGHLIGHTS**

- More than 35 years of experience in financial and economic analyses
- Consulting practice focuses on municipal water, sewer, and recycled water utilities
- Completion of 400+ rate studies in California

**EDUCATION**

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

**PROFESSIONAL AFFILIATIONS**

- Former Vice-Chair, City of Davis Utility Rate Advisory Committee
- Former Chairman, City of Davis Planning Commission
- Past President, Sacramento Economics Roundtable

**RECENT ARTICLES AND SPEAKING ENGAGEMENTS**

- “Tiered Water Rates – Understanding Their Equity and Impact on Customer Bills” – Journal of AWWA, September 2019, Volume 111, Number 9.
- “Avoiding Billing Debacles Around New Water or Sewer Rates” – Journal of AWWA, March 2019, Volume 111, Number 3.
- “Changing Perspectives on Outside Surcharges: Understanding New Criteria” – Journal of AWWA, January 2019, Volume 111, Number 1.
- “Social Justice and Water Rates: Impacts of Rate Design on Low-Income Customers” – Journal of AWWA, July 2018, Volume 110, Number 7.
- “Embedded Social Justice: Are Utility Rates Really ‘Fair & Equitable’?” – League of Cities, Municipal Finance Institute Conference, December 13, 2017
- “Setting the Stage for Water Rates: Policy Direction Should Be A Priority”, CSMFO Magazine, Nov. 2016
- “Fiscal Health vs. Pricing for Conservation” – ACWA Fall Conf., Indian Wells, CA, Dec. 2015
- “What’s in Your Rates? Drought? Recycled Water? Social Justice?” – AWWA/ACE 2015 National Conference, Anaheim, CA, June 2015
- “Water Rates: Fairness, Equity and ‘Social Justice’?”, NBS Primer, 2014
- “The ‘Perfect Storm’ or the ‘New Normal’? Meeting the Challenges of Maintaining Financial Viability”, Utility Management Conference, Miami, February 2012

*“MHCSD would like to express its sincere appreciation to NBS for stewarding the District through this exigent project. NBS provided world-class customer service, leadership, a commendable level of stoicism, and displayed a command of subject matter expertise throughout this project.”*

**MOUNTAIN HOUSE CSD**  
 Edwin Pattison  
 GENERAL MANAGER

**BIOGRAPHY**

Greg Clumpner’s 35-year professional career has focused on financial, economic, and cost-of-service rate analyses for municipal water, sewer, recycled water and solid waste agencies. He regularly presents technical papers at industry conferences and client workshops. His practice has increasingly focused on management consulting related to municipal utility operations and capital improvements.

- **Utility Cost-of-Service Rate Studies:** Greg has prepared more than 400 multi-year financial plans, cost-of-service analyses, and rate design studies as well as conservation-oriented water rates, funding analysis for water, sewer, and solid waste utilities. These rate studies have primarily been for California clients, although he has also completed projects in Malaysia, Sri Lanka, Egypt, and Mexico.
- **Management Consulting & Strategic Planning:** His management consulting and strategic planning experience includes system operations, financial analyses, and long-term funding strategies for

municipal agencies. Greg also has an extensive background in system valuations of capital facilities and systems, facility acquisitions, and municipal versus private operations.

- **Project Financing/Bond Feasibility Studies:** Greg's financing/bond feasibility study experience includes successfully preparing bond feasibility reports resulting in the issuance of more than \$500 million in revenue bonds to finance the acquisition or construction of municipal facilities.

## SAMPLE OF RELEVANT PROJECTS

**City of Redding, CA – Water, Sewer, and Solid Waste Rate and Impact Fee Study.** NBS completed an extensive and highly visible cost-of-service study of water, sewer, and solid waste rates and system capacity charges in 2013 addressing City policies and overall objectives in developing rate structure alternatives. A key part of this study was working with a City Council-appointed Citizens Advisory Group that reviewed rate alternatives and provided recommendations to the Council. Key tasks included preparing financial/rate setting policies, financial plans, projecting net revenue requirements, cost-of-service analyses, and alternative rate designs. NBS updated this study in 2016. *Client project manager: Chuck Aukland, Director of Public Works. Phone: 530.225.4170 caukland@ci.redding.ca.us*

**Mountain House CSD, Tracy, CA – Water & Sewer Cost-of-Service Rate Study.** NBS recently completed a comprehensive water and sewer rate study that re-designed rates for the District. Mountain House is a unique master-planned development that had in place the original rate structures prepared in the 1990's. Much of the water and sewer utility budgets have been subsidized from District general funds, but the Board determined that each utility should phase-out those subsidies over a 5-year period. Other key tasks included reviewing existing rate policies, restructuring rates, and customer bill impacts. Several public workshops were provided. NBS also prepared the District's Prop 218 notices. *Client project manager: Ed Pattison, Former General Manager; Current GM of Tuolumne Utilities District. Phone: 209.532.5536 | epattison@tudwater.com*

**Los Angeles Department of Water & Power (LADWP), CA – Specialized Studies.** As a part of the 2018-19 interim rate review for LADWP under contract with Navigant Consultants, Greg prepared evaluations of: (1) Analysis of Demand Forecasting Methodologies – How LADWP could improve their use for financial planning and rate-setting purposes; (2) Review of Temperature Zones and Water Rate Impacts – Whether climate-change adjustments to temperature zone boundaries would change customer water budgets, and; (3) Stormwater Benefit Cost Analysis – Reviewed the B-C methodology and whether a project is "feasible". *Client contact: Kristina Stanford, Navigant. 219.210.0435*

**City of Yuba City, CA – Water and Sewer Rate Study.** NBS completed a Water and Wastewater Rate Study for the City of Yuba City in 2016 and is currently preparing a comprehensive update. The main concerns addressed in this study include meeting long-term revenue requirements, encouraging water conservation related to potential future supply constraints, and providing adequate funding for capital improvements. A key part of this Study was working closely with City staff to balance the financial stability with long-term capital improvement needs for the water and wastewater utilities. Study tasks included preparing a number of financial plan alternatives, projecting net revenue requirements, developing reserve fund policies, cost-of-service analyses, and alternative rate designs including water conservation rates. *Client contact: Diana Langlely, Public Works Director. Phone: 530.822.4626 | dlanglely@yubacity.net*

**Valley of the Moon Water District, Sonoma, CA – Water Rate Study.** This comprehensive rate study evaluated the District's rate structure along with zonal elevation charges. Water consumption data and billing records provided the basis for developing rate and cost allocation alternatives, with the intent of improving revenue stability. *Client contact: Dan Muelrath, General Manager (now GM at Diablo Water District). Phone: 925.625.6159 | dmuelrath@diablowater.org*

**City of Pasadena, Expert Witness Testimony** – related to litigation against the City of Pasadena by its outside water customers that has been ongoing for several years, NBS has prepared an analysis of outside surcharges for the purpose of defending the City against this challenge.

## KIM BOEHLER

### Project Manager



#### RESUME HIGHLIGHTS

- More than 13 years of experience
- 100+ cities, counties, and special districts served
- Specialist in financial, rate and cost analysis for municipal water and sewer utilities
- American Water Works Association (AWWA), Member

#### EDUCATION

- Bachelor of Science, Business Administration and concentration in Finance, California State University, San Bernardino

#### SPEAKING ENGAGEMENTS

- “Embedded Social Justice: Are Utility Rates Really Fair and Equitable?” California League of Cities, Municipal Finance Institute, December 2017
- “How Conservation, the Drought and Legal Issues Are Changing the Landscape for Rate Setting in California,” American Water Works Association Water Education Seminar, August 2016
- “Conservation, the Drought and Social Justice,” California Water Environment Association Annual Conference, April 2016
- “Brown Lawns and the Changing Landscape of California Water Rates: Next Steps?” AWWA CA-NV Section Spring Conference, March 2016
- “Water and Sewer Rates: from Defensibility to Tailor Made Rate Design,” CSDA Annual Conference, September 2015
- “Basic Rate Making Principles and Key Issues Affecting Rates in California,” American Water Works Association Water Education Seminar, August 2015
- “Recycled Water Pricing Methodologies,” CWEA, May 2014 (co-presented with Greg Clumpner)
- “Drought Impacts and Recycled Water Pricing” and “Water and Sewer Rate Studies and Key Issues Affecting Rates in California,” American Water Works Association Water Education Seminar, August 2014
- “Water and Sewer Rate Studies and Key Issues Affecting Rates in California,” American Water Works Association Water Education Seminar, August 2013
- “Financial Viability and the “New Normal” – The Unique Challenges of California Sewer Agencies” and “Maintaining Financial Viability in the Face of the “Perfect Storm” – Meeting the Challenges in California Today,” CWEA, April 2012

*“Your expertise, professionalism, insight and thoroughness places you and NBS in the highest regard with the Board of Directors and Management Staff of the Desert Water Agency... you hit a grand slam for us.”*

**DESERT WATER AGENCY**  
**MARTIN KRIEGER, FORMER**  
**FINANCE DIRECTOR**  
*Sewer and Water Rate Studies*

#### BIOGRAPHY

Kim Boehler is a Director in our Utility Rate Group, she brings more than 13 years of experience at NBS in all three of our major consulting practice areas. She has a comprehensive understanding of agency funding needs through her work in special financing district administration, overhead cost allocation analysis, user fee studies and utility financial management. For the past nine years, her work has focused exclusively on financial planning, cost-of-service analyses and rate design for water and wastewater utilities in California. Kim leads project teams on water and wastewater rate and capacity fee studies for our public agency clients. She has completed 150+ utility rate and fee studies, and often speaks at public workshops, industry conferences and educational seminars on related issues.

## RELEVANT PROJECT EXPERIENCE

- Arvin Community Services District, *Water Rate Study*
- City of Arvin, *Sewer Rate Study*
- Avila Beach Community Services District, *Water and Sewer Rate and Connection Fee Study*
- Azusa Light and Water, *Water Rate Study*
- Bellflower Mutual Water Company, *Water Rate Study*
- Calaveras County Water District, *Water and Sewer Rate Study*
- Citrus Heights Water District, *Water Rate Study*
- City of Colton, *Water Rate and Connection Fee Study*
- City of Colton and Grand Terrace, *Sewer Rate Study*
- Cucamonga Valley Water District, *Water and Recycled Water Connection Fee Study*
- Cucamonga Valley Water District, *Water Rate Study*
- Culver City, *Sewer Rate Study*
- Desert Water Agency, *Water, Sewer and Recycled Water Rate Study*
- Desert Water Agency, *Water Rate Analysis to Address Tribal/Non-Tribal Rates*
- Dixon-Solano Water Authority, *Water Rate Study*
- East Valley Water District, *Water and Sewer Financial Plans*
- City of Fort Bragg, *Water, Sewer and Storm Drain Rate Study*
- City of Greenfield, *Water and Sewer Utility Revenue Requirement Analysis*
- Hidden Valley Lakes Community Services District, *Water and Sewer Rate Study*
- City of Livermore, *Water Rate and Connection Fee Study*
- City of Long Beach, *Stormwater Funding Analysis*
- City of Los Altos, *Storm Drain Master Plan Financing Analysis*
- City of Morgan Hill, *Water and Sewer Rate Study*
- City of Pasadena, *Water Rate Study*
- City of Redding, *Water, Sewer and Solid Waste Rate Study and Connection Fee Analysis*
- Rural North Vacaville Water District, *Water Rate Study*
- City of San Carlos, *Sewer Revenue Requirement Analysis*
- City of Santa Paula, *Water and Sewer Rate Study*
- San Mateo County, *Sewer Rate Study*
- City of Sausalito, *Sewer Rate Study*
- City of Solvang, *Water and Sewer Rate and Connection Fee Study*
- City of Seal Beach, *Water and Sewer Rate Study*
- City of Stanton, *Sewer Rate Study*
- Suisun-Solano Water Authority, *Water Rate Study*
- Sussex County, Delaware, *Water, Sewer Rate and Capacity Fee Study and Oversizing Credit Analysis*
- City of Taft, *Sewer and Solid Waste Rate Study*
- City of Thousand Oaks, *Water and Sewer Rate Study*
- Twenty-nine Palms Water District, *Water Rate Study*
- City of Vallejo, *Water Rate and Connection Fee Study*
- Victorville Water District, *Water Rate Study*
- City of Waterford, *Water and Sewer Rate and Connection Fee Study*
- West County Sewer District, *Sewer Rate and Connection Fee Study*



## JORDAN TAYLOR

### Utility Rate Consultant



#### RESUME HIGHLIGHTS

- Ten years of accounting experience for large and small businesses.
- Extensive experience in large-scale data analysis, budget management, and financial planning.

#### EDUCATION

- Master of Business Administration with an emphasis in Finance, University of Redlands, Redlands, California
- Bachelor of Science in Chemistry, University of Utah, Salt Lake City, Utah

#### BIOGRAPHY

Jordan Taylor is a Consultant at NBS in our Utility Rate Practice. She offers over ten years of experience in accounting, budget planning and system auditing. Jordan graduated with high honors in her Master's program and spent most of her time in the program focusing on large scale financial analysis and data management.

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

#### RECENT PROJECT EXPERIENCE

- Costa Mesa Sanitary District, *Solid Waste Rate Study*
- Hidden Valley Lakes Community Services District, *Water & Sewer Rate and Capacity Fee Study*
- Idyllwild Water District, *Water and Sewer Rate Study*
- Ironhouse Sanitary District, *Sewer Rate and Capacity Fee Study*
- City of Lincoln, *Sewer and Solid Waste Rate Study*
- City of McFarland, *Water and Sewer Rate Study*
- City of Morgan Hill, *Sewer Rate Study*
- City of Sacramento, *Development Impact Fee Study*
- City of Santa Ana, *Prop. 218 Fees and Charges Compliance Assessment*
- City of Santa Monica, *Water and Sewer Rate and Capital Facility Fee Study*
- City of Seal Beach, *Water and Sewer Rate Study*
- City of Yuba City, *Water and Sewer Rate Study Update*

## ALICE BOU

### Utility Rate Consultant



#### RESUME HIGHLIGHTS

- Two decades of financial, accounting and risk management experience
- Extensive experience in financial reporting, risk management analysis, budget management and development of accounting policies and procedures
- In-depth experience as a finance manager, consultant and controller in private industry
- Supports project teams completing public utility rate and fee studies in performing large-scale data analysis, financial modeling and rate analysis

#### EDUCATION

- Bachelor of Arts in Literature, University of California at San Diego, La Jolla

#### BIOGRAPHY

Alice Bou serves as a Consultant in our Utility Rate and Fee Practice. She is an accomplished finance professional with proven success in the oversight of management accounting and business analysis. Alice has two decades of experience working in accounting and financial management, performing data analysis, variance analysis, budgeting and forecasting, financial modeling and managerial reporting. She also has developed detailed procedures and systems documentation with a focus on productivity and data integrity and functionality. Alice's diverse and vast experience is essential to the work performed by NBS.

As a member of the NBS team, Alice assists in the preparation of financial plans, cost of service, rate, and fee design analysis for our public utility clients. She reviews financial statements, budgets, capital improvement plans, operational data and customer billing information for use in public utility rate and fee studies. Alice adds value to our team with her exceptional strategic financial planning and analytical skills.

#### RECENT PROJECT EXPERIENCE

- City of Davis, *Sewer Rate and Capacity Fee Study*
- Ironhouse Sanitary District, *Sewer Rate and Capacity Fee Study*
- City of Redding, *Water, Sewer and Solid Waste Rate Study*
- City of Santa Monica, *Water and Sewer Rate and Capital Facility Fee Study*
- City of Santa Paula, *Water and Sewer Rate and Capacity Fee Study*
- City of Sausalito, *Sewer Rate Study and Stormwater Funding*