



- 2.2 Term of Agreement.** This Agreement shall commence on **the date of execution by the MHCS D General Manager**, and continue until June 30, 2022 unless said Work is completed on a date prior thereto or unless terminated earlier as provided herein. Consultant shall complete the Work described in Exhibit A on or before that date, unless the term of the Agreement is otherwise terminated or extended, as provided for in Section 8. The time provided to Consultant to complete the services required by this Agreement shall not affect MHCS D's right to terminate the Agreement, as referenced in Section 8.
- 2.3 Standard of Performance.** Consultant shall perform all Work in a first-class manner in conformance with the standards observed by a competent practitioner of the profession in which Consultant is engaged.
- 2.4 Inspection.** All Work performed and materials (if any) provided by Consultant shall be subject to inspection and approval by MHCS D.
- 2.5 Assignment of Personnel.** Consultant shall assign only competent personnel to perform services pursuant to this Agreement. In the event that MHCS D, in its sole discretion, at any time during the term of this Agreement, desires the reassignment of any such persons, Consultant shall, immediately upon receiving notice from MHCS D of such desire of MHCS D, reassign such person or persons.
- 2.6 Time is of the Essence.** Consultant shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary to timely finish the Scope of Work, to meet the standard of performance provided in Section 2.3 above and to satisfy Consultant's obligations hereunder.

**3. Terms of Payment.**

- 3.1 Compensation.** MHCS D hereby agrees to pay Consultant a sum not to exceed sixty one thousand dollars, (\$61,000) notwithstanding any contrary indications that may be contained in Consultant's proposal for services to be performed and reimbursable costs incurred under this Agreement. MHCS D shall pay Consultant for services rendered pursuant to this Agreement at the time and in the manner set forth herein. The payments specified below shall be the only payments from MHCS D to Consultant for services rendered pursuant to this Agreement. Consultant shall submit all invoices to MHCS D in the manner specified herein. Except as specifically authorized by MHCS D in writing, Consultant shall not bill MHCS D for duplicate services performed by more than one person.

Consultant and MHCS D acknowledge and agree that compensation paid by MHCS D to Consultant under this Agreement is based upon Consultant's estimated costs of providing the services required hereunder, including salaries and benefits of employees and subcontractors of Consultant. Consequently, the parties further agree that compensation hereunder is intended to include the costs of contributions to any pensions and/or annuities to which Consultant and its employees, agents, and subcontractors may be eligible. MHCS D therefore has no responsibility for such contributions beyond compensation required under this Agreement.

**3.2 Invoices.** Consultant shall submit invoices not more often than once a month during the term of this Agreement based on the cost for services performed and reimbursable costs incurred prior to the invoice date via e-mail to **mhcldbilling@sjgov.org**. Invoices delivered to any other e-mail address will be deemed undelivered and not paid.

Invoices shall contain the following information:

- a. Contract ID number;
- b. Federal Tax Payer Identification Number;
- c. The beginning and ending dates of the billing period;
- d. A task summary containing the original contract amount, the amount of prior billings, the total due this period, the balance available under the Agreement, and the percentage of completion;
- e. At MHCS D's option, for each Work item in each task, a copy of the applicable time entries or time sheets shall be submitted showing the name of the person doing the Work, the hours spent by each person, a brief description of the Work, and each reimbursable expense;
- f. The total number of hours of Work performed under the Agreement by Consultant and each employee, agent, and subcontractor of Consultant performing services hereunder; and
- g. The Consultant's signature.

**3.3 Monthly Payment.** MHCS D shall make monthly payments, based on invoices received, for services satisfactorily performed, and for authorized reimbursable costs incurred. MHCS D shall have thirty (30) days from the receipt of an invoice that complies with all of the requirements above to pay Consultant.

**3.4 Final Payment.** MHCS D shall pay the last 10% of the total sum due pursuant to this Agreement within sixty (60) days after completion of the services and submittal to MHCS D of a final invoice, if all services required have been satisfactorily performed.

**3.5 Total Payment.** MHCS D shall pay for the services to be rendered by Consultant pursuant to this Agreement. MHCS D shall make no payment for any extra, further, or additional service pursuant to this Agreement. In no event shall Consultant submit any invoice for an amount in excess of the maximum amount of compensation provided above either for a task or for the entire Agreement, unless the Agreement is modified prior to the submission of such an invoice by a properly executed change order or amendment.

**3.6 Hourly Rate/Fees.** Unless the services provided are for a lump sum or flat fee, fees for Work performed by Consultant on an hourly basis shall not exceed the amounts shown on the compensation cost proposal attached hereto as Exhibit B and incorporated herein. In

the event of a conflict in or inconsistency between the terms of this Agreement and Exhibit B, the Agreement shall prevail.

- 3.7 Reimbursable Expenses.** Reimbursable expenses are specified in Exhibit B. Reimbursable expenses not listed in Exhibit B are not chargeable to MHCS D. Reimbursable expenses shall not include a mark-up shall be billed as a direct costs. In no event shall expenses be advanced by MHCS D to the Consultant. Reimbursable expenses are included in the total amount of compensation provided under this Agreement that shall not be exceeded.
- 3.8 Payment of Taxes.** Consultant is solely responsible for the payment of employment taxes incurred under this Agreement and any similar federal or state taxes.
- 3.9 Payment upon Termination.** In the event that MHCS D or Consultant terminates this Agreement pursuant to Section 8, MHCS D shall compensate the Consultant for all outstanding costs and reimbursable expenses incurred for Work satisfactorily completed as of the date of written notice of termination. Consultant shall maintain adequate logs and timesheets to verify costs incurred to that date.
- 3.10 Authorization to Perform Services.** The Consultant is not authorized to perform any services or incur any costs whatsoever under the terms of this Agreement until receipt of authorization from the Contract Administrator.

**4. Consultant's Status.**

- 4.1 Independent Contractor.** In the performance of the Work, duties and other obligations imposed by this Agreement, the Consultant is at all times acting as an Independent Contractor practicing his or her profession and not as an employee of MHCS D. Consultant shall perform the Work in accordance with currently approved methods and standards of practice in the Consultant's professional specialty. A copy of Consultant's current business license shall be provided to MHCS D. The Consultant shall not have any claim under this Agreement or otherwise against MHCS D for vacation, sick leave, retirement benefits, social security or worker's compensation benefits. The Consultant shall be responsible for federal and state payroll taxes such as social security and unemployment. San Joaquin County will issue a form 1099 on behalf of MHCS D at year-end for fees earned.
- 4.2 Consultant Not an Agent.** Except as MHCS D may specify in writing, Consultant shall have no authority, express or implied, to act on behalf of MHCS D in any capacity whatsoever as an agent. Consultant shall have no authority, express or implied, pursuant to this Agreement to bind MHCS D to any obligation whatsoever.
- 4.3 Non-Exclusive Rights.** This Agreement does not grant to Consultant any exclusive privileges or rights to provide services to MHCS D. Consultant may contract with other agencies, private companies or individuals for similar services.

## 5. **Legal Requirements.**

- 5.1 **Compliance.** Consultant shall comply with all Federal, State and local laws, regulations and requirements necessary for the performance of the Work. Consultant shall comply with all laws applicable to wages and hours of employment, occupational safety, and to fire safety, health and sanitation.
- 5.2 **Licenses and Permits.** Consultant represents and warrants to MHCS D that Consultant and its employees, agents, and any subcontractors have all licenses, permits, qualifications, and approvals of whatsoever nature that are legally required to practice their respective professions. Consultant represents and warrants to MHCS D that Consultant and its employees, agents, and any subcontractors shall, at their sole cost and expense, keep in effect at all times during the term of this Agreement any licenses, permits, and approvals that are legally required to practice their respective professions.
- 5.3 **Conflict of Interest Statement.** Consultant covenants that Consultant, its officers or employees or their immediate family, presently has no interest, including, but not limited to, other projects or independent contracts, and shall not acquire any such interest, direct or indirect, which would conflict in any manner or degree with the performance of the Work. Consultant further covenants that in the performance of this Agreement no person having any such interest shall be employed or retained by Consultant under this Agreement. Consultant shall not hire MHCS D's employees to perform any portion of the Work, including secretarial, clerical and similar incidental services except upon the written approval of MHCS D. Performance of the Work by associates or employees of Consultant shall not relieve Consultant from any responsibility under this Agreement.
- 5.4 **Nondiscrimination and Equal Opportunity.** Consultant shall not discriminate, on the basis of a person's race, religion, color, national origin, age, physical or mental handicap or disability, medical condition, marital status, sex, gender identity, or sexual orientation, against any employee, applicant for employment, subcontractor, bidder for a subcontract, or participant in, recipient of, or applicant for any services or programs provided by Consultant pursuant to this Agreement. Consultant shall comply with all applicable federal, state, and local laws, policies, rules, and requirements related to equal opportunity and nondiscrimination in employment, contracting, and the provision of any services that are the subject of this Agreement, including but not limited to the satisfaction of any positive obligations required of Consultant thereby.
- 5.5 **Drug Free Workplace.** Consultant shall comply with the provisions of Government Code Section 8350 et seq., otherwise known as the Drug-Free Workplace Act.
- 5.6 **Form Law.** The Laws of the State of California shall govern this Agreement. Venue is San Joaquin County. The provision of this paragraph shall survive expiration or other termination of this Agreement regardless of the cause of such termination.
- 5.7 **Subcontracts.** Consultant shall include the provisions of this Section 5 in any subcontract approved by the Contract Administrator or this Agreement.

## **6. Indemnification, Hold Harmless and Defense.**

To the fullest extent permitted by law, Consultant shall indemnify, hold harmless and defend MHCS D, its directors, officers, employees, agents and authorized volunteers, and each of them, from and against any and all claims, demands, causes of action, damages, penalties, judgments, awards, decrees, costs, expenses, attorneys' fees, losses or liabilities, in law or in equity, of every kind or nature, including but not limited to personal injury, bodily injury, wrongful death, and property damage including any damage to MHCS D's property, arising out of Consultant's alleged negligence, or wrongful acts related to or in connection with Consultant's performance of duties under the terms and conditions of this Agreement.

To the fullest extent permitted by law, MHCS D shall indemnify, hold harmless and defend the Consultant, its directors, officers, employees, agents and each of them (collectively referred to as "Consultant Indemnified Parties") from and against any and all claims, demands, causes of action, damages, penalties, judgments, awards, decrees, costs, expenses, attorneys' fees, losses or liabilities, in law or in equity, of every kind or nature, including but not limited to personal injury, bodily injury, wrongful death, and property damage including any damage to the Consultant's property, arising out of MHCS D's alleged negligence, or wrongful acts related to or in connection with MHCS D's performance of duties under the terms and conditions of this Agreement.

Notwithstanding the forgoing, to the extent this Agreement is a "construction contract" as defined by California Civil Code Section 2782, as may be amended from time to time, such duties of consultant to indemnify shall not apply when to do so would be prohibited by California Civil Code Section 2782.

## **7. Insurance.**

Before beginning any Work under this Agreement, Consultant, at its own cost and expense, unless otherwise specified below, shall procure the types and amounts of insurance described in Exhibit C, incorporated herein, against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the Work hereunder by the Consultant and its agents, representatives, employees, and subcontractors. Consistent with the following provisions, Consultant shall provide proof satisfactory to MHCS D of such insurance that meets the requirements of Exhibit C and under forms of insurance satisfactory in all respects, and that such insurance is in effect prior to beginning Work to MHCS D. Consultant shall maintain the insurance policies required by Exhibit C throughout the term of this Agreement. The cost of such insurance shall be included in the Consultant's proposal. Consultant shall not allow any subcontractor to commence Work on any subcontract until Consultant has obtained all insurance required by Exhibit C for the subcontractor(s) and provided evidence that such insurance is in effect to MHCS D. Verification of the required insurance shall be submitted and made part of this Agreement prior to execution.

## **8. Termination and Modification.**

**8.1 Termination.** MHCS D may cancel this Agreement at any time and without cause upon written notification to Consultant. Consultant may cancel this Agreement upon sixty (60)

days' written notice to MHSCD and shall include in such notice the reasons for cancellation.

In the event of termination, Consultant shall be entitled to compensation for services performed to the effective date of termination; MHSCD, however, may condition payment of such compensation upon Consultant delivering to MHSCD any or all work product, including, but not limited to documents, photographs, computer software, video and audio tapes, and other materials provided to Consultant or prepared by or for Consultant or MHSCD in connection with this Agreement.

**8.2 Extension.** MHSCD may, in its sole and exclusive discretion, extend the end date of this Agreement beyond that provided for in Section 2.2. Any such extension shall require a written amendment to this Agreement, as provided for herein. The MHSCD General Manager is hereby authorized to negotiate and execute such extension.

**8.3 Amendments.** The parties may amend this Agreement only by a writing signed by all the parties.

**8.4 Assignment and Subcontracting.** MHSCD and Consultant recognize and agree that this Agreement contemplates personal performance by Consultant and is based upon a determination of Consultant's unique personal competence, experience, and specialized personal knowledge. Moreover, a substantial inducement to MHSCD for entering into this Agreement was and is the professional reputation and competence of Consultant. Consultant may not assign this Agreement or any interest therein without the prior written approval of the Contract Administrator. Consultant shall not subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors noted in the proposal, without prior written approval of the Contract Administrator. Any such assignment, transfer, delegation or subcontract without the prior written consent shall be considered null and void.

**8.5 Survival.** All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating liability between MHSCD and Consultant shall survive the termination of this Agreement.

**8.6 Options upon Breach by Consultant.** If Consultant materially breaches any of the terms of this Agreement, MHSCD's remedies shall include, but not be limited to, the following:

- a. Immediately terminate the Agreement;
- b. Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Consultant pursuant to this Agreement;
- c. Retain a different consultant to complete the Work described in Exhibit A not finished by Consultant; or
- d. Charge Consultant the difference between the cost to complete the Work that is unfinished at the time of breach and the amount that MHSCD would have paid Consultant pursuant to Section 3 if Consultant had completed the Work.

9. **Miscellaneous.**

- 9.1 **Contract Administrator.** The Contractor Administrator shall be designated, and may be changed, by the MHCS D General Manager in writing.
- 9.2 **Notices.** Any notice required to be given pursuant to the terms and provisions hereof shall be in writing and shall be effected by personal delivery or by first class mail, registered or certified, postage prepaid, return receipt requested. Unless otherwise designated by either party in writing, such notices shall be mailed as shown on the first page of this Agreement.
- 9.3 **Non-Liability of Officials, Employees and Agents.** No officer, official, employee or agent of District shall be personally liable to Consultant in the event of any default or breach by District or for any amount that may become due to Consultant pursuant to this Agreement.
- 9.4 **Attorneys' Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which such party may be entitled.
- 9.5 **Documents.** All drawings, specifications, documents and other memoranda or writings relating to the Work hereunder, shall remain or become the property of MHCS D upon termination of this Agreement, whether executed by or for the Consultant for MHCS D, or otherwise, by or for the Consultant, or by or for a subcontractor operating under the Consultant's supervision, or direction, and all such documents and copies thereof shall be returned or transmitted to MHCS D forthwith upon termination or completion of the Work under this Agreement. Prior to termination Contractor shall deliver to MHCS D any such records upon request.
- 9.6 **Force Majeure.** It is agreed that neither party shall be responsible for delays in delivery or acceptance of delivery or failure to perform when such delay or failure is attributable to Acts of God, war, strikes, riots, lockouts, accidents, rules or regulations of any governmental agencies or other matters or conditions beyond the control of either the seller/contractor or the purchaser.
- 9.7 **Waiver.** No waiver of any breach of any covenant or provision of this Agreement shall be deemed a waiver of any other covenant or provision hereof, and no waiver shall be valid unless in writing and executed by the waiving party. An extension of time for performance of any obligation or act shall not be deemed an extension of the time for performance of any other obligation or act, and no extension shall be valid unless in writing and executed by the waiving party.
- 9.8 **No Third Party Beneficiaries.** Nothing contained in this Agreement is intended to or shall be deemed to confer upon any person, other than the parties, any rights or remedies hereunder.



**9.9 Headings.** The headings of the sections and exhibits of this Agreement are inserted for convenience only. They do not constitute part of this Agreement and are not to be used in its construction.

**9.10 Entire Agreement and Modification.** This Agreement supersedes all previous Agreements either oral or in writing and constitutes the entire understanding of the parties hereto. No changes, amendments or alterations shall be effective unless in writing and signed by both parties.


**9.11 Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

IN WITNESS WHEREOF, MHCSD and Consultant have executed this Agreement on the day and year first written above.

NBS

Mountain House Community Services  
District, a political subdivision of the  
State of California

By:   
Michael Rentner  
President

By:   
Steven J. Pinkerton  
General Manager

Date: 10/13/2021

Date: 10/14/2021

**EXHIBIT A**  
**SCOPE OF SERVICES**

**[Insert]**

Aerial view of Mountain House  
via Google Earth



# MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

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*Proposal for:*

**Water and Sewer Rates  
Consulting Services**

September 9, 2021



870 Market Street, Suite 1223  
San Francisco, CA 94102  
Toll free: 800.434.8349

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

## COVER LETTER

September 9, 2021

Sarah Ragsdale  
Administrative Services Director  
Mountain House Community Services District  
***Electronic Submission c/o akothari@sjgov.org***

**RE: Proposal for Water and Sewer Rates Consulting Services**

Dear Ms. Ragsdale and Ms. Kothari,

We are pleased to submit our proposal to update your water and sewer rates and address the critical changes that have occurred since the last rate study, including water consumption projections impacted by Covid-19 issues and current drought restrictions. We also understand that communication with both your Board and your customers will be important, and we have added the capabilities of NBS' CivicMic group for this purpose.

**Study Approach** – In order to accurately project expenses and revenues, NBS will thoroughly review the District's historical revenues and expenses, projected capital improvement plans, customer class characteristics (e.g., water consumption, peaking factors, etc.), and ensure that proposed rates are legally defensible (cost-based) and are developed using accurate data and assumptions.

**Senior Project Management Team** – NBS' project manager and technical reviewer, Greg Clumpner and Allan Highstreet, are senior consultants who previously worked together for 13 years with an engineering-consulting firm and represent two of the most experienced rate consultants in the industry today. Together they have completed over 600 similar studies for public utility clients as well as a wide-range of water and sewer-related financial, operational, and planning studies.

This proposal is a firm offer for a 60-day period. Please contact me at 530.297.5856 or via email at [gclumpner@nbsgov.com](mailto:gclumpner@nbsgov.com) if you have any questions or would like to discuss our professional qualifications further. We would genuinely like to work on this project and help the District move forward successfully.

Sincerely,

A handwritten signature in blue ink that reads "Greg Clumpner".

Greg Clumpner  
Director

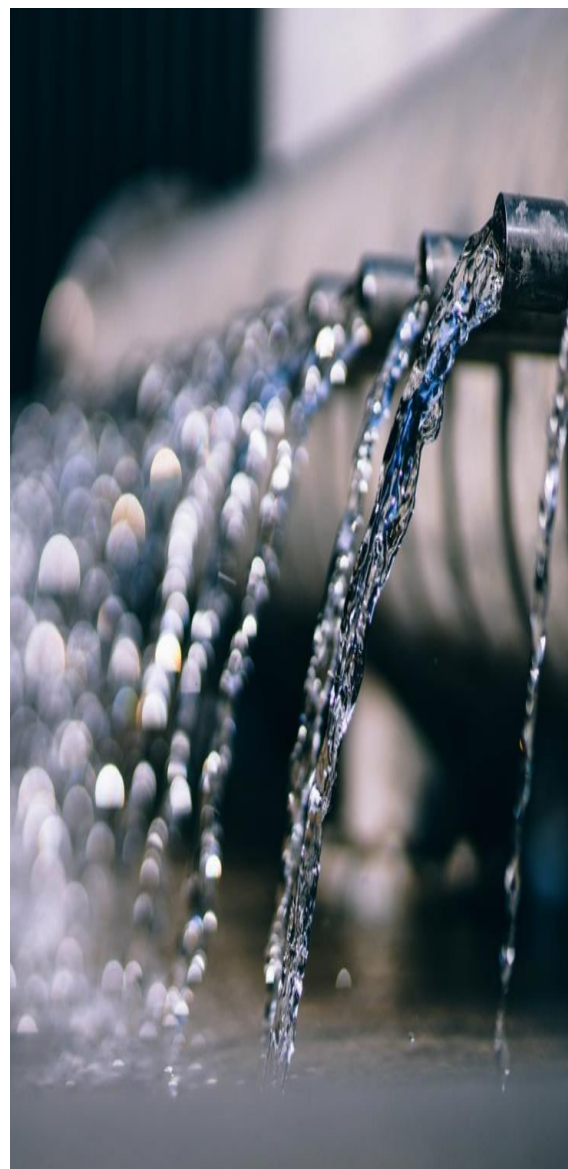
A handwritten signature in black ink that reads "Michael Rentner".

Michael Rentner, Authorized Signer  
President


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# 1 | RELEVANT EXPERIENCE




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

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


---


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

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

 **CONTACT**  
Greg Clumpner | 800.434.8349  
gclumpner@nbsgov.com

---

 **LEGAL NAME**      **DBA**      **50**  
NBS Government      NBS      **EMPLOYEES**  
Finance Group

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

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

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



## Utility Rate Group

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

**500** STUDIES PERFORMED

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

**PROP 218** COMPLIANT

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

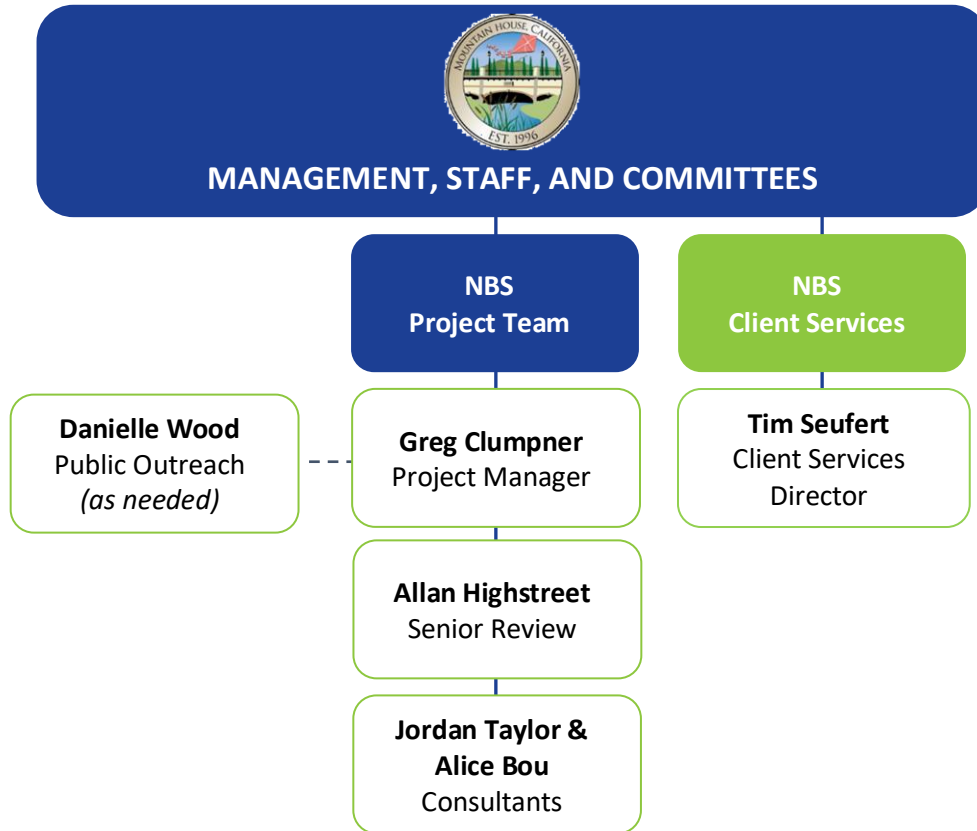


Throughout the process, we strive to educate the public, manage community expectations, and work within the often-confusing legal framework to develop the best solutions for your utility. Our analytical support and expert consultants help agency staff and legal counsel navigate the practical and legal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

## Key Personnel

NBS’ project manager and technical reviewer, Greg Clumpner and Allan Highstreet, are senior consultants who previously worked together for 13 years with an engineering-consulting firm and represent two of the most experienced rate consultants in the industry today. Together they have completed more than 600 similar studies for public utility clients as well as a wide-range of water and sewer-related financial, operational, and planning studies. The following is a brief overview of NBS’ proposed consulting team.

### NBS Project Team Organization



*All work will be performed in-house by the above employee-owners of NBS. We will not require the services of a sub-consultant. Full resumes of our key personnel are included in the Appendix.*

### GREG CLUMPNER, PROJECT MANAGER

**Role and Responsibilities:** As project manager, Greg Clumpner will provide the day-to-day management of the technical and administrative aspects of the project and will work closely with the District’s project manager to discuss and review the overall approach, technical rate alternatives, and creative solutions to consider that will best fit the District’s unique characteristics and issues. Greg will be the primary point of contact for District staff, and will be responsible for delivering work product, attending meetings and public presentations for this engagement.

**Work Experience:** As a director in NBS’ Utility Rate Study Practice, Greg Clumpner’s 40-year professional career has focused on cost-of-service rate studies for municipal water, sewer, recycled water and solid waste agencies. He regularly makes technical presentations at industry conferences and client workshops. Greg’s practice includes management-consulting assignments related to utility operations, system

valuations, and feasibility studies. He also created and managed Foresight Consulting where, for six years, his practice focused on water and sewer rate analyses. He has completed 400+ similar studies during his career.

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

### **ALLAN HIGHSTREET, SENIOR REVIEW**

**Role and Responsibilities:** Allan will provide additional experience in water and sewer rate making and provide senior technical review on this project. He will be available as needed throughout the project to assist the project team with the analysis and technical issues as they arise.

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

### **JORDAN TAYLOR, UTILITY RATE CONSULTANT**

**Role and Responsibilities:** Jordan Taylor is on staff with NBS and has more than a decade of project experience. She will support the project team in performing consumption data analysis and validation, data input and will also help develop the financial plan.

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

### **ALICE BOU, UTILITY RATE CONSULTANT**

**Role and Responsibilities:** Alice Bou is on staff with NBS and brings more than two decades of project experience. She will support the project team in performing large scale data analysis and validation, data input, and will also help develop the financial plan, cost-of-service analysis, and rate design alternatives.

**Work Experience:** Alice Bou has a Bachelor of Arts degree and offers more than two decades of experience working in accounting and financial management performing data analysis, variance analysis, budgeting and forecasting, financial modeling, and managerial reporting.

### **DANIELLE WOOD, LEAD CONSULTANT FOR PUBLIC ENGAGEMENT | AS NEEDED**

**Role and Responsibilities:** As the lead consultant on public engagement, Danielle Wood will communicate directly with District staff to discuss engagement milestones, create and adjust engagement approaches and lead community meetings on behalf of the District. Danielle will serve as the primary contact for this effort.

**Work Experience:** Danielle has nearly two decades of experience as a Director at NBS. As one of the developers of CivicMic.com, an online outreach, and collaboration tool, she is a seasoned professional in



outreach, public engagement, collaborative governance, special financing district formation, and administration.

## TIM SEUFERT, CLIENT SERVICES DIRECTOR

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

**Work Experience:** Tim Seufert has two decades of local government experience with a wide variety of revenue tools. He also has a decade of corporate financial experience. Tim has been involved with many projects from their inception and feasibility stage to their completion. He has been a presenter at dozens of training seminars, and he is an author on local government finance issues for the California League of Cities, the California Special Districts Association, California Society of Municipal Finance Officers, and other forums.

## References

Below is a sampling of projects and references similar in scope and magnitude to the District’s needs. Projects were completed within budgets or, if the client requested an amendment for out-of-scope work, NBS competed the project with the amended budget.

### CITY OF REDDING, CA

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

*Years as client: Seven (7) years/Last project completed Jan 2020*



#### 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, Jordan Taylor,  
Alice Bou

NBS completed an extensive update of the cost-of-service study of water, sewer, and solid waste rates in 2018-20. These studies included working with a Citizens Advisory Group that provides recommendations to the City Council. Studies focused on reviewing financial/rate setting policies, cost-of-service analysis, and alternative rate designs. NBS also updated the City’s capacity fees in 2017. The many studies for the City show their confidence in NBS.

#### Project dates for studies:

*2013 Rate & Capacity Fee Study*

*2016-17 Rate & Impact Fee Updates*

*2019 Water, Sewer & Solid Waste Rate Study Updates*

*“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 (retired)*

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



*Years as client: Five (5) years / Rate Study Completed: 2017, Fire Surcharge Completed May 2021*

**Contact Information**

Stephanie Hill  
Director of Finance & Business Services  
13060 Highway 9  
Boulder Creek, CA 95006  
P: 831.430.4620  
E: Skill@slvwd.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 rate and connection fees. 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 also created “revenue stabilization rates”, like drought rates, to ensure there are no revenue shortfalls. The fire surcharge study is intended to recover \$5 million to pay for CZU fire damages.

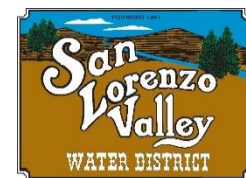
**NBS Project Team:**

Greg Clumpner, Jordan Taylor

Project dates for studies:

- 2016 Water and Sewer Rate Cost-Service Study: November 2016*
- 2017 Water and Sewer Rate Design: June 2017*
- 2021 Fire Damage Surcharge Study: May 2021*

*“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 | September 2017**

**VICTORVILLE WATER DISTRICT**  
**WATER RATE STUDY**



*Years as client: Five (5) years / Last Project Completed: 2021*

**Contact Information**

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 Public Works Director  
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 P: 760.243.6332

Since 2016, NBS has completed various rates studies including water rates. These studies involved full cost-of-service analyses and examination of rate structures to ensure the City’s utilities are adequately funded and financially healthy. Various capital improvement scenarios were explored to find the “just right” option that funded capital improvements while minimizing rate increases

**NBS Project Team:**

Greg Clumpner, Alice Bou

Project dates for studies:

- 2016 Water Rate Study*
- 2018 Sewer Rate Study*
- 2021 Water Rate Study – Completed May, 2021*

**HIDDEN VALLEY COMMUNITY SERVICES DISTRICT**  
**WATER, SEWER AND RECYCLED WATER RATE STUDY**



**HIDDEN VALLEY LAKE**  
 COMMUNITY SERVICES DISTRICT

*Years as client: Six (6) years / Last Project Completed: 2020*

**Contact Information**

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In 2019-20, NBS completed an update of cost-of-service study of water and sewer rates originally prepared in 2015. A key part of this study was addressing significant capital improvement projects and drought-related changes in water consumption patterns. Major tasks included reviewing financial/rate setting policies, preparing financial plans, updating the cost-of-service analysis, and evaluating alternative rate designs. Rates have now been approved through the Prop 218 process and adopted.

**NBS Project Team:**

Greg Clumpner, Jordan Taylor

Project dates for studies:

- 2015 Water and Sewer Rate Study Report: March 2015*
- 2015 Technical Memo – San Juan Capistrano & Conversion to Single-Tier Rates: May 2015*
- 2020 Water, Sewer & Recycled Water Rate Study Report: Oct. 2020*

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



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

**Contact Information**

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Public Works Director  
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E: CSaunier@spcity.org

In October 2019, NBS completed an update of cost-of-service study of water and sewer rates that we originally prepared in 2014. Funding for significant capital improvement projects and converting sewer rates to fixed charges plus volumetric rates 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.

**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**

**Proposition 218 Experience**

In addition to our high-level of participation in Prop 218 hearings, we also have working relationships with some of the State’s top attorneys specializing in Prop 218 law and are working on cutting edge rate analyses with Prop 218 restrictions in mind. In short, we are confident that we can successfully guide the District through the challenges that Prop 218 presents for its water, sewer, and recycled water rates.

NBS works with our clients to answer questions that come up regarding the Prop 218 process and help guide them through the adoption process. The key technical tasks include preparing a draft Prop 218 Notice and providing the proposed rate tables that are part of the notices. Modifying the District’s Municipal Code and rate resolutions are also addressed, since they typically need to be changed to accommodate the new rates. We strongly recommend having legal counsel review the notices for legal compliance with the provisions of Prop 218, wording related to pass-throughs, etc.

If requested, NBS also prints and mails the notices, assuming the client provides mailing labels and pays the mailing costs. However, NBS cannot accept responsibility for the accuracy of the District’s mailing labels.

## 2 | CONFLICT OF INTEREST

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### **Conflict of Interest**

Based on the information provided in the District's Request for Proposal, NBS does not foresee any conflicts of interest with this project.

## 3 | PROJECT ORGANIZATION AND TIMELINE

### Work Plan

As in the previous studies NBS has performed for the District, we plan on providing the leadership necessary for District staff, District Board members and the public to understand the various options, key issues, and how other California communities are addressing similar problems. Ultimately, we want the District to be confident that it is taking reasonable and prudent steps and developing rates and fees that best meet the needs of the District's customers.

This section details NBS' proposed methodology and scope of work. These tasks serve as the basis for the proposed budget and can be incorporated into the formal agreement to perform this rate study. While most tasks for water and sewer are similar, we have separately noted differences as needed.

### Methodology

NBS follows established industry standards and the cost-of-service principles embodied in manuals such as the American Water Works Association (AWWA) Principles of Water Rates, Fees, and Charges<sup>1</sup>, also referred to as Manual M1, and the Water Environment Federation Financing and Charges for Wastewater Systems (Manual of Practice No. 27). We will provide guidance and advice throughout the rate study to ensure that Prop 218 requirements that rates not exceed the proportionate cost of providing the service and that rate alternatives developed in this study comply with Prop 218. The figure below outlines the methodology we would use to develop updated utility rates for the District.

**Figure 1. Components of a Comprehensive Rate Study**



Based on the 2015 San Juan Capistrano court decision<sup>2</sup>, municipal agencies are required to demonstrate the cost basis for utility rates. Because of this, this rate study should clearly outline the rationale for how costs have been equitably allocated to customer classes, the equity of the rate designs, and the cost basis for rate alternatives. Additionally, projected rates will need to provide sufficient revenues to cover all operational and administrative costs.

<sup>1</sup> *Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1, AWWA, seventh edition, 2017.*

<sup>2</sup> *Capistrano Taxpayer's Association, Inc. vs. City of San Juan Capistrano.*

## TASK 1. KICKOFF MEETING AND DATA COLLECTION

**Task Objectives:** Clearly communicate and work with District staff to obtain necessary data and review study objectives, tasks, and schedule.

**Task Deliverables:**

- Data request to District staff prior to the kick-off meeting.
- Review of initial data provided.
- Kick-off meeting with District staff.
- Preliminary plan for Public Outreach workshops and District Board presentations.

The kick-off meeting will be used to review and discuss the data from the District’s billing and accounting system and data requirements in general. The data the District will need to provide includes 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 AND POLICIES

**Task Objectives:** Work with District staff to review and evaluate the District’s current rate structures, reserve funds, and related policies at the beginning of the study. This will help set the direction for the study with a greater degree of clarity and avoid unnecessary complications when the final results are presented to the Board and public. For example, policies related to basic equity and fairness, revenue stability vs. water conservation, drought-related supply reductions, reserve fund targets and the level of funding for capital and repair and replacement costs.

**Task Deliverables:**

- Assessment of *current reserve funds* and target year-end balances.
- Assessment of *current rate structures* (pros and cons, areas for improvement, etc.)
- Assessment of *equity* of the rates for the various customer classes.
- Assessment of *conservation impacts* (current rates and potential new rate designs).
- Assessment of current *rate-related policies* compared to industry practices and how they may relate to possible rate alternatives.
- Summary of pros and cons of current and alternative policies.
- Recommendations for changes to and/or additional policies for the Board to consider adopting, as well as a greater degree of direction on rate alternatives for further evaluation.

## TASK 3. FINANCIAL PLAN AND REVENUE REQUIREMENT ANALYSIS

**Task Objectives:** Prepare a detailed financial plan that identifies the District’s revenues, expenditures, reserves, debt coverage ratios, capital improvement costs, repair and replacement costs and net revenue requirements. Based on our review of reserve fund policies, those changes will be incorporated into the financial plans in order to better evaluate the District’s current financial management concerns.

**Task Deliverables:**

- 20-year financial projection models that will serve as financial “roadmaps” for the District’s water and sewer utilities.
- Summary of current and projected net revenue requirements.
- Establish reserve fund policies and targets, such as operating, rate stabilization, capital repair and replacement and debt service.

- Projected year-end reserve fund levels.
- Calculated debt service coverage ratios.

These financial plans will lay the groundwork for the cost-of-service and rate design analyses addressed in Tasks 4 and 5. The following subtasks are anticipated:

- **Projected Revenues and Expenditures** – Using a cash-basis reflecting the District’s system of accounts for the water and sewer utilities, NBS will prepare a 20-year projection of revenues and expenses for each utility and increases in rate revenue needed to meet all obligations. This will provide the District with the financial planning tools needed for smoothing out future rate increases and maintaining appropriate reserve fund levels considering revised budget projections.
- **Evaluate Reserve Fund Sufficiency** – NBS will evaluate the sufficiency of existing reserve funds and related issues such as debt service coverage ratios. We will provide recommendations for target balances for reserves such as operating, capital rehabilitation/replacement and rate stabilization.
- **Review Capital Improvement Funding** – NBS will incorporate the capital improvement plans, and evaluate the timing, costs, and available reserves used to fund various projects. We will work with District staff to develop a well-conceived approach to funding these capital needs

Figures 2, 3 and 4 are examples of the types of charts and tables we use to summarize these results (the District’s chart of accounts will serve as the basis for the actual analysis and tables).

**Figure 2. Summary of Five-Year Revenue Requirements and Rate Increases**

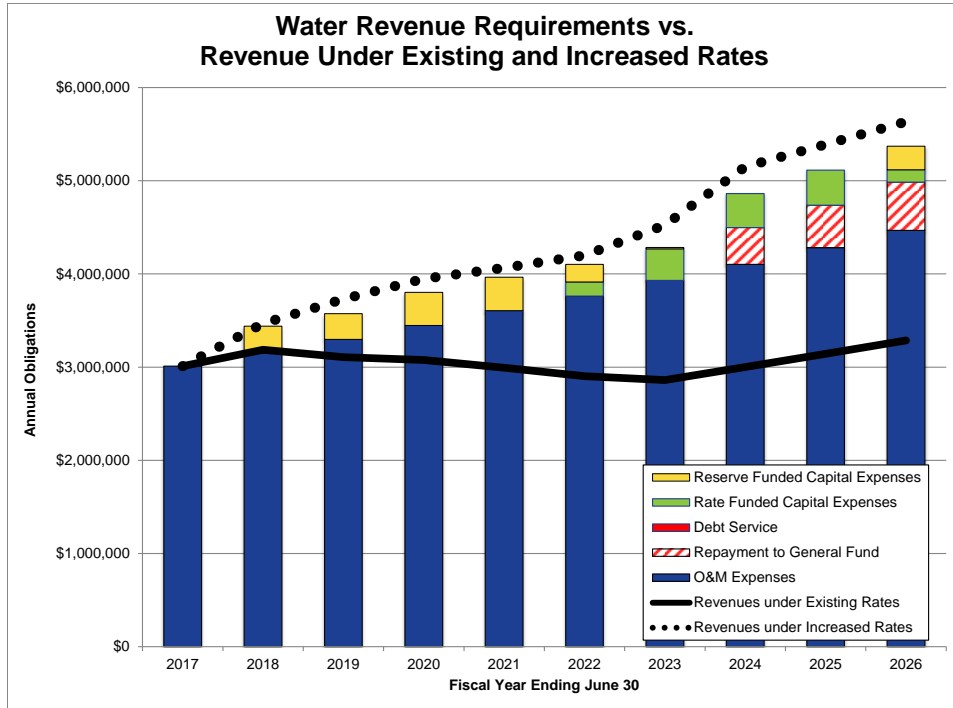
Summary of Sources and Uses of Funds and Net Revenue Requirements	Budget	Projected				
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
<b>Sources of Water Funds</b>						
Rate Revenue Under Prevailing Rates (1)	\$ 1,640,000	\$ 1,752,447	\$ 1,864,895	\$ 1,977,342	\$ 2,089,789	\$ 2,202,236
Additional Revenue from Rate Increases (2)	-	280,392	622,875	871,454	1,071,552	1,295,782
Transfer from General Fund	988,715	1,022,429	802,327	630,498	408,906	179,807
Other Operating Revenue	382,500	408,726	434,953	461,179	487,405	513,631
Interest Earnings	-	3,032	4,948	6,716	7,901	8,003
<b>Total Sources of Funds</b>	<b>\$ 3,011,215</b>	<b>\$ 3,467,027</b>	<b>\$ 3,729,997</b>	<b>\$ 3,947,188</b>	<b>\$ 4,065,553</b>	<b>\$ 4,199,460</b>
<b>Uses of Water Funds</b>						
Operating Expenses	\$ 3,011,215	\$ 3,152,173	\$ 3,296,906	\$ 3,446,912	\$ 3,602,366	\$ 3,763,445
Rate-Funded Capital Expenses	-	-	-	-	3,793	150,166
<b>Total Use of Funds</b>	<b>\$ 3,011,215</b>	<b>\$ 3,152,173</b>	<b>\$ 3,296,906</b>	<b>\$ 3,446,912</b>	<b>\$ 3,606,159</b>	<b>\$ 3,913,611</b>
<b>Projected Annual Rate Increase</b>	<b>0.00%</b>	<b>16.00%</b>	<b>15.00%</b>	<b>8.00%</b>	<b>5.00%</b>	<b>5.00%</b>
<b>Cumulative Rate Increases</b>	<b>0.00%</b>	<b>16.00%</b>	<b>33.40%</b>	<b>44.07%</b>	<b>51.28%</b>	<b>58.84%</b>
<b>Net Revenue Requirement (3)</b>	<b>\$ 1,640,000</b>	<b>\$ 1,717,985</b>	<b>\$ 2,054,678</b>	<b>\$ 2,348,520</b>	<b>\$ 2,701,947</b>	<b>\$ 3,212,169</b>

1. FY 2016/17 revenues and expenses are per the District’s Annual Operating Budget and use the Current Total Budget numbers.  
Source file: Budget Workbook FINAL.xlsx
2. Assumes new rates are implemented July 1, 2017 and each July 1 each year thereafter.
3. Total Use of Funds less non-rate revenues and interest earnings. This is the annual amount needed from water rates.

**Figure 3. Summary of Five-Year Reserve Fund Balances**

Beginning Reserve Fund Balances and Recommended Reserve Targets	Budget	Projected				
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
<b>Un-Restricted Reserves</b>						
<b>Operating Reserve</b>						
Ending Balance	\$ 376,402	\$ 394,022	\$ 412,113	\$ 430,864	\$ 450,296	\$ 470,431
<i>Recommended Minimum Target</i>	<i>376,402</i>	<i>394,022</i>	<i>412,113</i>	<i>430,864</i>	<i>450,296</i>	<i>470,431</i>
<b>Rate Stabilization and Drought Contingency Reserve</b>						
Ending Balance (1)	\$ 250,000	\$ 500,000	\$ 750,000	\$ 1,000,000	\$ 1,250,000	\$ 1,500,000
<i>Recommended Minimum Target</i>	<i>250,000</i>	<i>500,000</i>	<i>750,000</i>	<i>1,000,000</i>	<i>1,250,000</i>	<i>1,500,000</i>
<b>Capital Rehabilitation &amp; Replacement Reserve</b>						
Ending Balance (1)	\$ 836,542	\$ 595,576	\$ 483,300	\$ 359,211	\$ 189,963	\$ 15,714
<i>Recommended Minimum Target</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Total Ending Balance</b>	<b>\$ 1,212,943</b>	<b>\$ 989,597</b>	<b>\$ 895,413</b>	<b>\$ 790,075</b>	<b>\$ 640,258</b>	<b>\$ 486,145</b>
<i>Total Recommended Minimum Target</i>	<i>\$ 376,402</i>	<i>\$ 394,022</i>	<i>\$ 412,113</i>	<i>\$ 430,864</i>	<i>\$ 450,296</i>	<i>\$ 470,431</i>



**Figure 4. Summary of Revenue Requirements and Existing vs. Proposed Rates**

#### TASK 4. COST OF SERVICE ANALYSIS

**Task Objectives:** Equitably allocate the revenue requirements to each customer class and determine the cost of providing water and sewer service to each of these classes.

**Task Deliverables:** Cost of service summary tables, to be incorporated into the rate design and rate study report. This analysis provides a critical component necessary for establishing a defensible administrative record for cost-based water and sewer rates.

##### 4.1 Cost of Service Analysis (Water)

The revenue requirements will be equitably allocated to individual customer classes based on industry standard methodologies. We will review the District's existing customer classes and analyze the historical characteristic of each customer class to determine if any changes should be made to better comply with industry standards. If there are any changes to the customer classes resulting from the review of the current rate structures and customer characteristics (i.e., incorporating differential rates for single-, multi-family and commercial, etc.), these changes will be incorporated into this analysis. The main components of the cost-of-service analysis are as follows:

**Functionalization/Classification of Expenses** – Functionalizing the expenses means arranging costs into basic categories, such as commodity (e.g., purchased water/source of supply), capacity (e.g., treatment, transmission, and distribution), as well as customer (e.g., administrative and overhead) costs, as illustrated in Figure 5.

Figure 5. Classification of Water Revenue Requirements

Classification of Expenses Budget Categories	Total Revenue Requirements FY 2017/18	Volumetric	Fixed			Basis of Classification			
		Commodity	Capacity	Customer	Fire Protection	COM	CAP	CA	FP
		COM	CAP	CA	FP	COM	CAP	CA	FP
<b>Water Fund</b>									
Administration	\$ 41,520	\$ -	\$ 39,402	\$ 2,076	\$ 42	0%	95%	5%	0%
Legal Services	184,500	-	175,091	9,225	185	0%	95%	5%	0%
Finance	72,330	-	68,641	3,617	72	0%	95%	5%	0.1%
Customer Services	337,646	-	104,861	232,674	110	0%	31%	69%	0%
Engineering	111,350	-	-	-	-	0%	0%	0%	0%
Development	9,196	-	8,727	460	9	0%	95%	5%	0.1%
Regulatory - Compliance	430,649	-	408,686	21,532	431	0%	95%	5%	0%
O&M	1,964,982	1,034,996	882,557	46,499	930	53%	45%	2%	0%
<b>Grand Total: Water Fund Operations</b>	<b>\$ 3,152,173</b>	<b>\$ 1,034,996</b>	<b>\$ 1,799,204</b>	<b>\$ 316,083</b>	<b>\$ 1,890</b>	<b>33%</b>	<b>57%</b>	<b>10%</b>	<b>0.1%</b>
<b>Capital Expenditures</b>									
Rate Funded Capital Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	0%	100%	0%	0%
<b>TOTAL REVENUE REQUIREMENTS</b>	<b>\$ 3,152,173</b>	<b>\$ 1,034,996</b>	<b>\$ 1,799,204</b>	<b>\$ 316,083</b>	<b>\$ 1,890</b>	<b>33%</b>	<b>57%</b>	<b>10%</b>	<b>0%</b>
<b>Less: Non-Rate Revenues</b>									
INTEREST INCOME	\$ (3,032)	\$ (996)	\$ (1,731)	\$ (304)	\$ (2)	33%	57%	10%	0%
TRANSFER INCOME	(1,022,429)	(335,708)	(583,584)	(102,524)	(613)	33%	57%	10%	0%
ALL OTHER OPERATING REVENUE	(408,726)	(134,203)	(233,294)	(40,985)	(245)	33%	57%	10%	0%
<b>NET REVENUE REQUIREMENTS</b>	<b>\$ 1,717,985</b>	<b>\$ 564,089</b>	<b>\$ 980,595</b>	<b>\$ 172,271</b>	<b>\$ 1,030</b>				
<i>Allocation of Revenue Requirements</i>	<i>100.0%</i>	<i>32.8%</i>	<i>57.1%</i>	<i>10.0%</i>	<i>0.1%</i>				

Note: Net Revenue Requirements are shown before rate increase is applied.

**Allocation of Costs to Customer Classes** – These costs are then allocated to individual customer classes based on allocation factors specific to each cost classification, producing fixed and variable revenue requirements for each customer class. These allocations will be used for the actual rate calculations. Figure 6 describes the allocation factors that will be developed in this phase of the analysis and used to allocate costs. As a result of applying the allocation factors to the cost classifications, the revenue required from each customer class is accumulated by customer class, as shown in Figure 7.

Figure 6. Example of Allocation Factors

Cost Classification Category	Commodity	Capacity	Customer
<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>	<ul style="list-style-type: none"> <li>Variable Cost of Purchased Water</li> <li>Electricity</li> <li>Chemicals</li> </ul>	<ul style="list-style-type: none"> <li>Primarily capital facilities</li> <li>Fixed cost of purchased water</li> </ul>	<ul style="list-style-type: none"> <li>Meter Reading</li> <li>Customer Billing</li> <li>Customer Service</li> </ul>

Figure 7. Allocation of Revenue Requirements to Customer Classes

Customer Class	Cost Classification Components					Cost of Service Net Rev. Reqts	% of COS Net Revenue Reqts
	Commodity	Capacity (variable allocation)	Capacity (fixed allocation)	Customer	Fire Protection		
Single Family Res Low Den	\$ 229,192	\$ 13,036	\$ 330,556	\$ 76,505	\$ -	\$ 649,290	31.9%
Single Family Res Med Den	263,700	14,087	357,190	118,865	-	753,842	37.1%
Multi-Family Res	9,578	375	9,514	2,279	-	21,746	1.1%
Mixed Use Non-SFR	18,373	1,541	39,083	731	-	59,728	2.9%
Irrigation	146,553	14,974	379,673	5,204	-	546,403	26.9%
Fire	74	11	268	258	1,219	1,829	0.1%
<b>Total</b>	<b>\$ 667,469</b>	<b>\$ 44,024</b>	<b>\$ 1,116,284</b>	<b>\$ 203,842</b>	<b>\$ 1,219</b>	<b>\$ 2,032,839</b>	<b>100.0%</b>
<b>Total Volumetric and Fixed Rate Rev.</b>	<b>\$711,494</b>		<b>\$1,321,345</b>			<b>\$ 2,032,839</b>	<b>100.0%</b>

Note: Net Revenue Requirements are shown after rate increase is applied.

## 4.2 Cost of Service Analysis (Sewer)

This task identifies some of the differences in the technical analysis necessary for equitably allocating sewer revenue requirements to each of the customer classes.

**Sewer Classification of Expenses** – Classifying expenses involves arranging costs into basic categories, including flow and strength characteristics (i.e., BOD and TSS), and customer costs as shown in Figure 8.

**Figure 8. Classification of Sewer Revenue Requirements**

Classification of Expenses									
Budget Categories	Total Revenue Requirements	Flow	Strength		Customer	Basis of Classification			
	FY 2017/18	(VOL)	(BOD)	(TSS)	(CA)	(VOL)	(BOD)	(TSS)	(CA)
<b>WASTEWATER OPERATIONS EXPENSES</b>									
Administration	\$ 36,665	\$ 20,532	\$ 8,066	\$ 8,066	\$ -	56%	22%	22%	0%
Legal Services	\$ 5,125	\$ 2,870	\$ 1,128	\$ 1,128	\$ -	56%	22%	22%	0%
Finance	\$ 62,487	\$ 34,993	\$ 13,747	\$ 13,747	\$ -	56%	22%	22%	0%
Customer Services	\$ 246,800	\$ -	\$ -	\$ -	\$ 246,800	0%	0%	0%	100%
Engineering	\$ 76,420	\$ 42,795	\$ 16,812	\$ 16,812	\$ -	56%	22%	22%	0%
Development	\$ 7,945	\$ 4,449	\$ 1,748	\$ 1,748	\$ -	56%	22%	22%	0%
Regulatory - Compliance	\$ 326,979	\$ 183,108	\$ 71,935	\$ 71,935	\$ -	56%	22%	22%	0%
O&M	\$ 1,579,032	\$ 884,258	\$ 347,387	\$ 347,387	\$ -	56%	22%	22%	0%
<b>TOTAL: WW OPERATIONS EXPENSES</b>	<b>\$ 2,341,452</b>	<b>\$ 1,173,005</b>	<b>\$ 460,824</b>	<b>\$ 460,824</b>	<b>\$ 246,800</b>	<b>50%</b>	<b>20%</b>	<b>20%</b>	<b>11%</b>
<b>Capital Expenditures</b>									
Rate Funded Capital Expenses	\$ 1,334,426	\$ 668,512	\$ 262,630	\$ 262,630	\$ 140,655	50%	20%	20%	11%
<b>TOTAL REVENUE REQUIREMENTS</b>	<b>\$ 3,675,878</b>	<b>\$ 1,841,517</b>	<b>\$ 723,453</b>	<b>\$ 723,453</b>	<b>\$ 387,455</b>	<b>50%</b>	<b>20%</b>	<b>20%</b>	<b>11%</b>
<b>Less: Non-Rate Revenues</b>	<b>\$ (2,002,224)</b>	<b>\$ (1,003,061)</b>	<b>\$ (394,060)</b>	<b>\$ (394,060)</b>	<b>\$ (211,044)</b>	<b>50%</b>	<b>20%</b>	<b>20%</b>	<b>11%</b>
<b>NET REVENUE REQUIREMENTS</b>	<b>\$ 1,673,654</b>	<b>\$ 838,456</b>	<b>\$ 329,394</b>	<b>\$ 329,394</b>	<b>\$ 176,411</b>				
<i>Allocation of Revenue Requirements</i>	<b>100.0%</b>	<b>50.1%</b>	<b>19.7%</b>	<b>19.7%</b>	<b>10.5%</b>				

Note: Net Revenue Requirements are shown before rate increase is applied.

**Allocations to Sewer Customer Classes** – These costs are then allocated to each of the customer classes using the allocation factors shown in Figure 9.

**Figure 9. Example of Sewer Allocation Factors**

Cost Classification Category	Flow/Effluent Volume	Strength Factors		Customer
		BOD	TSS	
<b>Allocation Factors</b>	Water Consumption by Customer Class	BOD Effluent levels (in Mg/L)	TSS Effluent levels (in Mg/L)	Number of Accounts by Customer Class
<b>Types of Costs</b>	Amount of Effluent generated by each Customer Class	BOD-Related WWTP Processing	TSS-Related WWTP Processing	Costs associated with having customers connected to the system.
<b>Examples of Costs</b>	<ul style="list-style-type: none"> <li>Hydraulic Capacity of WWTP</li> <li>Effluent Pumping Stations</li> <li>Collection System Costs</li> </ul>	BOD-Related WWTP Equipment	TSS-Related WWTP Equipment, Sludge Handling	<ul style="list-style-type: none"> <li>Meter Reading</li> <li>Customer Billing</li> <li>Customer Service</li> </ul>

As a result of applying the allocation factors to the cost classifications (i.e., the Volume, BOD, TSS, and Customer costs), the revenue required from each customer class is accumulated by customer class, as shown in Figure 10.

**Figure 10. Allocation of Revenue Requirements to Customer Classes (Sewer)**

Customer Class	Cost Classification Components				Cost-of-Service Net Revenue Reqts.	% of COS Net Revenue Reqts.
	Volume	Treatment		Customer Related		
		BOD	TSS			
<b>Net Revenue Requirements (1)</b>	<b>\$ 873,513</b>	<b>\$ 343,166</b>	<b>\$ 343,166</b>	<b>\$ 183,787</b>	<b>\$ 1,743,632</b>	<b>--</b>
	50.1%	19.7%	19.7%	10.5%	100.0%	
Single Family Res Low Den	\$ 369,118	\$ 145,112	\$ 145,155	\$ 70,970	<b>\$ 730,354</b>	41.9%
Single Family Res Med Den	472,112	185,603	185,657	110,264	<b>953,636</b>	54.7%
Fire Station	182	72	72	40	<b>365</b>	0.0%
Multi-Family Res	23,344	9,177	9,180	2,114	<b>43,816</b>	2.5%
Commercial	1,274	260	160	120	<b>1,815</b>	0.1%
Schools	7,483	2,942	2,942	279	<b>13,646</b>	0.8%
	<b>\$ 873,513</b>	<b>\$ 343,166</b>	<b>\$ 343,166</b>	<b>\$ 183,787</b>	<b>\$1,743,632</b>	<b>100%</b>

Note: Net Revenue Requirements are shown after rate increase is applied.

## TASK 5. RATE DESIGN ANALYSIS

**Task Objectives:** NBS will work with District staff to develop the best suited alternative rate structures for the water and sewer utilities by incorporating the District’s broader rate design goals and objectives.

**Task Deliverables:** Rates for the water and sewer rate structure alternatives, including the evaluation of the pros and cons of various alternatives.

**5.1 Develop Rate Design Recommendations** – While we believe rate design is more applicable to water rates, we will also review the sewer rate design. We will include a discussion of the relative merits (pros and cons) of the District’s current rate structures and the new alternatives. For example, many water agencies define non-residential customer classes as “commercial”, “irrigation”, “multi-family”, “industrial”, etc. rather than the meter sizes the District currently uses. Also, there is some rationale in defining residential classes as “single-family” vs. “multi-family”.

This discussion and analysis will also include issues such as the amount of revenue collected from fixed vs. volumetric charges, the percentage rate increases between tiers, total quantities of water included in each tier, and amount of revenue collected in each tier.

**Criteria for Improving the Rate Design** – There are a number of criteria that NBS will discuss with District staff in considering new rate structures, including:

- How costs allocated to fixed and volumetric rates affect revenue stability.
- How summer peaking patterns are reflected in water rate design.
- How meter sizes are used in calculating fixed charges.
- The number of tiers that should be implemented.
- The amount of revenue that should be collected within each tier.
- How to address “price elasticity” reductions in water use in response to rate increases.
- Impacts on customer monthly bills.

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

**5.2 Calculate Fixed and Volumetric Charges** - Fixed costs consider the number of accounts, equivalent meters, and the number and size of meters. In contrast, variable costs are typically allocated in proportion

to consumption. In addition to a fixed monthly charge, many sewer agencies are switching to a residential commodity-based charge that applies to the customer’s average winter water use. This would improve the equity of the residential sewer rates. This approach would also eliminate the differences between low- and medium-density residential customers.

NBS will recommend a rate structure that provides a balance between fixed and variable charges, with the goal of recovering all or a significant portion of fixed costs from fixed charges and variable costs from variable charges, while also encouraging water conservation.

Figures 11, 12 and 13 illustrate how the rate-design analysis recovers customer costs based on the total number of meters, capacity costs from each meter size based on the hydraulic capacity, and how commodity costs are recovered from customers based on water consumption.

**Figure 11. Example of Fixed and Commodity Charges Calculations (WATER)**

Number of Meters By Class	Number of Meters	Capacity (fixed allocation)	Customer	Target Rev. Req't from Fixed Charges	Fixed Monthly Rate
Single Family Res Low Den	1,779	\$ 330,556	\$ 76,505	\$ 407,061	\$19.07
Single Family Res Med Den	2,764	\$ 357,190	\$ 118,865	\$ 476,055	\$14.35

Number of Meters by Class and Size (1)	FY 2017/18										Total
	5/8 inch	3/4 inch	1 inch	1.5 inch	2 inch	3 inch	4 inch	6 inch	8 inch	10 inch	
Multi-Family Res	-	1	-	8	44	-	-	-	-	-	53
Mixed Use Non-SFR	1	-	-	1	8	2	2	-	3	-	17
Irrigation	4	-	18	9	85	2	2	1	-	-	121
<b>Total Meters/Accounts</b>	<b>5</b>	<b>1</b>	<b>18</b>	<b>18</b>	<b>137</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>3</b>	<b>-</b>	<b>191</b>
Hydraulic Capacity Factor (2)	0.67	1.00	1.67	3.33	5.33	10.67	16.67	33.33	53.33	140.00	
<b>Total Equivalent Meters</b>	<b>3</b>	<b>1</b>	<b>30</b>	<b>60</b>	<b>731</b>	<b>43</b>	<b>67</b>	<b>33</b>	<b>160</b>	<b>-</b>	<b>1,128</b>
<b>Monthly Fixed Service Charges</b>											
Customer Costs (\$/Acct/mo.) (3)	\$3.58	\$3.58	\$3.58	\$3.58	\$3.58	\$3.58	\$3.58	\$3.58	\$3.58	\$3.58	
Capacity Costs (\$/Acct/mo.) (4)	\$21.10	\$31.65	\$52.75	\$105.50	\$168.79	\$337.59	\$527.48	\$1,054.96	\$1,687.93	\$4,430.82	
<b>Total Monthly Meter Charge</b>	<b>\$24.68</b>	<b>\$35.23</b>	<b>\$56.33</b>	<b>\$109.08</b>	<b>\$172.38</b>	<b>\$341.17</b>	<b>\$531.06</b>	<b>\$1,058.54</b>	<b>\$1,691.51</b>	<b>\$4,434.40</b>	
<b>Annual Fixed Costs Allocated to Monthly Meter Charges</b>											
Customer Costs		\$ 8,214									
Capacity Costs		428,270									
<b>Total Fixed Meter Costs</b>		<b>\$436,484</b>									

**Figure 12. Example of Fixed and Commodity Charges Calculations (SEWER)**

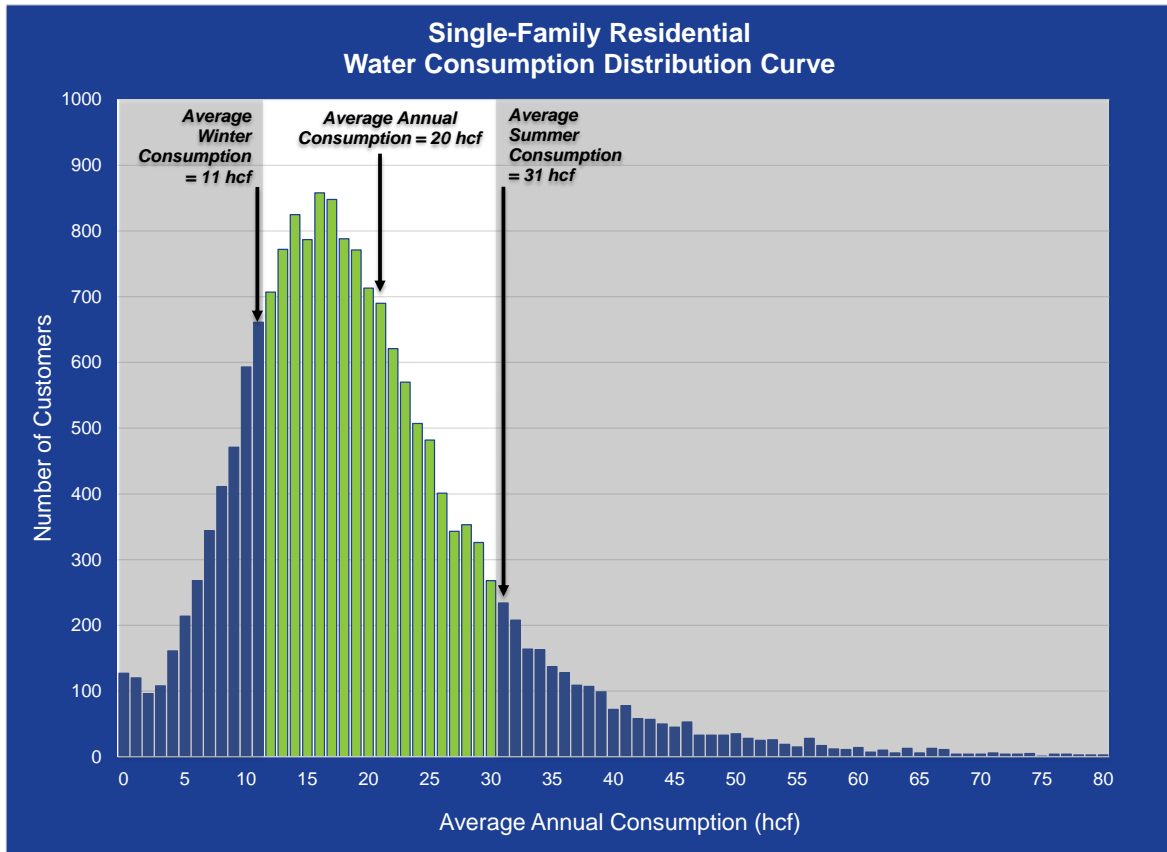
Customer Class	No. of Dwelling Units (1)	Annualized Winter Consumption (hcf)	Annual Rev. Req't			Monthly Fixed Charge Per Dwelling Unit	Volumetric Charge Per hcf
			Total	Fixed (2, 3)	Volumetric		
<b>Residential</b>							
Single Family Res Low Den	1,779	219,028	\$ 730,354	\$ 730,354	\$ -	\$34.21	\$0.00
Single Family Res Med Den	2,764	280,143	953,636	953,636	-	\$28.75	\$0.00
Fire Station	1	108	365	365	-	\$30.42	\$0.00
Multi-Family Res	255	13,852	43,816	43,816	-	\$14.32	\$0.00
<b>Subtotal</b>	<b>4,799</b>	<b>513,131</b>	<b>1,728,171</b>	<b>1,728,171</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Commercial &amp; Schools Accounts</b>							
Commercial	3	756	\$ 1,815	\$ 907	\$ 907	\$25.20	\$1.20
Schools	7	4,440	13,646	6,823	6,823	\$81.23	\$1.54
<b>Subtotal</b>	<b>10</b>	<b>5,196</b>	<b>15,460</b>	<b>7,730</b>	<b>\$ 7,730</b>	<b>\$ -</b>	<b>\$ 3</b>
<b>Total</b>	<b>4,809</b>	<b>518,327</b>	<b>\$ 1,743,632</b>	<b>\$ 1,735,901</b>	<b>\$ 7,730</b>	<b>--</b>	<b>--</b>
<i>Percent of Revenue from Fixed vs. Volumetric Charges</i>			<i>100.0%</i>	<i>99.6%</i>	<i>0.4%</i>		

**Figure 13. Example of Single-Family Residential, Uniform-Tier Rate Calculations**

Rate Structure Type	Number of Meters (1)	Water Consumption (hcf/yr.)	Commodity Assigned Costs	Capacity Assigned Costs	Target Rev. Req't from Vol. Charges	Uniform Commodity Rates (\$/hcf)
Single Family Res Low Den	1,779	366,539	\$ 229,192	\$ 13,036	\$ 242,229	\$0.6597
Single Family Res Med Den	2,764	421,726	263,700	14,087	277,787	
Multi-Family Res	53	15,317	\$ 9,578	\$ 375	\$ 9,953	\$0.6858
Mixed Use Non-SFR	17	29,383	18,373	1,541	19,914	
Irrigation	121	234,377	146,553	14,974	161,527	
Fire	6	118	74	11	84	
<b>Total</b>	<b>4,740</b>	<b>1,067,460</b>	<b>\$ 667,469</b>	<b>\$ 44,024</b>	<b>\$ 711,494</b>	--

**5.3 Analysis of Consumption and Conservation** – NBS will evaluate the *number* of customers at various levels of consumption and the *total water use* that occurs within each tier (see Figure 14).

**Figure 14. Consumption Distribution Analysis**



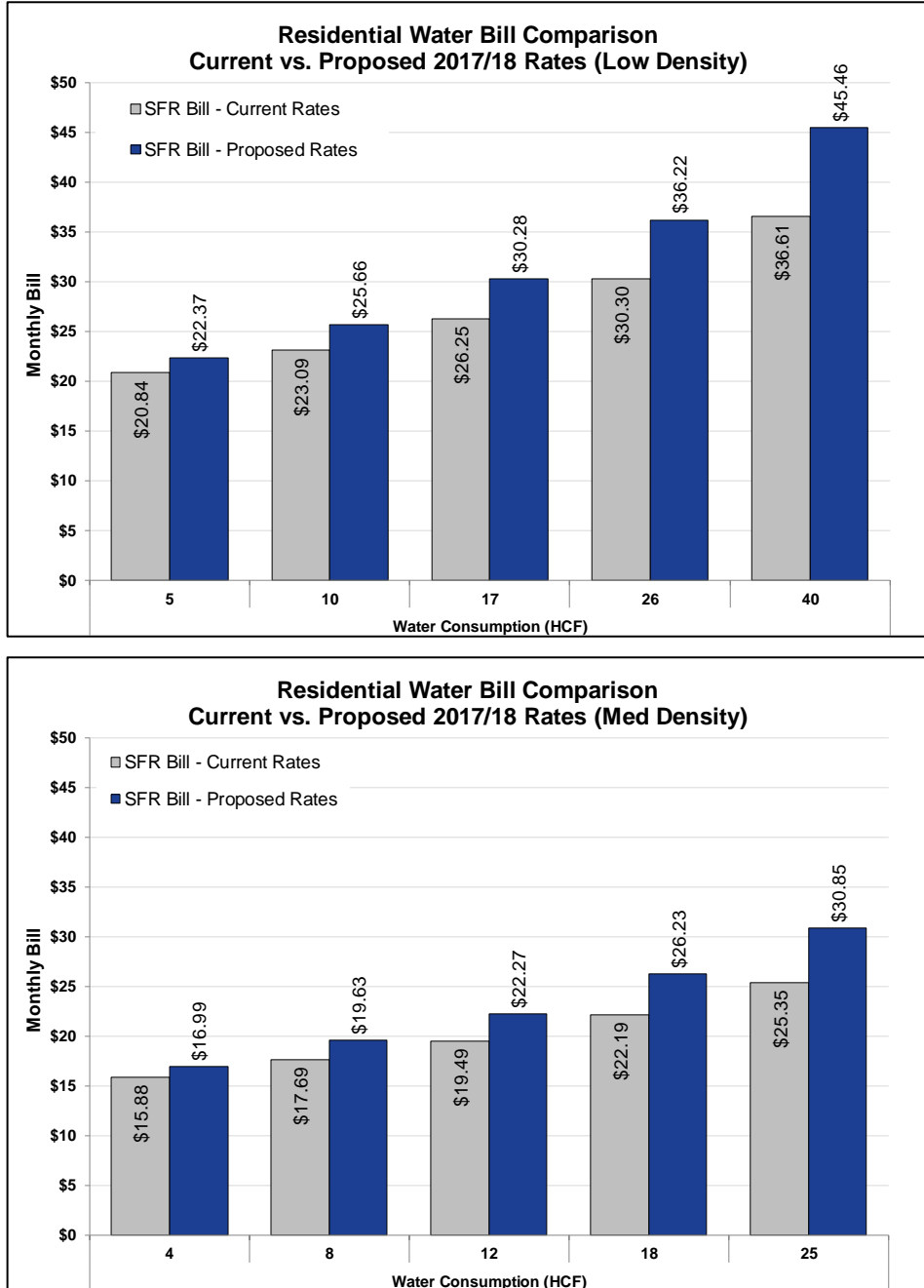
The District’s most recent water consumption data will be used for this analysis. This type of data analysis ensures an accurate projection of the revenue that will be collected within each tier and allows for testing various rate structure alternatives (e.g., changing tier breakpoints and rates) to accurately design water rate tiers and recover sufficient revenues. Figure 14 illustrates the type of distribution curve that summarizes the number of customers by consumption level.

The impacts of a potential 20-percent conservation level will be evaluated along with alternatives for offsetting the revenue losses. For example, alternatives may include (1) drought rates tied to drought

stages, (2) revenue stabilization rates<sup>3</sup>, and (3) ensure a rate stabilization reserve has sufficient funding to cover conservation-related revenue losses. A combination of these options may also be used.

**5.4 Comparison of Monthly Bills** – We will prepare an analysis of monthly water and sewer bills for various types of customers, such as single-family customers with low-, average-, and high-water usage under each rate alternative evaluated in the study. This analysis is useful when evaluating the effects of different rate structures on customers, as illustrated in Figure 15.

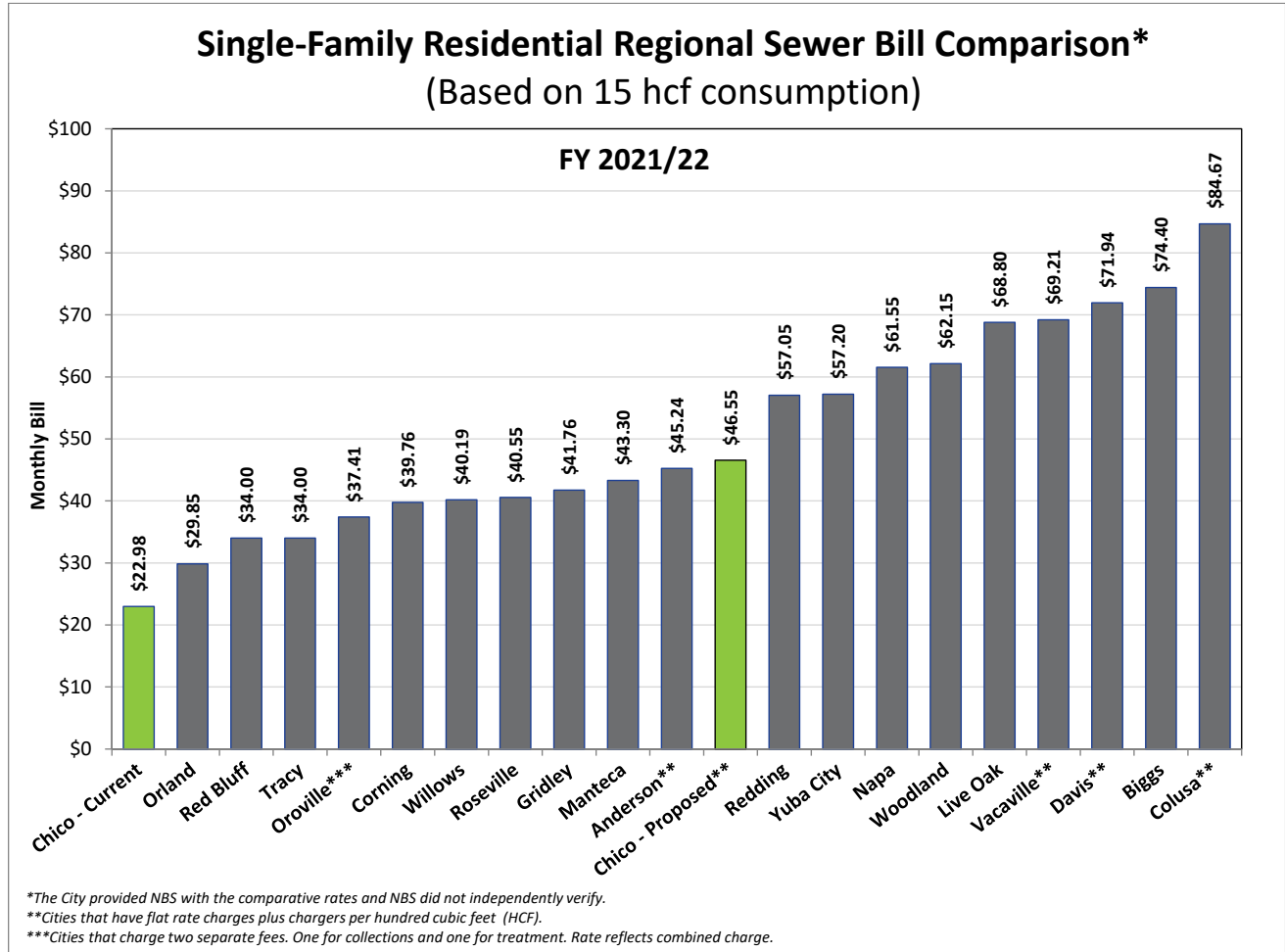
**Figure 15. Examples of Residential Monthly Bill Comparisons**



<sup>3</sup> NBS prepared this mechanism for San Lorenzo Valley Water District; it automatically implements volumetric rate increases when monthly revenue falls 10-percent or more behind projections and automatically stops these increases once the revenue is back on track for the annual projections.

**Comparison to Similar Communities** – We will provide the District with very simple charts that show the current and proposed monthly bills for typical residential customers compared to monthly bills for similar communities, like the one illustrated in Figure 16.

**Figure 16. Example of Monthly Sewer Bill Comparison to Similar Communities (City of Chico)**



**TASK 6. PREPARE DRAFT AND FINAL STUDY REPORTS**

**Task Objectives:** Prepare draft and final reports.

**Task Deliverables:** Draft and Final Reports for review by District Staff that include our final recommendations for the financial plans, reserve policies and rates and rate design. Sufficient information will be provided in the report for staff, the Board and the public to review and understand the study.

**6.1 Draft Report** – NBS will prepare draft rate study report that includes proposed rates for the next five years, although the financial models will cover a 20-year period. An executive summary and introduction will present the purpose of the report and results of the study. The report will summarize the findings and recommendations, including proposed rates, and present appropriate customer bill comparisons using tables, graphs, and charts as needed. The emphasis will be on providing a clear, concise, and understandable report. This draft report will then provide the basis for review and public meetings to solicit input and changes to the rate analysis.



Initial study results will be provided to District staff prior to the draft report, and then to the District Board once District staff is comfortable with the results. We typically will review initial results (e.g., revenue requirements, financial plans, cost-of-service analysis, and rate design results) with staff at the time they are developed. This helps ensure that District staff are “on-board” with the results before moving ahead with presenting any materials to the District Board or public.

**6.2 Final Report** – Following the public meetings/workshops, we assume there will be some refinements and/or changes in rate alternatives. We will incorporate those changes and the District’s comments<sup>4</sup> into the final report.

## **TASK 7. MEETINGS AND PRESENTATIONS**

**Task Objectives:** Communicate initial results and recommendations and meet with various stakeholder groups (community groups, building industry, and the District Board) to communicate the study approach, methodology, and recommendations in up to four separate meetings.

**Task Deliverables:** Prepare and present PowerPoint-based summary of results and recommendations, along with key assumptions and alternatives for the Board and members of the public to consider. Meetings/Presentations will include (1) up to three community workshops, (2) one presentation to the Board of Directors, and (3) participation in the Prop 218 hearings.

**7.1 Public Presentation to the District Board (one)** – Besides the public workshops, NBS will provide a presentation to the District Board to outline the study process and the recommended water and sewer rates.

**7.2 Community Outreach Workshops (up to three)** – Workshops are intended to solicit input from members of the community and will include: (1) an overview of the study objectives, best practices for utility fund management, and rate design, (2) preliminary rate study results and recommendations, (3) review and discussion points to be considered, and (4) the Prop 218 process.

### **7.3 Informational Mailer (Optional)**

**Task Objectives:** Distribute information about the rate study and any proposed adjustments to water and/or sewer rates in the form of an informational mailer, possibly including a “frequently-asked-questions” format.

**Task Deliverables:** Create an informational mailer that will be mailed to the public to distribute information about the rate study and any proposed rate adjustment. NBS Staff will design the announcement (such as a customized postcard within District branding standards) as well as mailing coordination with a third-party mailing house. We will work with District staff to finalize the content and format of this mailer.

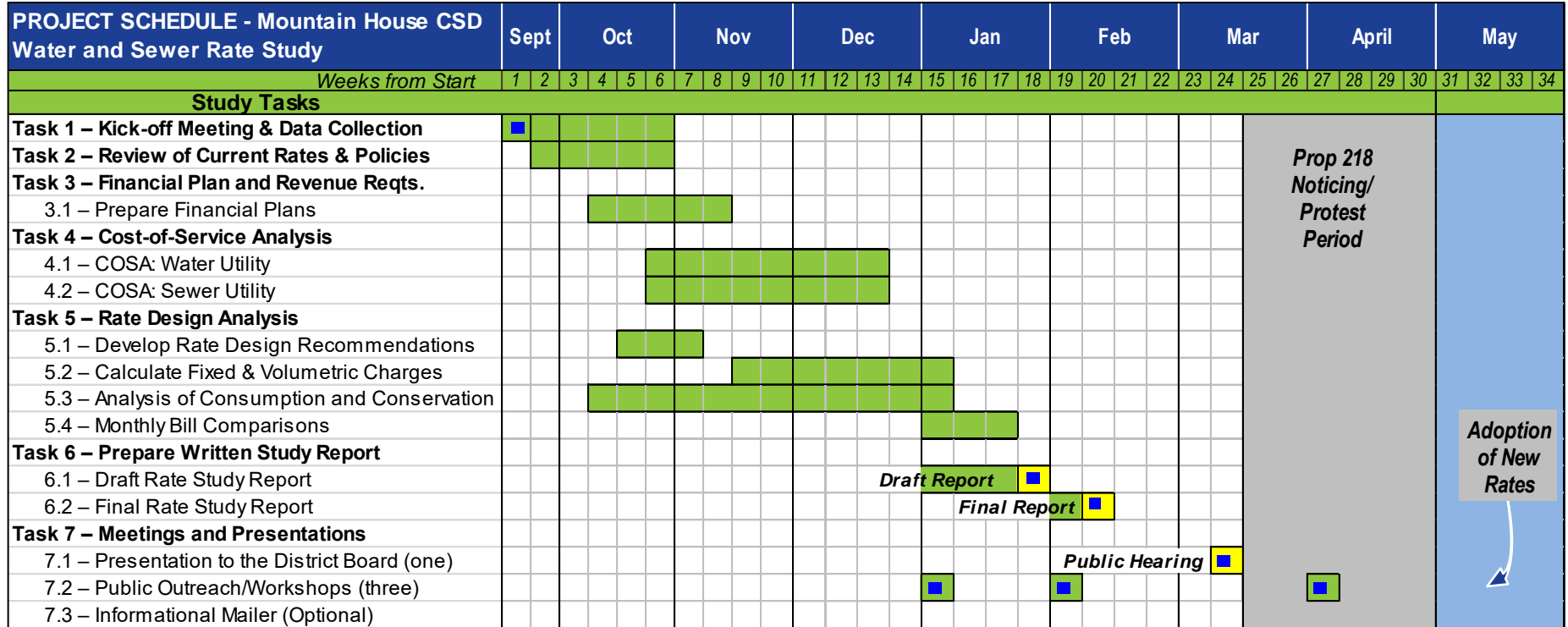
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<sup>4</sup> We assume City staff comments will be in an electronic Microsoft Word file using track-changes mode to incorporate all City comments.

## Schedule

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

### PROJECT SCHEDULE FOR MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT



- Active task work.
- Draft and Final Reports
- Meeting or Presentation (estimated, to be scheduled as needed)

**Prop 218 Noticing/Protest Period**

**Adoption of New Rates**

## 4 | COST

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As requested in the RFP, the Cost Proposal has been included under a separate cover.

## 5 | CONTRACT

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NBS accepts the terms, conditions and general form of the Mountain House Community Services District standard Consultant Services Agreement with the following modification(s):

*Exhibit C. 3.c Wasting Policy. Our Professional Liability policy includes defense costs.*

***We would ask that the wording be changed to read:***

*With the exception of Professional Liability, no policy by this Section 4 shall include a "wasting" policy limit (i.e. limit that is eroded by the cost of defense).*

## APPENDIX | RESUMES

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This appendix contains full resumes for our proposed project team.

## TEAM RESUME

**GREG CLUMPNER** | Project Manager**EDUCATION**

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

**AFFILIATIONS**

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

**SPEAKING / MEDIA**

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

**HIGHLIGHTS**

Greg Clumpner has 35 years of experience in financial, economic, and cost-of-service rate analyses for municipal water, sewer and solid waste agencies, including broader management consulting:

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

**RELEVANT PROJECT EXPERIENCE**

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

## GREG CLUMPNER CONTINUED



### RELEVANT PROJECT EXPERIENCE | CONTINUED

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



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

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



## EDUCATION

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

## AFFILIATIONS

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

## PROJECTS | CONT.

- **City of Tracy, Tracy, CA – Sewer Rate Studies:** Has prepared sewer rate updates for the City of Tracy since 1979. Originally done to satisfy SRF requirements, more recent updates focused on cost of service studies.
- **City of Sacramento, CA – Sanitary Sewer and Storm Drainage Rate Study:** Project economist on this rate study. The primary focus of the project was to compute rates sufficient to upgrade the combined sewer portion of the system to a 10-year level of protection and prevent combined sewer overflows into the Sacramento and American Rivers.
- **Cities of Stockton, Millbrae, Turlock, Arcata, Wheatland, and Merced, CA:** Developed sewer revenue programs for the cities of Stockton, Millbrae, Turlock, Arcata, Wheatland, and Merced and for the American Canyon County Water District and the Tahoe-Truckee Sanitation Agency.
- **Sacramento Industrial Users Group (Campbell's Soup and Crystal Creamery):** Represented industry in review/revising SRCSD sewer rates.

## HIGHLIGHTS

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

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

## RELEVANT PROJECT EXPERIENCE

- **Merced Irrigation District, Merced, CA – Water Cost of Service Study:** Prepared a cost of service study that estimated user charges and fees for the water deliveries within the District. Also prepared the Proposition 218 material for the vote to enact the rates.
  - **Byron Bethany Irrigation District, Byron, CA – Water Cost of Service Study:** Prepared a cost of service study that estimated user charges for the water deliveries within the District. Also prepared the Proposition 218 material for the vote to enact the rates.
  - **Westlands Water District, CA – Evaluating Land Based Assessments:** Led an evaluation of possible land based assessments in the District, then prepared an Engineers Report to implement a benefit assessment for the District.
  - **Oakdale Irrigation District, Oakdale, CA – Water Rate Study:** Prepared a cost of service study that estimated user charges for the water deliveries within the District. This study moved the District from a flat rate to tiered volumetric rates to comply with the Water Conservation Act of 2009 (SBx 7-7). Also prepared the Proposition 218 material for the vote to enact rates.
  - **Flood Control User Charges and Financing Plans:** Developed financing plans and user charges for storm drainage and flood control projects, including the City of Sacramento Storm Drainage and Sewer Rate Study, the City of Palo Alto Storm Drainage Enterprise Fund, establishing the City of Tracy's storm drainage charges, a financing plan for the Auburn Ravine Mitigation Plan for Placer County Flood Control District, and a financing plan for the Colma Creek/Guadalupe Canyon master plan for Daly City.
- Other clients Mr. Highstreet has provided similar services include:**
- **City of Anaheim** – Storm Drainage Impact Fees and Financial Planning
  - **City of Millbrae** – Sewer Rate Study
  - **Tahoe Truckee Sanitation Agency** – Financial Analyses
  - **Del Monte and Sun Maid Corporations** – Sewer Rate Evaluations for the Selma-Kingsburg-Fowler Sanitation District
  - **City of Stockton** – Sewer Rate Study
  - **City of Hollister** – Wastewater User Charges and Demand Fees
  - **City of Merced** – Water and Sewer Rate Studies
  - **City of Turlock** – Sewer Rate Studies
  - **Oroville-Wyandotte Irrigation District** – Water Rate Study



## TEAM RESUME

# JORDAN TAYLOR | Utility Rate Consultant



## EDUCATION

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

## HIGHLIGHTS

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



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

*Sunny Wang  
Water Resources Manager  
City of Santa Monica*



## BIOGRAPHY

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

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

## RELEVANT PROJECT EXPERIENCE

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

## JORDAN TAYLOR CONTINUED



### RELEVANT PROJECT EXPERIENCE | CONTINUED

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

## TEAM RESUME

**ALICE BOU** | Utility Rate Consultant**EDUCATION**

- Bachelor of Arts, University of California San Diego, La Jolla

**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

**BIOGRAPHY**

Alice Bou is a Consultant in our Utility Rate and Fee group. 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 has also developed detailed procedures and systems documentation with a focus on productivity, data integrity and functionality to promote transparency of all finance and accounting functions across all departments of the entire organization. Alice's diverse 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.



*“Thanks Alice, we certainly appreciate your patience, persistence, thoroughness, and ability to adapt on the fly! I believe our final product and recommended actions turned out very well.”*

*Doug Mathews  
Director of Public Works &  
Water, City of Victorville*

**RELEVANT PROJECT EXPERIENCE**

- **City of Sausalito – Sewer Rate Study:** Developed a comprehensive financial plan to address the City's increasing operating and maintenance costs as well as the need to finance \$8.6 million in planned capital improvements over the 5-year rate period. Due to the deteriorating condition of the City's sewer system, the overall goal was to identify equitable sewer charges that addressed sewer upgrades and services and develop rates that balanced the use of outstanding bond proceeds, cash reserves, and additional revenue generated from rate increases.
- **City of Davis – Sewer Rate and System Capacity Fee Study:** Established sewer capacity fees for the City that reflect the cost of sewer system infrastructure that is available to serve new development. Many factors were considered in the study, including the allocation of the \$268 million in existing system assets, the cost of planned capital improvements, and adjustments for outstanding debt and cash reserves. The assigned EDU's per residential type of use were calculated based on the City's most recent sewer rate study and average winter water use.

## ALICE BOU CONTINUED



### RELEVANT PROJECT EXPERIENCE | CONTINUED

- City of Redding – Water, Sewer, and Solid Waste Rate Study:** Performed an update of the City’s rate studies for its water, sewer, and solid waste utilities, which included updating long-term financial plans to incorporate funding capital improvements estimated at \$97.2 million and reviewing alternative rate structures. Although all three utilities were financially sound, rate increases were necessary to ensure the continued financial health of the City’s utilities by generating sufficient revenue needed to meet projected capital funding requirements, providing revenue stability, and providing equity in rates among customer classes. In addition, the cost-of-service analysis for the solid waste utility examined specific allocation factors for each customer class and determined how costs are divided into various types of service (e.g., collection, disposal, and transfer station).
- Suisun-Solano Water Authority – Water Rate Study:** Conducted a comprehensive water rate study for the Authority which consisted of a long-term financial plan that includes the projection of revenues and expenditures on a cash-flow basis to help determine the amount of rate revenue required to maintain reserves at the recommended levels. Worked with Authority staff to develop a plan to fund over \$20 million in necessary capital improvement projects, with a combination of new debt issuances, existing cash reserves, and rate adjustments.
- Mill Valley – Sewer Rate Study:** In the process of preparing a long-term financial plan reflecting the City’s growing concerns about shortfalls due to increased capital improvement costs and its current sewer rate structure, specifically the equitable assignment of costs to commercial customers (i.e., restaurants). Sewer rates will be evaluated to improve revenue stability in the light of current economic conditions as well as recent drought and continuing water conservation efforts. Water consumption data will be used to update commercial rates to assess how consumption has changed in the last few years and how projected water conservation might impact future consumption.
- LADWP – Water Temperature Zone Analysis:** LADWP currently has a four-tiered water-budget based volumetric rate structure that assigns water budgets to each customer based on lot size and temperature zone. As part of LADWP’s Interim Rate Review, evaluated the findings of previous temperature zone assignments to determine potential customer bill impacts of modifying the existing temperature zones. Prepared an analysis of temperature zone impacts on water customers, including a thorough review of the temperature data as well as recent trends related to the number of customers, water use, and water bills by zone, tier, and lot size over the last five years. The primary focus of this study was to see if recent changes in temperature data as defined by LADWP’s current temperature zones warranted changing the customers assigned to each temperature zone, or the criteria used to define each zone.
- Ironhouse Sanitary District – Wastewater Rate and Capacity Fee Study:** Assisted in the analysis of the District’s customer data to confirm the proportionality of current sewer rates to the cost of providing service. This process involved an in-depth examination of the water consumption data for customers from multiple water agencies to complete a cost-of-service analysis and determine updated EDU assignments for non-residential customers based on water usage and strength characteristics.

“

*“Alice, You are the best rate analyst I have ever worked with; you are very talented.”*

*Cammie Morin  
Finance Director  
Solano Irrigation District*

”

## TEAM RESUME

**DANIELLE WOOD** | Lead, Public Engagement**EDUCATION**

- Bachelor of Science, Business Administration/Finance, California State University San Bernardino
- Advanced Public Engagement for Local Government Program, Pepperdine School of Public Policy
- Planning for Effective Public Participation Program, International Association for Public Participation

**HIGHLIGHTS**

- Skilled public engagement specialist
- Experienced communications professional
- Seasoned consultant in Special Financing District (SFD) formation and administration
- Outreach
- Public Engagement
- Collaborative Governance
- Adaptive Management
- Two decades of experience

**AFFILIATIONS**

- California Public Information Officials (CAPIO)
- California Society of Municipal Finance Officers (CSMFO)
- Municipal Management Association of Southern California (MMASC)
- Women in Public Finance (WPF)

**BIOGRAPHY**

Danielle Wood is a Director with NBS where she provides public engagement, outreach, and collaborative governance client services and project management efforts for a number of our clients. She has two decades of experience working with local governments and communities across California.

- **City of La Habra Heights Ongoing Public Engagement Services.** Community engagement for a recently formed Benefit Assessment District (BAD), including a public engagement plan, webpage development, web maps, and other engagement services. Project started in 2018 and is ongoing.
- **City of Oxnard Ongoing Long-term Outreach, Public Engagement and Collaborative Governance Services.** Public engagement plan development for the evaluation of existing land secured financing districts that includes items such as a dedicated webpage, email campaign, advisory committee formation and collaborative governance program. There are more than 21 communities that have participated in our surveys, community meetings and ongoing development, and complete restructuring of the Landscape Maintenance Districts. Project started in 2019 and is ongoing.
- **City of San Leandro Outreach and Public Engagement Services.** Outreach and public engagement services to gauge overall property owner support for the formation of an Assessment District. Public engagement efforts have included items such as the creation of a dedicated public engagement webpage, multiple information releases, surveys, recorded meetings, and community participation web maps. Project started in 2019 and is ongoing.
- **City of Culver City Outreach Services.** Outreach and Public Engagement services for the formation of a new Property Business Improvement District for a very unique community within the City. Outreach services included an area profile analysis, a public informational mailer and survey, and in person and virtual public meetings. Project started in 2018 and is ongoing.



“We greatly appreciate your follow up, follow through and commitment to our community! We all desire to live well and thrive for the good of the whole city!”

*Property Owner, City of Oxnard*

**EXHIBIT B**  
**COMPENSATION SCHEDULE & REIMBURSABLE EXPENSES**

1) **Compensation Schedule.**

**COST**

Our professional fees are based on our understanding of District's needs and the effort we believe is necessary to complete the scope of services described in our proposal. Work will be performed on a time and materials basis, at the hourly labor rates show in the budget table below, with a not-to-exceed fee of **\$48,650**. The previous rate study, started six years ago in 2015, was almost \$40,000, so this cost proposal primarily represents increases in labor costs since 2015. Also, please note that there will be cost savings if the District decides to hold meetings and workshops remotely vs. in-person.

PROJECT BUDGET - Mountain House CSD Water and Sewer Rate Study					
Rate Study Tasks	Consultant Labor (Hours)			Grand Totals	
	Project Manager (Clumpner)	Senior Reviewer (Highstreet)	Consultants (Bou & Taylor)	Consultant Labor (Hrs.)	Consultant Costs (\$)
<i>Hourly Rate</i>	\$250	\$250	\$175		
Task 1 – Kick-off Meeting & Data Collection	4.0	-	10.0	14.0	\$2,750
Task 2 – Review of Current Rates & Policies	4.0	-	-	4.0	\$1,000
Task 3 – Financial Plan and Revenue Requirements					
3.1 – Prepare Financial Plans	4.0	-	16.0	20.0	\$3,800
Task 4 – Cost-of-Service Analysis (COSA)					
4.1 – COSA: Water Utility	8.0	2.0	24.0	34.0	\$6,700
4.2 – COSA: Sewer Utility	8.0	2.0	24.0	34.0	\$6,700
Task 5 – Rate Design Analysis					
5.1 – Develop Rate Design Recommendations	6.0	1.0	-	7.0	\$1,750
5.2 – Calculate Fixed & Volumetric Charges	8.0	2.0	22.0	32.0	\$6,350
5.3 – Analysis of Consumption and Conservation	6.0	1.0	22.0	29.0	\$5,600
5.4 – Monthly Bill Comparisons	1.0	-	4.0	5.0	\$950
Task 6 – Prepare Draft & Final Study Reports	16.0	2.0	6.0	24.0	\$5,550
Task 7 – Meetings and Presentations <sup>1</sup>					
7.1 – Presentation to the District Board (one)	8.0	-	-	8.0	\$2,000
7.2 – Public Outreach/Workshops (three)	16.0	-	-	16.0	\$4,000
7.3 – Informational Mailer (optional <sup>2</sup> )	(as needed)	(as needed)	-	-	\$0
<b>Task Totals</b>	<b>89.0</b>	<b>10.0</b>	<b>128.0</b>	<b>227.0</b>	<b>\$47,150</b>
Reimbursable Expenses <sup>3</sup>					\$1,500
<b>All-Inclusive Maximum Price</b>	<b>89.0</b>	<b>10.0</b>	<b>128.0</b>	<b>227.0</b>	<b>\$48,650</b>

1. Assumes meetings are in-person. If meetings are held remotely (Zoom, Teams, etc.), labor hours will be 50% of those shown.

2. Cost for labor for designing informational mailers will be determined based on what the District requests. Direct costs (e.g., printing, mailing, postage) will be charged at cost (no markups).

3. Travel-related cost and direct reimbursable expenses; all other expenses are included in labor rates. This cost will be \$0 if all meetings and presentations are held remotely.

**Additional services requested**, such as additional public meetings or additional rate or fee alternatives, can be provided based on these hourly labor rates. All tasks would be mutually agreed upon by NBS and District prior to proceeding.

2) **Reimbursable Expenses.**

Reimbursable expenses for Consultants working for MHCSD shall follow the guidelines outlined below. An invoice and receipts, outlining travel expenses, shall be submitted to NHCSO after the travel has occurred.

<b>Expense Type</b>	<b>Reimbursement Policies</b>	<b>Receipt Required</b>
Airfare	Actual cost of the least expensive class available. Business class and first class are not reimbursable.	Yes
Airline Baggage Fees	Actual expense.	Yes
Rental Car	Reimbursement for rental cars will be for a standard size car or smaller and will be reimbursed for the actual expense.	Yes
Airport Shuttle	Actual expense, including gratuity.	Yes
Taxi	Actual expense, including gratuity.	Yes
Meals & Incidentals	Actual expense, including gratuity. Itemized receipts must be included for reimbursement. No alcohol.  Other incidentals per itemized receipt.	Yes
Hotel	Lodging obtained will be reasonable and in line with the moderate priced hotels for the area. Reimbursement will be only for room charge, taxes, and parking (if applicable).  Itemized receipts must be included for reimbursement.	Yes
Privately Owned Vehicle Mileage Rate	IRS allowable rate for the current year.	No
Office Incidentals	Actual expense.  Copies/printing, courier/express delivery fees, phone calls.	Yes

**EXHIBIT C**  
**INSURANCE REQUIREMENTS**

- 1) **Required Coverage.** Consultant shall maintain all required insurance listed herein for the duration of this Agreement.

<b><u>TYPE OF INSURANCE</u></b>	<b><u>MINIMUM LIMITS</u></b>
<p><b>Commercial General Liability</b> Premises Liability; Products and Completed Operations; Contractual Liability; Personal Injury and Advertising Liability</p>	<p>\$1,000,000 per occurrence; Bodily Injury and Property Damage \$2,000,00 in the aggregate; Commercial general coverage shall be at least as broad as Insurance Services Office Commercial General Liability occurrence form CG 0001 (most recent edition) covering comprehensive General Liability on an “occurrence” basis</p>
<p><b>Commercial or Business Automobile Liability</b> All owned vehicles, hired or leased vehicles, non-owned, borrowed and permissive uses. Personal Automobile Liability is acceptable for individual contractors with no transportation or hauling related activities</p>	<p>\$1,000,000 per occurrence; Any Auto; Bodily Injury and Property Damage. Automobile coverage shall be at least as broad as Insurance Services Office Automobile Liability form CA 0001 (most recent edition), Code 1 (any auto). No endorsement shall be attached limiting the coverage.</p>
<p><b>Workers’ Compensation (WC) and Employers Liability (EL)</b> Required for all contractors with employees</p>	<p>WC: Statutory Limits EL: \$100,000 per accident for bodily injury or disease. Consultant may rely on a self-insurance program to meet those requirements, but only if the program of self-insurance complies fully with the provisions of the California Labor Code. The insurer shall waive all rights of subrogation against MHCSD and its officers, officials, employees, and volunteers for loss arising from Work performed under this Agreement</p>
<p><b>Professional Liability/Errors &amp; Omissions</b> Includes endorsements of contractual liability</p>	<p>\$1,250,000 per occurrence \$2,000,000 policy aggregate; Any deductible or self-insured retention shall not exceed \$150,000 per claim</p>

- 2) **Additional requirements.** Each of the following shall be included in the insurance coverage or added as a certified endorsement to the policy:

- a) **Term.** All required insurance shall be maintained during the entire term of the Agreement with the following exception: Insurance policies and coverage(s) written on a



claims-made basis shall be maintained during the entire term of the Agreement and until three (3) years following termination and acceptance of all Work provided under the Agreement, with the retroactive date of said insurance (as may be applicable) concurrent with the commencement of activities pursuant to this Agreement.

- b) Additional Insured. All insurance required above with the exception of Professional Liability, Personal Automobile Liability, Workers' Compensation and Employers Liability, shall be endorsed to name as additional insured: Mountain House Community Services District, its Board of Directors, and all MHCS D officers, agents, employees, volunteers and representatives.
- c) Primary Insurance. For any claims related to this Agreement or the Work hereunder, the Consultant's insurance covered shall be primary insurance as respects MHCS D, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by MHCS D, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
- d) Cancellation. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after 30 days' prior written notice has been provided to MHCS D.
- e) Certificates of Insurance. Before commencing operations under this Agreement, Consultant shall provide Certificate(s) of Insurance and applicable insurance endorsements, in form and satisfactory to MHCS D, evidencing that all required insurance coverage is in effect. MHCS D reserves the rights to require the Consultant to provide complete, certified copies of all required insurance policies.
- f) Subcontractors. Consultant shall include all subcontractors as an insured (covered party) under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.
- g) Claims-made limitations. The following provisions shall apply if the professional liability coverage is written on a claims-made form:
  - i) The retroactive date of the policy must be shown and must be before the date of the Agreement.
  - ii) Insurance must be maintained and evidence of insurance must be provided for at least five years after completion of the Agreement or the Work, so long as commercially available at reasonable rates.
  - iii) If coverage is canceled or not renewed and it is not replaced with another claims-made policy form with a retroactive date that precedes the date of this Agreement, Consultant must purchase an extended period coverage for a minimum of three (3) years after completion of Work under this Agreement.
  - iv) A copy of the claim reporting requirements must be submitted to MHCS D for review prior to the commencement of any Work under this Agreement.

3) **All Policies Requirements.**

- a) Acceptability of insurers. All insurance required by this section is to be placed with insurers with a Bests' rating of no less than A:VII. Insurance shall be maintained through an insurer with a minimum A.M. Best Rating of A- or better, with deductible amounts acceptable to MHCS D. Acceptance of Consultant's insurance by MHCS D shall not relieve or decrease the liability of Consultant hereunder. Any deductible or self-insured retention amount or other similar obligation under the policies shall be the sole responsibility of the Consultant.
- b) Deductibles and Self-Insured Retentions. Consultant shall disclose to and obtain the written approval of MHCS D for the self-insured retentions and deductibles before beginning any of Work called for by any term of this Agreement. At the option of MHCS D, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects MHCS D, its officers, employees, and volunteers; or the Consultant shall provide a financial guarantee satisfactory to MHCS D guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- c) Wasting Policies. With exception of Professional Liability, no policy required by this Section 4 shall include a "wasting" policy limit (i.e. limit that is eroded by the cost of defense).
- d) Waiver of Subrogation. Consultant hereby agrees to waive subrogation which any insurer or contractor may require from vendor by virtue of the payment of any loss. Consultant agrees to obtain any endorsements that may be necessary to affect this waiver of subrogation. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the entity for all Work performed by the consultant, its employees, agents, and subcontractors.

4) **Remedies.** In addition to any other remedies MHCS D may have if Consultant fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, MHCS D may, at its sole option exercise any of the following remedies, which are alternatives to other remedies MHCS D may have and are not the exclusive remedy for Consultant's breach:

- a) Obtain such insurance and deduct and retain the amount of the premiums for such insurance from any sums due under the Agreement;
- b) Order Consultant to stop work under this Agreement or withhold any payment that becomes due to Consultant hereunder, or both stop work and withhold any payment, until Consultant demonstrates compliance with the requirements hereof; and/or
- c) Terminate this Agreement.