



PALMDALE WATER DISTRICT
A CENTURY OF SERVICE

April 17, 2024

BOARD OF DIRECTORS

W. SCOTT KELLERMAN
Division 1

DON WILSON
Division 2

CYNTHIA SANCHEZ
Division 3

KATHY MAC LAREN-GOMEZ
Division 4

VINCENT DINO
Division 5

**AGENDA FOR REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF THE PALMDALE WATER DISTRICT
TO BE HELD AT 2029 EAST AVENUE Q, PALMDALE**

MONDAY, APRIL 22, 2024

6:00 p.m.

NOTES: To comply with the Americans with Disabilities Act, to participate in any Board meeting please contact Danielle Henry at 661-947-4111 x1059 at least 48 hours prior to a Board meeting to inform us of your needs and to determine if accommodation is feasible.

Additionally, an interpreter will be made available to assist the public in making **comments** under Agenda Item No. 4 and any action items where public input is offered during the meeting if requested at least 48 hours before the meeting. Please call Danielle Henry at 661-947-4111 x1059 with your request. (PWD Rules and Regulations Section 4.03.1 (c))

Adicionalmente, un intérprete estará disponible para ayudar al público a hacer **comentarios** bajo la sección No. 4 en la agenda y cualquier elemento de acción donde se ofrece comentarios al público durante la reunión, siempre y cuando se solicite con 48 horas de anticipación de la junta directiva. Por favor de llamar Danielle Henry al 661-947-4111 x1059 con su solicitud. (PWD reglas y reglamentos sección 4.03.1 (c))

Agenda item materials, as well as materials related to agenda items submitted after distribution of the agenda packets, are available for public review at the District's office located at 2029 East Avenue Q, Palmdale or on the District's website at <https://www.palmdalewater.org/governance/board-activity/2023-meeting-agendas-minutes/> (Government Code Section 54957.5). Please call Danielle Henry at 661-947-4111 x1059 for public review of materials.

PUBLIC COMMENT GUIDELINES: The prescribed time limit per speaker is three-minutes. Please refrain from public displays or outbursts such as unsolicited applause, comments, or cheering. Any disruptive activities that substantially interfere with the ability of the District to conduct its meeting will not be permitted, and offenders will be requested to leave the meeting. (PWD Rules and Regulations, Appendix DD, Sec. IV.A.)

Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance to take action on any item.

- 1) Pledge of Allegiance/Moment of Silence.
- 2) Roll Call.
- 3) Adoption of Agenda.
- 4) Public comments for non-agenda items.



- 5) Presentations:
 - 5.1) 2024 Water Use Efficiency Earth Day Poster Contest. (Water Use Efficiency Specialist I Avelar/Water Use Efficiency Specialist I Rosati)
- 6) Action Items - Consent Calendar (The public shall have an opportunity to comment on any action item on the Consent Calendar as the Consent Calendar is considered collectively by the Board of Directors prior to action being taken.)
 - 6.1) Approval of Minutes of Regular Board Meeting held April 8, 2024.
 - 6.2) Payment of Bills for April 22, 2024.
 - 6.3) Approval to Declare District Equipment as Surplus Property. (Potential Revenue – Facilities Manager Wall/Resource and Facilities Committee)
 - 6.4) Approval of District’s Membership in the Water Research Foundation. (\$11,360.24 – Budgeted – Budget Item No. 1-02-4165-000 – Operations Manager Marcinko)
- 7) Action Items – Action Calendar (The public shall have an opportunity to comment on any action item as each item is considered by the Board of Directors prior to action being taken.)
 - 7.1) Consideration and Possible Action on Award of Contract to RDN, Inc. for Consulting Services for Water Rate Analysis, Water Rate Structure Modifications, and Multi-Year Water Rate Plan and Proposition 218 Process and Public Hearing Support. (\$95,880.00 – Not-to-Exceed – Budgeted – Project No. 24-403 – Finance Manager Hoffmeyer)
 - 7.2) Consideration and Possible Action on Authorization of the Following Conferences, Seminars, and Training Sessions for Board and Staff Attendance within Budget Amounts Previously Approved in the 2024 Budget:
 - a) None at This Time.
- 8) Information Items:
 - 8.1) Finance Reports:
 - a) Status Report on Cash Flow Statement and Current Cash Balances as of March 2024. (Financial Advisor Egan/Finance Committee)
 - b) Status Report on Financial Statements, Revenue, and Expense and Departmental Budget Reports for March 2024. (Finance Manager Hoffmeyer/Finance Committee)
 - c) Status Report on Committed Contracts Issued. (Finance Manager Hoffmeyer/Finance Committee)
 - d) Other Financial Reports. (Finance Manager Hoffmeyer/Finance Committee)
 - 1) Accounts Receivable Overview.
 - 2) Revenue Projections.
 - 3) Payment Transactions by Type.
 - 4) Billing and Collection Statistics.

- 8.2) Reports of Directors:
 - a) Standing Committees; Organization Appointments; Agency Liaisons:
 - 1) Antelope Valley East Kern Water Agency (AVEK) Meeting – April 9. (Director Dino, Board Liaison/President Mac Laren-Gomez, Alt.)
 - 2) Resource and Facilities Committee Meeting – April 11. (Director Dino, Chair/Director Sanchez/Director Kellerman, Alt.)
 - 3) Antelope Valley State Water Contractors Association (AVSWCA) Meeting – April 11. (President Mac Laren-Gomez, Chair/Director Wilson/Director Kellerman, Alt.)
 - 4) Finance Committee Meeting – April 16. (Director Wilson, Chair/Director Kellerman/Director Sanchez, Alt.)
 - b) General Meetings Reports of Directors.
- 8.3) Report of General Manager.
 - a) April 2024 Written Report of Activities through March 2024.
- 8.4) Report of General Counsel.
- 9) Board Members' Requests for Future Agenda Items.
- 10) Adjournment.



DENNIS D. LaMOREAUX,
General Manager

DDL/dh



BOARD MEMORANDUM

DATE: April 22, 2024
TO: BOARD OF DIRECTORS
FROM: Mr. Wendell Wall, Facilities Manager
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: *APPROVAL TO DECLARE DISTRICT EQUIPMENT AS SURPLUS PROPERTY. (POTENTIAL REVENUE – FACILITIES MANAGER WALL/RESOURCE AND FACILITIES COMMITTEE)*

Recommendation:

Staff and the Resource and Facilities Committee recommends that the full Board declare the following District equipment as surplus property:

- 1.) Traffic manager with 30 x 60 double-sided arrow boards (2)
- 2.) Pallet box of obsolete vehicle/equipment filters (65)
- 3.) 30K lb. crane scale
- 4.) Wacker brand diesel vibratory rammer #297-10
- 5.) Multiquip brand diesel vibratory rammer #297-18
- 6.) Asphalt crack sealer
- 7.) Vermeer Woodchipper #281-050
- 8.) Wells Cargo box trailer #281-111
- 9.) Stone cement mixer, towable #281-097
- 10.) Miller Arc welder/generator #297-27
- ~~11.) PR Diamond Brand Model PRD1813 concrete saw #297-23~~
(It was determined by staff to keep this item)
- 12.) Fairbanks Morse 1000 lb. weight scale

Alternative Options:

The Board can choose to continue to hold on to the old equipment.

Impact of Taking No Action:

There will be a continued loss of value.

Strategic Plan Initiative/Mission Statement:

This item is under Strategic Initiative No. 3 – Systems Efficiency.
 This item directly related to the District’s Mission Statement.

Budget:

This item may result in revenue for the District.



BOARD MEMORANDUM

DATE: April 22, 2024
TO: BOARD OF DIRECTORS
FROM: Mr. Joe Marcinko
VIA: Mr. Adam Ly, Assistant General Manager
Mr. Dennis D. LaMoreaux, General Manager
RE: ***APPROVAL OF DISTRICT'S MEMBERSHIP IN THE WATER RESEARCH FOUNDATION.
(\$11,360.24 – BUDGETED – BUDGET ITEM NO. 1-02-465-000 – OPERATIONS
MANAGER MARCINKO)***

Recommendation:

Staff recommends the Board approve the District's membership in the Water Research Foundation for May 2024 to April 2025.

Alternative Options:

The District can request to cancel the membership.

Impact of Taking No Action:

Staff will need to cancel the District's 2024 membership and the District will have no access to Water Research Foundation scientific studies.

Background:

The Water Research Foundation (WRF) conducts research related to drinking water quality, treatment, and utility infrastructure to help water agencies provide safe and affordable drinking water.

The District has been a Water Research Foundation (WRF) subscriber for many years. In 2004, the District was able to receive \$100,000 to conduct a Tailored Collaboration Study entitled "DBP Control in High Bromide Water While Using Free Chlorine During Distribution" (Project No. 3075). The Project was completed by Carollo Engineering in March of 2005, was reviewed by PWD and WRF staff, and the final report became available in August of 2006. The total cost of the project was \$375,392.

Information gathered from this study was instrumental to District staff in the decision-making process regarding which technologies would provide the greatest benefit and should be included in upgrades to the District's water treatment plant.

In 2013, the District was a co-funding and participating member in a study to determine the most effective technologies for removing or reducing Chromium VI. The results of this study are

April 22, 2024

helping the water community assess the best available options for treatment in light of the new Chromium VI regulation passed by the California Department of Public Health.

Additionally, between March 2013 and March 2014, District staff utilized a report from WRF to provide guidance resilient business models for water utilities. The research value of this report was \$564,088.

WRF looks into many areas that affect the operations of Water Wastewater Systems across the U.S. In 2024-2025, staff plans to request and utilize WRF reports and studies from the following areas that affect the District: Algae related Cyanobacteria and Cyanotoxins, Disinfection Byproducts (DBP's), Constituents of Emerging Concern (COC's) as well as Advanced Water and Wastewater treatment processes.

It is through the combined support of membership agencies like Palmdale Water District that research on the most important and emerging water issues can be conducted. In addition to contributing to the research effort, membership provides the District with the opportunity to influence the direction of research projects in the water industry and gives Palmdale Water District's employees full access to WRF's library of research reports from past and current studies.

Strategic Plan Initiative/Mission Statement:

This item is under Strategic Initiative No.3 – Systems Efficiency.

This item directly relates to the District's Mission Statement.

Budget:

The Annual Commitment based on total million gallons delivered and population served in 2022 is \$11,360.24. This item is budgeted under Budget Item No. 1-02-4165-000 - Administration, Memberships and Subscriptions.

Supporting Documents:

- WRF Invoice # 0003981-2024



THE
Water
Research
FOUNDATION

2024 Invoice

The Water Research Foundation
6666 W Quincy Avenue
Denver, CO 80235-3098
kbennett@waterrf.org

Palmdale Water District
Dennis LaMoreaux
General Manager
2029 East Ave Q
Palmdale, CA 93550-4038

	Date 03/01/2024
Subscriber Number 0003981	Foundation Tax ID 13-6211384
Record Id WRF-0003981-C	Invoice Number 0003981-2024

Order No.	Description	Total Commitment
7000211324	WRFMBR - Utility Membership 01-May-2024 to 30-Apr-2025	\$11,360.24
	Amount Due:	\$11,360.24



Detach and return with payment
Please make check payable to: **The Water Research Foundation**
or pay online at <https://bit.ly/wrfpayment>



THE
Water
Research
FOUNDATION

The Water Research Foundation
6666 W Quincy Avenue
Denver, CO 80235-3098
kbennett@waterrf.org

Palmdale Water District
Dennis LaMoreaux
General Manager
2029 East Ave Q
Palmdale, CA 93550-4038

	Due Date 05/01/2024	
Record Id WRF-0003981-C	Subscriber Number 0003981	
	Invoice Number 0003981-2024	
Order No. 7000211324	Description MBRUTILITY- ONEWATER	Amount Due \$11,360.24 (USD)
Revised Invoice Requested? Yes No		Amount Enclosed





BOARD MEMORANDUM

DATE: April 22, 2024

TO: BOARD OF DIRECTORS

FROM: Mr. Dennis J. Hoffmeyer, Finance Manager/CFO

VIA: Mr. Dennis D. LaMoreaux, General Manager

RE: ***CONSIDERATION AND POSSIBLE ACTION ON AWARD OF CONTRACT TO RDN, INC. FOR CONSULTING SERVICES FOR WATER RATE ANALYSIS, WATER RATE STRUCTURE MODIFICATIONS, AND MULTI-YEAR WATER RATE PLAN AND PROPOSITION 218 PROCESS AND PUBLIC HEARING SUPPORT. (\$95,880.00 – NOT-TO-EXCEED – BUDGETED – PROJECT NO. 24-403 – FINANCE MANAGER HOFFMEYER)***

Recommendation:

Staff recommends that the Board of Directors award a contract to Robert D. Niehaus, Inc. (RDN) for consulting services for the Water Rate Analysis, Water Rate Structure Modifications, and Multi-Year Water Rate Plan and Proposition 218 Process and Public Outreach Support in the not-to-exceed amount of \$95,880.00.

Alternative Options:

The Board can reject all proposals and request that staff issue a new Request for Proposal (RFP), or the Board can select from the other two proposals submitted.

Impact of Taking No Action:

If the Board takes no action it would result in not having a Cost-of-Service rate structure for the calendar years 2025 through 2029.

Background:

The District issued an RFP for the Water Rate Analysis, Water Rate Structure Modifications, and Multi-Year Water Rate Plan and Proposition 218 Process and Public Outreach Support on February 29, 2024. The distribution list included several consulting firms from past rate studies along with making it open to all consulting firms subscribed to the OpenGov procurement system. The RFP instructed participants to submit their proposals by 5:00 PM on March 25, 2024. Three proposals were received.

The proposals were evaluated by the General Manager, Assistant General Manager, Finance Manager, Engineering Manager, and Public Affairs Director. The proposal was evaluated in ten areas with five being key which include:

- The consultant's approach to the proposal requirements.

- The consultant’s depth of experience and staff.
- The consultant’s unique qualifications that they bring to the project.
- Experience and qualifications of personnel for Proposition 218 compliant water budget rate analysis and support.
- Data requirements to fulfill the proper analysis of future impacts such as rate alternatives, future water budget impacts set by the state, impacts from both operational and maintenance expenses and capital improvement projects.

Of the three proposals received and evaluated, two were close to equal in the overall evaluation. Since we utilized OpenGov procurement system, each rater’s rankings were not known until finalizing of the recommendation. In my opinion, this allowed for a true unbiased selection. Based on the results as summarized in the table below, staff is recommending RDN:

Vendor	Evaluator 1	Evaluator 2	Evaluator 3	Evaluator 4	Evaluator 5	Total Score (Max Score 100)
Robert D. Niehaus, Inc.	91.4	98.4	90	82	94	91.16
Raftelis Financial Consultants, Inc.	81.4	80.2	82.8	80.4	100	84.96
Endeavor Utility Solutions LLC	42.6	48.2	66.4	35.6	42.2	47

The following are a few of the highlights RDN would bring to this project. The Project Director has 48 years of experience, and the project team has a combined 100+ years of experience in the field. RDN Outreach Coordinator, Mr. Sanjay Gaur, will bring 25 years of experience related to public outreach and communication. RDN’s proposal also included recent letters of recommendation and testimonials to the quality of their work from agencies like Palmdale Water District.

Finally, RDN’s proposal is within the amount budgeted for the complete project including the full Proposition 218 process and public outreach support. The District budgeted \$100,000 in the 2024 Budget for this project. RDN’s proposal is \$95,880.00.

Strategic Plan Initiative:

This item is under Strategic Initiative No. 4 – Financial Health and Stability
 This item directly relates to the District’s Mission Statement.

Budget:

This project is budgeted under Project No. 24-403.

Supporting Documents:

- Request for Proposal

- Proposal from Robert D. Niehaus, Inc. (RDN)
- Proposal from Raftelis Financial Consultants
- Proposal from Endeavor Utility Solutions

February 21, 2024



PALMDALE WATER DISTRICT

REQUEST FOR PROPOSALS

FOR

CONSULTING SERVICES FOR

WATER RATE ANALYSIS, WATER RATE STRUCTURE MODIFICATIONS,

AND MULTI-YEAR WATER RATE PLAN

AND

PROPOSITION 218 PROCESS AND PUBLIC HEARING SUPPORT

Proposals Due: March 21, 2024; 5:00 PM

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TABLE OF CONTENTS

- I. Introduction**
- II. Project Descriptions**
- III. Scopes of Work**
- IV. Project Schedule**
- V. Submittal Requirements**
- VI. Selection Process**
- VII. Standard Professional Services Agreement**
- VIII. Special Conditions**
- IX. Questions**

Attachment A: RFP Mailing List

Attachment B: Professional Services Agreement

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**REQUEST FOR PROPOSALS FOR CONSULTING SERVICES FOR
WATER BUDGET RATE STRUCTURE MODIFICATIONS, WATER RATE
ANALYSIS AND MULTI-YEAR RATE PLAN AND PROPOSITION 218
PROCESS AND PUBLIC HEARING SUPPORT**

I. Introduction

Palmdale Water District (District) is seeking proposals from qualified firms to perform a water rate analysis, water budget rate structure modifications, and recommend a multi-year water rate plan. It is also requesting proposals to include assistance with public hearing support during the Proposition 218 process.

The District is a California Irrigation District formed by a vote of the people in 1918 under Division 11 of the California Water Code. Its water system service area is located within the southern Antelope Valley, approximately 60 miles north of downtown Los Angeles. The District currently provides potable water to a population of approximately 127,000 people and has approximately 27,600 service connections. The District owns and operates a 35-mgd conventional surface water treatment plant. The current surface water sources are the East Branch of the California Aqueduct as well as local water from Littlerock Reservoir. Currently, both surface water sources supply water to Lake Palmdale, which acts as a forebay to the water treatment plant. The District also owns and operates groundwater wells. The production ratio within the District is currently 60% surface water and 40% groundwater.

This RFP describes the Project, the required scopes of services, the minimum information that must be included in the Proposal(s), and the selection process. Failure to submit the Proposal(s) in accordance with the procedures outlined may be cause for disqualification. Upon receiving this RFP, please acknowledge receipt by contacting Mr. Dennis J. Hoffmeyer via e-mail (dhoffmeyer@palmdalewater.org). Please provide the correct contact information for your firm/team to ensure prompt communication of addenda or notification of other changes. The District contact information is provided at the end of this RFP in Section IX: Questions.

II. Project Description

On May 13, 2009, the Board conducted a hearing in accordance with Proposition 218 and adopted a resolution approving a new water budget rate structure and recommended rates through 2014. The change to the multi-tiered water budget rate structure in 2009 took effect shortly after adoption and resulted in significant rate changes. The water rate structure includes a fixed meter charge and commodity rates that are billed to customers based on the amount of water they use. Under the water budget rate structure, each customer is allotted a certain amount of water that the customer may use during the billing period. If the customer uses more than the

allotted amount, then the customer pays the commodity rate at increasing tiered amounts. Customers are allotted water based on their customer class. Single-family residential customers' allocations are based upon the number of occupants, parcel size, weather (i.e., evapotranspiration) and irrigation-related factors. Multi-family residential and commercial/industrial customers' allocations are based upon a three-year historical average for the month. Irrigation customers' allocations are based upon evapotranspiration and irrigation- related factors.

On September 17, 2014, the Board adopted an updated rate study and multi-year rate plan that was completed August 21, 2014. The rate study restructured the tiers in that Tier 1 is the essential allocation and Tier 2 is the efficient allocation with additional tiers 3 through 6 for non-efficient usage. The rate study also included a drought surcharge and a 9-month historical averaging for commercial customer class. That adopted rate plan recommended 5.5% rate increases for calendar years 2015 through 2019. Subsequent to the adopted rate plan, the District approved rate increases of 2.5% for calendar year 2015, 4.0% for calendar year 2016, and 4.25% for calendar years 2017 through 2019. The current rate plan adopted in the fall of 2019 had an 8.1% increase for the years 2020 through 2024.

The table below shows the District's water consumption by customer class in 2023 for general information.

WATER CONSUMPTION BY CUSTOMER CLASS (2023, Active Accounts)

Type of Customer	Accounts	Percent of Total Accounts	Volume in Acre Feet	Percent of Total Volume
Single-Family	25,129	94.13%	11,355	67.71%
Multi-Family	544	2.04%	1,408	8.40%
Commercial/Industrial	616	2.31%	1,049	6.26%
Fire Service	132	0.49%	1,904	11.36%
Irrigation	235	0.88%	986	5.88%
Construction	19	0.07%	24	0.14%
Other	20	0.07%	43	0.25%
TOTAL:	26,695	100.00%	16,770	100.00%

The background summarized above leads the District to seek proposal(s) for completing an updated, Proposition 218 compliant financial analysis and multi-year water rate plan and support for the outreach effort associated with the process.

III. Scopes of Work

Water Rate Analysis and Multi-year Rate Plan

The 2019 five-year water budget rate plan ended with the 2024 water rate setting. A new Proposition 218 compliant water rate analysis is needed to develop a new five-year water budget rate plan. The analysis should include the following as a minimum:

- 1) Anticipated operations and maintenance costs;
- 2) Infrastructure and asset needs;
- 3) Compliance with existing bond covenants;
- 4) Compliance with future funding requirements for the Pure Water Antelope Valley Project;
- 5) Justification for any recommended difference in tier setting amongst customer classes, and;
- 6) Anticipated future water source costs.

Additionally, the District would like to evaluate whether a modified or new water budget rate plan is necessary or more reasonable given the District's operations, costs and future needs. Factors the District believes will be relevant to such determination include:

- 1) Optimization of the fixed operating cost percentage covered by monthly meter charges;
- 2) A sub-allocation tier and pricing equal to only the indoor allocation for single-family residential customers;
- 3) A variance process for single-family residential customers to adjust the 50% factor of landscaping versus lot area;
- 4) Historic allocation calculations in multi-family customer class to allow for minimum allocation equal to the indoor allocation;
- 5) Re-classification of compound meter accounts that are currently classified as commercial/industrial or fire service over to multi-family compound and multi-family fire service.
- 6) An allocation methodology for the commercial/industrial customer class to account for large variances in historical water use;
- 7) A fully functional drought factor to provide funding for short-term, dry-year water market prices on non-essential tiers only;
- 8) The possibility of providing for pass-through costs;
- 9) Use of a five-year running average to annually establish the Water Quality Fee (currently \$0.06 per unit of water); and
- 10) The current policy of establishing the Elevation Booster Surcharge utilizing a five-year running average of actual costs.

Additional deliverables for the Project are:

- 1) Establish a timeline for completing the analysis report;
- 2) Coordination with the outreach effort; and
- 3) Provide an easy-to-use electronic rate model for the District's use in future budgeting and rate setting.

Proposition 218 Process Public Hearing Support

The District is looking for a cost-effective, creative approach to communicating with and educating its customers. It is important to cover all facets of a budget tiered rate structure. The District believes considerable focus should be placed on the water rate structure's foundational principals – equitable water budgets that meet customer specific water needs while rewarding efficient water use with lower costs and funding water waste costs through higher priced tiers. The District's staff will seek Board approval through the public hearing process in mid-year of 2024 with an anticipated effective date of January 1, 2025.

The selected consultant for this aspect of the Project is expected to work in conjunction with the District's Public Affairs Department in developing the outreach campaign and all collateral components for the budget tiered rate structure to be implemented. It is expected that the consultant will help coordinate all facets of a strategic outreach campaign, specifically tailored to each water-use sector (single-family, landscape, commercial/industrial, etc.) and track the impact of the outreach campaign. The consultant is expected to assist with the overall effort. The selected consultant will be required to schedule, coordinate and facilitate all stakeholder meetings; coordinate the development of outreach letters, presentation materials, informational brochures, and informational web content; as well as attend meetings at the District office with senior staff and select meetings of the Board of Directors. The District is looking for a proven expert with specific experience with water budget rates and all current State of California noticing requirements.

The proposal should include specific details and clearly address all the following tasks:

- 1) Develop the strategic planning forum with the District Management Team;
- 2) Develop a strategic methodology/communication plan to reach customers, stakeholders, and Board Members;
- 3) Develop a multi-faceted campaign, including multi-tiered rate structure support materials (website content, presentation materials, posters, informational brochures, etc.) with a strategic timeline based upon the overall Project schedule;
- 4) Assure compliance with Proposition 218 noticing;
- 5) Provide overall Outreach Management:
 - Facilitate trainings and meetings with the District staff.
 - Facilitate and record all community and stakeholder meetings.
 - Ensure progress of deliverables and schedule.

While this described scope of work is brief, it is intended solely to serve as an example. Consultants are encouraged to reply in any way they deem necessary to show a uniqueness of approach; knowledge of the District service area and customer base; and a complete understanding of the complex issues associated with the continued use of a water budget rate structure. Consultants are further encouraged to describe how they would assist the District in accomplishing a successful customer outreach campaign that paves a favorable perception of the agency out into the future.

IV. Project Schedule

The following dates reflect the anticipated schedule for soliciting proposals, selecting the Consultant, and awarding the contract for the work requested in this RFP:

- February 26, 2024 - Solicit Proposals
- March 21, 2024 - Proposals Due
- Review Proposals
- April 22, 2024 - Award Contract
- June 2024 – Board presentation of study
- June 2024 – Surveys/Focus Groups
- July 2024 – Set Public Hearing
- August 2024 – Community Workshops
- September 23, 2024 – Public Hearing (Tentative)
- January 1, 2025 – Implement Updated Multi-Year Water Budget Rate Plan

The District reserves the right to conduct interviews with the Consultants to help with the selection process.

V. Submittal Requirements

- **Basic Qualifications:** Provide basic data relative to firm's size, history, personnel, special expertise, and general credits. Individual resumes, awards, associations, etc. may be included.
- **Specific Qualifications:** List the team expected to accomplish this work. Describe who will perform the various tasks, the amount of their involvement and responsibilities, and give their qualifications. Provide a list of at least (5) projects, with brief descriptions, which show ability to complete projects of this scope.
- **Approach to Project:** Include a statement of your approach to this specific project, including project understanding and scope of work.

- **Past Performance:** Submit reference letters from prior clients or client representatives. Letters from projects listed in “Specific Qualifications” are preferable.
- **Project Fee and Schedule:** Submit a project fee in a not-to-exceed amount as well as a project schedule. Include a cost breakdown with an allocation of hours for the specified tasks.
- **Data Requirements:** Submit the anticipated time frame and data fields needed to complete the scope of work consistent with the submitted proposal.
- **Professional Services Agreement:** Submit two executed copies of the attached Professional Services Agreement with appropriate exhibits.

To assist evaluation, it is desirable to format the proposal similar to the heading listed above. The proposal should be clear and to the point. **Submit 5 hard copies** of the proposal in addition to an electronic copy.

VI. Selection Process

The following areas of evaluation will be used:

AREA OF EVALUATION	TOTAL AVAILABLE POINTS
Experience and qualifications of personnel for Proposition 218 compliant water budget rate analysis and support	35
Consultant’s approach and compliance with proposal requirements.	25
Consultant’s past record of performance on similar projects, efforts related to project management, cost control, work quality, and schedule conformance.	15
Consultant’s depth of staff resources available for insuring project tasks are completed on time.	15
Other	10
Total =	100

The District reserves the right to reject any or all proposals, and to waive any informality or minor irregularity in any proposal.

VII. Standard Professional Services Agreement

The Consultant selected for the Project shall be expected to execute the Districts' Standard Professional Services Agreement (included as Attachment B). The selected Consultant shall execute the final agreement within five working days from the Notice of Award.

VIII. Special Conditions

- **District's Contractual Rights:** The District reserves the right to cancel, in part or entirely, the Request for Proposals, including but not limited to, selection schedule, submittal date, and submitting requirements.
- **Disclaimer of Right of Contract:** This RFP does not commit the District to award a contract or to defray any costs incurred in the preparation of the Proposal pursuant to this RFP.
- **Costs for Developing Proposal:** Costs for developing proposals are the responsibility of the proposing firms. The District shall not be responsible for any costs associated with the development of proposals.

IX. Questions

Questions regarding this RFP shall be sent to Mr. Dennis J. Hoffmeyer, Finance Manager via e-mail at dhoffmeyer@palmdalewater.org. Questions concerning this RFP and project will only be answered in writing; questions requiring clarifications or additional information will be addressed in an addendum to this RFP.

Dennis J. Hoffmeyer
Finance Manager
Palmdale Water District
2029 East Avenue Q
Palmdale, CA 93550
p. (661) 456-1021
f. (661) 947-8604
dhoffmeyer@palmdalewater.org

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ATTACHMENT A
RFP Mailing List

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Mailing List

Bartle Wells Associates
ATTN: Douglas R. Dove
2625 Alcatraz Ave, #602
Berkeley, CA 94703
P (510) 653-3399
F (510) 653-3769
ddove@bartlewells.com

Black & Veatch Corporation
ATTN: Juan Diaz-Carreras
B & V Management Consulting
800 Wilshire Blvd., Suite 600
Los Angeles, CA 90017
P (949) 302-6017
F (213) 312-3399
DiazCarrerasJ@bv.com

Carollo Engineers
ATTN: Tom West, P.E. Vice President
11620 Wilshire Boulevard, 9th Floor
Los Angeles, CA 90025
P (213) 500-9911
F (213) 947-1317
twest@carollo.com

Raftelis Financial Consultants
ATTN: David George
201 South Lake Blvd., Suite 803
Pasadena, CA 91101
P (626) 583-1894
F (626) 583-1411
dgeorge@raftelis.com

CDM Smith Inc.
ATTN: Jacob Boomhouwer
111 Academy Way, Suite 150
Irvine, CA 92617
P (949) 701-0337
boomhouwer@cdmsmith.com

NBS
ATTN: Tim Seufert, Managing Director
870 Market Street, Ste 1223
San Francisco, CA 94102
P (800) 434-8349
tseufert@nbsgov.com

Stantec
ATTN: Kim Pugal
1687 114th Avenue SE, Suite 100
Bellevue, WA 98004-6965
P (425) 289-7300
kim.pugel@stantec.com

Public Financial Management
ATTN: Sarah Hollenbeck
50 California Street, Suite 2300
San Francisco, CA 94111
P (415) 982-5544
hollenbecks@pfm.com

Tuckfield & Associates Consulting
ATTN: Clayton Tuckfield
2549 Eastbluff Dr. Ste 450B
Newport Beach, CA 92660
P (949) 760-9454
ctuckfield@tuckfieldassociates.com

Robert D. Niehaus, Inc.
ATTN: Anthony Elowsky
140 East Carrillo Street
Santa Barbara, CA 93101
P (805) 962-0611
anthony@rdniehaus.com

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ATTACHMENT B

Sample Agreement

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PROFESSIONAL SERVICES AGREEMENT

between

PALMDALE WATER DISTRICT

and

for the

This PROFESSIONAL SERVICES AGREEMENT, hereinafter referred to as "Agreement," is made and entered into this _____ day of _____, , by and between Palmdale Water District, a public corporation organized and existing under the provisions of the California Water Code, hereinafter referred to as "District," and _____, a _____ [INSERT TYPE OF ENTITY, e.g., California corporation], hereinafter referred to as "Consultant."

Whereas, the District requires professional _____ and _____ services in conjunction with _____.

Whereas, the Consultant has demonstrated expertise in various aspects of _____ and _____ and is qualified to provide the professional services required by District.

Whereas, the District and Consultant desire to enter into a contract for the provision of professional services for the _____ as delineated in the Scope of Work attached hereto as Exhibit A, subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the promises and covenants hereinafter contained, it is mutually agreed as follows:

1.0 SERVICES OF CONSULTANT

1.1 Scope of Services. In compliance with all of the terms and conditions of this Agreement, Consultant shall perform the work or services set forth in the "Scope of Services" attached hereto as Exhibit "A" and incorporated herein by reference. Consultant warrants that all work or services set forth in the Scope of Services will be performed in a competent, professional and satisfactory manner. Additional terms and conditions of this Agreement, if any, which are made a part hereof are set forth in the "Special Requirements" attached hereto as Exhibit "B" and incorporated herein by this reference. In the event of a conflict between the provisions of Exhibit "B" and any other provisions of this Agreement, the provisions of Exhibit "B" shall govern.

1.2 Compliance With Law. All work and services rendered hereunder shall be provided in accordance with all ordinances, resolutions, statutes, rules and regulations of the District and any federal, state or local governmental agency of competent jurisdiction.

1.3 Licenses, Permits, Fees and Assessments. Consultant shall obtain, at its sole cost and expense, such licenses, permits and approvals as may be required by law for the performance of the services required by this Agreement.

2.0 COMPENSATION

2.1 Contract Sum. For the services rendered pursuant to this Agreement, Consultant shall be compensated in accordance with the "Schedule of Compensation" attached hereto as Exhibit "C" and incorporated herein by this reference, but not exceeding the maximum contract amount of _____ dollars (\$ _____) ("Contract Sum").

2.2 Method of Payment. Provided that Consultant is not in default under the terms of this Agreement, Consultant shall be paid _____.

3.0 COORDINATION OF WORK

3.1 Representative of Consultant. _____ is hereby designated as being the representative of Consultant authorized to act on its behalf with respect to the work or services specified herein and make all decisions in connection therewith.

3.2 Contract Officer. The District's District Manager is hereby designated as being the representative of the District authorized to act in its behalf with respect to the work and services specified herein and make all decisions in connection therewith ("Contract Officer"). The District may designate another Contract Officer by providing written notice to Consultant.

3.3 Prohibition Against Subcontracting or Assignment. Consultant shall not contract with any entity to perform in whole or in part the work or services required hereunder without the express written approval of the District. Neither this Agreement nor any interest herein may be assigned or transferred, voluntarily or by operation of law, without the prior written approval of District. Any such prohibited assignment or transfer shall be void.

3.4 Independent Contractor. Neither the District nor any of its employees shall have any control over the manner, mode or means by which Consultant, its agents or employees, perform the services required herein, except as otherwise set forth on Exhibit "A". Consultant shall perform all services required herein as an independent contractor of District and shall remain under only such obligations as are consistent with that role. Consultant shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of District.

4.0 INSURANCE AND INDEMNIFICATION

4.1 Insurance. Consultant shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to District, during the entire term of this Agreement including any extension thereof, the following policies of insurance:

- (a.) Commercial General Liability Insurance. A policy of commercial general liability insurance using Insurance Services Office "Commercial General Liability" policy form CG 00 01, with an edition date prior to 2004, or the exact equivalent. Coverage for an additional insured shall not be limited to its

vicarious liability. Defense costs must be paid in addition to limits. Limits shall be no less than \$1,000,000.00 per occurrence for all covered losses and no less than \$2,000,000.00 general aggregate.

- (b.) Workers' Compensation Insurance. A policy of workers' compensation insurance on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than \$1,000,000.00 per accident for all covered losses.
- (c.) Automotive Insurance. A policy of comprehensive automobile liability insurance written on a per occurrence basis in an amount not less than \$1,000,000.00 per accident, combined single limit. Said policy shall include coverage for owned, non-owned, leased and hired cars.
- (d.) Professional Liability or Error and Omissions Insurance. A policy of _____ insurance in an amount not less than \$1,000,000.00 per claim with respect to loss arising from the actions of Consultant performing professional services hereunder on behalf of the District.

All of the above policies of insurance shall be primary insurance and shall name the District, its officers, employees and agents as additional insureds. The insurer shall waive all rights of subrogation and contribution it may have against the District, its officers, officials, employees, agents, representatives, and volunteers, and their respective insurers. Moreover, the insurance policy must specify that where the primary insured does not satisfy the self-insured retention, any additional insured may satisfy the self-insured retention in order to assure coverage as an "additional insured." All of said policies of insurance shall be endorsed to:

Consultant agrees that the provisions of this Section 4.1 shall not be construed as limiting in any way the extent to which Consultant may be held responsible for the payment of damages to any persons or property resulting from Consultant's activities or the activities of any person or persons for which Consultant is otherwise responsible.

The insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Senior Risk Management Analyst of the District due to unique circumstances.

In the event that the Consultant is authorized to subcontract any portion of the work or services provided pursuant to this Agreement, the contract between the Consultant and such subcontractor shall require the subcontractor to maintain the same policies of insurance that the Consultant is required to maintain pursuant to this Section 4.1.

4.2 Indemnification.

- (a.) Indemnity for Professional Liability. When the law establishes a professional standard of care for Consultant's services, to the fullest extent permitted by law, Consultant shall indemnify, defend and hold harmless District and the District's

Parties from and against any and all losses, liabilities, damages, costs and expenses, including attorneys' fees and costs to the extent same are caused in whole or in part by any negligent or wrongful act, error or omission of Consultant, its officers, agents, employees or subcontractors (or any entity or individual for which Consultant shall bear legal liability) in the performance of professional services under this Agreement.

- (b.) Indemnity for Other Than Professional Liability. Other than in the performance of professional services and to the full extent permitted by law, Consultant shall indemnify, defend and hold harmless District and District's Parties from and against any liability (including liability for claims, suits, actions, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorneys' fees and costs, court costs, defense costs and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Consultant or by any individual or entity for which Consultant is legally liable, including but not limited to officers, agents, employees or subcontractors of Consultant.

5.0 TERM

5.1 Term. Unless earlier terminated in accordance with Section 5.2 below, this Agreement shall continue in full force and effect until _____.

5.2 Termination Prior to Expiration of Term. Either party may terminate this Agreement at any time, with or without cause, upon thirty days' written notice to the other party. Upon receipt of the notice of termination, the Consultant shall immediately cease all work or services hereunder except as may be specifically approved by the Contract Officer. In the event of termination by the District, Consultant shall be entitled to compensation for all services rendered prior to the effectiveness of the notice of termination and for such additional services specifically authorized by the Contract Officer and District shall be entitled to reimbursement for any compensation paid in excess of the services rendered.

6.0 MISCELLANEOUS

6.1 Covenant Against Discrimination. Consultant covenants that, by and for itself, its heirs, executors, assigns and all persons claiming under or through it, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the performance of this Agreement. Consultant shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, marital status, national origin or ancestry.

6.2 Non-Liability of District Officers and Employees. No officer or employee of the District shall be personally liable to the Consultant, or any successor in interest, in the event of any default or breach by the District or for any amount which may become due to the Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.

6.3 Conflict of Interest. No officer or employee of the District shall have any financial interest in this Agreement nor shall any such officer or employee participate in any decision relating to the Agreement which affects his financial interest or the financial interest of any corporation, partnership or association in which he is, directly or indirectly, interested, in violation of any state statute or regulation. The Consultant warrants that it has not paid or given and will not pay or give any third party any money or other consideration for obtaining this Agreement. When requested by the Contract Officer, prior to the District's execution of this Agreement, Consultant shall provide the District with an executed statement of economic interest.

6.4 Notice. Any notice or other communication either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail, in the case of the District, to the District's General Manager and to the attention of the Contract Officer, Palmdale Water District, 2029 E. Avenue Q Street, Palmdale, California 93550, and in the case of the Consultant, to the person at the address designated on the execution page of this Agreement.

6.5 Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

6.6 Integration Amendment. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and that this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by a writing signed by both parties.

6.7 Severability. In the event that part of this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining portions of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

6.8 Waiver. No delay or omission in the exercise of any right or remedy by a nondefaulting party on any default shall impair such right or remedy or be construed as a waiver. A party's consent to or approval of any act by the other party requiring the party's consent or approval shall not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

6.9 Attorneys' Fees. If either party to this Agreement is required to initiate, defend or make a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, shall be entitled to reasonable attorneys' fees, whether or not the matter proceeds to judgment.

6.10 Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is

formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound.

6.11 Warranty & Representation of Non-Collusion. No official, officer, or employee of District has any financial interest, direct or indirect, in this Agreement, nor shall any official, officer, or employee of District participate in any decision relating to this Agreement which may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of “financial interest” shall be consistent with State law and shall not include interests found to be “remote” or “noninterests” pursuant to Government Code Sections 1091 or 1091.5. Consultant warrants and represents that it has not paid or given, and will not pay or give, to any third party including, but not limited to, any official, officer, or employee of the District, any money, consideration, or other thing of value as a result or consequence of obtaining or being awarded any agreement. Consultant further warrants and represents that (s)he/it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any official, officer, or employee of the District, as a result of consequence of obtaining or being awarded any agreement. Consultant is aware of and understands that any such act(s), omission(s) or other conduct resulting in the payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

Consultant shall procure, at its expense, all permits required by governmental authorities and shall comply with all applicable local, state and federal regulations and statutes including Cal-OSHA requirements.

6.12 Prevailing Wages. Consultant shall comply with Labor Code Section 1775. In accordance with said Section 1775, the Consultant shall forfeit as a penalty to the District, a penalty in such amount as the Labor Commissioner shall determine for each calendar day or portion thereof for each worker paid less than the stipulated prevailing rates for such work or craft in which such worker is employed for any work done under this Agreement by them or by any sub-consultant under them in violation of the provisions of the Labor Code and, in particular, Labor Code Sections 1770 to 1780, inclusive. In addition to said penalty and pursuant to said Section 1775, the difference between such stipulated prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the stipulated prevailing wage rate shall be paid to each worker by the Consultant.

6.13 Ownership of Documents. District will make available to Consultant such materials from its files as may be required by Consultant to perform these services. Such materials shall remain the property of the District while in Consultant’s possession. Upon termination of the Agreement or completion of work under the Agreement, Consultant shall turn over to the District any District property or materials in its possession and any calculations, notes, reports, electronic files or other materials prepared by Consultant in the performance of these services.

District may utilize any material prepared or work performed by Consultant in any manner, which District deems proper without additional compensation to Consultant. Consultant shall have no responsibility or liability for any revisions, changes or corrections made by District

or any use or reuse pursuant to this paragraph unless Consultant accepts such responsibility in writing.

Consultant shall not make public information releases or otherwise publish any information obtained or produced by it as a result of, or in connection with, the performance of services under the Agreement without prior written consent of the District.

Consultant shall not publish or use any advertising, sales promotion or publicity in matters relating to services, equipment, products, reports, and material furnished by Consultant in which District's name is used or its identity is implied without prior written approval by the District.

6.14 Jurisdiction and Venue. The validity, interpretation, and performance of this Agreement shall be controlled by and construed under the laws of the State of California. The parties hereto do hereby consent to the jurisdiction of the Superior Court of California, Los Angeles County, or the United States District Court for the Central District of California in the event any dispute arises in conjunction herewith.

6.15 Authority. The signatories to this Agreement represent that they have the authority to execute this Agreement.

The parties hereto have caused this Agreement to be duly executed by its authorized officers.

Date: _____

Date: _____

Consultant's Authorized Initials _____

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the date first written above.

PALMDALE WATER DISTRICT,

Dennis D. LaMoreaux, General Manager

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

General Counsel

CONSULTANT:
[INSERT COMPANY NAME HERE]

By: _____
Name: [INSERT]
Title: [INSERT]

By: _____
Name: [INSERT]
Title: [INSERT]

Address: [INSERT ADDRESS HERE]
[INSERT DISTRICT, STATE, ZIP]

[END OF SIGNATURES]

Exhibit "A"

SCOPE OF SERVICES

Exhibit "B"

SPECIAL REQUIREMENTS

Exhibit "C"

SCHEDULE OF COMPENSATION

ADDENDUM No. 1

REQUEST FOR PROPOSALS FOR CONSULTING SERVICES FOR WATER BUDGET RATE STRUCTURE MODIFICATIONS, WATER RATE ANALYSIS AND MULTI-YEAR RATE PLAN AND PROPOSITION 218 PROCESS AND PUBLIC HEARING SUPPORT

Questions and clarifications:

Rate Study

Question:

- What is the level of engagement between the consultant and Board at the start of the project? For example, does the consultant work with the Board to set policy objectives?

Response:

- None

Public Outreach

Question:

- Budget
 - Does the District have a budget for Public Outreach?

Response:

- The District has allocated enough funding for Public Outreach.

Question:

- Survey clarification
 - What is the main survey purpose?
 - Would this be an online survey?
 - How many focus groups do you anticipate?
 - Will the consultant be responsible for all logistical planning of the survey/focus groups, including recruitment and location arrangements?
 - Given the short timeframe for the project, a pre and post survey of customers would be difficult and costly. Does the District have a preferred method to track the impact that it has used previously?

Response:

- The District will be conducting the Survey in-house

Question:

- Stakeholder Meetings and Community Workshops
 - How many stakeholder meetings are anticipated?
 - Are stakeholder meetings the same as community meetings anticipated in August of the timeline?
 - How many community workshops are anticipated?
 - Will the consultant be responsible for all logistical planning of the community workshops, including recruitment and location arrangements?

Response:

- The District is planning to hold one meeting/workshop for the AV Leaders and two workshops for the community.
- Yes, stakeholders and community meetings are the same.
- The PWD Public Affairs team will take the lead in the logistical planning of the community workshops, including recruitment and location arrangements. The consultant will serve a supporting role.

Question:

- Additional Services
 - Is the District seeking graphic design and printing services?

Response:

- The District may need some graphic design assistance.



Palmdale Water District

2024 Water Rate Study

Robert D. Niehaus, Inc. | March 25, 2024
Jack Lyon 805-618-1356 | Jack@rdniehaus.com
140 East Carrillo Street, Santa Barbara, CA 93101

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March 25, 2024

Dennis Hoffmeyer
Finance Manager/CFO
Palmdale Water District
2029 E Avenue Q
Palmdale, CA 93550

Jack Lyon, Director of Business Development
Phone: (805) 962-0611 | Email: Jack@RDNiehaus.com
Robert D. Niehaus, Inc.
140 E Carrillo Street
Santa Barbara, CA 93101

Subject: 2024 Water Rate Study

Dear Mr. Hoffmeyer and Palmdale Water District,

Robert D. Niehaus, Inc. (RDN) is pleased to submit our proposal for the Palmdale Water District (District) 2024 Water Rate Study (Study). RDN is an employee-owned economic and financial consultancy celebrating 40 years of consulting in Santa Barbara and over 1,000 successful projects. We specialize in rate- and fee-setting consulting services to California water and wastewater utilities. RDN has a broad range of applicable experience, including budget-based rate studies, water rate studies, recycled water rate studies, cost of service studies, connection fee studies, and long-term financial plan studies. To complement our in-house expertise, **we have partnered with Mr. Sanjay Gaur of Water Resources Economics (WRE)**. Together, RDN and WRE have assisted several California agencies.

We believe we are the most highly qualified team to assist the District because of our combined budget-based rate structure experience. Our proposed project team has worked with 22 California utilities to evaluate, develop, implement, update, or review budget-based rate structures with much of this experience in Southern California. RDN's budget-based experience includes Moulton Niguel Water District, South Coast Water District, Palmdale Water District, Ventura River Water District, and Quartz Hill Water District. Sanjay's budget-based experience includes Irvine Ranch Water District, El Toro Water District, Alameda County Water District, East Orange County Water District, Mesa Water District, Rancho California Water District, Santa Margarita Water District, Eastern Municipal Water District, Elsinore Valley Municipal Water District, Las Virgenes Municipal Water District, Western Municipal Water District, East Bay Municipal Utility District, and the Cities of Corona, Huntington Beach, San Clemente, Santa Cruz, and San Juan Capistrano. Together, we are confident that we offer the District the most experienced and specialized team to update the District's budget-based rate structures.

Dr. Robert Niehaus, with more than 40 years of consulting experience, will be the Project Director. He will be responsible for the overall Study accountability and to ensure the timely, on-budget, and successful project. Anthony Elowsky, with seven years of rate setting experience, will serve as Project Manager and will be responsible for the thorough and efficient execution of the project. Ichiko Kido, as QA/QC Consultant, brings more than 15 years of experience in financial analysis and has worked with several agencies to build comprehensive financial plans and rate structures. Ichiko will be responsible for reviewing the project deliverables to ensure they meet RDN and industry standards. Sanjay Gaur will be tasked with public outreach, Board communication, and key deliverable review. Sanjay Gaur has over 25 years of public-sector consulting experience and is known for his engaging public workshops and presentations to determine rate structure policy objectives and to present Study results. Sanjay Gaur will be tasked with public outreach, Board communication, and key deliverable review. In addition, our team includes several highly skilled and qualified consultants to conduct analyses and prepare deliverables for the project. RDN has 16 additional consultants based in Santa Barbara to support the District as needed.

Please coordinate with Jack Lyon, Director of Business Development, 805.618.1356, Jack@RDNiehaus.com, if you would like to discuss our proposal, which is valid for a 90-day period. We have reviewed the District's Professional Service Agreement and confirm that the terms are acceptable. We will meet the requirements of the District's RFP and the expedited schedule. Jack is authorized to clarify our proposal, negotiate, and obligate the firm. We look forward to a successful, collaborative, and productive partnership.

Respectfully submitted,



Robert D. Niehaus, Ph.D.
Managing Director, Principal Economist



Jack Lyon (authorized to bind and negotiate)
Director of Business Development

TABLE OF CONTENTS

B. Profile of Firm	6
C. Qualification of the Firm	7
D. Approach to Project	10
Project Understanding.....	10
Scope of Work	11
Task 1. Kickoff & Data Collection.....	11
Task 2. Ten-Year Financial Plan	12
Task 3. Cost of Service Analysis	14
Task 4. Rate Design.....	15
Task 5. Reports & Models.....	17
Task 6. Public Meeting Presentations and Proposition 218 Hearing	20
E. Project Staffing and Availability	22
RDN Staff	23
Water Resources Economics Staff.....	24
F. Unique Qualities of Qualifications	25
G. References	26
H. Accept The District’s PSA	29
I. Data Requirements	30
J. Project Fee and Schedule	31
Appendix - Resumes	32

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B. PROFILE OF FIRM

RDN is an employee-owned economic and financial consulting firm, headquartered in Santa Barbara, delivering solutions to California utilities and Federal agencies. RDN is celebrating 40 years of consulting services for water, sewer, stormwater, housing, and energy projects throughout California and worldwide. Our staff have completed over 1,000 projects with economic, financial, and market analysis experience. Our proposed project team has decades of experience in water, recycled water, and wastewater rate analyses, development impact fees, data management, public relations support, and econometric modeling and forecasting of demand.

RDN BY THE NUMBERS

- \$6M Annual Revenue/24 Employees
- 1,000+ Projects Accomplished Worldwide
- 100+ Years of Project Team Experience
- 48 States Served
- 40 Years Consulting for Utility Systems

To offer the District the best possible solutions, RDN is partnering with Sanjay Gaur of Water Resources Economics, who will serve as the Outreach Coordinator, drawing upon his decades of expertise to drive actionable solutions throughout the District's study. Sanjay has over 25 years of financial and rate consulting experience in water and wastewater utility administration. He has provided consulting services to over 100 agencies throughout California. He has co-authored the AWWA's Manual M1 Principles of Water Rates, Fees and Charges, 7th Edition, AWWA's Water Rates, Fees, and the Legal Environment, 2nd Edition, and Water and Wastewater Finance and Pricing: The Changing Landscape. In 2023, Sanjay received the Management and Leadership Division Best Paper Award from the AWWA.

Together, RDN and WRE have ample capacity and resources to deliver high-value, timely water budget-based rate solutions to the District. Individual staff availability is presented in section E. Project Staffing and Availability. RDN has demonstrated strong fiscal stability over 40 years of consulting and has nine months of payroll in cash and cash equivalents on hand. RDN has no lawsuit or litigation that is active, pending, settled, or where insurers paid claims in the past five years.

C. QUALIFICATION OF THE FIRM

Table 1 presents a selection of our RDN’s recent experience over the past five years. Table 2, on the following page, presents a selection of subconsultant Sanjay Gaur’s experience over the past five years. On the next page we highlight three projects. Together, RDN and Sanjay Gaur have assisted or are currently assisting Montecito Sanitary District, South Coast Water District, Victor Valley Wastewater Reclamation Authority, City of Santa Ana, City of Lynwood, Jurupa Community Services District, and the City of Huntington Beach with rate and fee studies.

Table 1. RDN Recent Projects

Agency	Project	Year
Jurupa CSD	Water and Wastewater Rate Study	Ongoing
Victor Valley Wastewater Reclamation Authority	Wastewater Financial Plan	Ongoing
City of Santa Ana	Water Financial Plan	Ongoing
City of Huntington Beach	Wastewater Rate Study	Ongoing
Montecito Sanitary District	Wastewater Rate Study	Ongoing
Mid-Peninsula Water District	Capacity Fee Study	Ongoing
South Coast Water District	Budget Based Rate Feasibility Study	Ongoing
City of California City	Water and Wastewater Rates and Capacity Fees	2024
City of Lynwood	Water and Wastewater Rate Study	2024
Santa Clarita Valley Water Agency	Ratepayer's Advocate for Water, Recycled Water, Wholesale Rates	2023
Ventura River Water District	Water Rate Study; Rate Analysis Update	2018,2021,2023
South Coast Water District	Water, Recycled Water, and Wastewater Rate Study	2023
City of Greenfield	Water and Wastewater Rate Study	2023
Greenfield CWD	Water Rate Study	2023
Lone Pine CSD	Wastewater Rate Study	2023
Redway CSD	Water and Wastewater Rate Study	2023
Hilton Creek CSD	Wastewater Rate Study	2023
Riebli MWC	Water Rate Study	2023
Hilton Creek CSD	Wastewater Rate Study	2023
City of Alhambra	Water Rate Study	2023
Moulton Niguel Water District	Water, Wastewater, Recycled Water Cost of Service Peer Review	2022
Lake Arrowhead CSD	Water and Wastewater Rate Study	2022
Costa Mesa Sanitary District	Wastewater Rate Study	2022
City of Loyalton	Wastewater Rate Study	2021
Napa County (LBRID/NBRID)	Water and Wastewater Rate Studies ; Post-Fire Review	2020,2021
Lost Hills Utility District	Wastewater Rate Study	2021
West Valley Water District	Development Impact Fee Study	2021
Rosamond CSD	Water and Wastewater Rate Study	2021
Rand CWD	Water Rate Study	2021
Center Water Company	Water Rate Study	2021
Quartz Hill Water District	Water Rate Study	2020
Hi-Desert MWC	Water Rate Study	2020
Palmdale Water District	Water Rate Study	2019
West Valley CWD	Water Rate Study	2019
Patterson Tract CSD	Water Rate Study	2019
Orosi Public Utility District	Wastewater Rate Study	2019
Apple Valley View MWC	Water Rate Study	2019
Juniper Riviera CWD	Water Rate Study	2019
Thunderbird CWD	Water Rate Study	2019
Sheep Creek Water Company	Water Rate Study	2019

CSD - Community Services District; CWD - County Water District; MWC - Mutual Water Company

Table 2. WRE Recent Projects

Agency	Project
Alameda CWD	Financial Plan and Annual Updates
Amador Water District	Water and Wastewater Rate Study
Central Basin Municipal Water District	Financial Plan
City of Chino Hills	Water Budget Rate Design
Coastside CWD	Water Rate Study
Contra Costa Water District	Financial Plan Study, Water and Drought Rate Study
Cucamonga Valley Water District	Financial Plan, Water Conservation Study, and Drought Rates
Crescenta Valley Water District	Financial Plan Study, Water Rate Study, and Drought Rates
East Bay Municipal Utility District	Water and Wastewater Cost of Service and Rate Study
Fallbrook Public Utilities District	Water, Wastewater, Recycled Water Rate Study
City of Hollister	Sewer Rate and Impact Fee Study, Water Rate Study, and Capacity Fee Study
City of Huntington Beach	Sewer Rate Study, Water Budget Rate Study, and Financial Plan Study
Irvine Ranch Water District	Conservation Study
Jurupa CSD	Water Budget Study
La Habra Heights CWD	Wheeling Rate Study and Financial Plan Study
County of Los Angeles	Financial Feasibility
Las Virgenes Municipal Water District	Water Budget Rate Study and Capacity Fee Study
City of Long Beach	Water, Recycled, and Wastewater Financial Plan and Rate Studies
City of Lynwood	Water and Wastewater Rate Study
City of Malibu	Wastewater and Recycled Water Rate Study
Mammoth Community Water District	Water Rate Study
Mojave Water Agency	Financial Plan Study, Financial Impact of Water Exchange Study
City of Newport Beach	Water Rate Study
Placer County Water Agency	Cost of Service, Rate, and Financial Plan Study
Rancho California Water District	Water Budget Rate Study and Water Demand Offset Fee Study
Rubidoux CSD	Rate Advisor
San Benito CWD	Water Rate Study
San Geronio Pass Water Agency	Long-range Strategic Financial Plan
City of Santa Cruz	Cost of Service, Rate, and Financial Plan Study
Scotts Valley Water District	Water and Recycled Water Rate Study
Soquel Creek Water District	Water Rate Structure Study
South Coast Water District	Water and Wastewater Rate Study
City of Thousand Oaks	Water and Wastewater Cost of Service and Financial Plan Study
South Mesa Water Company	Rate Structure and Recycled Water Rate Study
City of Vista	Sewer Rate and Connection Fee Study

CSD - Community Services District; CWD - County Water District

South Coast Water District

Project Cost – \$165,022

Period of Performance February 2023 – April 2024

Firm’s responsibility (%) - 100%

Adherence to schedule and budget – On schedule and within budget

Work Summary:

RDN and WRE were retained by South Coast Water District in February 2023 to conduct 1) water, recycled water, and wastewater rate studies and 2) a water budget-based rate feasibility study. RDN completed the three-year rate study in June 2023, just four months after project kickoff. Since July 2023, RDN commenced a series of Board workshops to A) introduce budget-based rate structures and present a side-by-side comparison with traditional inclining tiered rates and how each rate structure meets District policy or pricing objectives; B) discuss the business case for “simple” and “complex” budget-based rate structures and present a report on the resources, costs, education needs, and schedule associated with budget-based rate structure options; and C) present a comparative analysis of the District’s current rate structure with the proposed budget-based rate structure that highlights the advantages and disadvantages of both rate structures including short- and long-term benefits and costs of important District policy and pricing objectives.

Quartz Hill Water District

Project Cost – \$49,980

Period of Performance July 2020 – December 2020

Firm’s responsibility (%) – 100%

Adherence to schedule and budget – On schedule and within budget

Work Summary:

RDN was retained by Quartz Hill Water District in July 2020 to conduct a Water Rate Study and Long-Range Financial Plan and assist with the Proposition 218 Process and Public Hearing Support. The ultimate goal of the Study was to develop a financial plan to identify necessary revenues to meet the District’s financial needs and design rates which recover the costs from ratepayers commensurate with their service requirements. RDN amended the District’s current rates to further improve equity, promote efficiency and conservation, and ensure compliance with Proposition 218 requirements and other legal mandates. RDN proposed the following adjustments to QHWD’s water budget rate structure: updated indoor use efficiency calculations to reflect current State mandates, improving the accuracy of outdoor allocation by using parcel areas data and classifications versus scaled bins, set the plant factor to reflect the current State mandates, and updated out of budget tier ratios to improve customer equity. RDN also assists the District with annual financial modeling and projections.

Palmdale Water District

Project Cost – \$97,595

Period of Performance April 2019 – October 2019

Firm’s responsibility (%) - 100%

Adherence to schedule and budget – On schedule and within budget

Work Summary:

RDN was retained by Palmdale District in April 2019 to conduct a comprehensive water rate study, which included financial planning, revenue requirements, cost of service, and rate-setting analyses. RDN assisted the District to reduce the amount of water allocated to indoor water from 66 GCPD to 55 GCPD to align with then current State legislation, allocate a water budget to multi-family residential units to create consistency among residential customers, to remove the sixth usage tier from the rate structure and retain only five tiers to establish clear connections between the costs and the pricing of tiered rates, to base residential customer Tier 2 allocations on actual irrigable area as defined by parcel data provided by Eagle Aerial, rather than basing an arbitrary percentage (50%) of the total parcel size, and to establish drought surcharges based on customer usage reductions rather than applying reductions to the aggregate tiered water demand. RDN continues to assist the District with annual budget updates.

D. APPROACH TO PROJECT

PROJECT UNDERSTANDING

Palmdale Water District (District) is in the southern Antelope Valley in Los Angeles County and includes the central and southern portions of the City of Palmdale, as well as adjacent unincorporated areas of the County. The District was established in 1918 as the Palmdale Irrigation District to supply irrigation water to approximately 4,500 acres of agricultural customers. As populations grew in the Antelope Valley, the District experienced increased demand for domestic water, most notably in the 1950's with the activation of Air Force Plant 42 and increased use of Edwards Air Force Base. Today, the District serves approximately 115,000 people and 27,600 connections with a service area of approximately 187 square miles, supplying single- and multi-family residential, irrigation, commercial/industrial, fire service and other (construction) customer classes.

The District maintains over 400 miles of pipeline, multiple well sites, booster pumping stations, and water storage tanks, which together have over 50 million gallons of capacity according to the 2015 Urban Water Management Plan. The District's water supply consists of 60% surface water and 40% groundwater. Surface water is stored in the Littlerock Reservoir (3,500-acre feet capacity) and Lake Palmdale (4,100-acre feet capacity) and treated by a 35-mgd water treatment plant. The District receives an annual entitlement of 21,300-acre feet from the State Water Project, which is funded by property taxes and separate transportation costs. The District's service area slopes upward from 2,600 feet to 3,800 feet above sea level toward the San Gabriel Mountains and is divided into four elevation zones: B and A1-A3. Customers in elevation zones A1-A3 pay an elevation booster surcharge to recover additional pumping costs.

We understand that the District requires a robust review and update of its water budget-based rate structure and rate plan, as well as public relations and Proposition 218 support. The District's service area and water demand are expected to double over the next 25 years, underscoring the District's goals to promote water use efficiency, conservation, and equity across all customer classes. The District last adopted rate changes in 2019, updating a 2014 water-budget rate structure that established a level of "efficient use" for individual customers defined by each customer's class. Since the 2019 rates were established, costs have escalated, long-term water supply source stability issues have continued, and new State efficiency regulations have multiplied. Therefore, the District would like to evaluate whether a modified or new water-budget rate plan is necessary given the District's current and future operations, costs, and needs.

Meeting the District's challenges requires an experienced water-budget rate consultant with a proven track record of success on similar projects. Team RDN has the water-budget experience, technical acumen, and public relations expertise to accomplish the tasks required to meet the District's goals.

SCOPE OF WORK

Task 1. Kickoff & Data Collection

Objective: RDN will host a kickoff meeting to solidify the project timeline, objectives, major meetings, and deliverables. We will anticipate the key issues and challenges for the Study and brainstorm potential solutions for a smooth study. We will request Study data needs (see Section I. Data Requirements) and reconcile inconsistencies.

Task 1.1. Data Collection/Review

Our data request will include audits, budgets, general plans, capital improvement plans, customer billing records, debt service schedule, reserve policies, among other information. See Section I. Data Requirements for a comprehensive data needs list. For data validation and quality assurance, RDN may request additional data throughout the study to reconcile any inconsistencies.

Task 1.2. Kickoff Meeting

We propose a remote kickoff meeting to discuss project objectives, approach, work plan, schedule, and priorities. Staff will provide insight into which policy objectives are most important to the District. RDN and District staff will review available data and identify additional data needs if any.

Task 1.3. Project Management & QA/QC

RDN incorporates best practices from the Project Management Institute’s Project Management Body of Knowledge to establish processes that guide management procedures. For a project to be considered a success, all work must be completed on schedule, within budget, and error-free. Our project manager, Anthony Elowsky, will prepare a Project Management Plan (PMP) to document all information necessary to execute a successful project. The PMP serves as a roadmap for the project team, defining project goals, scope, deliverables, budget, schedule, and administrative procedures.

Our quality control process ensures that all work will be accurate, precise, and of the highest quality. We apply quality control checks at two key stages of the project: (1) after the financial plan and (2) after the cost of service analysis and rate design. RDN has a track record of consistently producing defensible analyses that comply with state regulations and legal precedent. We understand that credibility is crucial to garnering stakeholder support for rate adjustments, and we are proud of the fact that our projects have never been successfully litigated nor protested under Proposition 218.

Task 1.4. Bi-Weekly Progress Meetings

We understand that this Study must be conducted expeditiously. Anthony Elowsky and Sanjay Gaur will meet with District staff biweekly, or as often as staff requests, to ensure full Study transparency and success.

Table 3. Task 1 – Kickoff & Data Collection

Meetings	<ul style="list-style-type: none">Remote kickoff meetingRemote bi-weekly progress meetings
RDN Deliverables	<ul style="list-style-type: none">Data requestMeeting agendas and minutesMonthly progress reports and invoices
District Deliverables	<ul style="list-style-type: none">Respond to data requestDistrict policy objectives

Task 2. Ten-Year Financial Plan

Objective: RDN will review District data to develop a 10-year financial plan based on revenue generated from current rates, fees, and other revenue sources, budgeted and projected expenses, potential debt service payments, and reserve contributions. The cash flow projections and revenue requirements will plan for the five-year water rate schedule.

Task 2.1. Demand Projections/Revenue Analysis

RDN will conduct demand and growth projections to ensure the District's revenue forecast and cash flow analysis are accurate for each utility. Water consumption is influenced by price signals, weather/rainfall, high-efficiency technologies, and conservation programs. We will first evaluate how the District's customers' water consumption patterns have changed historically, and then incorporate District growth trends and the elasticity of customer demand in response to various rate structure changes to project future water demand. We will model potential drought scenarios and their impacts on rate revenues. Based on the demand projections, we will forecast revenue using the existing rates for each utility. We will also identify any changes to other revenues such as miscellaneous charges, property taxes, and investment income.

Task 2.2. Operation and Maintenance Expenses

Using the District's budgetary documents, we will project operating and maintenance (O&M) expenses and develop reasonable inflationary factors for relevant itemized expenses using reliable published sources or the District's historical data. We also incorporate any known changes to personnel, level of service, or projected growth. We will pay particular attention to possible changes in future water source costs. Each expense item will be categorized as either fixed or variable and direct or indirect to ensure that costs are allocated to the correct rate structure components when designing rates. We will also review funding for the Pure Water Antelope Valley Project and secure future funding requirements.

Fixed/Variable Costs

RDN will identify fixed and variable costs through a detailed analysis of the District's current expenses. Fixed cost recovery will ideally be apportioned through guaranteed revenue sources to ensure that each utility will not fall short on necessary revenues. However, rate affordability and bill impact will also be considered for individual customers with different usage patterns.

Task 2.3. Capital Improvement Funding

RDN will review the District's ten-year capital projects plan and explore financing options based on the timing of proposed revenue adjustments and scheduled repairs and replacements. We will incorporate long-term replacement needs detailed in the District's Master Planning documents. Funding sources may include cash reserves, grant funding, debt proceeds, or PAYGO (pay as you go), each with different rate impacts.

Task 2.4. Debt Service Funding

RDN will ensure that the District's financial plan includes consideration of all current and future planned debt issuances. This analysis will allow the District to be confident that future revenue levels will comply with existing bond covenants. If capital funding requires additional debt, RDN will assist the District to plan debt issuance schedules to reduce overall impacts on customers.

Task 2.5. Reserve Funding

We will review the District’s reserve policies and develop an implementation plan that maintains recommended balances consistent with the District’s financial goals, risk tolerance, and capital improvement projects.

Task 2.6. Revenue Requirements

The cash flow analysis will project revenues, expenses, debt obligations, and future funding needs to determine necessary revenue adjustments for the study period. The total cost will be offset by other sources of revenue such as property taxes, investment earnings, rental income, and other water service charges. RDN will assess if revenue adjustments are needed to eliminate cumulative revenue deficiency or surplus by the end of the study period. Revenue adjustments will also meet debt covenants by maintaining the required debt service coverage ratio. The objective is to minimize customer impacts while achieving a healthy cash flow mechanism for the next five years.

Table 4. Task 2 – Financial Plan

Meetings	<ul style="list-style-type: none">▪ Remote bi-weekly check-in meetings
RDN Deliverables	<ul style="list-style-type: none">▪ Financial plan results
District Deliverables	<ul style="list-style-type: none">▪ Financial plan feedback▪ Policy goals and objectives for rates

Task 3. Cost of Service Analysis

Objective: RDN will ensure that costs are equitably distributed to ratepayers in compliance with Proposition 218 and that rates adequately cover the costs to provide reliable service. We employ methodologies approved by the AWWA M1 Manual and other industry standards.

Task 3.1. Review Customer Classes

RDN will evaluate the District’s customer classifications and recommend any necessary changes. Assigning costs to classes of customers based on their service requirements is critical to designing Proposition 218 and Proposition 26-compliant rates. We will explore alternative cost allocations to find which best aligns with the District’s goals.

Task 3.2. Cost Functionalization

A utility system is composed of various facilities that serve a particular function. With input from District staff, each expense identified in the financial plan will be carefully allocated to the industry standardized functions of each system in our models. These functions can be customized based on the District’s organizational structures and account for fixed and variable costs.

Task 3.3. Cost Allocation to Cost Causative Components

RDN will employ the base-extra capacity method from the AWWA M1. In this method, functionalized costs are allocated to appropriate cost causative components for each customer class. The water utility cost causative components include peaking components such as base, maximum day demand (MDD), and peaking hourly demand (PHD).

Task 3.4. Cost Allocation to Customer Classes

As a final step of the cost of service analysis, the costs of each component are allocated back to each customer class commensurate with their service requirements. This analysis permits the District to adhere to the general principle of cost proportionality (particularly relevant under Proposition 218 and Proposition 26), under which the rates paid by customer classes are directly proportional to the costs each class imposes on the District as a whole. The average unit costs represent cost of service rates and can be used as an input in the rate setting process.

Table 5. Task 3 – Cost of Service Analysis

Meetings	<ul style="list-style-type: none">Remote bi-weekly check-in meetings
RDN Deliverables	<ul style="list-style-type: none">Preliminary cost of service model in Excel
District Deliverables	<ul style="list-style-type: none">None

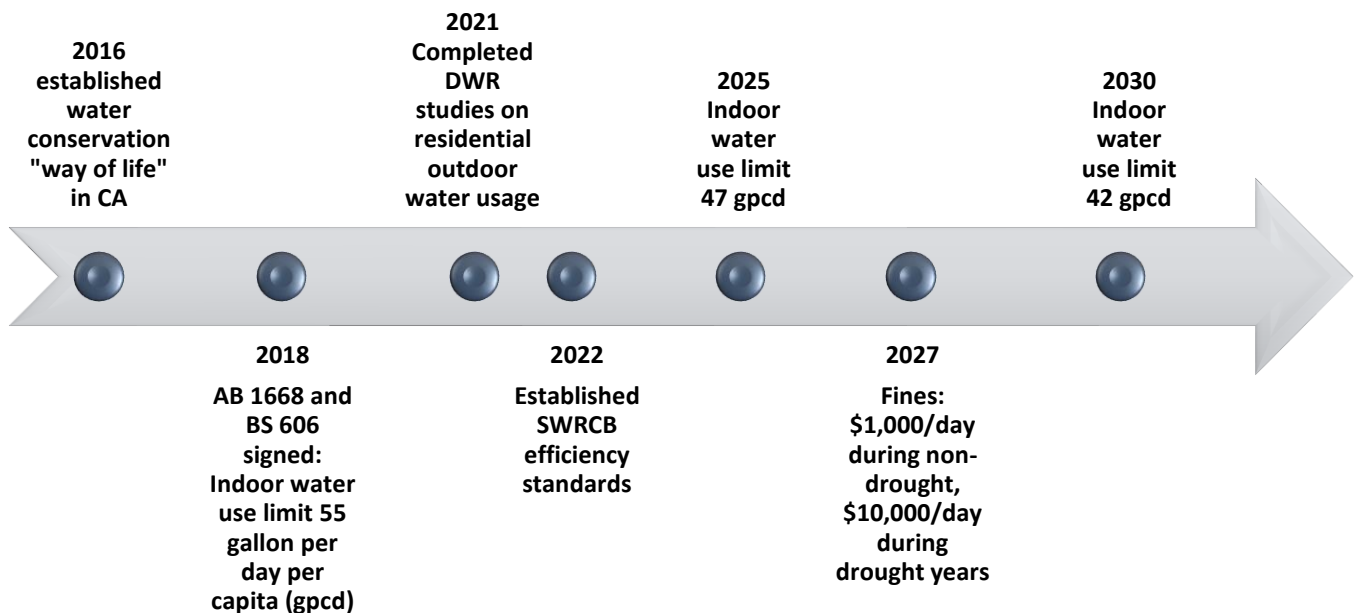
Task 4. Rate Design

Objective: RDN will produce water budget-based rate options that follow cost-of-service ratemaking principles. We will review the District’s current rate structures for all customer classes and provide recommendations on how to balance fixed and variable charges to ensure revenue adequacy and stability while maintaining rate affordability. Recommended rates will have a clear connection between the costs and pricing to ensure compliance with Proposition 218 and Proposition 26.

Task 4.1. Evaluate the Current Rate Structures & Identify Rate Alternatives

We will perform a comprehensive review of the District’s current rate structures to assess the advantages and disadvantages of the existing rates. This will include an evaluation of links between cost parameters, such as peaking, customer service/billing, fixed and variable costs, and the current charges. Our review will also identify whether the existing rates optimize fixed and variable rate recovery to enhance stability while ensuring affordability. Based on the financial planning and cost of service analyses, we will evaluate rate adjustment alternatives designed to recover the revenue requirements identified in the financial plans. We will provide up to three draft rate options for each utility that adequately fund revenue requirements, and the District can choose which option best achieves District objectives. Figure 1 shows a timeline of indoor water budget related regulations based on CA Water Code § 10609.4 (2022).

Figure 1. Past and Upcoming Water Budget Regulations



Task 4.2. Develop Recommended Rates

We will recommend rate alternatives that best meet the District’s objectives and are justified by the cost of service analysis.

Fixed Service Charge

RDN will recommend appropriate changes to the proportion of rates recovered through ready-to-serve charges to ensure that fixed costs are sufficiently funded. We will review the classification of compound meters currently identified as commercial/industrial and assess if any of these accounts should be changed to multi-family. Increasing fixed charges reduces revenue volatility and risk from reduced demand or conservation efforts and ensures predictable revenue to cover debt, operating costs, and capital plans. RDN will also evaluate the changes in fixed charge rates to ensure the adjustments do not place an undue financial burden on customers. If fixed revenue adjustments are required, RDN will create alternative five-year rate schedules where the fixed charge adjustments may be incrementally implemented over the five-year study period.

Commodity Rates

Based on the financial plan and cost of service analysis, RDN will recommend adjustments to commodity rates. We will evaluate the potential for adjusting tiered rates based on the heterogeneous costs between the different water sources used by the District as well as customer peaking characteristics within each customer class. We will also review water budgets, especially multi-family budgets, to ensure that they align with the District’s priorities as well as upcoming State mandates. Commercial/industrial allocations will be reviewed based on updated data provided by the District. Large variations in water use will be identified by comparing current water use values with those from the previous rate study. RDN will use this historical comparison to refine commercial/irrigation allocation methodologies.

Recommendations

Potential rate objectives may include rate and financial stability; equity and fairness in allocating water costs; water use efficiency and conservation; affordability for essential needs; customer understanding and ease of administration; among other considerations. RDN will also evaluate the impacts of different levels of required cutbacks in water demand (e.g. 20%, 30%, and 40%) during times of drought. Previously RDN completed an analysis based on the actual drought responses of District customers. We will evaluate if these projections remain viable. The revenue recovered from drought surcharges may be from fixed charges, volumetric rates, or a combination of both. With District input, RDN will develop a fully functioning drought factor to provide funding for short-term, dry-year water market prices. We will ensure that all recommended rates comply with Proposition 218 and will work with District legal counsel, if necessary. Potential pass-through costs will also be included in Proposition 218 notice so that if treatment or water costs exceed projections, the District will be able to maintain net revenue projections. All data will be available for District review in Microsoft Excel or CSV.

Table 6. Task 4 – Rate Design

Meetings	<ul style="list-style-type: none">▪ Remote bi-weekly check-in meetings
RDN Deliverables	<ul style="list-style-type: none">▪ Rate options and recommendations
District Deliverables	<ul style="list-style-type: none">▪ Input on rate options

Task 5. Reports & Models

Objective: RDN’s new rate model will be designed to provide the District with a valuable tool for future financial planning and testing sensitivity analysis. We will furnish a guide to the key input sections of the model to enable District staff to update or run scenarios. RDN will provide final executive reports to District staff upon project completion. Our report will describe the process of the rate study in sufficient detail to meet Proposition 218, Proposition 26, and all legal requirements. Results will be presented clearly and concisely to foster customer and stakeholder understanding.

Task 5.1. Rate Models

The District currently uses RDN’s rate model for annual financial planning. All future models will be developed in a similar Microsoft Excel format designed to allow District staff to conduct sensitivity scenarios by testing various assumptions through an interactive dashboard. Factors that may be adjusted in the rate models include staff levels and salaries, operating expense levels, CIP spending, capital equipment funding, impacts of rate increases, and pass-through charges. The models will be introduced to District staff early in the study process. We will add worksheets gradually as we perform key analyses through the study and ask for the District’s review. By the time the study is complete, District staff will be fully familiarized with the models and be able to use the models to make data-driven decisions. Any changes to the underlying models will appear instantly in a dashboard for quick executive evaluation. The underlying dynamic data flow within each model is presented in Table 7.

Table 7. Sample Model Flowchart

Model Input	Analysis	Model Output	Results
Staff Levels	Revenue Requirements	Cash Flow	Fund Balances
Salaries		Annual CIP	Debt Service Coverage
Operating Expense	Rate Impacts	Fixed Rates	Monthly Bills
CIP Plan		Variable Rates	Bill Impacts

Task 5.2. Rate Study Reports

The draft rate study reports will contain an overview, study objectives, assumptions, regulatory requirements, and methodologies. The reports will discuss short- and long-term financial planning, capital planning, cost of services, rate-setting analysis, bill impacts, and comparison surveys. Key outputs of data, analysis, and rationale will be visualized in the reports. The tables and charts will be an effective tool to communicate conclusions to the Board, customers, and other stakeholders. The main sections of the draft report at a minimum will include:

Table 8. Report Sections and Corresponding Contents

Heading	Section Brief
Executive Summary	A narrative to summarize the scope of the study.
Introduction	A brief description of the District including organizational structure, population, and service area.
Methodology Used	A description of the methodology used for analyzing the utility rates and how the study complies with Proposition 218 and other applicable laws.
Financial Plan	A review of O&M budget, capital plan, revenue analysis, needed revenue adjustments, inflation analysis, and customer growth/demand.
Cost of Service	A description of current/proposed customer classes, Prop 218 and Prop 26 compliant cost allocation to each class by function, and the total revenue requirements by each class.
Rate Design	A detail of the proposed rate structures, proposed inflationary adjustments, and a typical bill for different types of customers.
Rate Impact	A summary on the impacts rate changes will have on each customer and the community using RDN's Bill Impact Tool.
Sensitivity Analysis	A discussion of how conservation, drought, and future statutory regulations will affect the ability of rates to fund revenue requirements.
Rate Comparison	A comparison of monthly bills and of current and proposed rates with similar sized Districts within the surrounding area.

We will incorporate District feedback into the final report and clearly demonstrate the nexus between costs and recommended rates in simple terms to fulfill Proposition 218 reporting requirements.

Task 5.3. Rate Comparison Survey

We will prepare a rate comparison survey of at least ten comparable agencies to benchmark the District’s current and proposed water rates. Comparisons will be made for users at high, average, and low consumption levels. We will request District input on agencies to include in the survey and summarize the results for public outreach, presentations, and the report.

Figure 2. Sample Bill Comparison Figure

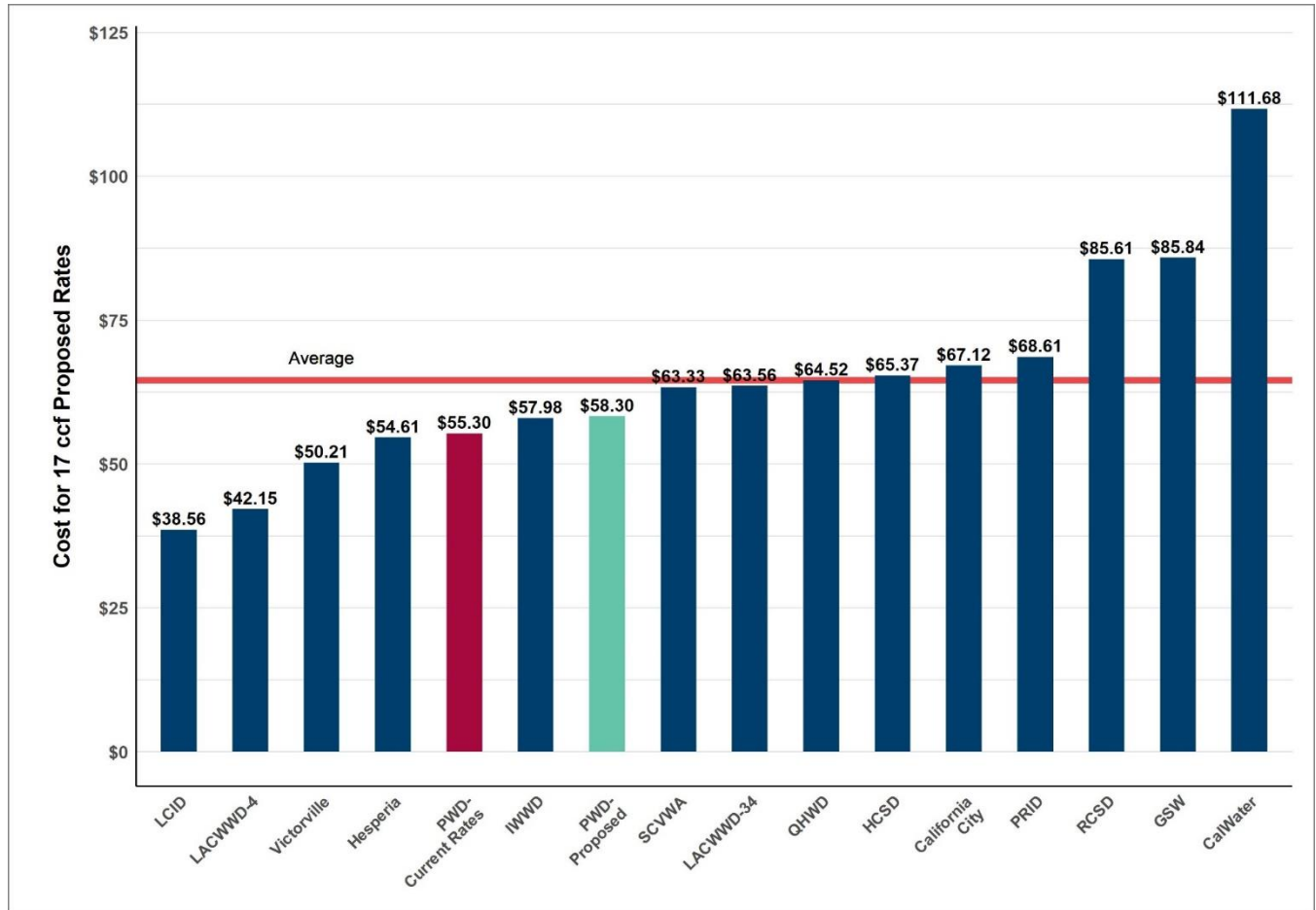


Table 9. Task 5 – Reports, Models & Presentations

Meetings	<ul style="list-style-type: none"> Remote model training meetings Remote meeting to review draft report comments
RDN Deliverables	<ul style="list-style-type: none"> Draft & Final rate study reports in Word and PDF formats Microsoft Excel Financial and Rate Model
District Deliverables	<ul style="list-style-type: none"> Comments, responses, and recommendations to draft report Comments and recommendations to draft presentations

Task 6. Public Meeting Presentations and Proposition 218 Hearing

Objective: RDN will actively engage the District's Board of Directors and customers in the water budget-rate update process through a series of targeted workshops and community meetings. RDN's Proposition 218 support will effectively communicate the District's message, the proposed rate changes, and the value of the services that the rates fund.

Task 6.1. Approach to Board & Community Meetings

Presented below is an effective three-phase approach to Board and community meetings. We will solidify the approach at the kickoff meeting with District staff. Specifically, we will identify the appropriate number of Board and community and objectives for each. All meetings will be facilitated by Sanjay Gaur.

Phase I – Policy Objectives

Goal: Establish, codify, and build consensus for study policy objectives.

Board Workshop 1: Sanjay will host a workshop with the Board of Directors to build consensus on policy objectives for the study. There are inherent tensions among policy objectives. Sanjay will discuss these trade-offs so District stakeholders can share a mutual understanding of the priorities of the Study. We will codify the priorities in a memorandum, which will help guide the Study process.

Phase II – Transparency

Goal: Present the financial plan and demonstrate District transparency.

Board Workshop 2: We will discuss the process and assumptions used, including inflationary factors, to determine the District's revenue requirements for the next 10 years. The Board of Directors will have a clear picture of the District's financial outlook for the next decade, including reserve levels and anticipated debt, and RDN will present expected revenue under the current rates and fees to identify if there is an anticipated shortfall. Recommended rates and fees will close the gap between revenue projections and requirements for the Study period.

Phase III – Study Results and Implementation

Goal: Present rate recommendations, help the community understand the trade-offs that were made and why, and build consensus for proposed rates and fees.

Board Workshop 3: Sanjay will present RDN recommendations for rates and fees, soliciting feedback from the Board of Directors. After incorporating District feedback, final rate and fees will be documented in an administrative record, which will clearly articulate the objectives, analyses, assumptions, and results of the study.

Community Meetings 1 & 2: The community meetings will provide customers with a robust understanding of the following: (1) District policy objectives, (2) financial outlook over the next 10 years, and (3) rate recommendations and the trade-offs that were made and why. The goal is to build consensus through transparency and understanding.

Task 6.2. Outreach Materials

Optionally, RDN will develop outreach materials as directed by the District. This may include infographics, fact sheets, bill stuffers, FAQs, website copy, etc. in English and/or Spanish.

Task 6.3. Proposition 218 Notice

We will work with District staff and legal counsel to prepare a Proposition 218 notice within the 45-day noticing period. The notice will outline the proposed rate changes, the reasons for the changes, and the right for customers to challenge the rates. It is our understanding that the District will print and mail the notices.

Task 6.4. Proposition 218 Public Hearing

RDN will present the results of the study and answer questions from the Board and customers at the Proposition 218 Hearing. In coordination with District legal counsel, we will use clear, concise language and visual messaging to communicate the rate study process and why the recommended rate structure was selected.

Table 10. Task 6 – Public Meeting Presentations and Proposition 218 Hearing

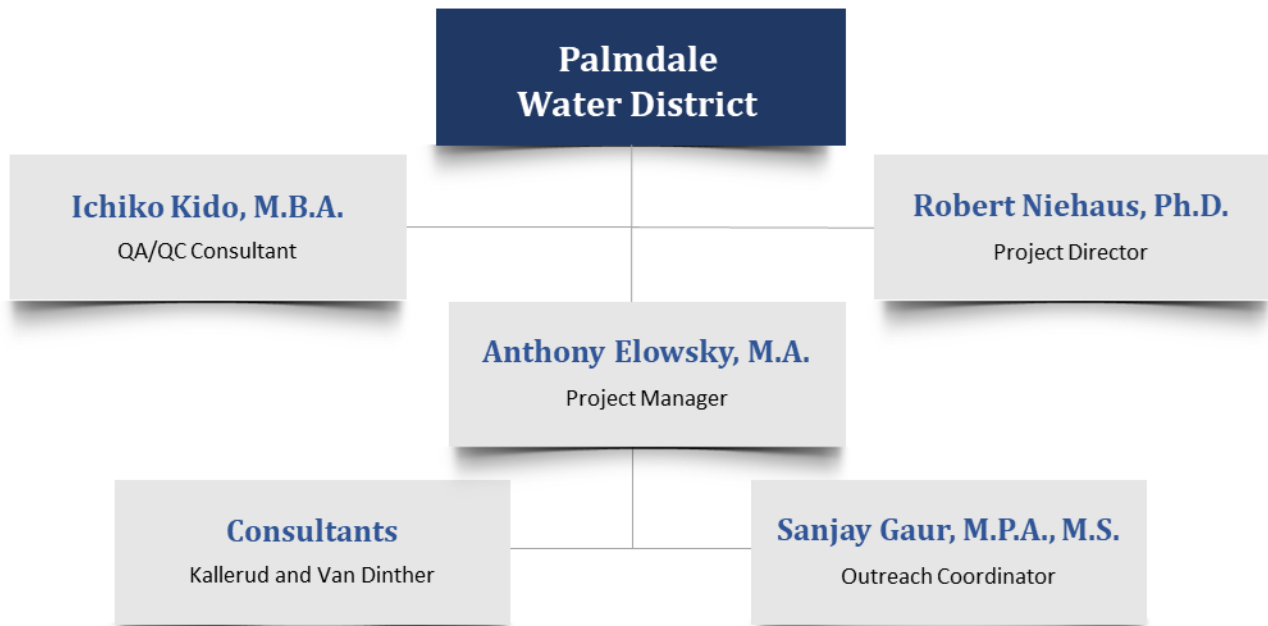
Meetings	<ul style="list-style-type: none">▪ Three in-person Board meetings▪ Two in-person Community meetings
RDN Deliverables	<ul style="list-style-type: none">▪ Draft and final presentations for Board and Community meetings▪ Draft and final Proposition 218 Hearing presentation▪ Proposition 218 Notice design▪ Outreach materials (optional)
District Deliverables	<ul style="list-style-type: none">▪ Comments and recommendations to draft presentation▪ Print and mail Proposition 218 Notices

E. PROJECT STAFFING AND AVAILABILITY

RDN’s proposed project team is led by our principal economist, Dr. Robert Niehaus, and project manager, Anthony Elowsky. Mr. Elowsky will serve as the District’s main point of contact and lead the conduct of data collection, analysis, rate-setting, and report drafting. Brief bios and responsibilities for all team members and subconsultants are provided on the following pages. Resumes for key RDN staff are appended to this proposal.

We affirm that our proposed project team has adequate availability to meet project objectives as outlined in the proposed scope of work and schedule and that our proposed project team will not change without prior approval from the District. Figure 4 presents RDN’s proposed project team organizational structure.

Figure 3. RDN Project Organization



RDN STAFF

Robert D. Niehaus, Ph.D.

PROJECT DIRECTOR – SANTA BARBARA (RDN) | PROJECT AVAILABILITY: 15%



Project Role and Responsibilities:

- Oversee all aspects of study process
- Assure timely, high-quality, on-budget performance and complete satisfaction with Project
- Review all deliverables for accuracy and economic rigor
- Lead major internal project meetings

Experience and Qualifications:

- 48 years of experience
- Conducted hundreds of comparable water and resource projects including California Rural Water Association; Rosamond Community Services District; Palmdale Water District;
- Received his Ph.D. in Economics from the University of Maryland

Anthony Elowsky, M.A.

PROJECT MANAGER – SANTA BARBARA (RDN) | PROJECT AVAILABILITY: 40%



Project Role and Responsibilities:

- Work directly with District staff to ensure desired rate study outcomes
- Organize and analyze all data
- Produce rate and financial model
- Prepare rate and fee comparisons
- Produce long-term expense projections

Experience and Qualifications:

- Seven years of experience
- Financial/rate consulting experience with the California Rural Water Association, Palmdale Water District, Jurupa Community Services District, Quartz Hill Water District, Hi-Desert Mutual Water Company, and Oroshi Public Utility District

Ichiko Kido, M.B.A.

QA/QC CONSULTANT – VENTURA (RDN) | PROJECT AVAILABILITY: 25%



Project Role and Responsibilities:

- Review all deliverables for quality assurance
- Review the rate and fee models for financial planning, rate and fee design, capital funding, and reserve policies

Experience and Qualifications:

- 34 years of experience (19 with the firm)
- Expertise in financial analysis; COS analysis; rate and fee design; model design; state regulations & legislation
- Financial, rate and fee consulting experience with Moulton Niguel Water District; Santa Clarita Valley Water Agency; Napa County

Bjorn Kallerud, M.Sc.

CONSULTANT – SANTA BARBARA (RDN) | PROJECT AVAILABILITY: 20%



Project Role and Responsibilities:

- Work at the direction of Mr. Elowsky to organize and analyze all District data
- Support report writing and model development
- Employ econometric modelling on possible use scenarios and develop revenue and expense projections

Experience and Qualifications:

- Six years of experience (four with the firm)
- Specializes in data science & econometric modelling using statistical programming languages R and Python
- Financial/rate consulting experience with Quartz Hill Water District; Santa Clarita Valley Water Agency; California Rural Water Association

Zachary Van Dinther, B.S.

CONSULTANT – SANTA BARBARA (RDN) | PROJECT AVAILABILITY: 30%



Project Role and Responsibilities:

- Work at the direction of Mr. Elowsky to organize and analyze all District data
- Support report writing and model development
- Employ econometric modelling on possible use scenarios and develop revenue and expense projections

Experience and Qualifications:

- Four years of experience (three with the firm)
- Financial/rate consulting experience with the Costa Mesa Sanitary District, Lake Arrowhead Community Services District, Mid-Peninsula Water District, and City of California City

WATER RESOURCES ECONOMICS STAFF

Sanjay Gaur will serve as Outreach Coordinator, drawing upon his decades of expertise to drive innovative solutions throughout the District’s study. Sanjay Gaur, Principal Consultant at Water Resources Economics, has over 25 years of financial and rate consulting experience in water and wastewater utility administration. He has provided consulting services to over 100 agencies throughout California. He has co-authored the AWWA’s *Manual M1 Principles of Water Rates, Fees and Charges, 7th Edition*, AWWA’s *Water Rates, Fees, and the Legal Environment, 2nd Edition*, and *Water and Wastewater Finance and Pricing: The Changing Landscape*. Mr. Gaur will provide technical support, drawing upon his extensive water budget-based experience, and lead Board of Directors meetings and public outreach-related solutions.

Sanjay Gaur, M.P.A., M.S.

OUTREACH COORDINATOR – LOS ANGELES (WRE) | PROJECT AVAILABILITY: 25%



Project Role and Responsibilities:

- Review finances and advise on strategy for overall rate design process
- Provide guidance into leading water budget rate trends including regulatory and legal developments
- Lead public outreach and present study results to the Board of Directors and customers

Experience and Qualifications:

- 25 years of experience
- Nationally recognized leader in policy decision analysis through quantitative analysis for water and wastewater agencies
- Co-authored several industry guidebooks including AWWA’s Manual 1

F. UNIQUE QUALITIES OF QUALIFICATIONS

We believe RDN is the most highly qualified team to support the District's Study for five primary reasons.

- 1. Water Budget Experts.** RDN's project team has worked with 22 California utilities to evaluate, develop, implement, update, or review budget-based rate structures. RDN's budget-based experience includes Moulton Niguel Water District, South Coast Water District, Palmdale Water District, Ventura River Water District, and Quartz Hill Water District. Sanjay's budget-based experience includes Irvine Ranch Water District, El Toro Water District, Alameda County Water District, East Orange County Water District, Mesa Water District, Rancho California Water District, Santa Margarita Water District, Eastern Municipal Water District, Elsinore Valley Municipal Water District, Las Virgenes Municipal Water District, Western Municipal Water District, East Bay Municipal Utility District, and the Cities of Corona, Huntington Beach, San Clemente, Santa Cruz, and San Juan Capistrano. Together, we are confident that we offer the District the most experienced and specialized team to update the District's water budget-based rate structure.
- 2. Regional Experience.** We understand the challenges and politics of the Antelope Valley and Mojave Desert. Over the past five years, RDN has assisted the following agencies near Palmdale Water District: Quartz Hill Water District; Rosamond Community Services District; California City; Santa Clarita Valley Water Agency; Sheep Creek Water Company; North Edwards Water District; Mariana Ranchos County Water District; Victor Valley Wastewater Reclamation Authority; and West Valley County Water District.
- 3. Advanced Data Science.** RDN offers a unique combination of economic and financial expertise to employ a data-driven approach to budget-based rate studies. All rate consultancies have financial expertise, the backbone of any rate study, but we leverage our PhD- and Masters-level Economists to conduct advanced data science in R to analyze detailed District data sets quickly and accurately, including individual customer irrigable areas and water budgets. This capability allows us to perform thorough analysis of District customers quickly to ensure a timely Study.
- 4. Commitment to Expedited Schedule.** We understand the District is on a tight timeline. There are 154 days between scheduled contract award (April 22, 2024) and the Proposition 218 Hearing (September 23, 2024). Most rate consultants require at least nine months (270 days) to complete a rate study. Through our internal due diligence, we affirm our staff's availability to meet the District's desired timeline, and we will leverage our incumbent experience with the District to streamline the initial data review process. We are familiar with the District's data, models, rate structure, finances, previous rate study, and potential rate structure modifications to ensure a fast start to Study execution.
- 5. Adept Communicators.** Rate changes can be a challenge to communicate with customers and to gain their support. For strategic communications, we are pleased to offer Sanjay Gaur as our lead for Board & Committee Meetings and Community Workshops. Sanjay has presented at over 100 Proposition 218 Hearings, 100 community workshops, and 300 Board and Council meetings. Sanjay understands how to work effectively with the Board and help customers understand why rate adjustments are necessary and the value of the District's services.

G. REFERENCES

With over 90 percent of our work resulting from repeat business, RDN prides itself on continuing relationships that we have developed over three decades of consulting. We invite you to contact our references to verify our quality of service on similar engagements. We highlight five projects below. Our core proposed project team worked on each study. Sanjay Gaur assisted with two studies: South Coast Water District and Jurupa Community Services District. Sanjay has also supported the following RDN rate studies: Victor Valley Wastewater Reclamation Authority, Montecito Sanitary District, and the Cities of Huntington Beach, Lynwood, and Santa Ana.

South Coast Water District

**Water, Recycled Water, Sewer Rate Study
(February 2023 – June 2023)**

**Water Budget-Based Rate Feasibility Study
(July 2023 – Ongoing)**

RDN staff: Niehaus, Elowsky, Van Dinther, Kallerud

WRE staff: Gaur

South Coast Water District (SCWD) retained RDN and Sanjay Gaur to conduct water, recycled water, and wastewater rate studies. For the rate studies, the SCWD principal objective was to stabilize finances for each utility system with healthy reserves while maintaining affordable rates. RDN stabilized the financial plan and cash reserve policy by evaluating operating and capital expenses, debt service, and reserve requirements to mitigate financial risk. RDN supported the Proposition 218 hearing in June 2023 with successful rate adoption on July 1, 2023.

Commencing in July 2023, RDN is performing a budget-based rates feasibility study to compare the short- and long-term advantages and disadvantages of the current inclining block rate structure and a hypothetical budget-based rate structure. The side-by-side comparison will include an in-depth consideration of water use efficiency and conservation; rate and financial stability; equity and fairness in allocating water costs; affordability for essential needs; customer understanding and ease of implementation; among other considerations. The feasibility study will be completed in April 2024. Total project cost: \$165,000. Studies on schedule and within budget.

Pamela Arends-King
Chief Financial Officer
949-342-1253
parendsking@scwd.org
31592 West Street
Laguna Beach, CA 92651

Rosamond Community Services District

Water & Wastewater Rate Study (November 2020 – June 2021)

RDN staff: Niehaus, Elowsky, Kido, Kallerud

Rosamond CSD retained RDN to produce water and sewer rates with the primary goal of improving equity between customer classes. RDN recommended new rates for commercial customers that reflect their unique usage characteristics, which improved the equity for all District customers. Additionally, we provided recommendations to adjust the width of the District's water rate tiers that were based on efficient indoor and outdoor water use for residential customers to comply with the new state regulations: AB 1668 and SB 606. For sewer customers, RDN completed a detailed analysis of each individual commercial customer's flow and effluent strength before rates were presented to the Board and ratepayers. The proposed rates were approved and implemented in July 2021. Total project cost: \$89,000. Study on schedule and within budget.

Brad Rockabrand
Finance Director
650-591-8941
brockabrand@rosamondcsd.com
3 Dairy Lane
Belmont, CA 94002

Quartz Hill Water District

Water Budget-Based Rate Study (August 2020 - January 2021)

RDN staff: Niehaus, Kido, Elowsky, Kallerud

Quartz Hill Water District engaged RDN to design a water budget rate structure that ensures revenue stability, financial sufficiency, and provides the appropriate price signals for different supply costs, peaking costs, and conservation program funding for the District. We improved the outdoor water budget allocations using GIS data, complementing the District's long-term goals to ensure water efficiency and support water supply management. The budget-based rate structure was simplified to improve customer understanding. RDN also assists the District on an ongoing basis to confirm annual budgets and spending projections. Total project cost: \$50,000. Study completed on schedule and within budget.

Brent Byrne
General Manager
661-943-3170
brentb@qhwd.org
5034 W Ave L
Quartz Hill, CA 93536

Moulton Niguel Water District

Cost of Service Review for Water, Recycled Water, and Wastewater Rate Study (2017, 2022)

RDN staff: Niehaus, Elowsky, Kido, Kallerud

Moulton Niguel Water District retained RDN to perform a peer review of the District's Long-Range Financial Plan (LRFP), Cost of Service Analysis, and Rate Design Report for the District's three utility systems: water, recycled water, and wastewater. The chief financial objective was to identify strategies and actions to ensure that there are sufficient financial resources for effectively achieving the District's mission. The LRFP incorporates the District's reserve policies, debt policies, coverage ratios, water demand needs, water rates, capital improvement program, and operating budget to provide a financial roadmap for the District.

The District's rate design focuses on the cost of service for the efficient use of water as the primary basis for setting rates. The rates are also structured to ensure that an appropriate level of fixed expenses is recovered with fixed revenue. The conservation-based rate design has proven to be the most effective tool for the District in reducing water usage, while still providing the necessary revenues to recover the District's expenses regardless of changing water demands. As a result, the District has managed to remain financially strong despite a significant reduction in water and wastewater usage. The State Water Resources Control Board (SWRCB) has recognized the District's specific rate design as a best practice among more than 400 urban water utilities statewide. We successfully completed this Study in 2017 and were again retained by the District to perform the review in 2022. Total 2022 project cost: \$58,000. Both studies were on schedule and under budget.

Jonathan Cruz
Director Financial Planning
JCruz@mnwd.com
949-448-4013
26880 Aliso Viejo Parkway
Aliso Viejo, CA 92656

Jurupa Community Services District

Water, Sewer, Recycled Water Rate Study

(October 2023 – April 2024)

RDN staff: Niehaus, Kido, Elowsky, Kallerud

WRE staff: Gaur

Jurupa Community Services District retained RDN and Sanjay Gaur to update water and sewer rates and to develop new recycled water rates. RDN provided financial planning strategies, a cost allocation plan, and helped the District's schedule capital improvements to ensure that rates had the least impact on customers. We designed new usage tiers for residential customers based on use patterns and reflected the best value for customers who used less water. One key finding of the study was that fixed charges did not reflect the actual fixed costs. RDN recommended increasing the District fixed cost recovery to better reflect the District's cost structure. The Proposition 218 Hearing is set for April 2024, within six months of project kickoff. Total project cost: \$88,000. Study is on schedule (expedited) and within budget.

Steven Popelar
Director of Finance & Admin
951-685-7434
spopelar@JCSD.US
11201 Harrel Street
Jurupa Valley, CA 91752

H. ACCEPT THE DISTRICT'S PSA

RDN has reviewed the District's Professional Services Agreement (PSA) and accepts the PSA without modification.

I. DATA REQUIREMENTS

Table 11 presents the data needs and timeframe to complete the rate study. Having worked with the District in the 2019 Water Rate Study, we are familiar with the District’s data and models and anticipate no data challenges for this Study. Data will be requested after contract award, and the sooner the District can furnish the data, the sooner RDN can clean and analyze the data to move the Study forward.

Table 11 Sample Data Requirements

Data	Range
Individual customer's monthly billing records	
meter size	Current Year
customer class	Current Year
consumption	5-year historical
allocation (water budget) for each tier	Current Year
billed service charge	Previous Year
billed volumetric charge	Previous Year
billed other fees	Previous Year
total billed amount	Previous Year
number of public fire hydrants	Current Year
number of private fire services by size	Current Year
Peaking demand data	
total water consumption by customer class	Previous Year
maximum-day demand by customer class	Previous Year
maximum-hour demand by customer class	Previous Year
monthly data for each of above by customer class	Previous Year
Financial information	
detailed O&M expenses	Budget Year
detailed CIP expenses	10-year projected
detailed debt obligations	10-year projected
detailed operating and non-operating revenues	Budget Year
agency's reserve policy	Current Year
agency's target debt service coverage ratio	Current Year
total asset values	Current Year
Water source information	
volume of water used for each water source	Previous 5 Years/Projected
per unit cost for each water source	Previous 5 Years/Projected
constraints or limitation of each water source	Previous 5 Years/Projected
Water demand projections/population growth projections	
Most recent Urban Water Management Plan	2020
Any issues or concerns regarding current rates	Current Year
Previously used rate models/reports	2019

J. PROJECT FEE AND SCHEDULE

Following instructions from the District’s procurement website, the Fee Estimate is included in a separate document.

Figure 4 presents a preliminary project schedule for completing the 2024 Water Rate Study. Although expedited, we affirm that RDN has sufficient staff resources, availability, and familiarity with the District to target a tentative Proposition 218 Public Hearing on September 23, 2024. This will ensure that new rates will be implemented on January 1, 2025. The schedule assumes timely kickoff, District data, feedback, and availability for meetings. The final schedule will be discussed at the kickoff meeting.

Figure 4. Preliminary Project Schedule

Tasks	April	May	June	July	August	September	October
1. Kickoff & Data Collection							
2. Ten-Year Financial Plan							
3. Cost of Service Analysis							
4. Rate Design							
5. Reports & Models							
6. Public Meetings & Prop 218		1	2	3	4	5	6
7. Proposition 218 Hearing							7
Task 6. Legend							
1. Board - Policy Objectives							
2. Board - Financial Transparency							
3. Board - Rate Design Results							
4. Proposition 218 Notice							
5. Community Workshop 1							
6. Community Workshop 2							
7. Proposition 218 Hearing							

APPENDIX - RESUMES

The appendix of this proposal includes two-page resumes for key personnel.

Robert D. Niehaus, Ph.D.

Project Director



TECHNICAL SPECIALTIES

- Project Management
- Regional and Resource Economics
- Rate and Fee Comparison
- Economic Impact Studies
- Public Sector Water Economic and Planning Analysis
- Technical Report Review
- Cost of Service Rate Studies
- Development Impact Fees
- Resource Planning
- Econometric Modeling
- Survey Design and Implementation

PROFESSIONAL HISTORY

Robert D. Niehaus, Inc.
Managing Director
(1983-Present)

EDUCATION

Doctor of Philosophy in Economics (1979)
University of Maryland

Bachelor of Arts in Government (1972)
Oberlin College

PROFESSIONAL MEMBERSHIPS

- American Water Works Association
- American Economic Association
- National Association for Business Economics

OVERVIEW & BIOGRAPHY

Dr. Niehaus is widely recognized for his expertise in the economics of water resources and the environment. He has broad experience managing public and private sector water and land resource economic analyses and planning efforts, with expertise in water and wastewater fee and rate analysis, cost-benefit evaluations, water demand econometric modeling and forecasting, and regional economics. His expertise extends to river basin planning, groundwater management, economic impacts of water and other resource-use projects, military base realignment, housing, energy, and global climate change. He has provided expert support to senior civilian and military decision-makers for numerous projects. Dr. Niehaus has published a wide range of applied studies in these fields and has directed the successful completion of projects at more than 200 locations worldwide, with much of this experience in Southern California.

RELEVANT PROJECT HIGHLIGHTS

California City, Water and Sewer Impact Fee Study, Ongoing

The City of California City provides water and sewer service for over 4,500 accounts in Kern County, California. California City retained RDN to complete a water and sewer rate and capacity fee study in 2021 which includes a long-term financial plan and a 5-year rate proposal. Dr. Niehaus, working for RDN, serves as a managing director and principal economist for all rate and concerns. This project is ongoing.

West Valley Water District, Development Impact Fee Study 2021

West Valley Water District provides water service for over 22,000 accounts in San Bernardino and Riverside Counties, California. West Valley WD retained RDN to complete a water capacity fee study in 2020 which included a detailed analysis of the District's capacity fee schedule and growth projections. Dr. Niehaus, working for RDN, served as the managing director for the fee study, which was completed in 2021.

ADDITIONAL PROJECT EXPERIENCE

- City of Lynwood, *Water and Sewer Rate Study*
- South Coast Water District, *Water Recycled Water, and Sewer Rate Study and Water Budget Evaluation*
- Montecito Sanitary District, *Wastewater Rate Study*
- Lake Arrowhead Community Services District, *Water and Sewer Rate Study*
- Hilton Creek Community Services District, *Wastewater Rate Study*
- Timber Cove County Water District, *Water Rate Study*
- City of Alhambra, *Water Rate Study*
- Costa Mesa Sanitary District, *Wastewater Rate Study*
- Rosamond Community Services District, *Water and Wastewater Rate Studies*
- Napa County, *Water and Wastewater Rate Studies*
- Mid-Peninsula Water District, *Capacity Fee Study*
- Quartz Hill Water District, *Water Rate Study*
- Redway Community Services District, *Water and Sewer Rate Study*

- *Loleta Community Services District, Sewer Rate Study*
- *Riebli Mutual Water Company, Water Rate Study*
- *Palm Ranch Irrigation District, Water Rate Study*
- *Mid-Peninsula Water District, Water Capacity Fee*
- *Mendocino City Community Services District, Water and Groundwater Management Fee Study*
- *Palmdale Water District, Water Rate Study*
- *Santa Clarita Valley Water District, Water Rate Study*
- *California Rural Water Association, Water & Sewer Rate Studies*
- *Ventura River Water District, Cost of Service and Rate Setting Study*
- *Moulton Niguel Water District, Cost of Service Peer Review*
- *Carpinteria Valley Water, District Cost of Service and Rate Setting Study*
- *Manatt, Phelps, & Phillips, LLC, Rate Comparison Study*
- *National Resources Defense Council, LADWP Data Collection & Water Rate Analysis*
- *West Basin Municipal Water District, Landscape Irrigation Efficiency Program*
- *Las Virgenes Municipal Water District, Water Budget Model*
- *Fremont Valley Preservation Project, Water Rate, and Revenue Analysis Study*
- *Golden State Water Company, Comparative Water Rate Analysis*
- *Goleta Sanitary District/Goleta West Sanitary District, Economic Analysis of Development Projections*
- *Santa Barbara County, Economics of Groundwater Management*
- *City of Santa Barbara, Desalination Plant Environmental Impact Report*
- *United States Army Corps of Engineers, Flood Protection and Recreation Study*
- *City of Santa Barbara, Long-Term Water Sales and Revenue Requirements Forecast Analysis*
- *Santa Ynez River Basin, Planning and Cachuma Project Water Allocation Analyses*

Ichiko Kido, M.B.A.

QA/QC Consultant



TECHNICAL SPECIALTIES

- Financial Planning
- Cost of Service Analysis
- Rate Design
- Rate Comparison Analysis
- Housing Market Analysis
- Data Analysis
- Technical Report Review
- Survey Interviewing
- Statistical Analysis

PROFESSIONAL HISTORY

Robert D. Niehaus, Inc.
Senior Technical Advisor
(2022 – Present)
Program Manager
(2005 – 2022)

EDUCATION

Master of Business Administration (2014) Martin V. Smith School of Business & Economic, California State University, Channel Islands
Bachelor of Arts in Law (1989)
Fukuoka University, Japan

PROFESSIONAL MEMBERSHIPS

- American Water Works Association
- Association of California Water Agencies
- California Rural Water Association
- Association of California Water Agencies

OVERVIEW & BIOGRAPHY

Ms. Kido has 30 years of experience in utility financial planning. Ms. Kido advises RDN as a leading expert in developing rates and fees that meet Proposition 218 requirements and other laws and regulations. She is widely recognized as a leading consultant for designing conservation-based water rates, including budget-based rate designs. She also managed capacity fee charges throughout the state, ensuring the fees are compliant despite the dynamic regulatory landscape. Her expertise is founded upon her experience working with more than 200 water utilities throughout California. Ms. Kido is a member of the American Water Works Association (AWWA) and promotes best practices in the AWWA's *Manual M1 Principles of Water Rates, Fees and Charges* and the WEF *Manual of Practice Number 27*.

RELEVANT PROJECT HIGHLIGHTS

Costa Mesa Sanitary District, *Wastewater Rate Study 2022*

Costa Mesa Sanitary District provides sewer service for nearly 27,000 connections in Orange County, California. Costa Mesa SD retained RDN to complete a sewer collection rate study for \$29,500 which included a 5-year rate plan and long-term financial model. Ms. Kido, working for RDN, served as the project manager and principal contact for the rate study. Work was completed and the rates designed by RDN were approved in 2022.

Moulton Niguel Water District, *Cost of Service and Financial Plan Peer Review 2017 and 2022*

Moulton Niguel Water District provides water and sewer service for nearly 170,000 people in Orange County, California. Moulton Niguel WD retained RDN to complete a peer review for all of their internal rate and fee studies in 2021 for \$57,890 which included a review of the District's proposed rates for the next 5 years. Ms. Kido, working for RDN, served as the project manager and principal contact for the rate review, which was completed in 2022. Ms. Kido currently serves as a senior consultant for the capacity fee review, currently ongoing.

Rosamond Community Services District, *Water and Wastewater Rate Study 2021*

Rosamond Community Services District provides water and sewer service for over 5,000 accounts in Kern County, California. Rosamond CSD retained RDN to complete a Water and sewer rate study in 2020 for \$89,060 which included a long-term financial plan and a 5-year rate proposal. Ms. Kido, working for RDN, served as the project manager and principal contact for the rate study, which was completed in 2021.

ADDITIONAL PROJECT EXPERIENCE

- South Coast Water District, *Water, Recycled Water, and Sewer Rate Studies*
- City of Alhambra, *Water Rate Study*
- Montecito Sanitary District, *Wastewater Rate Study*
- Ventura River Water District, *Water Rate Financial Plan*

- Napa County – LBRID/NBRID, *Water and Wastewater Rate Studies*
- Quartz Hill Water District, *Water Rate Study*
- Redway Community Services District, *Water and Sewer Rate Studies*
- West Valley Water District, *Development Impact Fee Study*
- Mid-Peninsula Water District, *Capacity Fee Study*
- Timber Cove County Water District, *Water Rate Study*
- Riebli Mutual Water Company, *Water Rate Study*
- Palm Ranch Irrigation District, *Water Rate Study*
- City of Greenfield, *Water and Sewer Rate Studies*
- Chester Public Utilities District, *Water and Sewer Rate Studies*
- Lost Hills Utility District, *Water and Sewer Rate Studies*
- North Edwards Water District, *Water Rate Study*
- Mendocino City Community Services District, *Sewer Rate Study*
- Manatt, Phelps, and Phillips, LLC, *Water Rate Comparison Study*
- Lake County Sanitation District, *Sewer Rate Study*
- Wynola Water District, *Water Rate Review*
- Riverfront Mutual Water Company, *Water Rate Study*
- San Simeon Community Services District, *Sewer Rate Study*
- City of Loyalton, *Sewer Rate Study*
- Rand Community Services District, *Water Rate Study*
- Center Water Company, *Water Rate Study*
- Palmdale Water District, *Water Rate Study*
- Santa Clarita Valley Water, *Water Rate Review*
- West Valley Water District, *Construction Water Rate Study*
- Hi-Desert Mutual Water Company, *Water Rate Study*
- Apple Valley Heights County Water District, *Water Rate Study*
- Daggett Community Services District, *Water Rate Study*
- Mariana Ranchos County, *Water Rate Study*
- Apple Valley View Mutual Water Company, *Water Rate Study*
- Sheep Creek Water Company, *Water Rate Study*
- Thunderbird County Water District, *Water Rate Study*
- Juniper Riviera Community Water District, *Water Rate Study*
- West Valley County Water District, *Water Rate Study*
- Las Virgenes Municipal Water District, *Water Budget Model*
- Fremont Valley Preservation Project, *Water Rate, and Revenue Analysis Study*
- Golden State Water Company, *Comparative Water Rate Analysis*

Anthony Elowsky, M.A.

Project Manager



TECHNICAL SPECIALTIES

- Financial Planning
- Cost of Service Analysis
- Rate Design
- Database Management
- Rate Comparison
- Data Analysis
- Technical Report Review

PROFESSIONAL HISTORY

Robert D. Niehaus, Inc.

Project Manager/Analyst (2018-Present)

Market Researcher (2017-2018)

Dudek Environmental, Inc.

Field Technician (2016-2017)

EDUCATION

Master of Arts (2020) CSU, Fullerton

Bachelor of Arts (2014) CSU, Los Angeles

PROFESSIONAL PRESENTATIONS

- *Wastewater Rate Changes and the Journey to Acceptance* California Rural Water Association Expo 2022, Stateline, NV. March.
- *Incorporating Customer Use Distributions when Calculating Drought Surcharges.* Paper presented at the ACWA Virtual Fall Conference, October 27-29, 2020.

OVERVIEW & BIOGRAPHY

Mr. Elowsky manages RDN's utility financial planning projects, including water and wastewater rate- and fee-setting studies. His expertise lies in water and wastewater financial planning, cost of service analysis, rate and fee design, and applied economic research. He manages water and wastewater rate studies, capacity fee studies, and builds customized financial models to help utilities meet their financial goals. He has also conducted comparative water rate analyses and compiled and analyzed data on water rates and financial information for more than 100 purveyors throughout California. He provides rate setting expertise to professional organizations for both water and wastewater concerns. Mr. Elowsky holds a bachelor's degree from California State University, Los Angeles as well as a master's degree from California State University, Fullerton.

RELEVANT PROJECT HIGHLIGHTS

Lake Arrowhead Community Services District, *Water & Wastewater Rate Study 2022*

Lake Arrowhead Community Services District provides water and sewer service for over 8,000 accounts in San Bernardino County, California. Lake Arrowhead CSD retained RDN to complete a water and sewer rate study in 2021 which included a long-term financial plan and a 5-year rate proposal for four separate utilities. Mr. Elowsky, working for RDN, served as financial analyst for the rate study, which was completed in 2022.

City of Lynwood, *Water and Wastewater Rate Studies, Ongoing*

The City of Lynwood provides water and sewer service for over 9,000 customers in Los Angeles County, California. The City of Lynwood retained RDN to complete a water and sewer rate study which included a 5-year rate plan and long-term financial model. Mr. Elowsky, working for RDN, serves as the project manager for the rate study. The project is ongoing.

Hilton Creek Community Services District, *Wastewater Rate and Connection Fee Study, 2023*

Hilton Creek Community Services District provides sewer service for over 500 connections in Mono County, California. Hilton Creek CSD retained RDN to complete a sewer rate and fee study which includes a 5-year rate plan, long-term financial model, and a capacity fee analysis. Mr. Elowsky, working for RDN, serves as the project manager and principal contact for the rate and fee study. The District held a successful Proposition 218 Hearing in June, 2023.

ADDITIONAL PROJECT EXPERIENCE

- Jurupa Community Services District, *Comprehensive Cost of Services Study*
- Victor Valley Wastewater Reclamation Authority, *Water and Wastewater Rate Studies*
- City of Huntington Beach, *Sewer Rate Study*
- City of Santa Ana, *Water and Sewer Financial Plans*

- Costa Mesa Sanitary District, *Sewer Rate Study*
- Moulton Niguel Water District, *Water Recycled Water, and Sewer Rate Review*
- South Coast Water District, *Water, Recycled Water, and Sewer Rate Studies*
- High Valleys Water District, *Water Rate Study*
- City of Alhambra, *Water Rate Study*
- Montecito Sanitary District, *Wastewater Rate Study*
- Rosamond Community Services District, *Water and Wastewater Rate Study*
- Ventura River Water District, *Water Rate Financial Plan*
- Loleta Community Services District, *Sewer Rate Study*
- Lone Pine Community Services District, *Wastewater Rate Study*
- Greenfield County Water District, *Water Rate Study*
- Napa County – LBRID/NBRID, *Water and Wastewater Rate Studies*
- Quartz Hill Water District, *Water Rate Study*
- Redway Community Services District, *Water and Sewer Rate Studies*
- West Valley Water District, *Development Impact Fee Study*
- Mid-Peninsula Water District, *Capacity Fee Study*
- City of California City, *Water and Wastewater Rate and Capacity Fee Studies*
- Timber Cove County Water District, *Water Rate Study*
- Riebli Mutual Water Company, *Water Rate Study*
- Palm Ranch Irrigation District, *Water Rate Study*
- City of Greenfield, *Water and Sewer Rate Studies*
- Chester Public Utilities District, *Water and Sewer Rate Studies*
- Lost Hills Utility District, *Water and Sewer Rate Studies*
- North Edwards Water District, *Water Rate Study*
- Mendocino City Community Services District, *Sewer Rate Study*
- Manatt, Phelps, and Phillips, LLC, *Water Rate Comparison Study*
- Lake County Sanitation District, *Sewer Rate Study*
- Wynola Water District, *Water Rate Review*
- Riverfront Mutual Water Company, *Water Rate Study*
- San Simeon Community Services District, *Sewer Rate Study*
- City of Loyalton, *Sewer Rate Study*
- Rand Community Services District, *Water Rate Study*
- Center Water Company, *Water Rate Study*
- Palmdale Water District, *Water Rate Study*
- Santa Clarita Valley Water, *Water Rate Review*
- West Valley Water District, *Construction Water Rate Study*
- Hi-Desert Mutual Water Company, *Water Rate Study*
- Apple Valley Heights County Water District, *Water Rate Study*
- Daggett Community Services District, *Water Rate Study*
- Mariana Ranchos County, *Water Rate Study*
- Apple Valley View Mutual Water Company, *Water Rate Study*
- Sheep Creek Water Company, *Water Rate Study*
- Thunderbird County Water District, *Water Rate Study*
- Juniper Riviera Community Water District, *Water Rate Study*
- West Valley County Water District, *Water Rate Study*
- Orsi Public Utility District, *Water and Wastewater Rate Study*

Sanjay Gaur, M.P.A., M.S.

Outreach Coordinator; Water Resources Economics



OVERVIEW & BIOGRAPHY

Mr. Gaur has over 25 years of financial and rate consulting experience in water and wastewater utility administration. He has provided consulting services to over 100 different agencies, including the Caribbean Region. He has often provided his insight into utility rate and conservation-related matters for various publications including: authoring articles in *Journal AWWA*; being quoted in various newspaper articles including the *Los Angeles Times* and the *New York Times*. He has co-authored several industry guide books including *AWWA's Manual M1 Principles of Water Rates, Fees and Charges, 7th Edition*, *AWWA's Water Rates, Fees, and the Legal Environment, Second Edition*, and *Water and Wastewater Finance and Pricing: The Changing Landscape*. He is a member of the AWWA's Rates and Charges Committee. Mr. Gaur was a Peace Corps Volunteer in Bulgaria. He has MS in Applied Economics from UC Santa Cruz and an MPA/ID from the Kennedy School of Government, Harvard University.

TECHNICAL SPECIALTIES

- Proposition 218 Compliance
- Financial Analysis
- Cost of Service Studies
- Conservation Rate Design
- Capacity Fee Studies
- Cost Benefit Analysis
- Econometric Analysis

PROFESSIONAL HISTORY

Water Resources Economics, LLC
Principal Consultant
(2021-Present)

Raftelis Financial Consultants, Inc.
Vice President (2015-2021)
Senior Manager (2012-2014)
Manager (2009-2012)

Red Oak Consulting (2007-2009)
Munifinancial (2005-2006)
A&N Technical Services (1993-2003)

EDUCATION

Master of Public Administration
(2003) Kennedy School of
Government, Harvard University

*Master of Science, Applied
Economics* (1994)
University of California Santa Cruz

*Bachelor of Arts, Economics and
Environmental Studies* (1992)
University of California Santa Cruz

RELEVANT PROJECT EXPERIENCE

- Alameda County Water District - *Financial Plan Study and Annual Updates, Conservation Tiered Rate Feasibility Analysis, Drought Rate Study, Water Cost of Service and Rate Study, and other Ad-hoc Support*
- American Water Company - *Water Rate Study*
- Borrego Water District - *Financial Planning Study, Groundwater Sustainability Plan, Water Rate Study, and Basin Management Evaluation*
- City of Calexico - *Water and Sewer Rate Study*
- City of Camarillo - *Water and Wastewater Rate Study, Financial Plan Study, and Cost of Service Study,*
- Carpinteria Sanitary District - *Sewer Rate and Fee Study*
- Castaic Lake Water Agency - *Wholesale Water Rate Study, Drought Rates, Rate Analysis, and Facility Capacity Fees*
- Central Basin Municipal Water District - *Financial Plan*
- City of Chino Hills - *Water Budget Rate Design, Financial Plan Study and Cost of Service and Rate Design*
- City of Chowchilla - *Water and Wastewater Rate Study*
- Coastside County Water District - *Water Rate Study*
- Contra Costa Water District - *Financial Plan Study, Water Rate Study and Drought Rates Study*
- City of Corona - *Water Budget Rate Study, Wastewater Capacity Fees Study*
- Cucamonga Valley Water District - *Financial Plan, Water Conservation Rate Study, and Drought Rates*
- East Bay Municipal Utility District - *Water and Wastewater Cost of Service and Rate Study*
- Eastern Municipal Water District - *Water Budget Study and Financial Plan Study*
- East Orange County Water District - *Water Budget Study, Sewer Capacity Fees Study, and Financial Plan Study*

- Elsinore Valley Municipal Water District – *Financial Mode, Drought Rate Analysis, Water and Recycled Water Rate Study, Capacity Fee Study, and Wastewater Rate Study*
- El Toro Water District - *Water Budget Study and Recycled Water Financial Plan Study*
- City of Escondido - *Water and Wastewater Rate Study and Capacity Fees Study*
- Fallbrook Public Utilities District - *Water, Wastewater and Recycled Water Rate Study*
- City of Glendora - *Water Budget Feasibility Study*
- City of Gridley - *Water Rate Study*
- Helix Water District - *Water Rate and Cost of Service Study*
- Hi-Desert Water District - *Water Rate Study*
- City of Hollister - *Sewer Rate and Impact Fee Study, Water Rates Study, and Capacity Fee Study*
- City of Huntington Beach - *Sewer Rate Study, Water Budget Rate Study, and Financial Plan Study*
- - *Water and Wastewater Rate Study*
- Indio Water Authority - *User Fee Study and Water Rate Study*
- Inland Empire Utilities Agency - *Conservation Rate Structure Workshop and Financial Plan Study*
- Inyo County Water Department - *Water Rate Study*
- Irvine Ranch Water District - *Conservation Study*
- Jurupa Community Services District - *Water Budget Study*
- La Habra Heights County Water District - *Wheeling Rate Study and Financial Plan Study*
- La Puente Valley County Water District - *Water Rate and Fee Study*
- Las Virgenes Municipal Water District - *Water Budget Rate Study, Water, RW and WW Financial Plan and Rate Studies, Capacity Fees Study*
- City of Livermore - *Water Cost of Service Study*
- City of Livingston - *Water Rate Study*
- City of Lomita - *Water Rate Workshop*
- City of Long Beach - *Water, Recycled Water and Wastewater Financial Plan and Rate Studies*
- Los Alamos Community Services District - *Water and Wastewater Rate Study*
- Los Angeles Department of Water and Power - *Daily Demand Estimates*
- City of Lynwood - *Cost Allocation Plan*
- City of Malibu - *Wastewater and Recycled Water Rate Study*
- Mammoth Community Water District - *Water Rate Study*
- City of Merced - *Water and Sewer Rate and Impact Fee Study*
- Mesa Consolidated Water District - *Financial Plan Study, Cost Comparison Study, Water and Recycled Water Cost of Service and Rate Design Study*
- Metropolitan Water District of Southern California - *Drought Allocation Model, Long Range Financial Plan, and Cost of Service Evaluation*
- Mill Valley – *Tamalpais Community Services District - Financial Plan Study*
- Mojave Water Agency - *Financial Plan Study, Financial Impact Analysis for Water Exchange and Leasing Programs and Water Reliability Rate Development*
- Modesto Irrigation District - *Stormwater Fee Study*
- Monterey Peninsula Water Management District - *Water Budget Study*
- Municipal Water District of Orange County - *Conservation Potential Study and Rate Study*
- City of Newport Beach - *Water Rate Study*
- City of Palo Alto - *Water Cost of Service and Rate Study*
- Pasadena Water and Power - *Water Cost-of-Service and Rate Design Study*
- Placer County Water Agency - *Cost of Service, Rate, and Financial Plan Study*
- City of Pomona - *Rate Study*
- City of Port Hueneme - *Water and Solid Waste Rate Study*
- City of Orange - *Water and Sanitation Rate Study*

Bjorn Kallerud, M.Sc.

Consultant



TECHNICAL SPECIALTIES

- Econometric Modeling
- Database Management
- Data Visualization
- Statistical Programming
- Technical Report Review

PROFESSIONAL HISTORY

Robert D. Niehaus, Inc.
Economist (2018-Present)
Market Researcher (2016)

EDUCATION

Master of Science in Economics
(2018) Stockholm School of
Economics

*Bachelor of Arts in Economics &
Psychology* (2014) University of
California, Santa Barbara

PROFESSIONAL MEMBERSHIPS

- National Association of Business
Economics

OVERVIEW & BIOGRAPHY

Bjorn is a quantitative economist specializing in application of statistical programming to water and wastewater rate analyses and capacity fees. He is an integral part of RDN's water, housing, and regional econometric modeling teams. He has conducted demand and financial analyses in support of rate-setting for water agencies throughout California. His M.Sc. in Economics is from the Stockholm School of Economics (emphasis in applied economic analysis), and his B.A. in Economics is from U.C. Santa Barbara (with distinction). His master's thesis addressed the effects of drought on irrigation decisions regarding use of groundwater and surface water in the agricultural sector.

RELEVANT PROJECT HIGHLIGHTS

Palmdale Water District, *Water Rate Study*

- Econometrically forecasted urban water demand and account growth
- Built interactive applications for bill impact analysis and compliance with impending changes to state legislation
- Conducted series of interim reports that analyzed the effects of incorporating parcel-level land use data for water budget rate structure
- Presented study results at Proposition 218 hearing

Santa Clarita Valley Water Agency, *Water, Wastewater, and Recycled Water Ratepayer Advocate*

- Built relational database to reconcile historical customer usage data across three agencies that merged into one
- Reviewed Facility Capacity Fee calculation modeling efforts by the agency

ADDITIONAL PROJECT EXPERIENCE

- City of Alhambra, *Water Rate Study*
- Costa Mesa Sanitary District, *Wastewater Rate Study*
- California City, *Water, Recycled Water, and Sanitary Sewer Rate Studies*
- West Valley Water District, *Development Impact Fee Study*
- Mid-Peninsula Water District, *Capacity Fee Study*
- Quartz Hill Water District, *Water Rate Study*
- California City, *Water, Recycled Water, and Capacity Fee Study*
- Palmdale Water District, *Water Rate Study*
- Napa County, *Water & Wastewater Rate Study*
- California Rural Water Association, *Water & Wastewater Rate Studies*
- Mariposa County, *Water Rate Study*
- Daggett Community Services District, *Water Rate Study*
- Apple Valley Foothill Community Services District, *Water Rate Study*
- Mariana Ranchos County, *Water Rate Study*
- Sheep Creek Water Company, *Water Rate Study*
- Thunderbird County Water District, *Water Rate Study*
- Juniper Riviera Community Water District, *Water Rate Study*
- Apple Valley View Mutual Water Company, *Water Rate Study*
- Orosi Public Utility District, *Water Rate Study*
- Patterson Tract Community Services District, *Water Rate Study*
- West Valley County Water District, *Water Rate Study*

Zachary Van Dinther, B.S.

Consultant



OVERVIEW & BIOGRAPHY

Mr. Van Dinther provides financial and economic consulting support throughout the rate study process. He is responsible for collecting and analyzing water and wastewater data from agency budgetary documents and customer billing records. He also forecasts urban water demand and account growth and produces powerful data visualization tools, which are used in reports and public outreach materials. Mr. Van Dinther leverages his experience conducting research with Dr. Jan Beecher for the Institute of Public Utilities at Michigan State University, where he received his B.S. in Environmental Economics.

TECHNICAL SPECIALTIES

- Database Management
- Data Analysis
- Statistical Programming
- Data Visualization
- Technical Report Review
- Cost Indexes

PROFESSIONAL HISTORY

Robert D. Niehaus, Inc.
Consultant (2020-Present)
Market Researcher (2017)

*Institute of Public Utilities at
Michigan State University*
Research Assistant (2018-2020)

EDUCATION

*Bachelor of Science in
Environmental Economics (2020)*
Michigan State University

PROFESSIONAL MEMBERSHIPS

- National Association for
Business Economics (NABE)

RELEVANT PROJECT HIGHLIGHTS

Rosamond Community Services District, *Water and Wastewater Rate Study*

- Helped evaluate the Districts' rates and financial data, make recommendations and propose rates that meet the water industry's rate-making policies.
- Performed econometric customer-demand projections and bill impact study
- Assisted in preparation of Proposition 218 hearing process

Lake Arrowhead Community Services District, *Water & Wastewater Rate Study*

- Forecasted water demand and account growth over a 10-year period utilizing econometric methods.
- Calculated cost escalation factors for City expenses using local, state and federal data sources.
- Presented findings to Board of Directors at public meeting

ADDITIONAL PROJECT EXPERIENCE

- City of Alhambra, *Water Rate Study*
- Rosamond CSD, *Water and Wastewater Rate Study*
- Quartz Hill Water District, *Water Rate Study*
- California City, *Water, Recycled Water, and Sanitary Sewer Rate Studies*
- West Valley Water District, *Development Impact Fee Study*
- Lake Arrowhead CSD, *Water and Wastewater Rate Study*
- Lost Hills Utility District, *Wastewater Rate Study*
- Lake County Sanitation District, *Wastewater Rate Study*
- Mid-Peninsula Water District, *Capacity Fee Study*
- California City, *Water and Wastewater Capacity Fee Studies*
- City of Loyalton, *Wastewater Rate Comparison Study*
- Palmdale Water District, *Water Rate Study*
- Santa Clarita Valley Water, *Water Rate Review*
- California Rural Water Association, *Water Rate Study*
- Mariana Ranchos County, *Water Rate Study*
- Apple Valley View Mutual Water Company, *Water Rate Study*
- Thunderbird County Water District, *Water Rate Study*
- Juniper Riviera Community Water District, *Water Rate Study*
- Orosi Public Utility District, *Wastewater Rate Study*
- West Valley County Water District, *Water Rate Study*
- Napa County, *Water and Sewer Rate Study*





Palmdale Water District

2024 Water Rate Study Cost Proposal

Robert D. Niehaus, Inc. | March 25, 2024
Jack Lyon 805-618-1356 | Jack@rdniehaus.com
140 East Carrillo Street, Santa Barbara, CA 93101

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March 25, 2024

Dennis Hoffmeyer
Finance Manager/CFO
Palmdale Water District
2029 E Avenue Q
Palmdale, CA 93550

Jack Lyon, Director of Business Development
Phone: (805) 962-0611 | Email: Jack@RDNiehaus.com
Robert D. Niehaus, Inc.
140 E Carrillo Street
Santa Barbara, CA 93101

Subject: Fee Proposal for the 2024 Water Rate Study

Dear Mr. Hoffmeyer and Palmdale Water District,

Robert D. Niehaus, Inc. (RDN) is pleased to submit our fee proposal to conduct the 2024 Water Rate Study (Study) for the Palmdale District (District). Enclosed is our not-to-exceed fee proposal and our project team's hourly rates for each labor category.

We are excited for the opportunity to work with the District on this important project. To discuss our technical or fee proposal, which is valid for a 120-day period, please coordinate with Jack Lyon, Director of Business Development, at 805.618.1356 or jack@rdniehaus.com.

Respectfully submitted,



Robert D. Niehaus, Ph.D.
Managing Director, Principal Economist



Jack Lyon
Director of Business Development

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FEE PROPOSAL

The tables below present RDN’s fee proposal and compensation schedule, respectively. Our not-to-exceed fee proposal to provide professional consulting services to conduct the Palmdale Water District’s 2024 Water Rate Study, including other direct costs and travel expenses, is \$95,880.

Table 1. RDN Not-to-Exceed Fee Proposal

Tasks	Hours						Total Cost
	Niehaus	Elowsky	Kido	Gaur	Consultants	Total Hours	
	\$320	\$220	\$250	\$320	\$180		
1. Kickoff & Data Collection	4	16	2	8	10	40	\$9,660
2. Ten-Year Financial Plan	4	40	8	8	20	80	\$18,240
3. Cost of Service Analysis	4	24	6	4	16	54	\$12,220
4. Rate Design	4	30	16	8	24	82	\$18,760
5. Reports & Models	4	32	8	4	40	88	\$18,800
6. Public Meetings & Proposition 218	0	25	0	35	0	60	\$16,700
Estimated Expenses							\$1,500
Total Hours	20	167	40	67	110	404	
Total Fees & Expenses	\$6,400	\$36,740	\$10,000	\$21,440	\$19,800		\$95,880

Table 2. RDN Labor Rates

Name	Project Role	Hourly Rate
Robert Niehaus, Ph.D.	Project Director	\$320
Anthony Elowsky, M.A.	Project Manager	\$220
Ichiko Kido, M.B.A	QA/QC	\$250
Sanjay Gaur, M.S., M.P.A.	Outreach Coordinator	\$320
Kallerud, Van Dinther, Etc.	Consultants	\$180



Palmdale Water District

2024 Water Rate Study

RFP 24-403 / MARCH 25, 2024





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

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



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

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

Table of Contents

- IV.A. Letter of Introduction 1
- IV.B. Profile of Firm 3
- IV.C. Qualification of the Firm 7
- IV.D. Approach to Project 15
- IV.E. Project Staffing and Availability.. 32
- IV.F. Unique Qualities of Qualifications..... 41
- IV.G. References 42
- IV.H. Accept the District's Professional Services Agreement..... 43
- IV.I. Data Requirements 45
- IV.J Project Fee and Schedule 45

IV.A. LETTER OF INTRODUCTION

March 25, 2024

Mr. Dennis Hoffmeyer
Finance Manager/CFO
Palmdale Water District
2029 East Avenue Q
Palmdale, CA 93550

Subject: Proposal for 2024 Water Rate Study (RFP 24-403)

Dear Mr. Hoffmeyer:

Raftelis is excited for the opportunity to serve the Palmdale Water District (District) and delighted to submit this proposal for your 2024 Water Rate Study. Our firm has the expertise to ensure that the District successfully meets the twin challenges you seek to address in the study.

The first is developing proposed rates for the period CY 2025-2029 that will ensure the District has the financial resources to continue to provide superior service to your customers throughout the southern Antelope Valley. The need for revenue sufficiency and stability is critically important given the District's planned expenditures for the Pure Water AV Project, which are forecast to total approximately \$227 million through CY 2029. The second challenge is evaluating whether a new or modified water budget rate structure should be implemented to achieve the District's financial and water use efficiency objectives in a more effective manner that remains fully compliant with the requirements of Proposition 218.

Ensuring that the District grows public trust as it conducts its rate study and implements new rates is critical. We understand that customer engagement and communications have been, and will continue to be, a high priority of the District. At a time when the public is fatigued from the lasting effects of the pandemic, concerned about inflation, and skeptical of public processes, proactive public outreach is key to securing public understanding and ultimate Board approval of the rate study recommendations.

About Raftelis – Our California Expertise

Founded in 1993, our firm has the experience and expertise to craft solutions that will position the District to meet its long-term challenges. We are a national leader in providing financial planning and rate consulting services to the municipal water industry. With offices in Los Angeles, Riverside County, and Santa Barbara, we have successfully served water utilities across California with rate recommendations that have been readily adopted and successfully implemented. We understand the challenges California water utilities face in complying with Proposition 218 and have successfully developed water budget rate structures for numerous California agencies.

Experienced Project Team

To provide superior service to the District, we have assembled a highly experienced project team.

- **Project Director:** Steve Gagnon, PE (AZ), will serve as our Project Director responsible for ensuring that your study objectives are fully met. Steve is a Vice-President with Raftelis based in Los Angeles. He has conducted water utility rate studies in Southern California for approximately 14 years and has 10 years of experience working as an engineering consultant. He is registered as an environmental engineer in Arizona, a Municipal Advisor with the U.S. Securities and Exchange Commission, and is the chair of the California/Nevada American Water Works Association (CA NV AWWA) Financial Management Committee.
- **Rate Study Technical Project Manager:** I, John Wright, CPA (CO), will serve as the Rate Study Technical Project Manager. I am a Senior Manager with Raftelis in our Riverside County office and have conducted water utility rate studies with Raftelis for almost 14 years. Prior to joining Raftelis, I was the Manager of Rate Administration at Denver Water. I am a Certified Public Accountant in Colorado, a Municipal Advisor Representative registered with the U.S. Securities and Exchange Commission, and a member of the Editorial Board overseeing the update of the American Water Works Association publication, *Manual of Water Supply Practices M1, Principles of Water Rates, Fees, and Charges* (AWWA Manual M1).
- **Strategic Communications Project Manager:** Gina DePinto, APR, will serve as the Project Manager for the stakeholder outreach portion of the study. Gina is a Manager with Raftelis based in Orange County. She has more than 34 years of public relations experience. Prior to joining Raftelis, Gina served as the Communications Manager for the County of Santa Barbara and led communications for the Orange County Water District during construction and launch of the world-renowned Groundwater Replenishment System.
- **Technical Advisor and Quality Control Reviewer:** Kevin Kostiuik will serve as our Technical Advisor and Quality Control Reviewer. Kevin is a Senior Manager with Raftelis based in Santa Barbara. He has more than 10 years of California water utility rate-setting experience with a focus on water cost-of-service and assessing alternative rate structures. Kevin has modeled budget-based rate structures for several California agencies including the East Valley Water District, the Elsinore Valley Water District, the Crescentia Valley Water District, and the cities of Corona, Redlands, and Tustin.

Thank you for the opportunity to submit this proposal. Raftelis identifies and confirms our ability to meet the requirements of the proposal. Our proposal is conditioned upon mutually agreeable revisions to the District's Contract Services Agreement. My contact information is enclosed below. Please contact me should you have any questions.

Sincerely,



John Wright

Senior Manager

Raftelis Financial Consultants, Inc. (DBA Raftelis) / 24640 Jefferson Avenue, Suite 207, Murrieta, CA 92562

Phone: 951.395.1674 / Email: jwright@raftelis.com

IV.B. PROFILE OF FIRM

Profile of Firm

HELPING LOCAL GOVERNMENTS AND UTILITIES THRIVE

Local government and utility leaders partner with Raftelis to transform their organizations by enhancing performance, planning for the future, identifying top talent, improving their financial condition, and telling their story. We've helped more than 700 organizations in the last year alone.

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

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

DEFENSIBLE RECOMMENDATIONS: Industry knowledge to ensure methodologies reflect best practices. Our senior staff is involved in shaping industry standards by chairing various committees within AWWA and the Water Environment Federation (WEF). Raftelis' staff members have also co-authored many industry-standard books regarding utility finance and rate setting. Being so actively involved in the industry will allow us to keep the District informed of emerging trends, issues, and to be confident that our recommendations are insightful and founded on sound industry principles. In addition, with Raftelis' registration as a Municipal Advisor, you can be confident that we are fully qualified and capable of providing financial advice related to all aspects of utility financial planning in compliance with federal regulations.

HISTORY OF SIMILAR SUCCESSSES: A long history of project experience to ensure successful execution. Raftelis staff have assisted 1,700+ utilities throughout the U.S. with financial and rate consulting services with wide-ranging needs and objectives. Our extensive experience will allow us to provide innovative and insightful recommendations to the District while also ensuring that industry best practices are incorporated.

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

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

Firm Information

Firm Size:

198 employees, including 172 consultants

Local Organizational Structure:

Please refer to the following page for an organizational chart of our firm's structure.

Financial Stability:

Raftelis is financially stable and has the resources to provide the requested services to the District in a satisfactory manner. Raftelis has experienced steady growth throughout our 30 years of successfully providing consulting services to hundreds of public agencies across the country. During our 30-year history, we have produced a consistent annual revenue stream and positive net income in every year.

Upon request, we would be willing to provide information regarding our tax filings from our accountant, Dixon Hughes Goodman, or regarding our financial activity and current financial position from our bank, First Citizens Bank, if requested. We would ask that all financial information provided be kept confidential.

Capacity and Resources:

The District will have the support of our full staff of 172 consultants. We also have 26 additional support staff to provide administrative, billing, and graphic design services.

Litigation:

Raftelis has been joined as a third-party defendant in a lawsuit filed by local developers against the Town of Fuquay-Varina, North Carolina. The subject of this currently pending litigation is development impact fees assessed by the town and developed by Raftelis. This is the only legal case in which Raftelis has been joined as a party in the history of our firm. Raftelis intends to vigorously defend the allegations and claim.

Insurance Claims/Settlements:

Raftelis nor its insurers have paid claims or settlements within the last five years.

Firm Organization Chart

Over the last five years, our firm has grown from 60 to 198 employees. Raftelis' staff consists of some of the most knowledgeable and skilled consulting professionals in the municipal consulting industry. The organizational chart below shows the full organization and reporting structure of our firm.





How we stack up

OUR TEAM INCLUDES

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

2 chairs & **16** members of AWWA and WEF utility finance and management committees and subcommittees

& a Past President of AWWA

RAFTELIS HAS PROVIDED ASSISTANCE FOR

1,700+ public agencies and utilities

that serve more than

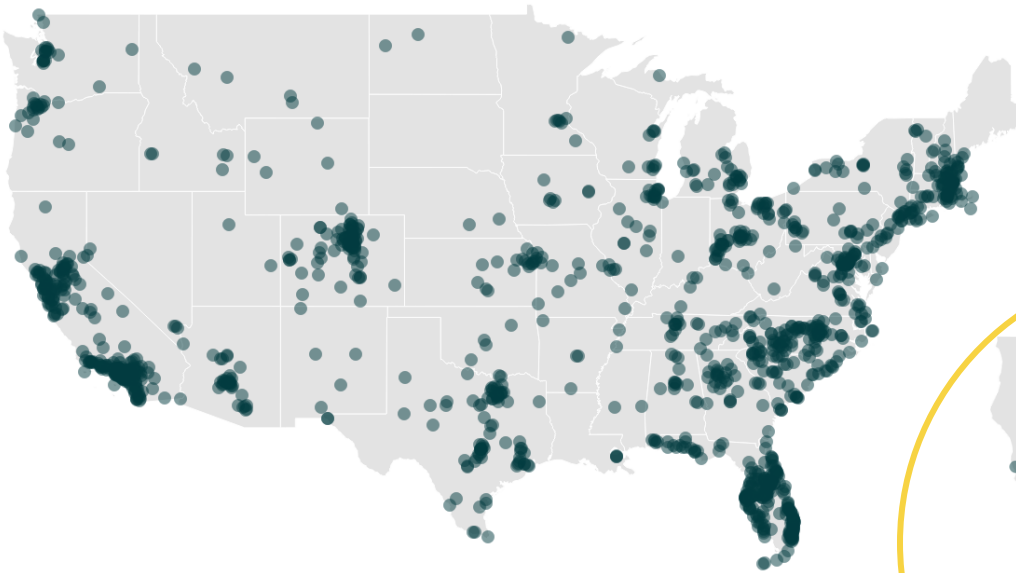
25% of the U.S. population

including the agencies serving

41 of the nation's 50 largest cities

in the past year alone, we worked on

1,300+ projects for **700+** agencies in **47** states



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

IV.C. QUALIFICATION OF THE FIRM

Qualification of the Firm

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

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

City of Pasadena CA

Total Project Cost: \$142,000

Percentage of Work: 100%

Dates of Service: August 2022-January 2024

Adherence to Schedule & Budget: Raftelis adhered to the schedule and budget

Key Personnel Involved: Steve Gagnon

Raftelis recently assisted Pasadena Water and Power in preparing its first professional water rate study. Raftelis helped the City select a rate structure by discussing the pros and cons of different approaches. In July, 2023, Steve presented the pros and cons of each of the below rate structures:

1. Traditional tiered rates by customer class (single family, multi-family, commercial, etc.)
2. Pasadena's current rate structure which is tiered by meter size
3. Budget based tiered rates which are tiered rates based on household size and lot size

We also prepared a financial plan to ensure rate revenues recover all costs and will complete a cost-of-service study to allocate costs to each customer class. The chosen rate structure will then be designed to collect costs from each customer class based on the cost-of-service.

City of Oxnard CA

Total Project Cost: \$240,048

Percentage of Work: 100%

Dates of Service: December 2022–July 2023

Adherence to Schedule & Budget: Raftelis adhered to the schedule and budget

Key Personnel Involved: Steve Gagnon and Gina DePinto

In early 2023, Raftelis assisted the City of Oxnard in developing a financial plan and set water and recycled water rates for their water utility. Oxnard has a well-known, vocal, litigious, and involved customer base. We simplified their rate structure and helped assess capital spending. Raftelis worked with City staff to develop and implement an engagement plan and strategy with bilingual messaging, FAQs, fact sheets, website content, and the Proposition 218 Notice. We held a series of open houses that covered the basics of rate setting and the need for continuous investment in the utility. We also presented to the Council and the Public Works Committee for a rate-setting basics workshop and to present the draft rates. During all public and community meetings, Raftelis and City staff fielded questions from the public. The rates were implemented by the Council in spring 2023.

Las Virgenes Municipal Water District CA

Total Project Cost: \$34,000

Percentage of Work: 100%

Dates of Service: August 2021–September 2022

Adherence to Schedule & Budget: Raftelis adhered to the schedule and budget

Key Personnel Involved: John Wright

In 2021 and 2022, Raftelis assisted the La Virgenes Municipal Water District and the Triunfo Water and Sanitation District develop long-range water, wastewater, and recycled water rate forecasts for the Las Virgenes-Triunfo Pure Water Project. The Raftelis analysis was led by John Wright and consisted of working with both utilities and their financial advisor (Piper Sandler) to develop long-term rate forecasts under differing financing strategies (e.g., WIFIA lands, revenue bonds, grants, and pay-go funding). Las Virgenes and Triunfo provide water and wastewater service to communities in Western Los Angeles County and Eastern Ventura County. Both agencies are partners in the Las Virgenes -Triunfo Joint Powers Authority (JPA) which operates the Tapia Water Reclamation Facility. The JPA has pursued the Pure Water Project to develop an alternative water supply source that is cost competitive with imported water and that significantly reduces the uncertainty of supplies from the California State Water Project. The Pure Water Project will supply up to 1,600 acre feet/year (AFY) for Las Virgenes and up to 670 AFY for Triunfo. The total estimated construction cost for the Pure Water Project ranges from \$300 million (low) to \$342 million (high).

San Bernardino Municipal Water Department CA

Total Project Cost: \$119,222

Percentage of Work: 100%

Dates of Service: November 2021–March 2022

Adherence to Schedule & Budget: Raftelis adhered to the schedule and budget

Key Personnel Involved: John Wright

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

City of Long Beach Utilities CA

Total Project Cost: \$99,788

Percentage of Work: 100%

Dates of Service: October 2021–June 2022

Adherence to Schedule & Budget: Raftelis adhered to the schedule and budget

Key Personnel Involved: John Wright

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

Carpinteria Groundwater Sustainability Agency CA

Total Project Cost: \$22,201

Percentage of Work: 100%

Dates of Service: March 2023–July 2023

Adherence to Schedule & Budget: Raftelis adhered to the schedule and budget

Key Personnel Involved: Kevin Kostiuk and Gina DePinto

Raftelis was hired to evaluate fees to recover the costs of the Carpinteria Basin Groundwater Sustainability Agency's (GSA) administration and operations. The study included assisting staff with the development of a comprehensive budget and multi-year financial plan. Raftelis held multiple policy meetings with the full GSA Board

and committees to evaluate funding options, fee structures, policy objectives, and proposed fees. Preliminary GSA fees were presented in April 2022, and a selection of fees was made by the full Board in May 2022. Raftelis' also acted as a liaison to the County of Santa Barbara to initiate the direct charge of the GSA fee and to ensure timely submission for inclusion on the 2021-22 roll. In addition, Gina developed and executed an engagement plan to guide outreach activities for the fee study. The engagement plan included a master message platform; bilingual website content, fact sheet, video, and social media content; direct mail; and a series of community meetings and Board presentations. As recommended in Raftelis' Fee Study Report, the GSA Board of Directors approved a groundwater fee beginning with FY 2022-23.

Soquel Creek Water District CA

Total Project Cost: \$166,410

Percentage of Work: 100%

Dates of Service: March 2023–February 2024

Adherence to Schedule & Budget: Raftelis adhered to the schedule and budget

Key Personnel Involved: Kevin Kostiuk and Gina DePinto

Soquel Creek Water District (District) provides potable water service to 40,400 people through 15,800 connections in Santa Cruz County. The District relies solely on local groundwater to meet the customer demand of approximately 3,100-acre-feet per year. In September 2017, the District contracted with Raftelis to conduct a Rate Structure Evaluation Study (Study) to assess the feasibility of a CustomerSelect style rate structure. In 2018, Raftelis was contracted again with the District to perform a cost-of-service and rate study to include the development of tiered rates, CustomerSelect rates, and a long-term financial plan. Rates were presented at multiple Board meetings throughout 2018 with rates adopted in February 2019. Raftelis completed the most recent study adopting four years of additional rates in February 2024. The project included numerous meetings with the District's Board of Directors and workshops with the District's Water Rates Advisory Committee (WRAC). Gina developed and executed an engagement plan to guide outreach activities for the fee study.

CALIFORNIA EXPERIENCE

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

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

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

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

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

IV.D. APPROACH TO PROJECT

Project Approach

OVERARCHING PROJECT OBJECTIVES

Our proposed scope of services is geared toward successfully positioning the District to overcome the twin challenges it is currently facing. As part of meeting these challenges, our services will also include working with the District’s Public Affairs Department to develop and coordinate a successful public outreach campaign. Our proposed public outreach approach is discussed later in this proposal. Raftelis understands the dual challenges to be:

- Developing proposed rates for the five years CY 2025-2029 that will ensure you have the financial resources to continue to provide superior service while funding the Pure Water AV Project and other critical capital improvement projects
- As part of the process of developing proposed CY 2025-2029 rates, evaluating whether a new or modified Proposition 218 compliant water budget rate structure should be implemented to achieve your financial, water use efficiency, and public policy objectives

Objective 1: Pure Water AV Project and 2024 Rate Study Financial Planning

Upon its ultimate completion in 2031, the Pure Water AV Project will provide 5,325 acre feet or approximately 1.74 billion gallons of new locally controlled water per year. The Official Statement for the Palmdale Water District Public Financing Authority’s issuance of Series 2023A Water Revenue Bonds indicates that the cost of the Pure Water AV Project will be approximately \$227 million, including the cost of a project contingency fund of approximately \$42.5 million. Funding for the Pure Water AV Project is projected to come from the following services:

- \$17 million from the proceeds of subordinated debt obligations issued in 2024
- \$55 million from the proceeds of other future subordinated debt obligations
- \$20 million in pay-go funding from operational cash flows
- \$31 million in grant funding
- \$118 million in WIFIA loans

In addition to the expenditures for the Pure Water AV Project, the Official Statement provided a five-year capital project plan for the period CY 2025-2029 totaling over \$278 million as shown below.

Project Category	CY 2025 - 2029 Expenditure (\$ millions)	Identified Financing (\$ millions)
Asset/Infrastructure	\$28.5	\$18.0
Water Supply Including Pure Water AV	\$199.0	\$199.0
Well Projects	\$7.5	\$3.0
Storage Tanks	\$31.2	\$8.8
Booster Projects	\$10.1	\$6.3
Facility Projects	\$2.9	---
Equipment	\$2.5	---
Information Technology	\$4.4	---
Total	\$278.1	\$237.1

The District clearly has a sophisticated financial acumen. Through its public financing authority, the District routinely and successfully issues water revenue bonds to fund a significant portion of its capital funding needs. Nonetheless, the magnitude of the District's capital expenditures and projected debt funding through CY 2029 is noteworthy. On an annual average expenditure basis, the CY 2025-2029 capital project plan is equivalent to expenditures of approximately \$55.6 million per year. In contrast, the total capital expenditures identified in the District's CY 2022 and CY 2023 adopted budgets were only \$12.8 million and \$6.9 million, respectively.

From a debt financing perspective, as of December 31, 2022, the District had non-current liabilities of \$96 million including \$66.3 million in outstanding revenue bonds. Capital assets totaled approximately \$179.1 million. Thus, approximately 37% of the District's capital assets were financed by outstanding long-term revenue bond debt. This debt-to-asset ratio is not excessive, however, the Pure Water AV Project funding strategy will add at least \$190 million in new debt obligations to the District's balance sheet (\$118 million from WIFIA loans and \$72 million in subordinated water revenue bonds). Obviously, this will significantly increase required debt service payments and create an associated need for additional revenues to meet the District's target and contractually obligated debt service coverage ratios.

The magnitude of the Pure Water AV Project costs and debt funding highlights the critical importance of two things: first, developing proposed rates for CY 2025-2029 that provide sufficient revenues necessary to maintain the District's financial health; and second, the maintaining the District's access to the capital market, especially in the years immediately beyond CY 2029.

Raftelis has assisted in the development of multi-year financial plans for some the largest and most complex water utilities in California and the United States. Senior members of our project are highly experienced at working with both utility finance staff and external financial advisors to develop rate plans designed to assist in funding major capital projects. For example, John Wright, our project Rate Study Technical Project Manager worked extensively with the Las Virgenes Municipal Water District, the Triunfo Water and Sanitation District, and their external financial advisor to develop a projected rate plan for the funding of their joint Pure Water project.

Objective 2: Evaluating the District's Current Water Budget Rate Structure

As described in the District's Request for Proposals (RFP), your current water budget rate structure reflects a 2020 modification of the rate structure originally adopted in 2015. All proposed rates for CY 2025-2029, regardless of the rate structure in question, will be designed to recover the amount of revenue required to maintain District financial health under your planned Pure Water AV Project capital financing strategy. This fact notwithstanding, the water rates implemented by the District must comply with your specific financial, water-use efficiency, and public policy objectives. For example:

- ***Fixed Revenue Recovery***: Do the proposed rates produce an adequate amount of fixed revenue recovery to mitigate the risk of declines in water sales revenue? The optimization of the fixed and operating cost percentage covered by monthly meter charges was specifically requested in the District's RFP
- ***Stricter Indoor Consumption Regulations***: Does the District's current definition of essential use meet the requirements of SB 1157, which requires an indoor water use of 47 gallons per capita per day beginning on January 1, 2025?
- ***Cost-Based Allocation of Water Supply Costs***: Are the District's water supply costs being allocated to each consumption tier in an equitable and cost-justified manner?
- ***Customer Bill Affordability***: Does the existing rate structure achieve adequate bill affordability for low consumption customers?

In addition to the above broader questions, the District’s RFP includes the following specific requests:

- **Multi-Family Allocations:** Update the allocation calculations for the multi-family customer class to allow for a minimum allocation equal to the indoor allocation related to occupancy/units/rooms, if standards have changed
- **Compound Meter Reclassification:** Reclassification of compound meter accounts currently classified as commercial/industrial or fire service to multi-family compound or multi-family fire service, if applicable
- **Allocation Methodology for Commercial/Industrial Variances:** Development of an allocation methodology for the commercial/industrial customer class to account for large variances in historical water use
- **Drought Rates:** Development of a fully functional drought factor to provide funding for short-term, dry-year water market prices on non-essential tiers

Review of the Current Water Budget Rate Structure

The cornerstones of the District’s current water budget rate structure are the definitions of the allocations for essential and efficient water consumption for various customer types.

Essential and Efficient Water Definitions	
User Classifications	Water Budget Allocation
Single Family Residential (“SFR”)	Essential Use – Indoor allocation Efficient Use – Outdoor allocation
Multi-Family Residential (“MFR”)	Essential Use – Indoor allocation Efficient Use – Outdoor allocation
Commercial-Industrial (“CI”)	Essential Use – 3-yr average minimum monthly Efficient Use – 3-yr moving average, 3-month average
Irrigation Only (“IRR”)	Essential Outdoor Allocation 0.42 Landscape Factor Efficient Outdoor Allocation 0.70 Landscape Factor

The current allocation to each consumption tier is based on the District’s definition of essential and efficient use. As part of the study, Raftelis will conduct an analysis of the percentage allocations, listed below.

Water Budget Tier Definitions and CY 2024 Commodity Rates		
Tier	% of Water Budget Allocation	CY 2024 Commodity Rates (\$/ccf)
Tier 1	0 – 100% Essential Allocation	\$ 1.08
Tier 2	100% Efficient Allocation	\$ 1.98
Tier 3	101 – 130% Efficient Allocation	\$ 2.54
Tier 4	131 – 160% Efficient Allocation	\$ 4.23
Tier 5	161% and Above Efficient Allocation	\$ 6.23

Current fixed revenue charges are listed below. As noted above, an important area of analysis within the study will be the adequacy of the District’s fixed revenue recovery to mitigate the risk of declines in water sales revenue.

Monthly Service Charges	
Meter Size	CY 2024 (\$/Month)
5/8” – 1”	\$ 54.43
1-1/2”	\$ 134.37
2”	\$ 204.21
3”	\$ 367.16
4”	\$ 600.07
6”	\$ 1,181.81
8”	\$ 1,880.17
10”	\$ 2,695.17
Fixed Fire Line	\$ 192.47

The District’s current elevation booster surcharges are shown below. They will be updated as part of the study.

CY 2024 Elevation Booster Surcharges	
Area	CY 2024 (\$/ccf)
B	–
A 1	\$ 0.10
A 2	\$ 0.63
A 3	\$ 1.21

As part of the study, the current drought rates for non-essential water usage will be updated for application to non-essential tiers.

Drought Stage	CY 2024 (\$/ccf)
Stage 1	\$ 0.45
Stage 2	\$ 0.69
Stage 3	\$ 1.00

Technical Approach

We have developed the following proposed project approach based on our experience in completing comprehensive rate studies for sophisticated water utilities employing water budget rate structures in California and other parts of the United States. The approach has been tailored to address the specific objectives and primary tasks identified in the RFP, requirements of cost-based ratemaking in California as required by Proposition 218, and other elements that we believe are essential for a successful study.

Task 1: Project Initiation and Management

1.1 Initial Data Request

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

1.2 Project Kickoff Meeting

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

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

- Confirmation of project objectives, deliverables, and schedule
- Required District staff resources

1.3 Project Management

- Timely identification of project issues/challenges
- On-going model QA/QC by the Project Technical Advisor and Quality Control Reviewer

DELIVERABLES:

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

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

2.1 Analysis of Customer Water Consumption Characteristics

The analysis of customer water consumption characteristics is critical to the development of the demand forecast that underlies the water financial plan, the allocation of costs to customer classes, and the determination of fixed and variable rates. After obtaining the District's actual historical customer billing data for the period CY 2021 – CY 2023, Raftelis will seek to analyze the following for each major customer type:

- Monthly, seasonal, and annual consumption by the essential usage tier and each efficient use tier
- Comparisons of actual residential essential use water consumption to the CY 2025 standard of 47 gallons per capita per day
- Average day and maximum day consumption on a system aggregate, customer type, and tier basis
- Estimates of winter average consumption to be used as a potential proxy for indoor consumption
- Daily consumption correlated to customer parcel gross lot size or irrigable area (to the extent that data is available)
- Consumption during drought stage emergencies
- Water volumes pumped through each elevation zone served by the District

2.2.1 Reclassification of Compound Meter Accounts

As part of the analysis of customer water consumption, compound meter accounts currently classified as commercial/industrial or fire service will be re-classified over to multi-family compound or multi-family fire service, if applicable.

2.2 Demand Forecasting

Raftelis will prepare a comprehensive demand forecast for the 10-year period CY 2025-2034. The demand forecast will be a projection of essential and efficient water use by tiers and by customer type, based on updated assumptions regarding changing customer consumption characteristics. The potable water demand forecast will be compared to the demand projection contained in the District's 2020 Urban Water Management Plan and other internal planning documents. The demand forecast will serve as the foundation of the financial plan and revenue requirement projection discussed in Task 3, the cost-of-service analysis discussed in Task 4, and the rate structure design process discussed in Task 5. The demand forecast will be developed using Microsoft Excel to allow for scenario modeling.

DELIVERABLES:

- Comprehensive understanding of customer class water usage characteristics
- Demand forecast for use in the financial planning process, cost-of-service, and rate structure design process that is a comprehensive projection of essential and efficient water across all tiers and each major customer type

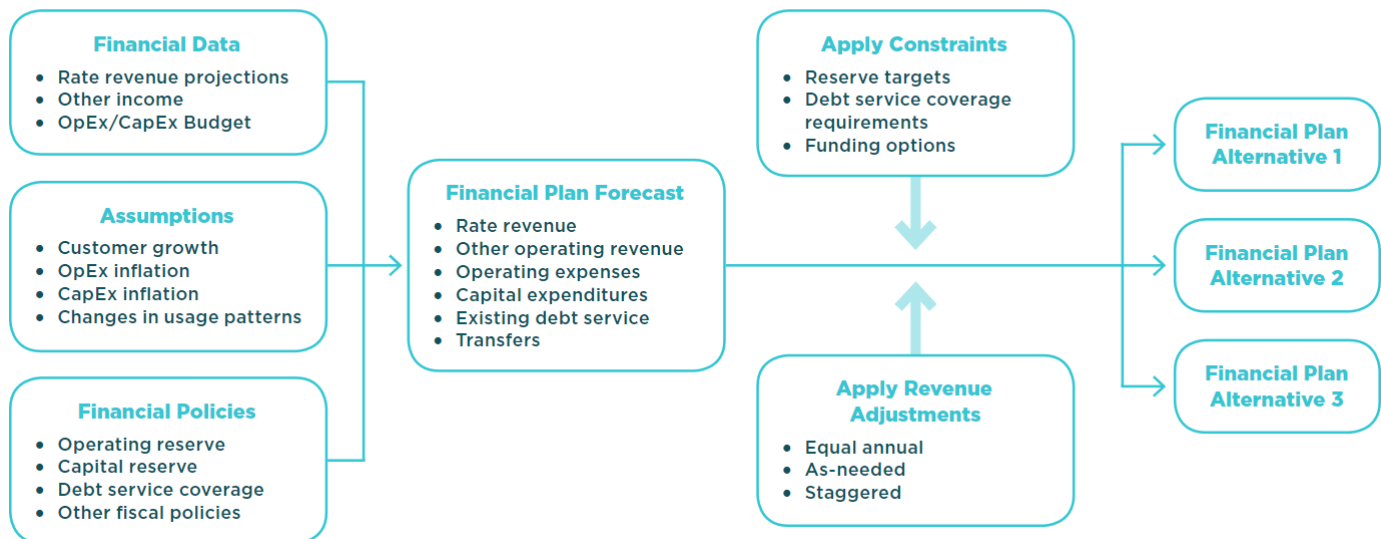
Task 3: Financial Plan and Revenue Requirement Forecasting

Raftelis Approach to Utility Financial Planning

Utility financial planning is an iterative process in which the “optimal” capital financing strategy must be identified. This requires achieving the correct balance between CIP financing provided by rate revenues, impact fees, grants, and external debt financing. A comprehensive and correctly developed financial plan must be based on a realistic projection of customer water demand under normalized climate conditions and reasonable assumptions of customer account growth. The Microsoft Excel financial planning models developed by Raftelis will allow District staff to vary inputs for items such as customer account growth, average billed water consumption per account, CIP expenditures and financing strategies, operating expenses, inflation rates, etc. Figure 1 illustrates the financial planning process that will be used by Raftelis.

3.1 Pure Water AV Project and the Financial Plan – Coordination with Staff and the District’s Financial Advisor

Figure 1: Financial Planning Process



The District’s currently proposed funding strategy for the Pure Water AV Project reflects your assessment of the optimal mix of project funding from sources such as revenue bonds, WIFIA loans, grants, and pay-go financing from operational cash flows. Raftelis will work with District staff, and to the extent applicable, your external financial advisor, to incorporate projected Pure Water AV Project cash flows into the financial plan.

3.2 Review and Evaluation of District Financial Policies

Raftelis will review and make recommendations regarding the District’s financial policies. These policies may include, but not necessarily be limited to, items such as your minimum and maximum cash reserve targets, the use of external debt financing for repair and replacement versus growth-related CIP projects, and the appropriate target

debt service coverage ratios for senior and subordinated debt. Our review and evaluation of financial policies will be made considering the Pure Water AV Project’s projected impact on the District’s finances.

3.3 Comprehensive Cash Flow Projection and Revenue Requirement Forecasting

We anticipate that the District’s Proposition 218 notice will feature the identification of rates for the five-year period CY 2025-2029. In contrast, the financial plan developed by Raftelis will be for the ten-year period CY 2025-2034. This will allow the District to make a speculative assessment of its financial position in years 6-10 of the projection period considering potential long-term changes in customer water consumption characteristics, water supply costs, regulatory requirements, etc. The comprehensive cash flow projection will include:

- **Revenue Under Existing Rates:** A projection of rate revenues generated under existing rates based on the updated demand forecast completed in Task 2. The projection will include billed water consumption across all tiers, customer types, and meter sizes
- **Operations and Maintenance Expenses (O&M):** O&M expenses including inflation adjustments and potential changes in the profile of out-year O&M caused by the Pure Water AV Project
- **Potential Pass-Through Costs:** The identification of on-going costs that are not under District control and thus potentially appropriate for recovery via a “pass through” adjustment (e.g., water supply costs and electric power)
- **Debt Service:** Debt service expenditures for senior debt, subordinated debt, and WIFIA loans that reflect the District’s Pure Water AV Project financing strategy
- **CIP Expenditures:** All CIP expenditures, regardless of funding source, including those not directly related to the Pure Water AV Project

3.4 Financial Plan Optimization

The financial plan developed by Raftelis will reflect the District’s planned Pure Water AV Project funding strategy as well as the optimal funding strategy for other required CIP expenditures. The financial plan optimization process will include:

- **Scenario Analysis:** Analysis of required annual rate increases under different water sales, CIP expenditure, debt financing, and cash reserve alternatives
- **Drought Risk Assessment:** Assessment of the risk of water sales revenue shortfalls due to short- and long-term drought events
- **Revenue Requirement Projection:** Projection of the total system revenue requirement from rates and the annual percentage increase in rate revenues required to maintain District financial health while constructing required capital improvement projects

DELIVERABLES:

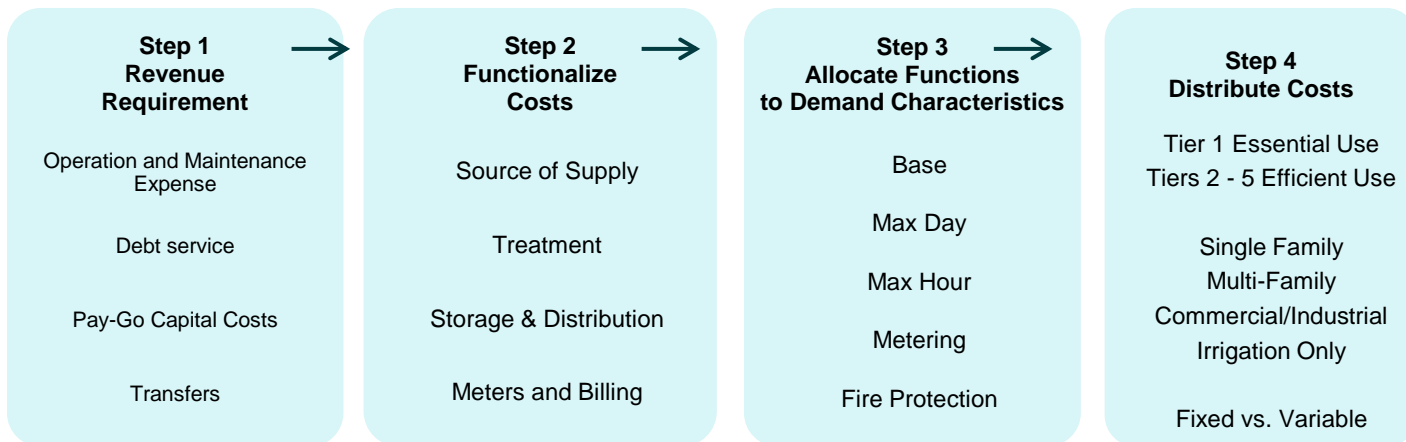
- Comprehensive financial plan and revenue requirement projection for the ten-year period CY 2025-2034
- Full coordination of the financial plan and revenue requirement projection with the District’s planned Pure Water AV Project funding strategy

Task 4: Cost-of-Service Analysis

Raftelis Approach to the Cost-of-Service Process

The procedures used by Raftelis in water cost-of-service studies are based on industry-accepted methods published in the AWWA publication, *Manual of Water Supply Practices M1, Principles of Water Rates, Fees, and Charges* (AWWA Manual M1). The use of industry standard procedures will assist in complying with the cost-of-service mandate contained in California Proposition 218. Figure 2 illustrates the multi-step cost allocation process used by Raftelis for a water cost-of-service study.

Figure 2: Water Cost-of-Service Process



4.1 Steps in the Cost-of-Service Analysis

- **Determination of the CY 2025 Revenue Requirement from Rates:** This step is an outcome of the Task 3 financial planning process. Revenue requirements are estimated for major cost components such as O&M costs, debt service expenditures, and pay-go capital costs
- **Cost Functionalization:** Costs are assigned to the functions they are incurred to perform. For example, O&M costs related to water treatment are assigned to the treatment function and imported water costs are assigned to the supply function. Pay-go capital costs and debt service costs are often assigned to functions based on the net book value or replacement cost of existing utility infrastructure
- **Allocation to Cost Causation Components:** Functionalized costs are assigned to the type of demand they are incurred to meet. Typical cost causation components are base demand, maximum day demand, maximum hour demand, or customer service and billing. Under the District’s water budget rate structure, cost causation components can also be associated with Tier 1 essential use, and Tier 2 – 5 efficient water use
- **Customer Class or Usage Tier Units of Service:** Units of service typically include class average day demands, maximum day and maximum hour demands, the number of bills, and number of 3/4” or 1” meter equivalents. Under the District’s water budget rate structure, the units of service can also be associated with Tier 1 essential use, and Tier 2 – 5 efficient water use
- **Customer Class or Tier Cost-of-Service:** Fully allocated costs (i.e., the fully allocated CY 2025 revenue requirement) are distributed to each customer class or consumption tier. Under the District’s water budget

rate structure, the units of service can also be associated with Tier 1 essential use, and Tier 2 – 5 efficient water use

- **Identification of Fixed and Variable Costs:** An outcome of the cost-of-service analysis is the identification of fixed costs that do not vary directly with the volume of customer water consumption (e.g., customer service and billing costs or debt service costs) and variable costs that do vary with customer water consumption (e.g., water supply costs and maximum day or maximum hour peaking costs). The identification of fixed and variable costs will inform the Task 5 rate structure design process
- **Elevation Booster Zone Costs:** As part of the cost-of-service analysis Raftelis will calculate the cost of operations and capital costs incurred to provide elevation pumping to elevation booster zones A-1, A-2, and A-3

DELIVERABLES:

- Cost-of-service by customer
- Identification of Improvement District No. 9 (San Jaun Capistrano) customer class revenue requirements

Task 5: Rate Structure Design

Overarching Awareness of Proposition 218 Requirements

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

Awareness of California Regulatory Requirement and Litigation

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

5.1 Evaluation of Tier Definitions and the Costs Allocated to Each Tier

The District currently uses a five-tier water budget rate structure as shown below. Raftelis will analyze the billed water demand in each tier to determine if the current tier allocations remain appropriate. As an outcome of the Task 4 cost-of-service analysis, we will also determine the appropriate costs to allocate to each tier. A special emphasis will be on the allocation of water supply costs.

- **5.1.1 Compliance with SB 1157:** SB 1157 requires indoor water use to be 47 gallons per capita per day beginning on January 1, 2025. As a result, it may be appropriate to adjust the essential and water use allocations for single family and multi-family residential customers

- **5.1.2 Multi-Family Allocation Calculations:** As necessary, Raftelis will update the allocation calculations for the multi-family customer class to allow for a minimum allocation equal to the indoor allocation related to occupancy/units/rooms if standards have changed
- **5.1.3 Allocation Methodology for Large Variances in Commercial/Industrial Customer Historical Water Use:** As requested in the District’s RFP, we will develop an allocation methodology to deal with large variances in commercial/historical water use

Tier	% of Water Budget Allocation
Tier 1	0 – 100% Essential Allocation
Tier 2	100% Efficient Allocation
Tier 3	101 – 130% Efficient Allocation
Tier 4	131 – 160% Efficient Allocation
Tier 5	161% and Above Efficient Allocation

Task 5.2 Optimization of the Fixed Operating Cost Percentage (Monthly Meter Charges)

The level of fixed revenue recovery associated with any rate structure can be optimized to reflect the objectives of the utility in question. Key considerations in determining how much revenue should be recovered from fixed charges include the level of revenue volatility risk associated with the commodity rate structure (i.e., the amount of revenue collected from upper tiers); the amount of operational cash reserves maintained by the utility (high reserves imply a lower level of risk from commodity revenue volatility); and concerns regarding bill affordability for low consumption customers. Raftelis will consult with District staff regarding their specific desires regarding fixed versus volumetric revenue recovery and develop recommendations accordingly.

Task 5.3 Evaluation of Potential Pass-Through Adjustments

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

Task 5.4 Calculation of Booster Zone (Pumping Zone) Elevation Charges

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

Task 5.5 Modeling of Comprehensive Bill Impact Calculations Under Alternative Rate Structures

Raftelis will calculate comprehensive bill impacts for each alternative rate structure developed in the study. Bill impacts will be calculated for multiple customer land use types and across a wide distribution of monthly and annual consumption volumes. This will ensure that District staff are fully informed about potential customer bill ramifications of each rate alternative under consideration.

Task 5.6 Drought Factor Development

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

- Assessing the effectiveness of the District’s current drought charges based on historical meter data
- Reviewing the relative success of drought charges used by other agencies with water budget rate structures
- Reviewing and updating the District’s existing drought charge ordinance and making recommendations on modifications to comply with the State of California requirements
- Estimating the decline in billed water consumption associated with each drought stage

- Estimating the decline in billed water sales revenues and expenditures associated with each drought stage
- Developing and recommending new drought charges needed to maintain utility financial health
- Exploring other mitigation techniques for declines in water sales revenues with District staff, such as increases in cash reserves or revenue from fixed charges

DELIVERABLES:

- Modeling of alternative water rate structures
- Comprehensive customer bill impacts
- 5-year rate projection for CY 2025 – 2029
- Updated drought rate factor

Task 6: Financial Model Delivery and Training

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

Model Functionality

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

On-Site Model Training

- Our proposed consulting fee includes eight hours of one-site model training for District staff

PLANNED MEETINGS:

- Virtual meetings as required with District staff

DELIVERABLES:

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



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

Task 7: Rate Study Reports

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

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

DELIVERABLES:

- Draft rate study reports for review by District Staff and District Board
- Final rate study report

Task 8: Board Presentations

Our proposed consulting fee includes a total of three (3) onsite technical presentations to the District’s Board of Directors. The first of these presentations will be to update the Board on the status of the rate study. The second presentation will be at a Board meeting to present the results of the rate study and obtain authorization to issue the Proposition 218 notice. The third Board presentation will be at a formal Proposition 218 hearing. Raftelis will prepare

the presentation materials for each of these technical presentations. All materials will be subject to review and approval by District staff prior to presentation to the Board.

DELIVERABLES:

- Attendance at three (3) onsite Board meetings
 - Preparation of meeting materials
-

Public Outreach Approach

For the 2024 Water Rate Study, the District is seeking strategic communications and outreach support. On the following pages, we've outlined our approach that we believe demonstrates our qualifications and expertise. Please consider our approach as a starting point to be refined with your input.

Finding opportunities to communicate the work you do and the value the District brings can be complicated, and the ever-evolving communication landscape makes it even more complex. We commend the District for prioritizing ongoing community engagement and dedicating resources and staff to support robust outreach activities and messages. We would be honored to support the execution of outreach strategies for the rate study. Working closely with our financial consulting team, we'll bring insight, strategy, and expertise that can flex with your needs.

Raftelis offers personalized client service at all levels of the company. Our biggest strength is the talent that we bring to your project. We speak your language and have an in-depth understanding of the factors and objectives that are critical for water and utility organizations to effectively communicate with their retail customers and other community stakeholders. We envision our work with you as an extension of your team.

Strategic communication increases community acceptance of rate changes, enhances credibility with stakeholders and policymakers, and builds awareness of the value of the service and the need for water utility investments on behalf of the community. We offer you a team of senior communications and outreach professionals with an unmatched understanding of the public perception of water utility services. We provide strategy and guidance on a full suite of public relations issues and understand the specific ecosystem in which you operate among regulators, utility leadership, partners, engineers, water quality operators, local and state officials, media, environmental advocates, community groups, and consumers. We help clients by communicating across paid, earned, shared, and owned channels to engage these and other stakeholders.

We approach our projects with these drivers in mind:

- Advancing an equitable approach to communication
- Seeking success measured by positive community outcomes, not outputs
- Using data to drive decision-making
- Engaging community members in conversations

Our team has worked directly for major water agencies. As the Raftelis communications lead for this rate study, Gina DePinto, APR, has 35 years of strategic communications experience including seven years at the Orange County Water District during the construction and launch of the Groundwater Replenishment System (GWRS),

which helped pave the way for water utilities in California and elsewhere to pursue indirect potable reuse for groundwater recharge.

It is critical that the District maintain and grow public trust as it conducts its rate study and implements its results. The project timeline is a communication challenge in and of itself. In order to implement rates by January 1, 2025, with a May-June project kick-off means that we're talking to customers about rate adjustments in late summer when their bills are highest, to early fall and the holiday season when they're busy and distracted. Unless the District schedules a special meeting for the Public Hearing, it will most likely be on October 22, shortly before the November 5 General Election, or shortly thereafter on either November 12 or 26.

Raftelis provides an approach that supports transparency and meaningful, two-way communication throughout the study. Along with the development of a strategic and integrated communication and outreach plan, Raftelis will help the District communicate with its stakeholders using all means available. Raftelis will also ensure that the District goes beyond communicating with and actually engages its stakeholders on the rate study BEFORE any major final decisions are made. Outreach meetings, workshops, or open houses will ensure that stakeholders have an opportunity to ask questions and provide input to the process. The following services describe in more detail what Raftelis can provide, and what we recommend for a project like this. Please consider this approach a starting point to be refined with your input.

Task 1: Kickoff Workshop, Research, Project Administration

1.1 Kickoff Workshop and Communications Analysis

As a first step in getting a comprehensive look at how we can build a future strategy most effectively, Raftelis will conduct a two- to three-hour kick-off workshop in person or virtually followed by a communications analysis. We'll amass your internal and external communication materials, channels, and programs, and evaluate to determine what's working, or what may need a tweak. Doing so provides us with a foundation to build an effective plan. We'll conduct a stakeholder mapping exercise and finish by confirming the scope, budget, and schedule.

Specific areas we will assess include consistency of messaging and look and feel of materials; targeted audiences; identified metrics for engagement efforts; effectiveness of traditional and social media efforts; and current use of measurement and evaluation tools. We'll also seek to review any public surveys conducted in recent years to understand their perspective. The cost proposal includes time for Raftelis to prepare the kick-off workshop materials. Hourly rates, time estimates, and travel costs are provided in the cost proposal. Meeting in person is ideal, but we can also accomplish it virtually to save time and costs.

1.2 Influencer In-Depth Interviews (IDIs)

Research is what distinguishes a strategic approach from a tactical one. Taking a little bit of time to understand what the prevailing attitudes and awareness about the District's water services and the rates helps create a plan and message platform that is both responsive and targeted to your needs. To understand the community better before we start, we would talk with 8 to 10 community leaders or "influencers," who have keen insight (due to their position in the community) of what folks are thinking about you and your services and rates. The list of people who are interviewed will be developed in collaboration with you (can be done during the kick-off workshop). These interviews will be done by phone and usually take about 30 minutes each, plus preparation and analysis. Questions will be approved by you and cover things like:

- What do you think is most top-of-mind right now for residents of our community?
- What is the prevailing opinion of the District's water services and why?
- Tell me what you know about the cost of water service and what the District is doing about it

We can also use these interviews to identify the best ways to reach key audiences.

1.3 Planning and Check-In Sessions

We typically schedule regular weekly or bi-weekly virtual check-ins of 30 minutes, so we are in regular touch about what we've learned, what we're doing, and whether anything about communications needs to change as our learning evolves. Following each meeting, we will send you a brief report of items discussed and action items. As proposed for a six-month engagement, we estimate 12, 30-minute sessions.

MEETINGS:

- One virtual Kickoff Workshop with your project team (approximately three hours)
- 12 bi-weekly virtual check-in meetings, 30 minutes each
- 8-10 influencer interviews by phone

DELIVERABLES:

- Kickoff Agenda, PowerPoint slide deck, and summary of Kickoff Workshop
- Memo describing the current state of every communications channel, material, metric, and program in use today with recommendations for where to focus efforts
- Bi-weekly meeting agendas and summary/status reports
- Draft and final IDI interview questions
- Sample email script for inviting stakeholders to the interview
- Memo summarizing key findings

Task 2: Communications and Outreach Plan Development

After the kick-off meeting and interviews, Raftelis will develop a strategic communication plan that includes the following components:

Situation analysis – this is a combination of the two summary memos developed in the kick-off workshop and research.

Stakeholder identification – Taken from the kick-off workshop – this is inserted into the plan to show how key stakeholders are connected to the communication process. It also identifies special population communication needs such as necessary translation services or community communication preferences.

Communication channel identification - this section covers which communications channels will be used to reach stakeholders, such as the District's website, social media, printed and electronic materials, bills, direct mail, newsletters, and other available opportunities, depending on what we hear from the research.

Messaging platform – this provides messages about why rates are changing, how the results will be implemented, and potential impacts to customers for use in such materials as FAQs, infographics, website updates, bill inserts, etc.

Internal communication strategies – this section will provide guidance to ensure all District staff are aware of the rates study and feel prepared and empowered to answer questions about it or where to direct stakeholders for information.

Community engagement techniques – this section will identify the techniques we will recommend for community engagement to ensure key stakeholders from each customer group, potentially highly impacted customer groups, underrepresented populations, etc., all have an opportunity to provide input into decision-making.

Traditional and social media strategies – this section will provide an approach to using local media and your social media platforms for reaching your community with information.

Materials – this section will identify materials we recommend that we can develop for you– all informed by the research such as newsletters, fact sheets, brochures, fliers, webpages, and an explainer video of legal rates setting.

Success measures – this section will identify the outputs and outcomes we will use to measure project success.

Implementation plan – this section ensures the Strategic Communications and Outreach Plan is accessible, usable, and practical. It identifies roles, responsibilities, materials, activities, and their due dates. We will refer to this document during project update calls.

MEETINGS:

- One virtual meeting to review the draft Communications and Outreach Plan and receive feedback

DELIVERABLES:

- Draft and Final Communications and Outreach Plan with message platform, FAQs, two press releases, social media content

Community Engagement

It is understood that the Board will have all final decision-making authority on the rate study elements and proposed rate adjustments and that stakeholders will be invited to “weigh in” on different aspects and have a chance to share ideas and make their concerns known. Some of the possible techniques to employ for this work are described below.

Task 3: Stakeholder Information Sessions and Facilitation

An integral part of developing rates and fees is ensuring that key stakeholders are included in the process from the beginning, with the opportunity to provide meaningful input that is reflected in the final rate recommendation(s). Our trained facilitators are adept at managing public meetings in a manner that reduces conflict, improves experiences of participants, and results in positive, tangible outcomes. As independent facilitators, our impartiality helps increase the perceived legitimacy of the session and avails District staff to participate freely without the demands of also running the session.

We recommend offering a series of community open house and workshop events to be held at appropriate community locations and potentially virtually as well. Open houses allow convenient, one-on-one communication with customers in a low-conflict setting, ensuring that customers can get their questions answered and that District staff can benefit from community feedback. Digital options include a Zoom webinar; website with information, imagery, and opportunities for guests to provide input and ask questions in an asynchronous manner; or hosting a Zoom workshop with breakout rooms to receive input synchronously.

As proposed, we recommend two in-person community open houses (or workshops) and a virtual webinar.

MEETINGS:

- Discussed in bi-weekly planning meetings

DELIVERABLES:

Raftelis will prepare and facilitate the open houses including:

- Develop promotional materials
- Recommend and produce graphic displays for use in the open houses
- Prepare materials for staff who will be present
- Conduct dry run with staff and respond to questions

- On-site facilitation of the open house
- Gather feedback from participants
- Compiling a summary report of feedback for staff and to share back with the community

Task 4: Proposition 218 Notice Development

While requirements of Proposition 218 notifications are easy to satisfy, too many utility districts and municipalities miss the opportunity to strategically educate and inform ratepayers. Over the years, Raftelis has designed countless Proposition 218 notifications that go beyond the minimum dictated by statute to deliver visually appealing pieces that customers want to read.

Content will include all statutorily required elements, along with strategic communications messages to ensure it properly communicates the need and justification for rate increases and the public is given tools to understand the impacts to their individual bills. Beyond satisfying legal requirements, the goal of the piece will be to describe any relevant public process that went into the recommendations and make the case for why adoption is critical.

Once the content passes the District's legal review, Raftelis' in-house graphic design team will match the District's established brand guidelines and flow the content into an attractive design that will encourage your customers to read the information and have a broader understanding of the issues. Our pricing includes the development of a print-ready PDF in two languages, excluding the cost of translation. If the District does not have access to the services of a certified translator, Raftelis can recommend and coordinate translation. It is anticipated that District staff will liaise with the printer and mail house, and contract directly with them for payment.

MEETINGS:

- Discussed in bi-weekly planning meetings

DELIVERABLES:

- Draft notification language for legal counsel's review/approval
- Designed notification with two rounds of revisions and a final print-ready PDF in English and one other language

Optional Task: Communication Collateral – Development and Design (\$1,500- \$10,000 depending on items desired)

Key messages developed as part of the strategic communications framework come to life when woven together into powerful communications pieces by Raftelis' strategic communicators and professional graphic designers. Visual representation of proposed changes in an easy-to-understand and accessible format significantly improves customer understanding of rate changes and customer bill impacts. We can develop materials, such as infographics, fact sheets, bill stuffers, website copy, social media content, explainer videos, etc., all in one or more languages.

Exact materials will be determined in consultation with you, with specific estimates provided before expending time and materials. As a rough estimate, a brochure or fact sheet averages around \$1,500 each. A 2-minute animated explainer video produced in-house is roughly \$2,500; whereas a professionally produced video is roughly \$6,000+.

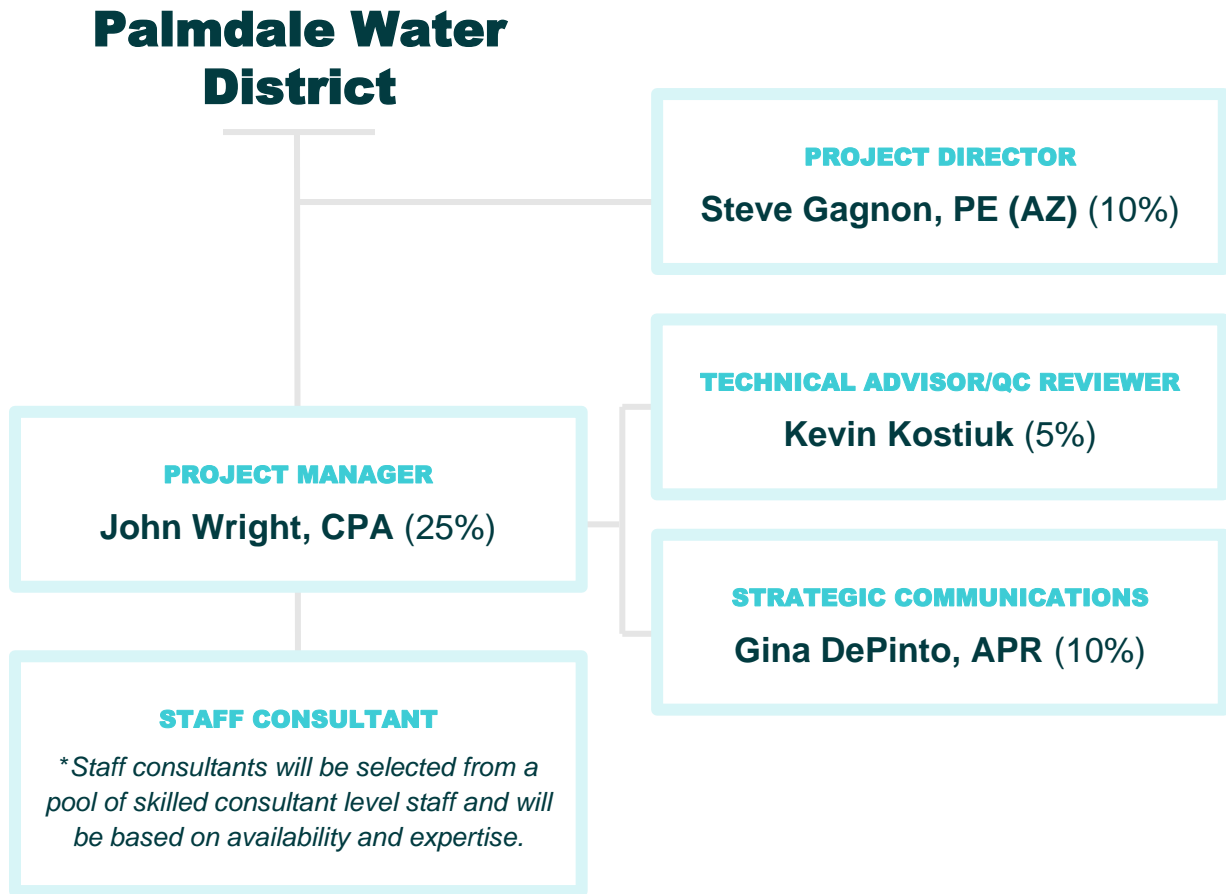
DELIVERABLES:

- To be determined in collaboration with staff and reviewed during bi-weekly check-ins

IV.E. PROJECT STAFFING AND AVAILABILITY

Project Staffing and Availability

Our team includes senior-level professionals to provide experienced project leadership with support from talented consultant staff. This close-knit group has frequently collaborated on similar successful projects, providing the District with confidence in our capabilities. Here, we have included an organizational chart showing the structure of our project team, as well as percentage of availability. On the following pages, we have included resumes for each of our team members as well as a description of their role on the project. Full resumes can be provided upon request.



STAFF AVAILABILITY

With the depth of more than 170 consulting professionals, and specifically the current and anticipated workload of the individuals assigned to this project, we have the availability to provide the requested services in a timely and efficient manner to meet the scheduling requirements and objectives of the District. As a rule, Raftelis operates at a company-wide project utilization of approximately 65% to 75%. This level of utilization, which we expect to continue through the proposed timeline of this project, will provide the project team with ample time to allocate to the District’s engagement.

Raftelis actively manages the distribution of our staff hours to ensure we allocate the necessary resources to meet the needs of each of our clients. Raftelis’ executive and management team participate in a weekly conference call to review the number of consulting hours required to meet the needs of our clients during the upcoming week. This weekly meeting allows our project managers to deploy our consulting staff in a flexible manner that ensures a suitable level of hours will be devoted to each client.

Steve Gagnon PE (AZ)

PROJECT DIRECTOR

Vice President

ROLE

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

PROFILE

Steve has 25 years of experience in financial analysis and environmental engineering. For the past 14 years Steve has provided financial planning and rate setting services to agencies all over California. He has also helped utilities make major investment decisions such as whether to invest in food waste to energy projects. He has also managed the construction and installation of water treatment equipment and oversaw Superfund remediation for the U.S. Army.

KEY PROJECT EXPERIENCE

City of Redlands (CA): Water and Wastewater Rates and Development Impact Fees Study

Steve updated the City of Redland's (City) water and wastewater rates and development impact fees. The rate study process included workshops with the City's Utility Advisory Committee in which he presented the basics of rate setting and the financial environment of the utilities. The interactive workshops solicited input from committee members and staff regarding revenue adjustments and rates.

City of Pasadena (CA): Water and Wastewater Rate Study

Raftelis recently assisted Pasadena Water and Power in preparing its first professional water rate study, and Steve is serving as the Project Manager. Raftelis helped City select a rate structure by discussing the pros and cons of different rate structures. We prepared a financial plan to ensure rate revenue recovers all costs and will complete a cost-of-service study to allocate costs to each customer class, followed by a rate design to collect costs from each class based on the cost-of-service. Raftelis is conducting a wastewater rate study.

City of Oxnard (CA): Water Rate Study

In early 2023, Raftelis assisted the City of Oxnard to develop a financial plan and set rates for their water and utility. The City of Oxnard has a very vocal and involved customer base. We simplified their rate structure and helped assess capital spending. We held a series of open houses that discussed the basics of rate setting. We also presented to council; the first meeting was a rate-setting basics workshop and the second presented the draft rates. During



Office Location: Los Angeles, CA

Specialties

- Utility cost-of-service & rate structure studies
- Conservation rate studies
- Economic feasibility studies
- Capital budgeting studies
- Wastewater rate studies
- Capital recovery/capacity fee studies
- Survey research of water & wastewater utility characteristics & rates

Professional History

- Raftelis: Vice President (2023-present); Senior Manager (2020-2022); Manager (2017-2019); Senior Consultant (2014-2016)
- APTwater, Inc. (Now Ultura): project manager (2011-2014)
- PBS&J (now ATKINS): project manager - Utility Finance (2005-2011)
- Earth Tech (now AECOM): Senior project manager (2004-2005)
- Malcolm Pirnie, Inc. (now ARCADIS): Consultant (2002-2003)
- National Parks Conservation Association - Business Plan Initiative: Business Plan Consultant (2000)
- U.S. Army Corps of Engineers - New England Division: project manager (1995-1999)
- Geophex, Limited: Graduate Research Assistant (1994)

Education

- Master of Business Administration - University of Southern California (2001)
- Master of Science in Environmental Engineering - University of Massachusetts (1995)
- Bachelor of Science in Civil Engineering - University of Massachusetts (1994)

Certifications

- Registered Professional Environmental Engineer in Arizona
- Series 50 Municipal Advisor Representative

Professional Memberships

- AWWA

the public hearing, Raftelis and Staff fielded questions from the public. The rates were implemented by Council in the Spring of 2023. Steve served as the Project Manager.

Burbank Water and Power (CA): Water Rate Study

Raftelis assisted Burbank Water and Power with a professional water rate study. Raftelis helped staff select a rate structure from three structures including Budget Based Tiered Rates and performed a cost-of-service study to allocate costs to the customer classes. Burbank currently has a seasonal rate for commercial classes and has decided to go with a traditional tiered rate structure for single-family customers and a uniform rate for non-residential classes. Steve served as the Project Manager.

Sweetwater Authority (CA): Water Rate Study

Steve evaluated water rates, including drought rates, for the Sweetwater Authority in light of recent legal concerns over their current rate structure. The evaluation includes a cost-of-service study to clearly demonstrate the nexus between the rate for each single-family tier and the associated costs to serve that tier. The study started by soliciting input from Board members regarding their water pricing objectives so that rates could be designed accordingly. Steve concluded the study with presentations to the District Board of Directors and the Public.

City of San Francisco Public Utilities Commission: Water and Wastewater Rate Study

In early 2023, Raftelis assisted the City of San Francisco Public Utilities Commission to develop a financial plan and set rates for their water and wastewater utilities. The City has one of the lowest per capita water use in the state at 4 hundred cubic feet per single-family home per month. The City operates a very large water system that serves the city and many surrounding wholesale agencies. Raftelis worked with City Staff to functionalize their operating costs and develop a two-tiered rate for residential customers. Raftelis supported staff during rate committee presentations. The rates were adopted in the Spring of 2023. Steve served as the Project Manager for the water rate study.

Otay Water District (CA): Water Rate Study

Steve led a recent water rate study for the District in the Spring of 2022. Working with the District he updated their cost-of-service study, rate structure which included tier breakpoints. The District decided to use the Commodity Demand method and only base (commodity) and max day cost components as opposed to max day and max hour components. Based on discussions with District operations staff, the project team decided to allocate water purchase costs to what is termed base costs, reducing the water rate for tiers 1 and 2.

City of Tracy (CA): Wastewater Rate Study

In 2019, the City of Tracy (City) engaged Raftelis to perform a wastewater rate study. Raftelis is currently working with City staff to best plan for expenses to minimize customer impacts, and Steve is serving as Project Manager.

Mesa Water District (CA): Water and Recycled Water Rate Study

Mesa Water District (District) prides itself on the fact that it is no longer dependent on imported water. Steve helped the District revise their water and recycled water rates in a few months during a fast-paced rate study. The study included over 10 financial plan options for the Board to select from.

John Wright CPA

PROJECT MANAGER

Senior Manager

ROLE

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

PROFILE

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

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

As the Manager of Rate Administration at Denver Water, John was responsible for the annual water financial planning, cost-of-service, and system development charge studies. At the Portland Bureau of Environmental Services, he was responsible for the annual wastewater and stormwater financial planning, cost-of-service, and system development charge studies.

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

KEY PROJECT EXPERIENCE

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

John was the project manager for a comprehensive water and wastewater rate study for the City of San Bernardino (Department). The study included the development of 10-year financial plans, cost-of-service studies using industry-standard principles, and the development of wholly revised water



Office Location: Murrieta, CA

Specialties

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

Professional History

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

Education

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

Certifications

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

Professional Memberships

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

and wastewater rate structures that were implemented by the Department's Board of Water Commissioners. In addition, Raftelis also developed drought surcharges for the Department. The outcome of the study was the development of Proposition 218-compliant water and wastewater rates for the period FY 2022 - FY 2026. The Department provides wholesale wastewater service to the City of Loma Linda and the East Valley Water District. In 2022, the East Valley Water District begin using its own Water Reclamation Facility and will no longer be a wholesale wastewater customer of the Department. As part of the rate study, Raftelis has assisted the Department's plan for this significant loss of revenue.

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

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

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

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

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

Padre Dam Municipal Water District (CA): Comprehensive Cost-of-Service / Rate Study

The Padre Dam Municipal Water District (District) provides water, wastewater, and recycled water service to a population of over 100,000 in East San Diego County. The District features two separate service territories with distinct elevation levels and customer demographics. John served as a project manager for a rate study that included the development of financial plans and revenue requirement projections, cost-of-service studies, and proposed Proposition 218 rates for water (including drought rates), wastewater, and recycled utility services.

Vallecitos Water District (CA): Comprehensive Water Cost-of-Service Study

The Vallecitos Water District (District) provides water service to over 22,000 potable water accounts in northern San Diego County. John served as a project manager for a water cost-of-service study and the development of proposed water rates. The study included a modification to the District's method of allocating water supply costs to each consumption tier and the development of proposed drought surcharge rates.

Kevin Kostiuik

TECHNICAL ADVISOR/QC REVIEWER

Senior Manager

ROLE

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

PROFILE

Kevin has a background in economics and accounting and possesses extensive analytical skills. His expertise lies in water resources management, environmental economics, environmental policy, and federal water supply and flood control policy. Kevin is a member of the American Water Works Association (AWWA) Young Professionals and the Young Professionals Summit Committees in conjunction with the AWWA Utility Management Conference (UMC). He has authored an article on potable reuse in Journal AWWA discussing the treatment, financing structures, and pricing of treated water at advanced purification treatment plants; an article on municipal water demand pattern changes during the recent State-wide drought; and an article on proactive financial planning in times of drought for California Society of Municipal Finance Officers (CSMFO) Magazine. Most recently Kevin presented at the AWWA UMC discussing a recent evaluation of the conceptual CustomerSelect rate model for Soquel Creek Water District.

KEY PROJECT EXPERIENCE

City of Redlands (CA): Water and Sewer Financial Plan Study

Kevin updated prior financial plans developed by Raftelis for the City of Redlands (City) for their water and sewer enterprises. The update included building in more flexibility to the model for ease of use and for future updates, as well as, making the model dashboards more user friendly.

The state-wide drought in California called for a mandatory 25% reduction for all water service agencies in the state. The City's target was to reduce residential consumption by 35%. Kevin assisted the City in design and implementation of drought surcharges to achieve a 35% reduction and to recover lost revenue from reduced water sales. Additional work for the City included updating the City's Storm Drain Impact Fee and miscellaneous fee for National Pollutant Discharge Elimination System (NPDES) inspections as part of the MS4 permit requirement. The storm drain fee had not been reevaluated in 20 years. Additionally, the City had recently completed a Storm Drain Master Plan which called for \$83 million in improvements to system deficiencies. Kevin developed a methodology to retain the existing impact fee structure while updating the fee paid by different land use classes.

In 2015 and 2016 Kevin developed a water budget rate model for the City to evaluate a new rate structure. The model integrated with the existing water financial plan model and designed parallel water budget rates for consideration by City staff and the Council.



Office Location: Santa Barbara, CA

Specialties

- Water & Drought rate design
- Water budget rate structures
- Utility cost-of-service
- Sustainable Groundwater Management Act
- Data analysis
- Environmental policy analysis

Professional History

- Raftelis: Senior Manager (2023-present); Manager (2020-2022); Senior Consultant (2014-2019); Consultant (2014-2015)
- Turner New Zealand, Inc.: Director of Operations (2009-2012); Accounting Manager (2007-2009)
- Lesley, Thomas, Schwarz & Postma, Inc.: Staff Accountant (2007)

Education

- Master of Environmental Management - Duke University (2014)
- Bachelor of Arts in Business-Economics & History - University of California, Santa Barbara (2006)

Borrego Water District (CA): Water Rate Study

Raftelis contracted with the Borrego Water District (District) to evaluate the impact of county growth projections as well as the Sustainable Groundwater Management Act (SGMA) of 2014. Kevin utilized the existing financial plan model, water supply analyses provided by other District consultants, and assumptions on land acquisitions to determine the effect of SGMA on long term water rates. The Borrego Groundwater Basin is critically over drafted, and users will need to decrease water production significantly to achieve sustainable yield by 2040. This will require the District to reduce per capita water use and acquire production credits within the basin by fallowing agricultural land. Kevin estimated water rates in each year through 2040 incorporating assumptions on groundwater production, market values of land in the basin, debt financing, and water source alternatives.

In 2017 Kevin examined the affordability of water rates charged to the District's customers. The assessment analyzed both existing and future rates and affordability under the SGMA scenario identified in 2016. The affordability assessment relied upon the SGMA Impact Assessment and corresponding demand projections, basin yield assumptions, financing assumptions, and projected rates to the year 2040. The project allowed the District to understand affordability of existing rates and water allocation and to estimate the affordability impacts of SGMA compliance in the Borrego Groundwater Basin over the long term.

East Valley Water District (CA): Budget-Based Water Rate Study

Raftelis contracted with East Valley Water District (District) in 2014 to develop budget-based rates to replace the District's existing uniform rate structure. Kevin assisted the District with design and implementation of budget-based water rates for their 23,000 accounts including residential, commercial and irrigation customers. The study included creation of a long-term financial plan and full cost-of-service study for the water enterprise. Kevin developed the 10 year financial plan model, rate model, and water budget model for the District.

Kevin worked closely with the District's finance, IT, and, billing departments in the early stages to analyze customer account level data including monthly use. He also worked with the District's GIS and other outside consultants to develop the water budget model using irrigable landscape area, customer class, assessor parcel number (APN), etc. for construction of indoor and outdoor allocations, or budgets.

The project incorporated significant public outreach whereby Raftelis led meetings with ratepayers to receive input, provide study updates, and answer questions of the public. The ratepayer meetings assisted adoption of the new rate structure and implementation. The rate structure that the Board adopted allows for the most precise, scientific and equitable design of rate structures, tailored specifically to an individual account.

Soquel Creek Water District (CA): Financial Plan and Rate Study

The Soquel Creek Water District (District) contracted with Raftelis in 2017 to evaluate a novel rate structure for its ratepayers. Kevin participated in several workshops with the District's citizen Water Rates Advisory Committee and Board of Directors to develop of policy framework for the rate structure and conduct pricing objectives exercises with both groups. Kevin developed a report for the District which informed the rate design in 2018.

In 2018 Raftelis contracted with the District for a long-term financing plan and rate study. Kevin served as the assistant project manager and oversaw the model creation for the financial plan, tiered rate model, and CustomerSelect rate model. The District adopted our recommended three years of rates in February 2019.

Gina DePinto APR

STRATEGIC COMMUNICATIONS

Manager

ROLE

Gina will provide services for strategic communications and stakeholder engagement for the project.

PROFILE

Gina is an award-winning and accredited public relations professional with more than 34 years of experience and leadership in crisis communications, community outreach, advocacy, stakeholder engagement, marketing, and media relations in the public and private sectors. Gina's leadership experience includes communications program management for \$2 billion in public transportation and water infrastructure projects, including the Port of Long Beach Gerald Desmond Bridge Replacement Project and the Orange County Groundwater Replenishment System. The GWRS has been covered by international media including National Geographic, Wall Street Journal, New York Times, BBC, CNN, and NPR to name a few. Prior to joining Raftelis, Gina served the residents of Santa Barbara County as the first executive Communications Manager in the county government's 171-year history. She advised the County Executive Team on strategic communications programs, crisis communication, media relations, issues management, internal communications, branding and culture change. During her tenure, the County Emergency Operations Center was activated 19 times and included two federally declared disasters, a global pandemic, two mass casualty incidents, and a \$2M embezzlement in the Public Works Department. Gina has a bachelor's degree in organizational communication from Arizona State University and is accredited in public relations from the Public Relations Society of America (PRSA). Gina is currently a member of the California Association of Public Information Officials (CAPIO), PRSA, and the Municipal Management Association of Southern California (MMASC).

KEY PROJECT EXPERIENCE

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

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



Office Location: Newport Beach, CA

Specialties

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

Professional History

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

Education

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

Professional Memberships

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

Orange County Water District (CA): Groundwater Contamination Outreach

Orange County's groundwater is the source of 75 percent of the drinking water for 2.4 million people. After levels of volatile organic chemicals and perchlorate were detected in groundwater wells exceeding the max loads allowed by the California Department of Public Health, the Orange County Water District (OCWD) initiated the South Basin Groundwater Protection Program to construct six monitoring wells to measure the direction and speed of the migrating contamination. Gina developed and managed the construction outreach plan to address impact mitigation measures, build support from municipal leaders, and assure residents that their drinking water was safe. Outreach tactics included messaging, materials, face-to-face communication, and community meetings with maps, pictures, visuals, and access to subject matter experts. The successful outreach program achieved 100% support of the program from all municipal partners and no public opposition.

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

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

Santa Barbara County (CA): Crisis Communications and Disaster Response

Over nearly six years as the Communications Manager for the County of Santa Barbara, Gina led communications for 19 extended emergencies including two federally declared disasters, a global pandemic, and two mass casualty incidents. In her first three months on the job, the county experienced two wildfires. To better serve the public, Gina initiated custom bilingual emergency messaging and social media across all communication channels, which is now the standard in California. Back-to-back wildfire and debris flow disasters that killed 23 people in Montecito necessitated staffing the Joint Information Center for seven continuous months to issue bilingual public information on preparedness, recovery and rebuilding, and support a 16-month Local Assistance Center and long-term Recovery Strategic Plan for the area.

Port of Long Beach (CA): Infrastructure Outreach and Communications

Gina led a team of six practitioners to design and manage the communication strategy for the \$1.8 billion Port of Long Beach Gerald Desmond Bridge Replacement Project, one of the largest and most significant highway infrastructure projects in California. Roughly 15 percent of the nation's waterborne cargo is trucked over it, and the bridge is a critical access route for commuters between the Port of Long Beach (Port), downtown Long Beach and surrounding communities. The work included the development of a content-rich website and mobile application to provide traffic conditions, construction updates, links to social media and live cameras, and weekly bilingual audio reports to deliver hands-free updates to professional truck drivers and commuters. Within months of launching, the app was featured as a successful communications case study in PR Week magazine.

IV.F. UNIQUE QUALITIES OF QUALIFICATIONS

Inform and engage with your stakeholders to build understanding and support

There has never been a more critical time for local governments and utilities to communicate the value of the services you provide. You can view our more comprehensive digital portfolio here: www.raftelis.com/digital-portfolio

Well-crafted strategic communications can build trust, reputation, influence, and brand equity. We specialize in strategic communication counsel, public engagement, and community involvement, and can provide the guidance, structure, strategies, and tactics to help make your new program, infrastructure project, or revenue request successful and avoid costly delays and reputational crises.

WATER COMMUNICATIONS EXPERTS

Raftelis' strategic communications practice comprises staff who are accredited in public relations and who have spent decades in water utility communication both as consultants and as leaders of public affairs programs for large and small utilities across the country.



Our Strategic Communications Services

- Strategic communication planning
- Public involvement and community outreach
- Public meeting facilitation
- Graphic design and marketing materials
- Media and spokesperson training
- Risk and crisis communication
- Social media strategy
- Technical writing and content development
- Visual facilitation
- Virtual engagement

Recent Communications Clients

- Abilene, City of
- Birmingham Water Works Board
- Boulder, City of
- Carson, City of (CA)
- Charlotte Water
- Fairfax Water
- Green Bay Water Utility
- Lawrence, City of
- Louisville Water Company
- Marin County
- MWD of Orange County
- Oklahoma City, City of
- Pinellas County
- Reno, City of
- Richmond, City of
- Santa Cruz, City of
- Soquel Creek Water District
- Tucson, City of
- Washington Suburban Sanitary Commission

IV.G. REFERENCES

References

We have included references for each of these clients and urge you to contact them to better understand our capabilities and the quality of service that we provide.

City of Pasadena CA

Reference: Elena Chamorro, Principal Financial/
Rate Analyst
P: 626.744.7912 / E: echamorro@cityofpasadena.net

Clarence Siruno, Manager of Planning and Analysis
P: 626.744.4439 / E: csiruno@cityofpasadena.net

Las Virgenes Municipal Water District CA

Reference: Donald Patterson, CPFO, CCMT
Director of Finance and Administration
P: 818.251.2133 / E: dpatterson@lvmwd.com

City of Oxnard CA

Reference: Joe Marcinko, Asst. Public Works Director
P: 805.271.2236 / E: joseph.marcinko@oxnard.org

Reference: Omar Castro, Water Division Manager
P: 805.385.8139 / E: omar.castro@oxnard.org

San Bernardino Municipal Water Department CA

Reference: Cindy Mouser, Director of Finance
P: 909.453.6010 / E: cindy.mouser@sbmwd.org

City of Long Beach Utilities CA

Reference: Brandon Walker, Director of Finance
P: 562.570.2367 / E: brandon.walker@lbwater.org

City of Redlands CA

Reference: Ross Wittman, Senior Project Manager
P: 909.346.7487 / E: rwittman@cityofredlands.org

Carpinteria Basin GSA CA

Reference: Bob McDonald, Executive Director
P: 805.684.2816 / E: bob@cvwd.net

Soquel Creek Water District CA

Reference: Leslie Strohm, Finance and
Business Services Manager
P: 831.475.8501 ext. 132
E: leslies@soquelcreekwater.org

IV.H. ACCEPT THE DISTRICT'S PROFESSIONAL SERVICES AGREEMENT

Accept the District's Professional Services Agreement

We request that the District consider making the following modifications, shown in red below, to the Professional Services Agreement. Please contact us if you have any questions or concerns about these modifications.

ARTICLE 5. INSURANCE AND INDEMNIFICATION

5.3 Indemnification.

~~To the full extent permitted by law,~~ Consultant agrees to indemnify, ~~defend~~ and hold harmless the District, its officers, ~~and employees~~ ~~and agents~~ ("Indemnified Parties") against, ~~and will hold and save them and each of them harmless from, any and~~ all actions, either judicial, administrative, arbitration or regulatory claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities ~~whether actual or threatened~~ (herein "claims or liabilities") that may be asserted or claimed by any person, firm or entity ~~arising out of or in to the extent caused by connection with~~ the negligent performance of the work, operations or activities provided herein of Consultant, its officers, employees, agents, subcontractors, or invitees, or any individual or entity for which Consultant is legally liable ("indemnitors"), or ~~arising from to the extent caused by~~ Consultant's or indemnitors' reckless or willful misconduct, ~~or arising from~~ Consultant's or indemnitors' negligent performance of or failure to perform any term, provision, covenant or condition of this Agreement, ~~and in connection therewith:~~

~~(a) Consultant will defend any action or actions filed in connection with any of said claims or liabilities and will pay all costs and expenses, including legal costs and attorneys' fees incurred in connection therewith;~~

~~(b) Consultant will promptly pay any judgment rendered against the District, its officers, agents or employees for any such claims or liabilities arising out of or in connection with the negligent performance of or failure to perform such work, operations or activities of Consultant hereunder; and Consultant agrees to save and hold the District, its officers, agents, and employees harmless therefrom;~~

~~(c) In the event the District, its officers, agents or employees is made a party to any action or proceeding filed or prosecuted against Consultant for such damages or other claims arising out of or in connection with the negligent performance of or failure to perform the work, operation or activities of Consultant hereunder, Consultant agrees to pay to the District, its officers, agents or employees, any and all costs and expenses incurred by the District, its officers, agents or employees in such action or proceeding, including but not limited to, legal costs and attorneys' fees.~~

Consultant shall incorporate similar indemnity agreements with its subcontractors and if it fails to do so Consultant shall be fully responsible to indemnify District hereunder therefore, and failure of District to monitor compliance with these provisions shall not be a waiver hereof. This indemnification includes claims or liabilities ~~arising from to the extent caused by~~ any negligent or wrongful act, error or omission, or reckless or willful misconduct of Consultant in the performance of professional services hereunder. The provisions of this Section do not apply to claims or liabilities occurring as a result of District's sole negligence or willful acts or omissions, but, to the fullest extent permitted by law, shall apply to claims and liabilities resulting in part from District's negligence, except that design professionals' indemnity hereunder shall be limited to claims and liabilities arising out of the negligence, recklessness or willful misconduct of the design professional. The indemnity obligation shall be binding on successors and assigns of Consultant and shall survive termination of this Agreement. ~~for 36 months.~~

ARTICLE 6. RECORDS, REPORTS, AND RELEASE OF INFORMATION

6.3 Ownership of Documents.

All drawings, specifications, maps, designs, photographs, studies, surveys, data, notes, computer files, reports, records, documents and other materials (the “documents and materials”) prepared by Consultant, its employees, subcontractors and agents in the performance of this Agreement shall be the property of District and shall be delivered to District upon request of the Contract Officer or upon the termination of this Agreement, and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by District of its full rights of ownership use, reuse, or assignment of the documents and materials hereunder. Any use, reuse or assignment of such completed documents for other projects and/or use of uncompleted documents without specific written authorization by the Consultant will be at the District’s sole risk and without liability to Consultant, and Consultant’s guarantee and warranties shall not extend to such use, reuse or assignment. Consultant may retain copies of such documents for its own use. Consultant shall have the right to use the concepts embodied therein. All subcontractors shall provide for assignment to District of any documents or materials prepared by them, and in the event Consultant fails to secure such assignment, Consultant shall indemnify District for all damages resulting therefrom. ~~Moreover, Nothing in this Agreement shall be deemed or construed as a waiver, release, transfer, assignment or divestiture by Consultant with respect to any documents and materials that may qualify as “works made for hire” as defined in 17 U.S.C. § 101, such documents and materials are hereby deemed “works made for hire” for the District.~~ of any of its intellectual property, know-how or trade secrets.

IV.I. DATA REQUIREMENTS

Data Requirements

Raftelis will submit a comprehensive data request at least one week prior to the kick-off meeting. Throughout the project, Raftelis shall be entitled to rely on all data and information provided by the Agency in performance of the work without additional investigation. Key information that we will request to complete the study will include, but not be limited to:

- Customer billing data for CY 2021 – CY 2024 exported from your Customer Information System into a Microsoft Excel or Microsoft Access format.
- 10-year capital improvement program showing projected cash expenditures, on a project specific basis, for the period CY 2025 – CY 2034 (Microsoft Excel)
- CY 2024 and CY 2025 budgets showing revenues, operating expenses, debt service, and pay-go capital costs at the general ledger and cost center level (Microsoft Excel)
- Detailed information on the volume and costs of the District’s projected and historical water supply sources
- Most recent water system engineering master plan, current drought response plan, 2020 Urban Water Management Plan (PDF)
- CY 2023 fixed asset subsidiary ledger
- Current financial policies governing required cash reserves, debt service coverage, and the use of external debt financing
- System water production information including:
 - Treatment plan annual, maximum day, and maximum hour production volumes
 - Imported water volumes
 - Groundwater production volumes

IV.J PROJECT FEE AND SCHEDULE

Project Fee and Schedule

Per the RFP and Question and Answer, the project fee and schedule have been submitted in a separate attachment. Our proposed project fee is based on our best estimate of the cost to complete the project scope as described in the District’s RFP. However, our final fee can be open to negotiation between Raftelis and the District.

Palmdale Water District

2024 Water Rate Study

RFP 24-403 / FEE ESTIMATE / MARCH 25, 2024



Project Fee and Schedule

The following table provides a breakdown of our proposed fee for this project. This table includes the estimated level of effort required for completing each task and the hourly billing rates for our project team members. Expenses include costs associated with travel.

Tasks	Web Meetings	In-person Meetings	Hours							Total Fees & Expenses	
			SG	JW	KK	SC	GD	CS	Admin		Total
Technical Tasks											
Task 1: Project Initiation and Management		1	1	12			12		2	27	\$8,428
Task 2: Analysis of Customer Water Consumption Characteristics and Demand Forecasting	1		1	4	1	24				30	\$7,540
Task 3: Financial Plan and Revenue Requirement Forecasting	1		1	10	1	30				42	\$10,900
Task 4: Cost-of-Service Analysis	1		2	12	3	30				47	\$12,590
Task 5: Rate Structure Design	1		2	12	4	24				42	\$11,540
Task 6: Financial Model Delivery and Training	1	1		2		12				14	\$3,758
Task 7: Rate Study Reports	1		1	12	3	24			2	42	\$11,060
Task 8: Board Presentations		3	1	14		4	4		2		\$8,075
Public Outreach Tasks											
Task 1: Kickoff Workshop, Research, Project Administration							28			28	\$8,260
Task 2: Communications and Outreach Plan Development							20			20	\$5,900
Task 3: Stakeholder Information Sessions and Facilitation		3		20			40			60	\$19,415
Task 4: Proposition 218 Notice Development				3			12	14		29	\$6,910
Total Meetings / Hours	6	8	9	101	12	148	116	14	6	381	
Hourly Billing Rate			\$360	\$320	\$320	\$220	\$285	\$160	\$100		
Total Professional Fees			\$3,240	\$32,320	\$3,840	\$32,560	\$33,060	\$2,240	\$600	\$107,860	
										Total Fees	\$107,860
										Total Expenses	\$6,516
										Total Fees & Expenses	\$114,376

SG - Steve Gagnon
 JW - John Wright
 KK - Kevin Kostiuik
 SC - Staff Consultant
 GD - Gina DePinto
 CS - Creative Services
 Admin - Administration

Schedule

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

TASKS	2024								
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Technical Tasks									
Task 1: Project Initiation and Management	●								
Task 2: Analysis of Customer Water Consumption Characteristics and Demand Forecasting		●●							
Task 3: Financial Plan and Revenue Requirement Forecasting			●●						
Task 4: Cost-of-Service Analysis				●●					
Task 5: Rate Structure Design					●●				
Task 6: Financial Model Delivery and Training									●●
Task 7: Rate Study Reports						●	●		
Task 8: Board Presentations				●		●			●
Public Outreach Tasks									
Task 1: Kickoff Workshop, Research, Project Administration	●								
Task 2: Communications and Outreach Plan Development		●●							
Task 3: Stakeholder Information Sessions and Facilitation			●	●	●				
Task 4: Proposition 218 Notice Development						●			

- In-person Meetings
- Web Meetings
- Deliverables



Project ID: 24-403

2024 Water Rate Study

Technical Proposal

Palmdale Water District

March 15, 2024



1113 North Barker Avenue
Evansville, Indiana 47720
(812) 419-3455
cmartinez@eutilityolutions.com

March 15, 2024

Dennis Hoffmeyer
Finance Manager/CFO
Palmdale Water
2029 E Avenue Q
Palmdale, CA, 93550

Subject: Palmdale Water District 2024 Water Rate Study RFP Proposal

Dear Members of the Palmdale Water District Board,

We are writing to express our sincere interest in providing comprehensive water rate analysis and public hearing support services to the Palmdale Water District, as outlined in your recent Request for Proposals. As a newly established consulting company dedicated to Utility Regulation Economics and Analysis, Endeavor Utility Solutions LLC is committed to delivering tailored solutions that address the unique challenges facing your district.

Endeavor was founded with a vision to assist entities, both private and governmental, in navigating the complex landscape of utility regulation and economics. While our firm may be new, our founder brings over a decade of experience in the utility sector, with a background that includes roles as a regulatory analyst for electric utilities and an economist at a consulting firm. Holding a master's degree specializing in Public Utility Regulation and Policy Analysis from New Mexico State University, our founder is equipped with the knowledge and expertise necessary to provide valuable insights and strategic guidance.

We recognize the critical importance of ensuring a sustainable and equitable water rate structure that meets the needs of both the Palmdale community and the District's operational requirements. With a population of approximately 127,000 people and over 27,600 service connections, the Palmdale Water District plays a vital role in providing potable water to the southern Antelope Valley. The District's reliance on surface water sources, including the East Branch of the California Aqueduct and local water from Littlerock Reservoir, presents unique challenges, particularly in the face of fluctuating water availability and increasing demand.

At Endeavor, we are committed to providing the Palmdale Water District with the highest level of service and expertise. Our approach emphasizes collaboration, transparency, and a deep understanding of the complex issues surrounding water rate analysis and public

outreach. We will work closely with District stakeholders to develop a strategic methodology that effectively communicates the importance of the proposed rate structure modifications while ensuring compliance with Proposition 218 requirements.

In conclusion, Endeavor is honored to have the opportunity to partner with the Palmdale Water District in addressing the challenges and opportunities associated with water rate analysis and public hearing support. Despite being a new business, our firm brings a wealth of experience, expertise, and dedication to delivering results that exceed expectations. We are confident that our unique qualifications and professional approach make us the ideal partner for this important project.

We appreciate your consideration and look forward to the possibility of working together to achieve the District's goals. Should you have any questions or require further information, please do not hesitate to contact us.

Sincerely,

Charles Martinez
Owner/Principal
Endeavor Utility Solutions LLC

PROFILE OF FIRM

Endeavor Utility Solutions LLC is a dynamic consulting firm headquartered in Evansville, Indiana, with a focus on Utility Regulation Economics and Analysis. As a newly established company, we prioritize transparency, professionalism, and excellence in all aspects of our operations.

Firm Size and Organizational Structure:

Endeavor operates as a small-sized firm, prioritizing personalized attention and tailored solutions for our clients. Our organizational structure is streamlined, with the founder, Charles Martinez leading all projects personally to ensure the highest quality of service delivery.

Financial Stability, Capacity, and Resources:

Despite being a new entrant to the industry, Endeavor maintains a strong financial footing, with a focus on prudent fiscal management and strategic investment in resources. Our firm possesses the necessary financial capacity to undertake projects of varying sizes and complexities, ensuring that we can meet the needs of our clients effectively.

Litigation History:

Endeavor is proud to have a clean litigation record, with no pending lawsuits or litigation resulting from any public projects undertaken by the firm or its subcontractors within the last five (5) years. Additionally, our firm has not been involved in any projects where claims or settlements were paid by either the firm or its insurers within the same timeframe.

Conclusion:

Endeavor is committed to upholding the highest standards of professionalism, integrity, and accountability in all our initiatives. With a focus on financial stability, transparency, and ethical conduct, we assure the Palmdale Water District of our firm's reliability and capability to deliver outstanding results.

QUALIFICATION OF THE FIRM

Endeavor prides itself on the expertise and experience of its founder, Charles Martinez, who brings over a decade of comprehensive knowledge in Utility Regulation Economics and Analysis to the firm. With a master's degree specializing in Public Utility Regulation and Policy Analysis from New Mexico State University, Charles has a proven track record of success in the utility sector, as evidenced by their tenure at Sharyland Utilities L.P., the NMPRC, and a consulting firm serving governmental agencies.

Previous Experience:

During Charles's tenure at Sharyland Utilities L.P., he was responsible for various tasks, including forecasting monthly transmission revenue, performing valuation studies on substations, developing rate case studies, and supporting customer premise data migration. At the NMPRC, Charles conducted utility finance reviews, prepared testimonies for commission filings, and participated in rate plan approvals. Additionally, Charles served as an Economist at a consulting firm, providing economic and regulatory analysis for clients in the Department of Defense and the Department of Energy.

Adherence to Schedule and Budget:

As a sole proprietorship, Endeavor ensures strict adherence to schedule and budget by implementing the following controls:

- **Detailed Project Planning:** Prior to project commencement, a comprehensive project plan is developed, outlining all tasks, milestones, timelines, and budget allocations.
- **Regular Progress Monitoring:** Progress is monitored closely throughout the project duration to ensure alignment with the established timeline and budget. Any deviations are addressed promptly to mitigate risks.
- **Resource Optimization:** Being a solo practitioner allows for efficient resource allocation, with all efforts focused on delivering high-quality outcomes within the specified timeframe and budget.
- **Continuous Communication:** Regular communication with the client ensures transparency and facilitates proactive problem-solving, minimizing the likelihood of schedule or budget overruns.

Endeavor is committed to delivering exceptional results while adhering to schedule and budget constraints. Our founder's extensive experience, coupled with rigorous project management controls, ensures that each project is executed efficiently and effectively.

APPROACH TO PROJECT

At Endeavor, we understand that a detailed and well-structured approach is crucial for the successful completion of the Palmdale Water District's project. Below, we provide an expanded overview of our approach, including specific milestones, tasks, and subtasks.

Project Understanding:

Our approach begins with a thorough understanding of the project requirements and objectives outlined in the RFP. We will review all relevant documentation provided by the Palmdale Water District to ensure a comprehensive understanding of their history, existing rate structures, and specific challenges. Additionally, we will engage in initial discussions with District representatives to clarify any ambiguities and align our understanding with their expectations.

Scope of Work:

Water Rate Analysis:

Milestone 1: Data Collection and Review (Month 1)

- Task 1: Gather historical water usage data, financial reports, and relevant documents from the Palmdale Water District, ensuring comprehensive coverage of all necessary information to inform the analysis.
- Task 2: Review existing rate structures and regulatory requirements, conducting a thorough examination to identify any potential gaps or areas for improvement.

Milestone 2: Analysis and Modeling (Month 2)

- Task 1: Conduct comprehensive analysis of anticipated operations and maintenance costs, infrastructure needs, and compliance with bond covenants, utilizing advanced analytical techniques and industry best practices.
- Task 2: Develop financial models to forecast future water source costs, employing sophisticated modeling software to simulate various scenarios and predict potential cost implications accurately.

Milestone 3: Report Preparation (Month 3)

- Task 1: Compile findings into a comprehensive report, synthesizing the results of the analysis and modeling into a clear and concise document that outlines key insights and recommendations.
- Task 2: Document justification for recommended rate plan modifications, providing robust rationale supported by empirical data and industry benchmarks to justify proposed changes effectively.

Evaluation of Rate Plan Necessity:

Milestone 1: Data Analysis (Month 4)

- Task 1: Evaluate existing rate plan performance and identify areas for improvement, conducting a detailed assessment to pinpoint inefficiencies or discrepancies in the current rate structure.
- Task 2: Analyze customer usage patterns and historical data, leveraging advanced statistical methods to extract valuable insights and trends that inform the development of customized rate plan modifications.

Milestone 2: Plan Development (Month 5)

- Task 1: Develop a plan for rate plan modifications, leveraging insights from the data analysis phase to design tailored solutions that address identified issues and align with the District's strategic objectives.

- Task 2: Explore options for implementing a drought factor, researching best practices and industry standards to design a robust mechanism for managing water scarcity and promoting conservation efforts effectively.

Milestone 3: Recommendation Presentation (Month 6)

- Task 1: Present findings and recommendations to the Palmdale Water District, delivering a compelling and persuasive presentation that highlights the benefits and rationale behind proposed rate plan modifications.
- Task 2: Incorporate District feedback into final recommendations, collaborating closely with stakeholders to address any concerns or questions and ensure alignment with the District's priorities and objectives.

Public Hearing Support:

Milestone 1: Campaign Development (Month 7)

- Task 1: Develop outreach campaigns tailored to different water-use sectors, crafting targeted messaging and materials that resonate with diverse audiences and effectively communicate the benefits of proposed rate plan modifications.
- Task 2: Create collateral materials, including website content, presentation materials, and informational brochures, designed to educate and inform stakeholders about the proposed changes and encourage active participation in the public hearing process.

Milestone 2: Stakeholder Engagement (Month 8)

- Task 1: Coordinate stakeholder meetings, facilitating open and transparent communication channels to solicit feedback, address concerns, and build consensus around proposed rate plan modifications.
- Task 2: Facilitate public hearings and provide support to the District, managing logistical arrangements and ensuring smooth execution of the hearing process while maintaining a respectful and inclusive environment for all participants.

Milestone 3: Documentation and Compliance (Month 9)

- Task 1: Document public hearing proceedings and stakeholder feedback, capturing key insights, questions, and concerns raised during the hearings to inform further decision-making and ensure transparency and accountability in the process.
- Task 2: Ensure compliance with State of California noticing requirements, meticulously adhering to all legal and regulatory obligations to maintain the integrity and legality of the public hearing process.

Project Meetings Overview

Kick-off Meeting:

- Purpose: To initiate the project, align on objectives, discuss scope, and establish expectations.
- Agenda: Introductions, review of project scope, objectives, timelines, and deliverables.
- Participants: Project team members, key stakeholders from Palmdale Water District.

Progress Meetings (3-4):

- Purpose: To review project progress, address any issues, and ensure alignment with goals.
- Agenda: Review of completed tasks, discussion on upcoming milestones, addressing any challenges.
- Participants: Project team members, possibly including representatives from Palmdale Water District.

Interim Presentation Meeting:

- Purpose: To present interim findings, gather feedback, and ensure alignment before finalizing the report.
- Agenda: Presentation of analysis results, discussion on preliminary recommendations, gathering feedback.
- Participants: Project team members, key stakeholders from Palmdale Water District.

Final Presentation Meeting:

- Purpose: To present the comprehensive report, recommendations, and findings to the Palmdale Water District.
- Agenda: Presentation of final report, discussion on recommendations, addressing any questions or concerns.
- Participants: Project team members, stakeholders from Palmdale Water District, possibly other relevant parties.

Public Hearings (2) (Prop 218 Compliance):

- Purpose: To gather input, address concerns, and obtain approval from affected ratepayers as required by Prop 218 regulations.
- Agenda: Presentation of proposed rate plan modifications, public comment period, addressing questions or concerns.

- Participants: Project team members, representatives from Palmdale Water District, ratepayers, community members.

Prime and Sub-Consultant Assignments:

As a sole proprietorship, Endeavor, will handle all aspects of the project internally. Charles Martinez will serve as the primary consultant, responsible for overseeing the project from initiation to completion, including data analysis, report generation, and stakeholder engagement.

Conclusion:

Endeavor is dedicated to delivering a comprehensive and effective solution to meet the needs of the Palmdale Water District. Our detailed approach, structured milestones, and focused tasks ensure that each aspect of the project is addressed meticulously, resulting in actionable insights and support for the District's water rate analysis and public hearing processes.

PROJECT STAFFING AND AVAILABILITY

Given that Endeavor is a sole proprietorship, the staffing for this project will consist solely of myself, Charles Martinez, based in Evansville, IN. As the owner and sole employee of Endeavor, I will be responsible for all aspects of the project from inception to completion.

Here is an overview of my role and responsibilities for this project:

Charles Martinez

- Location: Evansville, IN
- Role: Owner/Principal
- Responsibilities:
 - Conducting data collection and analysis for the water rate analysis and evaluation of rate plan necessity.
 - Developing financial models and reports based on the analysis conducted.
 - Creating presentations and recommendations for the Palmdale Water District.
 - Facilitating stakeholder engagement and public hearings support.
- Availability: I am fully committed to dedicating my time and expertise to this project and will ensure timely completion of all tasks within the proposed timeline.

As there are no other team members involved in this project, there is no need for an organizational chart or resumes for key personnel. However, I assure you that my extensive experience in utility regulation economics and analysis, backed by a master's degree specializing in public utility regulation and policy analysis, makes me well-equipped to handle the requirements of this project effectively.

Furthermore, I understand and acknowledge the importance of key personnel in project execution, and I assure the Palmdale Water District that there will be no changes to the project staffing without prior approval.

UNIQUE QUALITIES OF QUALIFICATIONS

Here are the unique qualities and qualifications of Endeavor Utility Solutions LLC that would benefit the Palmdale Water District and its project:

- **Specialized Expertise:** Endeavor offers specialized expertise in utility regulation economics and analysis. With over 10 years of experience in the utility sector, including roles as a regulatory analyst for electric utilities and an economist at a consulting firm, I bring a deep understanding of the intricacies of water rate analysis and rate plan modifications.
- **Advanced Analytical Skills:** Leveraging advanced analytical skills and sophisticated modeling techniques, Endeavor can provide comprehensive data analysis and forecasting to support informed decision-making by the Palmdale Water District. This includes evaluating operational costs, infrastructure needs, and future water source costs to develop robust rate plans.
- **Strategic Communication:** Endeavor excels in strategic communication and stakeholder engagement. I am experienced in facilitating meetings, presenting complex findings in an accessible manner, and coordinating outreach campaigns tailored to gather community insight. This ensures effective communication and buy-in from stakeholders throughout the project.
- **Commitment to Excellence:** Endeavor is committed to delivering excellence in every aspect of the project. With a track record of adhering to schedules and budgets, I will ensure that the project is completed efficiently and effectively, meeting the District's objectives and exceeding expectations.
- **Adaptability and Flexibility:** As a sole proprietorship, Endeavor offers flexibility and agility in responding to the unique needs and challenges of the Palmdale Water District. I am dedicated to providing personalized attention and tailored solutions to address the District's specific requirements and priorities.
- **Continued Professional Development:** Endeavor is committed to continuous professional development and staying abreast of the latest developments and best practices in utility regulation economics and analysis. This ensures that the services provided are always informed by the most current industry knowledge and expertise.

These unique qualities and qualifications position Endeavor as a valuable partner for the Palmdale Water District, equipped to deliver high-quality results and drive positive outcomes for the project.

REFERENCES

As a new consulting firm, Endeavor does not have past clients to provide as references. However, while we may lack a portfolio of previous projects, I assure you that our commitment to excellence and dedication to delivering high-quality results remain unwavering. Our firm is founded on a strong foundation of expertise, experience, and professionalism, ensuring that we are well-equipped to meet the needs and expectations of the Palmdale Water District.

Although we are unable to furnish traditional client references at this time, we are fully prepared to engage in open and transparent discussions about our qualifications, capabilities, and approach to the project. We welcome the opportunity to address any questions or concerns that the Palmdale Water District may have, and we are committed to providing comprehensive information and assurance to instill confidence in our ability to successfully execute the project.

Please do not hesitate to reach out to me directly at cmartinez@eutilitysolutions.com or 812-419-3455 if you require further clarification or would like to discuss how Endeavor can contribute to the success of your project. Your understanding and consideration are greatly appreciated.

PROFESSIONAL SERVICES AGREEMENT STATEMENT

Endeavor Utility Solutions LLC hereby acknowledges and accepts the Palmdale Water District's Professional Services Agreement as outlined in the Request for Proposal (RFP). We are fully committed to complying with all terms and conditions specified within the agreement and to conducting our services in accordance with the highest professional standards.

Should there be any requested changes to the Professional Services Agreement, Endeavor will promptly submit a proposal outlining the proposed modifications for consideration by the Palmdale Water District. We are dedicated to ensuring that any adjustments are made in a manner that is mutually beneficial and aligns with the objectives of the project.

We appreciate the opportunity to collaborate with the Palmdale Water District and are confident that our acceptance of the Professional Services Agreement will pave the way for a successful partnership. Should you have any further questions or require additional information, please do not hesitate to contact us.

DATA REQUIREMENTS

Endeavor Utility Solutions LLC hereby submits the anticipated timeframe and data requirements needed to fulfill the scope of work outlined in our proposal for the water rate analysis, evaluation of rate plan necessity, and public hearing support as requested by the Palmdale Water District.

Data Requirements:

- Rate and fee tables or rate ordinances, along with policies and preferences related to rates.
- Agreements with special customers and service providers.
- Cash and cash equivalents balance at the start of the test year, and the original value of plant assets.
- Detailed income and expense statements for the test year and projected budget for future years.
- Debt schedules, including existing debt and expected future debt.
- Capital improvements plan (CIP).
- Equipment repair and replacement (R&R) schedule, or a listing of R&R needs.
- Master metered flow volume produced or purchased for water, or volume received at or discharged from the treatment plant for sewer.
- Count of the number of each meter size served by the system.
- Information on new customers connected during the test year and expected growth.
- Any significant considerations not covered above, such as lawsuits, staffing changes, or future funding options.
- Volume usage files.

Summarized Timeline:

1. Month 1-3: Water Rate Analysis

- Milestone 1: Data Collection and Review
 - Task 1: Gather historical water usage data, financial reports, and relevant documents.
 - Task 2: Review existing rate structures and regulatory requirements.
- Milestone 2: Analysis and Modeling
 - Task 1: Conduct comprehensive analysis of operations, maintenance costs, and infrastructure needs.
 - Task 2: Develop financial models to forecast future water source costs.
- Milestone 3: Report Preparation
 - Task 1: Compile findings into a comprehensive report.
 - Task 2: Document justification for recommended rate plan modifications.

2. Month 4-6: Evaluation of Rate Plan Necessity

- Milestone 1: Data Analysis
 - Task 1: Evaluate existing rate plan performance.
 - Task 2: Analyze customer usage patterns and historical data.
- Milestone 2: Plan Development
 - Task 1: Develop a plan for rate plan modifications.
 - Task 2: Explore options for implementing a drought factor.
- Milestone 3: Recommendation Presentation

- Task 1: Present findings and recommendations to the Palmdale Water District.
- Task 2: Incorporate District feedback into final recommendations.

3. Month 7-9: Public Hearing Support

- Milestone 1: Campaign Development
 - Task 1: Develop outreach campaigns tailored to different water-use sectors.
 - Task 2: Create collateral materials for public education.
- Milestone 2: Stakeholder Engagement
 - Task 1: Coordinate stakeholder meetings.
 - Task 2: Facilitate public hearings and provide support to the District.
- Milestone 3: Documentation and Compliance
 - Task 1: Document public hearing proceedings and stakeholder feedback.
 - Task 2: Ensure compliance with State of California noticing requirements.

Endeavor is committed to delivering high-quality results within the specified timeline and data requirements. Should you have any questions or require further clarification, please do not hesitate to contact us.

PROJECT FEE AND SCHEDULE

*** Please see attachment: [Endeavor Utility Solutions - City of Palmdale - Proposal Fee & Schedule.pdf](#)

CONCLUSION

In conclusion, Endeavor is uniquely positioned to address the needs outlined by the Palmdale Water District through our comprehensive approach, expertise, and dedication to delivering exceptional results. With a keen understanding of the challenges faced by the district and a commitment to innovation, we are confident in our ability to provide tailored solutions that align with the district's goals and objectives.

Our proposal outlines a detailed plan for conducting a thorough analysis of water rates, evaluating the necessity for rate plan modifications, and providing extensive support throughout the public hearing process. From data collection to final recommendations, our team will work diligently to ensure that the project is executed efficiently and effectively.

In partnering with Endeavor, the Palmdale Water District can trust in our dedication to delivering high-quality results and our unwavering focus on meeting their needs. We look forward to the opportunity to collaborate closely with the district and make a meaningful impact on their operations.

Thank you for considering Endeavor for this important project. We are eager to contribute our expertise and support the district in achieving its objectives.



Project ID: 24-403

2024 Water Rate Study

Project Proposal Fee & Schedule

Palmdale Water District

March 15, 2024

PROJECT FEE AND SCHEDULE

Endeavor prides itself on operating efficiently and effectively, delivering high-quality services while maintaining lean overhead costs. Our commitment to excellence is reflected in our proposed project fee and schedule, designed to provide exceptional value to the Palmdale Water District. The total not-to-exceed price for this project is \$54,694, comprising \$46,500 for professional services and \$8,194 for travel expenses. Our approach emphasizes cost-consciousness without compromising on the quality or integrity of our work. Below is a detailed breakdown of allocated hours and cost for each task, ensuring transparency and accountability throughout the project duration.

Task-Cost Allocation Schedule

Water Rate Analysis:		
Milestone 1: Data Collection and Review (Month 1)	Hrs.	Cost
Task 1: Gather historical water usage data, financial reports, and relevant documents from the Palmdale Water District to ensure comprehensive coverage of all necessary information for the analysis.	15	\$1,125
Task 2: Review existing rate structures and regulatory requirements, conducting a thorough examination to identify potential gaps or areas for improvement.	40	\$3,000
Milestone 2: Analysis and Modeling (Month 2)		
Task 1: Conduct a comprehensive analysis of anticipated operations and maintenance costs, infrastructure needs, and compliance with bond covenants using advanced analytical techniques and industry best practices.	50	\$3,750
Task 2: Develop financial models to forecast future water source costs, employing sophisticated modeling software to simulate various scenarios and predict potential cost implications accurately.	50	\$3,750
Milestone 3: Report Preparation (Month 3)		
Task 1: Compile findings into a comprehensive report, synthesizing the results of the analysis and modeling into a clear and concise document outlining key insights and recommendations.	40	\$3,000
Task 2: Document justification for recommended rate plan modifications, providing robust rationale supported by empirical data and industry benchmarks to justify proposed changes effectively.	30	\$2,250
Evaluation of Rate Plan Necessity:		
Milestone 1: Data Analysis (Month 4)		
Task 1: Evaluate existing rate plan performance and identify areas for improvement, conducting a detailed assessment to pinpoint inefficiencies or discrepancies in the current rate structure.	40	\$3,000

Task 2: Analyze customer usage patterns and historical data, leveraging advanced statistical methods to extract valuable insights and trends that inform the development of customized rate plan modifications.	30	\$2,250
Milestone 2: Plan Development (Month 5)		
Task 1: Develop a plan for rate plan modifications, leveraging insights from the data analysis phase to design tailored solutions that address identified issues and align with the District's strategic objectives.	50	\$3,750
Task 2: Explore options for implementing a drought factor, researching best practices and industry standards to design a robust mechanism for managing water scarcity and promoting conservation efforts effectively.	40	\$3,000
Milestone 3: Recommendation Presentation (Month 6)		
Task 1: Present findings and recommendations to the Palmdale Water District, delivering a compelling and persuasive presentation that highlights the benefits and rationale behind proposed rate plan modifications.	20	\$1,500
Task 2: Incorporate District feedback into final recommendations, collaborating closely with stakeholders to address any concerns or questions and ensure alignment with the District's priorities and objectives.	30	\$2,250
Public Hearing Support:		
Milestone 1: Campaign Development (Month 7)		
Task 1: Develop outreach campaigns tailored to different water-use sectors, crafting targeted messaging and materials that resonate with diverse audiences and effectively communicate the benefits of proposed rate plan modifications.	30	\$2,250
Task 2: Create collateral materials, including website content, presentation materials, and informational brochures, designed to educate and inform stakeholders about the proposed changes and encourage active participation in the public hearing process.	40	\$3,000
Milestone 2: Stakeholder Engagement (Month 8)		
Task 1: Coordinate stakeholder meetings, facilitating open and transparent communication channels to solicit feedback, address concerns, and build consensus around proposed rate plan modifications.	15	\$1,125
Task 2: Facilitate public hearings and provide support to the District, managing logistical arrangements and ensuring smooth execution of the hearing process while maintaining a respectful and inclusive environment for all participants.	10	\$750
Milestone 3: Documentation and Compliance (Month 9)		
Task 1: Document public hearing proceedings and stakeholder feedback, capturing key insights, questions, and concerns raised during the hearings to inform further decision-making and ensure transparency and accountability in the process.	15	\$1,125
Task 2: Ensure compliance with State of California noticing requirements, meticulously adhering to all legal and regulatory obligations to maintain the integrity and legality of the public hearing process.	20	\$1,500

Project Meetings:

Kick-off Meeting: Initiate the project, align on objectives, discuss scope, and establish expectations.	5	\$375
Progress Meetings (3-4): Review project progress, address any issues, and ensure alignment with goals.	15	\$1,125
Interim Presentation Meeting: Present interim findings, gather feedback, and ensure alignment before finalizing the report.	10	\$750
Final Presentation Meeting: Present the comprehensive report, recommendations, and findings to the Palmdale Water District.	15	\$1,125
Public Hearings (Prop 218 Compliance): Gather input, address concerns, and obtain approval from affected ratepayers as required by Prop 218 regulations. (10 hours, 5 hours each for 2 hearings)	10	\$750



BOARD MEMORANDUM

DATE: April 22, 2024
TO: BOARD OF DIRECTORS
FROM: Mr. Bob Egan, Financial Advisor
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***STATUS REPORT ON CASH FLOW STATEMENT AND CURRENT CASH BALANCES AS OF MARCH 2024. (FINANCIAL ADVISOR EGAN/FINANCE COMMITTEE)***

Attached are the Cash Notes, the Investment Funds Report, and the Cash Flow Report as of March 2024. These reports will be reviewed in detail at the Board meeting.

<u>2024</u>				
<u>February to March 2024 Major account Activity</u>				
	<u>acct 11469</u>			
	Balance	3/31/2024	3,824,858.21	
	Balance	2/29/2024	4,021,538.28	
	Decrease		(196,680.07)	
	<u>One month activity</u>			Taxes
	Interest/Mkt value received		14,881.38	YTD expected
	Transfer from 11475		12,416.27	YTD received
	Transfer from 11432		1,095,000.00	Increase
	Transfer to Webster Bank		(77,623.18)	
	Transfer to Western Alliance		(147,052.37)	
	Transfer to BNY Mellon		(149,862.50)	
	Transfer to BNY Mellon		(193,145.09)	
	Transfer to BNY Mellon		(272,896.89)	
	Transfer to BNY Mellon		(505,705.21)	
	Taxes received		27,307.52	
	Decrease		(196,680.07)	
	<u>Acct 11475</u>			
	Balance	3/31/2024	596,544.32	
	Balance	2/29/2024	594,255.82	<u>all accounts</u>
	Increase		2,288.50	FACE
	<u>One month activity</u>			Value
	Capital Improvement fee received		12,416.00	Future earnings
	Transfer to 11469		(12,416.27)	
	Interest/Mkt value received		2,288.77	
	Increase		2,288.50	<u>Int/Mkt</u>
				<u>Month</u>
				<u>YTD</u>
				Jan
				Feb
				Mar
	<u>Acct 11432</u>			Apr
	Balance	3/31/2024	8,695,615.46	May
	Balance	2/29/2024	9,756,676.76	Jun
	Decrease		(1,061,061.30)	Jul
	<u>One month activity</u>			Aug
	Transfer to 11469		(1,095,000.00)	Sep
	Interest/Mkt value received		33,938.70	Oct
	Decrease		(1,061,061.30)	Nov
				Dec
	<u>Acct 24016</u>			<u>2023 interest</u>
	Balance	3/31/2024	962,796.45	573,394
	Balance	2/29/2024	959,212.32	
	Increase		3,584.13	
	<u>One month activity</u>			
	Interest/Mkt value received		3,584.13	
	Increase		3,584.13	

2023					
First Quarter 2024 Major account Activity					
acct 11469					
Balance	3/31/2024	3,824,858.21			
Balance	12/31/2023	4,749,465.55			
Decrease		(924,607.34)			
Three months activity					
Taxes received		1,883,479.47	Transfer to Webster Bank		77,623.18
Interest/Mkt value received		48,481.46	Transfer to Western Alliance		147,052.37
Transfer to CCB		(1,500,000.00)	Transfer to BNY Mellon		149,862.50
Transfer to 11432		(1,158,480.68)	Transfer to BNY Mellon		193,145.09
Transfer from 11475		53,197.65	Transfer to BNY Mellon		272,896.89
Transfer from 11432		1,095,000.00	Transfer to BNY Mellon		505,705.21
Bond payment transfers		(1,346,285.24)			1,346,285.24
Decrease		(924,607.34)			
Acct 11475					
Balance	3/31/2024	596,544.32			
Balance	12/31/2023	590,691.55			
Increase		5,852.77			
Three months activity					
Transfer to 11469		(53,197.65)			
Interest/Mkt value received		5,876.96			
Capital improvements received		53,173.46			
Increase		5,852.77			
Acct 11432					
Balance	3/31/2024	8,695,615.46			
Balance	12/31/2023	8,530,101.34			
Increase		165,514.12			
Three months activity					
transfer from 11469		1,158,480.68			
transfer to 11469		(1,095,000.00)			
Interest/Mkt value received		102,033.44			
Increase		165,514.12			
Acct 24016.					
Balance	3/31/2024	962,796.45			
Balance	12/31/2023	951,024.97			
Increase		11,771.48			
Three months activity					
Interest/Mkt value received		11,771.48			
Increase		11,771.48			

**PALMDALE WATER DISTRICT
INVESTMENT FUNDS REPORT
March 31, 2024**

<i>CASH</i>		March 2024	February 2024
1-00-0103-100	Citizens - Checking	671,758.84	520,113.17
1-00-0103-200	Citizens - Refund	(7,034.64)	
1-00-0103-300	Citizens - Merchant	274,248.34	242,969.25
	Bank Total	<u>938,972.54</u>	<u>763,082.42</u>
1-00-0110-000	PETTY CASH	300.00	300.00
1-00-0115-000	CASH ON HAND	5,400.00	5,400.00
	TOTAL CASH	<u>944,672.54</u>	<u>768,782.42</u>

<i>INVESTMENTS</i>			March 2024	February 2024
1-00-0135-000	Local Agency Investment Fund	Acct. Total	13,282.19	13,282.19
1-00-0120-000	UBS Money Market Account General (SS 11469)			
	UBS Select Prime Institutional Fund			1.82
	UBS Select ESG Prime		818,730.70	764,687.50
*	UBS Insured Sweep			
	Accrued interest		16,257.79	21,814.66
			<u>834,988.49</u>	<u>786,503.98</u>

US Government Securities

CUSIP #	Issuer	Maturity Date	Rate	PAR	Market Value	Market Value
91282CCC3	US Treasury Note	05/15/2024	0.250	727,000	722,550.76	719,417.39
				<u>727,000</u>	<u>722,550.76</u>	<u>719,417.39</u>

Certificates of Deposit

Issuer	Maturity Date	Rate	Face Value	Market Value	Market Value
First Horizon	03/01/24	5.250			250,000.00
Liberty Federal Credit	03/08/2024	5.100			249,977.50
Fortis Bank	04/12/2024	5.000	207,000	206,977.23	206,939.97
Comenity Bank	05/17/2024	2.800	200,000	199,198.00	198,786.00
Stockman Bank	06/10/2024	0.500	181,000	179,229.82	178,587.27
Goldman Sachs Bank	06/12/2024	5.350	250,000	249,967.50	250,005.00
Citibank NA	06/18/2024	5.350	250,000	249,962.50	250,015.00
Great STHN Bk	06/18/2024	4.900	200,000	199,780.00	199,758.00
Sofi Bank	07/29/2024	4.950	240,000	239,656.80	239,714.40
Truist Bank	09/09/2024	5.200	250,000	249,862.50	
Industrial and Com Ny	10/18/2024	0.600	175,000	170,549.75	170,091.25
BMW Bank	12/11/2024	0.400	194,000	187,584.42	187,080.02
Wells Fargo Bnk	12/27/2024	4.800	135,000	134,550.45	134,662.50
			<u>2,282,000</u>	<u>2,267,318.97</u>	<u>2,515,616.91</u>
			Acct. Total	3,824,858.22	4,021,538.28

1-00-1110-000	UBS Money Market Account Capital (SS 11475)					
	Cash					
	UBS Insured Sweep				0.00	0.00
	Accrued interest				10,548.22	8,566.00
					<u>10,548.22</u>	<u>8,566.00</u>

US Government Securities

CUSIP #	Issuer	Maturity Date	Rate	PAR	Market Value	Market Value
91282CFQ9	US Treasury Note	10/31/2024		589,000	585,996.10	585,689.82
				<u>589,000</u>	<u>585,996.10</u>	<u>585,689.82</u>

Certificates of Depo	Issuer	Maturity Date	Rate	Face Value	Market Value	Market Value
				0	0.00	0.00
				Acct. Total	596,544.32	594,255.82

1-00-0125-000 UBS Access Account General (SS 11432)							
UBS Bank Insured Sweep						1.78	1,061.64
UBS Select Prime Institutional Fund						16,850.58	17,088.77
US Bank Core savings						160,000.00	
Accrued interest						54,991.50	42,829.51
						<u>231,843.86</u>	<u>60,979.92</u>
US Government Securities							
CUSIP #	Issuer	Maturity Date	Rate	PAR	Market Value	Market Value	
912797LL9	US Treasury Bill	3/21/2024				772,721.50	
9127796ZW2	US Treasury Bill	6/20/2024		350,000	345,943.50	344,389.50	
912797GL5	US Treasury Bill	9/5/2024		1,200,000	1,173,216.00	584,334.00	
91282CBR1	US Treasury Note	3/15/2024	0.25			1,821,404.75	
9128286R6	US Treasury Note	4/30/2024	2.25	750,000	748,125.00	746,190.00	
91282CCX7	US Treasury Note	9/15/2024	0.375	1,500,000	1,467,390.00	1,461,210.00	
91282CDN8	US Treasury Note	12/15/2024	1.00	1,000,000	971,220.00	968,130.00	
9128283P3	US Treasury Note	12/31/2024	2.25	940,000	920,156.60		
				<u>5,740,000.00</u>	<u>5,626,051.10</u>	<u>6,698,379.75</u>	
Certificates of Deposit							
	Issuer	Maturity Date	Rate	Face Value			
	UBS Bank USA Salt Lake	03/08/2024	5.100			159,985.60	
	Bank Hapoalim	04/01/2024	5.500	250,000	250,002.50	250,027.50	
	Midfirst bank	04/17/2024	5.000	250,000	249,957.50	249,900.00	
	Financial Partners CA	05/20/2024	5.550	250,000	250,055.00	250,097.50	
	Bank of China	07/01/2024	5.150	250,000	249,827.50	249,872.50	
	Western Alliance Bk	07/16/2024	5.500	250,000	250,020.00	250,145.00	
	Beal Bank	07/24/2024	5.450	250,000	249,992.50	250,122.50	
	Bank of America	07/25/2024	5.450	250,000	249,992.50	250,125.00	
	Comerica Bank Tx	08/16/2024	5.450	100,000	100,008.00	100,079.00	
	American Express Natl	08/26/2024	3.300	250,000	247,927.50	247,717.50	
	Ally Bank	08/26/2024	3.150	250,000	247,775.00	247,537.50	
	Homestreet Bank	09/30/2024	5.000	250,000	249,547.50	249,725.00	
	Continental Bank	11/21/2024	0.550	250,000	242,615.00	241,982.50	
				<u>2,850,000</u>	<u>2,837,720.50</u>	<u>2,997,317.10</u>	
				Acct. Total	<u>8,695,615.46</u>	<u>9,756,676.77</u>	
				Total Managed Accounts	<u>13,130,300.19</u>	<u>14,385,753.06</u>	
1-00-1121-000 UBS Rate Stabilization Fund (SS 24016) - District Restricted							
UBS Bank USA Dep acct						689.56	689.56
Accrued interest						22,956.06	18,985.80
						<u>23,645.62</u>	<u>19,675.36</u>
Certificates of Deposit							
				Face Value			
	Mizrahi Tefahot BK	9/20/2024	5.65	250,000	250,005.00	250,030.00	
	JP Morgan Chase	9/20/2024	5.65	250,000	250,032.50	250,055.00	
	Blue Ridge Bank	9/26/2024	5.50	144,000	144,038.88	144,185.76	
	Popular Bk	10/24/2024	5.45	60,000	60,020.40	60,087.60	
	US Bk OH	12/13/2024	5.40	235,000	235,054.05	235,178.60	
				<u>939,000.00</u>	<u>939,150.83</u>	<u>939,536.96</u>	
				Acct. Total	<u>962,796.45</u>	<u>959,212.32</u>	
GRAND TOTAL CASH AND INVESTMENTS					<u>15,037,769.18</u>	<u>16,113,747.80</u>	
Increase (Decrease) in Funds					<u>(1,075,978.62)</u>		

PALMDALE WATER DISTRICT

2024 Cash Flow Report (Based on Oct. 23, 2023 Adopted Budget - Amended: Feb. 12, 2024)

	January	February	March	April	May	June	July	August	September	October	November	December	YTD	Budget 2023 Carryover Information
Total Cash Beginning Balance (BUDGET)	15,636,283	15,465,579	15,298,730	13,308,438	16,058,057	16,587,697	15,773,193	15,301,687	15,033,236	13,265,921	12,452,038	11,983,374		
Total Cash Beginning Balance	15,636,283	15,964,988	16,113,748	15,037,769	18,458,447	18,988,087	18,117,568	17,646,061	17,377,610	15,610,295	14,796,412	14,327,749		
Budgeted Water Receipts	2,384,138	2,303,420	2,482,697	2,826,963	2,680,892	3,167,792	3,133,160	3,348,417	3,242,337	3,073,623	2,798,508	2,558,054	34,000,000	
Water Receipts	2,720,803	2,557,010	2,557,700	2,826,963	2,680,892	3,167,792	3,133,160	3,348,417	3,242,337	3,073,623	2,798,508	2,558,054	34,665,258	
DWR Refund (Operational Related)													-	
RWA Agreement (AV Watermaster/AVSWCA)			105,304										105,304	
Other (Gain on Sale of Equipment)													-	
Total Operating Revenue (ACTUAL)	2,720,803	2,557,010	2,663,004	2,826,963	2,680,892	3,167,792	3,133,160	3,348,417	3,242,337	3,073,623	2,798,508	2,558,054	34,770,562	
Total Operating Expenses excl GAC (BUDGET)	(2,500,365)	(2,323,470)	(2,512,219)	(2,633,074)	(2,644,897)	(2,804,264)	(2,763,214)	(3,384,051)	(2,866,581)	(2,967,368)	(2,879,529)	(2,449,852)	(32,728,884)	
GAC (BUDGET)			(160,000)			(110,000)			(160,000)	(160,000)		(160,000)	(750,000)	
Operating Expenses excl GAC (ACTUAL)	(3,274,048)	(2,641,320)	(1,926,266)	(2,615,033)	(2,626,856)	(2,896,222)	(2,745,172)	(3,366,009)	(3,008,539)	(3,109,326)	(2,861,488)	(2,591,810)	(33,662,088)	
LCID Water Purchase													-	
Littlelock Dam - Sediment Removal	(2,509)	(402)											(2,911)	
GAC	(216,007)		(167,000)										(383,007)	
Prepaid Insurance (paid)/refunded													-	
Total Operating Expense (ACTUAL)	(3,492,564)	(2,641,722)	(2,093,266)	(2,615,033)	(2,626,856)	(2,896,222)	(2,745,172)	(3,366,009)	(3,008,539)	(3,109,326)	(2,861,488)	(2,591,810)	(34,048,006)	
Non-Operating Revenue:														
Assessments, net (BUDGET)	860,390	399,640	42,680	2,590,870	994,250	28,130	148,410	238,620	-	-	162,960	4,234,050	9,700,000	
Actual/Projected Assessments, net	1,011,439	438,718	27,308	2,590,870	994,250	28,130	148,410	238,620	-	-	162,960	4,234,050	9,874,754	
Asset Sale/Unencumbered Money (Taxes)													-	
RDA Pass-through (Successor Agency)	406,015					343,985							750,000	
Interest	36,457	31,453	54,693	23,750	23,750	23,750	23,750	23,750	23,750	23,750	23,750	23,750	336,352	
Market Adjustment	27,704	17,882											45,586	
Grant Re-imbursement	126,251			500,000					600,000				1,226,251	
Arrearage Funds													-	
Capital Improvement Fees - Infrastructure		25,567		125,000			125,000						275,567	
Capital Improvement Fees - Water Supply		15,966		150,000			150,000						315,966	
Water Transfer Agreement Sales		382,600		1,196,059									1,578,659	
DWR Refund (Capital Related)				75,000	50,000	50,000		75,000		50,000			300,000	
Other	589,689	5,215		4,167		4,167		4,167		4,167		4,167	615,737	
Total Non-Operating Revenues (BUDGET)													-	
Total Non-Operating Revenues (ACTUAL)	2,197,555	917,400	82,001	4,664,845	1,068,000	450,031	447,160	341,537	623,750	77,917	186,710	4,261,967	13,740,214	
Non-Operating Expenses:														
Budgeted Capital Expenditures	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(3,022,000)	
Budgeted Capital Expenditures (Committed During Year)													-	
Actual/Projected Capital Expenditures	(34,596)	(350,522)	(48,658)	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(2,700,276)	
Land Purchase (Groundwater Augmentation Pilot)													-	
Const. of Monitoring Wells/Test Basin (Water Supply)													-	
Meter Exchange Project (Meters Purchased)				(600,000)									(600,000)	
SWP Capitalized	(1,036,784)	(322,522)	(322,522)	(322,522)	(322,522)	(322,522)	(1,036,779)	(322,521)	(350,705)	(322,520)	(322,519)	(322,519)	(5,326,957)	
Investment in PRWA (Suspended Contribution for 2022)													-	
Butte County Water Transfer						(999,723)							(999,723)	
Bond Payments - Interest			(1,346,285)						(671,666)				(2,017,951)	
Principal									(1,332,618)				(1,332,618)	
Capital leases - Citizens Business Bank (2024 Lease)				(263,701)						(263,701)			(527,402)	
Capital leases - Enterprise FM Trust (Vehicles)	(10,668)	(10,668)	(5,148)	(13,333)	(13,333)	(13,333)	(13,333)	(13,333)	(13,333)	(13,333)	(13,333)	(13,333)	(146,484)	
Capital leases - Wells Fargo (Printers)	(15,041)	(217)	(5,104)	(4,708)	(4,708)	(4,708)	(4,708)	(4,708)	(4,708)	(4,708)	(4,708)	(4,708)	(62,737)	
Total Non-Operating Expenses (ACTUAL)	(1,097,089)	(683,929)	(1,727,717)	(1,456,098)	(592,397)	(1,592,120)	(1,306,654)	(592,396)	(2,624,864)	(856,096)	(592,394)	(1,592,117)	(14,713,870)	
Total Cash Ending Balance (BUDGET)	15,465,579	15,298,730	13,308,438	16,058,057	16,587,697	15,773,193	15,301,687	15,033,236	13,265,921	12,452,038	11,983,374	14,619,468		
Total Cash Ending Balance (ACTUAL)	15,964,988	16,113,748	15,037,769	18,458,447	18,988,087	18,117,568	17,646,061	17,377,610	15,610,295	14,796,412	14,327,749	16,963,843		
													Budget	14,619,468
													Difference	2,344,375
													Adj. Difference	2,344,375
2023 Cash Ending Balance (ACTUAL)	14,479,181	14,926,970	12,842,032	14,946,300	15,679,096	14,775,947	14,009,807	13,516,980	10,953,725	13,153,304	12,822,185	15,636,283		

Indicates actual expenditures/revenues:
 Indicates anticipated expenditures/revenues:



BOARD MEMORANDUM

DATE: April 22, 2024
TO: BOARD OF DIRECTORS
FROM: Mr. Dennis J. Hoffmeyer, Finance Manager
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***STATUS REPORT ON FINANCIAL STATEMENTS, REVENUE, AND EXPENSE AND DEPARTMENTAL BUDGET REPORTS FOR MARCH 2023. (FINANCE MANAGER HOFFMEYER/FINANCE COMMITTEE)***

Discussion:

Presented here are the Balance Sheet and Profit/Loss Statement for the period ending March 31, 2024. Also included are individual departmental budget reports.

This is the third month of the District's Budget Year 2024. Historical trends for the District have our revenues at 20.62% and expenses are 22.7%. This would typically be 25% for traditional budgetary percentages. Operating revenues are above (21.43%), and expenses (18.84%) are below for the actuals. Please refer to Diagram A for a graphical representation of this information.

Balance Sheet:

- Pages 1 and 2 are the balance sheet for the 3-month period and a graphic presentation of Assets, Liabilities, and Net Position on March 31, 2024. Additionally, there are pages 1A & 1B, which compare the annual quarterly performance with the previous year.
- The net change for the month-to-month (Feb to Mar) was a decrease of \$1,386,838.
- The month saw an increase in Cash and cash equivalents of \$92,971, while Restricted – cash and cash equivalents remained the same.
- The investments saw a decrease of \$1,251,869 mainly due to payments of the District's Debt Services in March. The offset on the liabilities side is shown as Accrued Interest Payable decreases as we issue semi-annual debt payments for the bonds (Both highlighted in yellow).
- The Capital assets – not being depreciated saw an increase due to the expenditures related to capital projects. (Highlighted in orange).
- Referencing page 1A, starting with the District's assets. There is an increase in assets of \$21 million when comparing March 2024 and March 2023. This increase was due to the following: An increase in Accounts Receivable-other (Highlighted in blue) is related to the transfer agreement with Westside Water Authority for \$1.2M for Butte and Table A Water Transfers. Cash and Investments (Highlighted in orange) and Restricted – cash and cash equivalents show an increase due to the issuance of Water Revenue Bonds 2023A in September 2023. There is also an increase in capital assets as spending increases on active projects (Highlighted in green).
- The second page 1B contains the liabilities and net position. The accounts Right-to-use lease payable and the Right-to-use asset financing (Highlighted in yellow) were created due to the implementation of GASB 87 (New Lease Accounting Standard).

Profit/Loss Statement:

- Page 3 is our consolidated profit and loss statement trending for the 1st quarter of 2024. Also included is page 3A which shows the quarterly comparison between first quarters 2023 and 2024.
- Operating revenues are above the historical average at 21.43%.
- The District's operating expenses are below historical averages at 18.84%.
- The Operating Revenue had water sales continue to go down from the beginning of this year as this is related to lower water usage as the recent rain continue to be the contributing factor (Highlighted in orange).
- All departmental budgets except for highlighted are at or below the historical average.
- Page 4 is the graphical representation of the operational and departmental budgets.
- Page 5 is the graphical representation of personnel to operations expenses.

Department Indicators

- This month the Operation and Finance Departments are 1.7% and 1%, respectively higher than historical averages (Highlighted in yellow).
- Review of Operations has four accounts as contributing factors. The first account, Healthcare is related to the HSA frontloading and should smooth out during the year. Second, Maintenance & Rep. Operations – Equipment has over a third of the budget spent and part of this is related to a one-time expense for food-grade gear oil used to lubricate equipment that comes in direct contact with water. Third, The Supplies – Lab account has made its quarterly purchase and will smooth out over time. The final factor, Permits account is related to the annual payment made at the beginning of the year to State Water Resource Control for the annual fee for the water system.
- Review of Finance has telecommunications (two accounts) as the contributing factor. Based on the first quarter of the year this will continue with both accounts being over budget by October.
- The Information Technology and Customer Care Departments are 6.4% and 4%, respectively, higher than historical averages (Highlighted in green).
- Review of Information Technology shows three accounts that are contributing factors. the first account, Healthcare is related to the HSA frontloading and should smooth out during the year. Computer Equipment and Support and Contracted/Cloud Services are the other two factors related to the annual renewals for 2024 paid in the first quarter and should smooth out during the year.
- Review of Customer Care has increases related to salaries and healthcare costs. Salaries are related to the continued use of temporary staffing and overtime. Both should stabilize as we continue with the meter exchange project which will decrease the number of manual readings due to failed meter equipment. Healthcare is related to the HSA frontloading and should also smooth out during the year.
- Page 3A is the quarterly comparison between 2023 and 2024. Overall, revenues are up 7.18% year-to-year and expenses are up 4.07%. The biggest contributing factor to the increase in revenue is the increase in meter fees by 9% due to a rise in new accounts during the year from developers (Highlighted in yellow). The Operation Department's

April 22, 2024

increase (Highlighted in orange) is due to expenses incurred on the use of surface water from Littlerock Dam. Since we are using surface water, there is a decrease in Source of Supply - Purchased Water (Highlighted in green). CIF fees show a significant decrease as we only have a couple of individual projects this year compared to large CIF projects last year (Highlighted in red).

Departments:

Pages 6 through 16 are the detailed individual departmental budgets for your review.

Non-Cash Definitions:

Depreciation: This is the spreading of the total expense of a capital asset over the expected life of that asset.

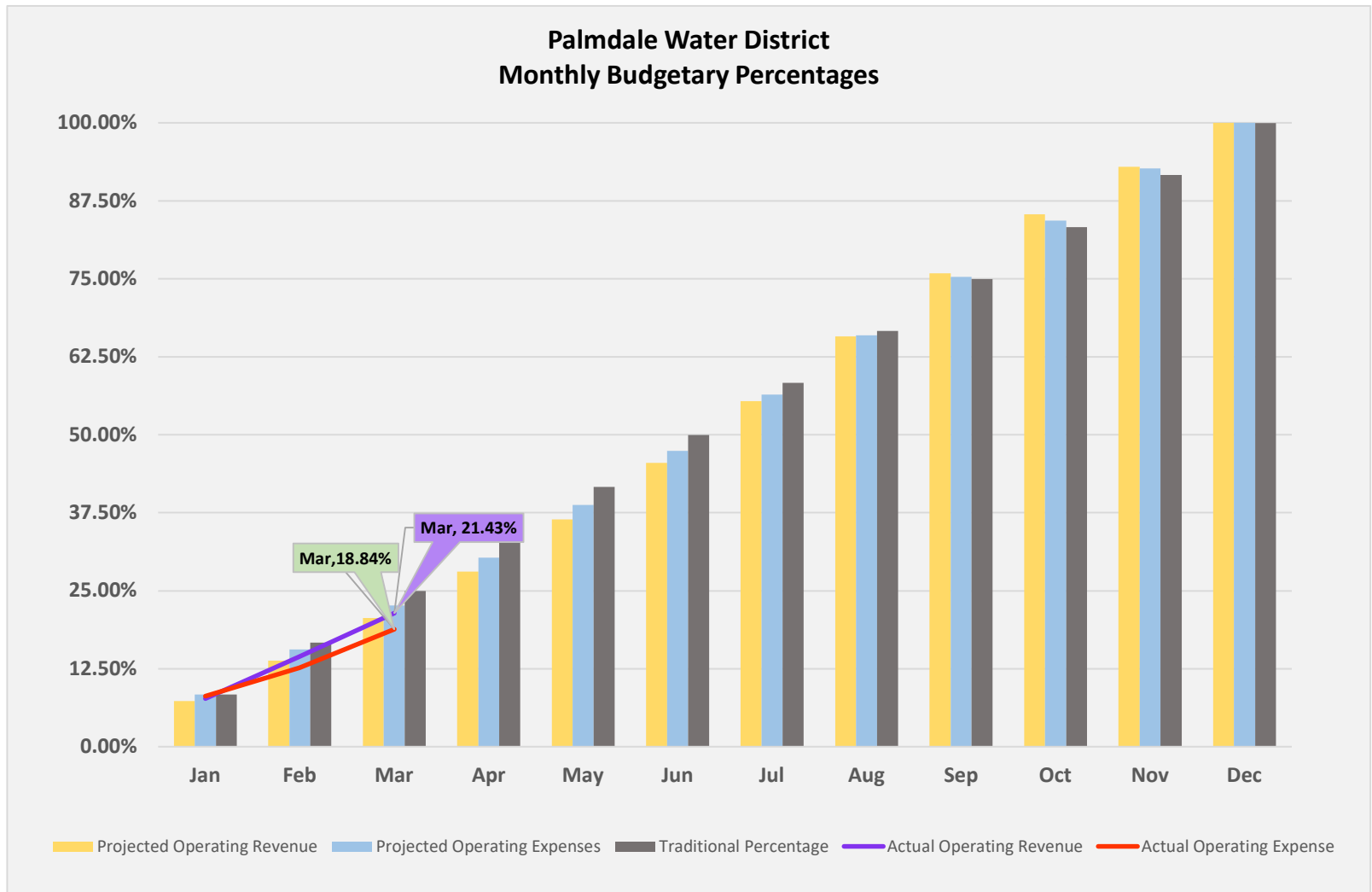
OPEB Accrual Expense: Other Post-Employment Benefits (OPEB) is the recognized annual required contribution to the benefit. The amount is actuarially determined in accordance with the parameters of GASB 45. The amount represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year.

Bad Debt: The uncollectible accounts receivable that has been written off.

Service Cost Construction: The value of material, parts & supplies from inventory used to construct, repair, and maintain our asset infrastructure.

Capitalized Construction: The value of our labor force used to construct our asset infrastructure.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Projected Operating Revenue	7.32%	13.80%	20.62%	28.05%	36.46%	45.53%	55.39%	65.79%	75.92%	85.37%	92.97%	100.00%
Projected Operating Expenses	8.37%	15.59%	22.67%	30.29%	38.76%	47.44%	56.42%	65.97%	75.33%	84.35%	92.71%	100.00%
Traditional Percentage	8.34%	16.67%	25.00%	33.33%	41.66%	49.99%	58.32%	66.65%	74.98%	83.32%	91.66%	100.00%
Actual Operating Revenue	7.70%	14.48%	21.43%									
Actual Operating Expense	8.11%	12.65%	18.84%									



**Palmdale Water District
Balance Sheet Report**

	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024
ASSETS												
Current Assets:												
Cash and cash equivalents	\$ 1,148,832	\$ 851,701	\$ 944,673									
Investments	14,815,906	15,344,955	14,093,087									
Accrued interest receivable	-	-	-									
Accounts receivable - water sales and services, net	2,352,337	2,260,874	2,169,111									
Accounts receivable - property taxes and assessments	3,911,134	3,472,417	3,445,109									
Lease receivable	102,586	102,586	102,586									
Accounts receivable - other	1,751,035	1,364,953	1,364,943									
Materials and supplies inventory	1,730,510	1,678,853	1,669,872									
Prepaid items and other deposits	857,562	528,055	488,636									
Total Current Assets	\$ 26,669,904	\$ 25,604,394	\$ 24,278,016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Current Assets:												
Restricted - cash and cash equivalents	\$ 13,928,913	\$ 13,420,918	\$ 13,420,918									
Lease receivable	380,463	380,463	380,463									
Investment in Palmdale Recycled Water Authority	2,206,782	2,206,782	2,206,782									
Right-to-use asset - being amortized, net	366,740	366,740	366,740									
Capital assets - not being depreciated	21,746,193	22,784,716	23,262,911									
Capital assets - being depreciated, net	163,365,738	162,804,939	162,266,283									
Total Non-Current Assets	\$ 201,994,828	\$ 201,964,557	\$ 201,904,097	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL ASSETS	\$ 228,664,732	\$ 227,568,951	\$ 226,182,113	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEFERRED OUTFLOWS OF RESOURCES:												
Deferred loss on debt defeasance, net	\$ 2,978,265	\$ 2,978,265	\$ 2,978,265									
Deferred outflows of resources related to pensions	8,122,656	8,122,656	8,122,656									
Total Deferred Outflows of Resources	\$ 11,100,921	\$ 11,100,921	\$ 11,100,921	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 239,765,654	\$ 238,669,873	\$ 237,283,034	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES AND NET POSITION												
Current Liabilities:												
Accounts payable and accrued expenses	\$ 1,002,714	\$ 283,457	\$ 661,819									
Customer deposits for water service	2,772,459	2,777,353	2,774,783									
Construction and developer deposits	1,676,656	1,691,656	1,691,656									
Accrued interest payable	920,305	1,150,382	34,173									
Long-term liabilities - due in one year:												
Compensated absences	199,984	203,616	203,616									
Rate Stabilization Fund	844,038	844,038	844,038									
Right-to-use lease payable	126,686	126,686	126,686									
Right-to-use asset financing	463,073	463,073	463,073									
Loan payable	-	-	-									
Revenue bonds payable	671,666	671,666	671,666									
Total Current Liabilities	\$ 8,677,581	\$ 8,211,927	\$ 7,471,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Current Liabilities:												
Long-term liabilities - due in more than one year:												
Compensated absences	\$ 599,952	\$ 610,849	\$ 610,849									
Right-to-use lease payable	229,028	229,028	229,028.00									
Right-to-use asset financing	1,489,646	1,489,646	1,489,646									
Loan payable	3,760,564	3,755,040	3,749,516									
Revenue bonds payable	75,259,508	75,259,508	75,259,508									
Net other post employment benefits payable	14,448,195	14,633,198	14,726,517									
Aggregate net pension liability	13,730,102	13,730,102	13,730,102									
Total Non-Current Liabilities	\$ 109,516,995	\$ 109,707,370	\$ 109,795,165	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	\$ 118,194,575	\$ 117,919,297	\$ 117,266,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES:												
Unearned property taxes and assessments	\$ 3,583,333	\$ 2,866,667	\$ 2,150,000									
Deferred amounts related to leases	460,575	460,575	460,575									
Deferred amounts related to net pensions	5,274,161	5,274,161	5,274,161									
Total Deferred Inflows of Resources	\$ 9,318,069	\$ 8,601,403	\$ 7,884,736	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET POSITION:												
Profit/(Loss) from Operations	\$ 814,818	\$ 941,691	\$ 924,142									
Restricted for investment in Palmdale Recycled Water Authority	2,206,782	2,206,782	2,206,782									
Unrestricted	109,231,409	109,000,700	109,000,700									
Total Net Position	\$ 112,253,009	\$ 112,149,173	\$ 112,131,624	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 239,765,654	\$ 238,669,873	\$ 237,283,034	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

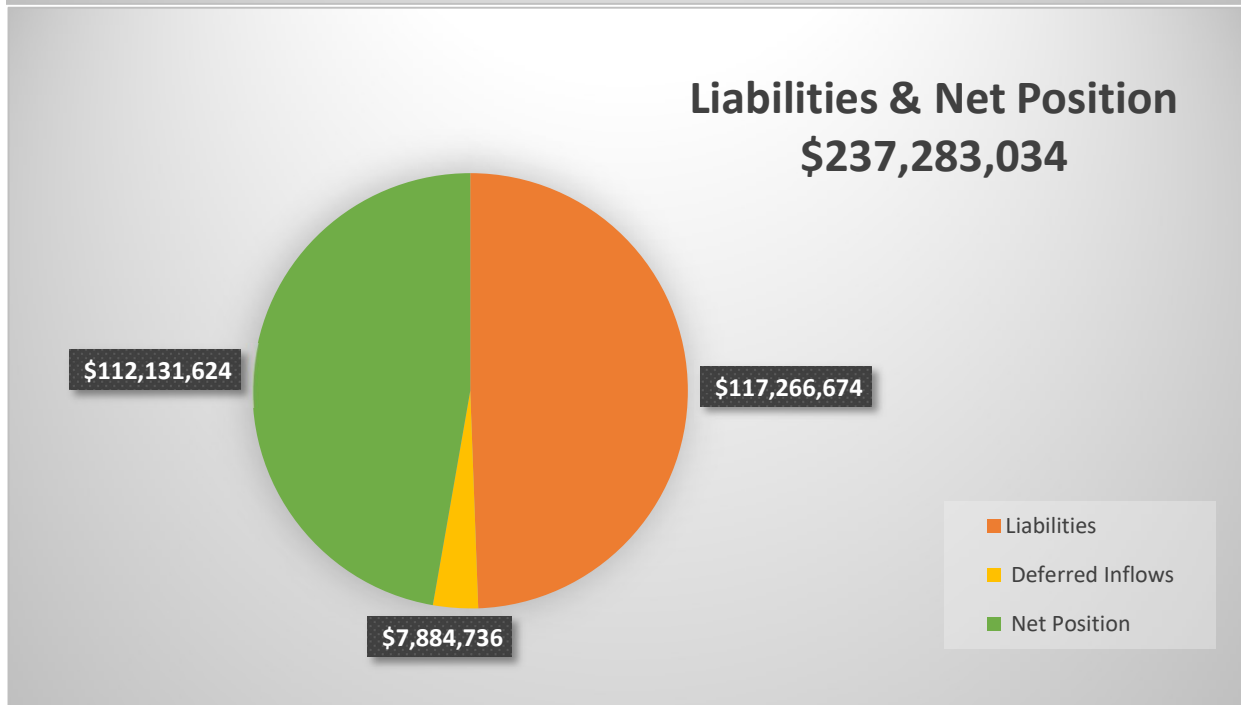
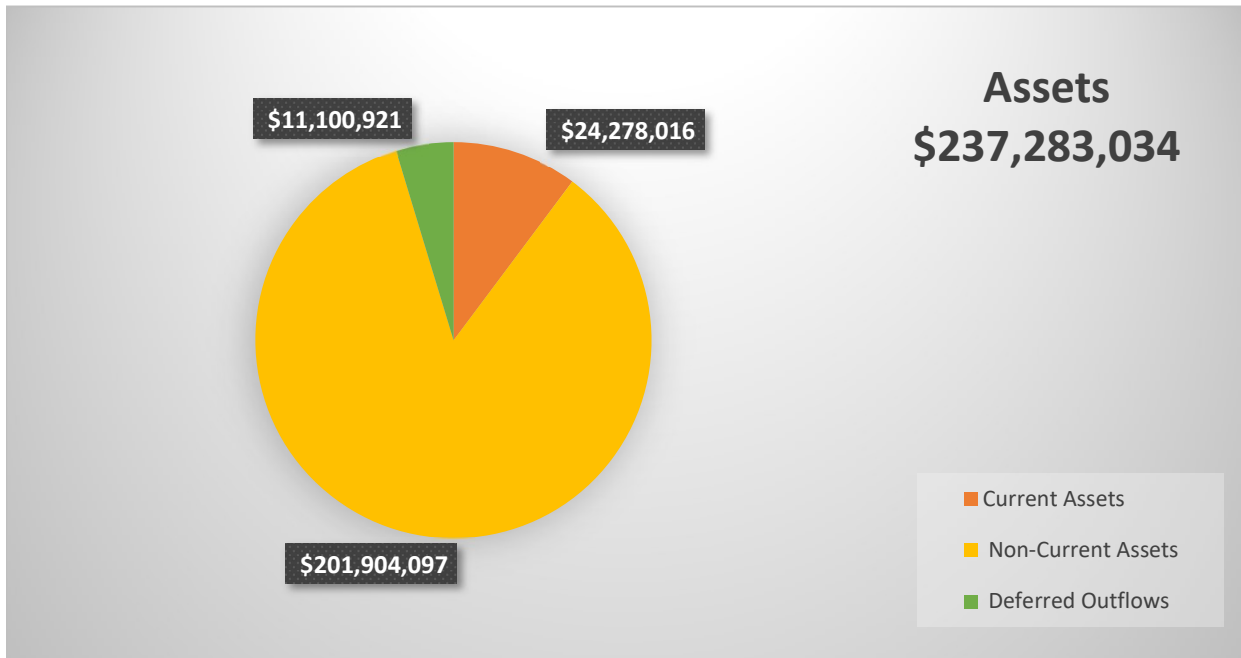
**Palmdale Water District
Balance Sheet Report
Annual Quarterly Comparison**

	<u>March 2024</u>	<u>March 2023</u>	<u>Net Annual Change</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 944,673	\$ 223,440	\$ 721,233
Investments	14,093,087	12,618,592	1,474,494
Accrued interest receivable	-	-	-
Accounts receivable - water sales and services, net	2,169,111	1,994,606	174,505
Accounts receivable - property taxes and assessments	3,445,109	4,067,199	(622,090)
Lease Receivable	102,586	-	-
Accounts receivable - other	1,364,943	107,620	1,257,323
Materials and supplies inventory	1,669,872	1,397,031	272,840
Prepaid items and other deposits	488,636	549,757	(61,122)
Total Current Assets	\$ 24,278,016	\$ 20,958,246	\$ 3,319,770
Non-Current Assets:			
Restricted - cash and cash equivalents	\$ 13,420,918	\$ 4,946,087	\$ 8,474,831
Lease Receivable	380,463	-	-
Investment in Palmdale Recycled Water Authority	2,206,782	2,202,482	4,300
Right-to-use asset - being amortized, net	366,740	-	366,740
Capital assets - not being depreciated	23,262,911	21,027,416	2,235,495
Capital assets - being depreciated, net	162,266,283	159,534,907	2,731,376
Total Non-Current Assets	\$ 201,904,097	\$ 187,710,892	\$ 14,193,205
TOTAL ASSETS	\$ 226,182,113	\$ 208,669,138	\$ 17,512,975
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on debt defeasance, net	\$ 2,978,265	\$ 2,247,863	\$ 730,402
Deferred outflows of resources related to pensions	8,122,656	5,023,432	3,099,224
Total Deferred Outflows of Resources	\$ 11,100,921	\$ 7,271,295	\$ 3,829,626
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 237,283,034	\$ 215,940,433	\$ 21,342,601

**Palmdale Water District
Balance Sheet Report
Annual Quarterly Comparison**

	March 2024	March 2023	Net Annual Change
LIABILITIES AND NET POSITION			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 661,819	\$ 412,969	\$ 248,850
Customer deposits for water service	2,774,783	2,877,216	(102,433)
Construction and developer deposits	1,691,656	1,645,876	45,780
Accrued interest payable	34,173	42,000	(7,827)
Long-term liabilities - due in one year:			-
Compensated absences	203,616	536,860	(333,244)
Rate Stabilization Fund	844,038	560,000	284,038
Right-to-use lease payable	126,686	-	126,686
Right-to-use asset financing	463,073	-	463,073
Capital lease payable	-	447,281	(447,281)
Loan payable	-	676,476	(676,476)
Revenue bonds payable	671,666	853,657	(181,991)
Total Current Liabilities	\$ 7,471,509	\$ 8,052,335	\$ (580,826)
Non-Current Liabilities:			
Long-term liabilities - due in more than one year:			
Compensated absences	\$ 610,849	\$ 178,953	\$ 431,896
Right-to-use lease payable	\$ 229,028	\$ -	
Right-to-use asset financing	\$ 1,489,646	\$ -	
Capital lease payable	-	1,952,719	(1,952,719)
Loan payable	3,749,516	3,866,869	(117,353)
Revenue bonds payable	75,259,508	62,830,534	12,428,974
Net other post employment benefits payable	14,726,517	14,340,077	386,440
Aggregate net pension liability	13,730,102	6,056,636	7,673,466
Total Non-Current Liabilities	\$ 109,795,165	\$ 89,225,788	\$ 20,569,377
Total Liabilities	\$ 117,266,674	\$ 97,278,123	\$ 19,988,551
DEFERRED INFLOWS OF RESOURCES:			
Unearned property taxes and assessments	\$ 2,150,000	\$ 2,150,000	\$ 0
Deferred amounts related to leases	\$ 460,575	-	460,575
Deferred inflows of resources related to pensions	\$ 5,274,161	10,699,946	(5,425,785)
Total Deferred Inflows of Resources	\$ 7,884,736	\$ 12,849,946	\$ (4,965,210)
NET POSITION:			
Profit/(Loss) from Operations	\$ 924,142	\$ 310,015	\$ 614,127
Restricted for investment in Palmdale Recycled Water Authority	2,206,782	2,202,482	4,300
Unrestricted	109,000,700	103,299,866	5,700,834
Total Net Position	\$ 112,131,624	\$ 105,812,363	\$ 6,319,261
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 237,283,034	\$ 215,940,432	\$ 21,342,602

BALANCE SHEET AS OF MARCH 31, 2024



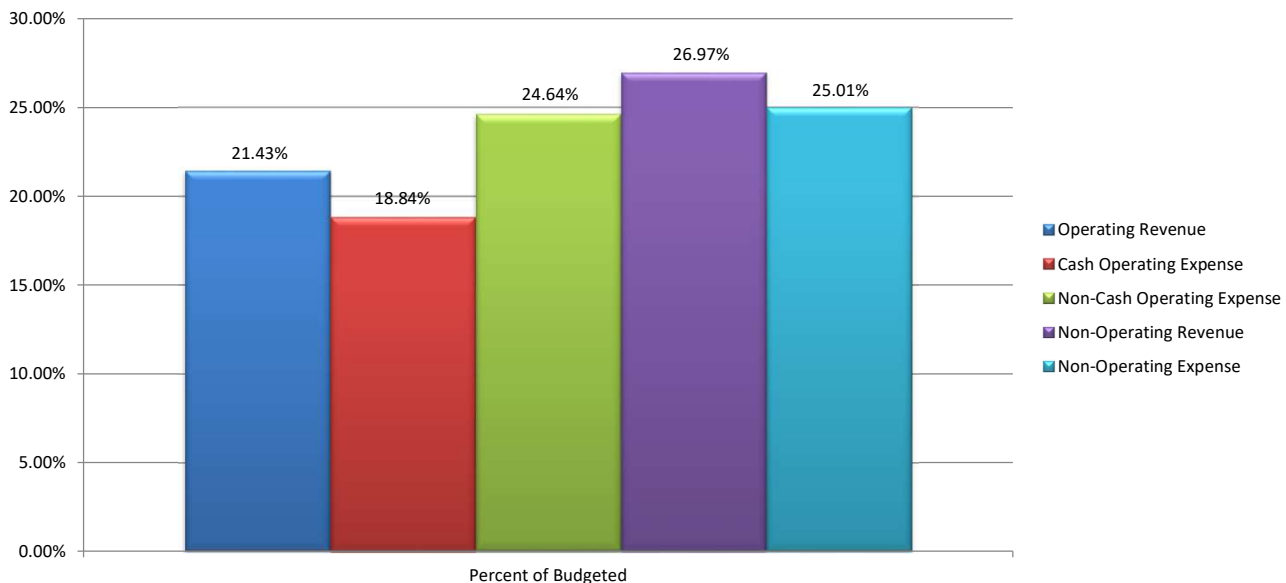
Palmdale Water District
Consolidated Profit and Loss Statement
For the Three Months Ending 3/31/2024

	January	February	March	April	May	June	July	August	September	October	November	December	Year-to-Date	Adjustments	Adjusted Budget	% of Budget
Operating Revenue:																
Wholesale Water	\$ 11,608	\$ -	\$ 13,672										\$ 25,280	\$ 400,000	6.32%	
Water Sales	683,470	561,031	550,004										1,794,505	11,600,000	15.47%	
Meter Fees	1,683,353	1,686,741	1,686,835										5,056,929	19,850,000	25.48%	
Water Quality Fees	23,538	20,599	20,709										64,845	600,000	10.81%	
Elevation Fees	19,094	15,933	15,958										50,985	350,000	14.57%	
Other	98,472	115,419	81,399										295,290	1,200,000	24.61%	
Drought Surcharge	-	-	-										-	-	-	
Total Operating Revenue	\$ 2,519,535	\$ 2,399,723	\$ 2,368,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,287,835	\$ -	\$ 34,000,000	21.43%
Cash Operating Expenses:																
Directors	\$ 8,491	\$ 13,239	\$ 11,041										\$ 32,771	\$ 194,500	16.85%	
Administration-Services	204,089	173,504	166,694										544,287	2,818,875	19.31%	
Administration-District	298,362	164,107	161,136										623,605	3,021,616	20.64%	
Engineering	200,908	146,372	140,727										488,007	2,134,750	22.86%	
Facilities	641,013	558,807	348,578										1,548,398	8,154,071	18.99%	
Operations	543,909	334,864	180,574										1,059,347	4,341,785	24.40%	
Finance	180,694	153,926	135,618										470,237	1,987,750	23.66%	
Water Use Efficiency	25,116	24,322	21,921										71,360	326,800	21.84%	
Human Resources	73,041	43,484	42,522										159,047	727,750	21.85%	
Information Technology	238,010	239,623	120,874										598,507	2,056,747	29.10%	
Customer Care	173,084	137,869	130,314										441,266	1,651,350	26.72%	
Source of Supply-Purchased Water	38,345	29,102	(44,346)										23,101	2,780,000	0.83%	
Plant Expenditures	380	16,130	-										16,510	400,000	4.13%	
Sediment Removal Project	-	-	-										-	1,800,000	0.00%	
GAC Filter Media Replacement	-	167,000	-										167,000	750,000	22.27%	
Total Cash Operating Expenses	\$ 2,625,443	\$ 2,202,349	\$ 1,415,653	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,243,444	\$ -	\$ 33,145,994	18.84%
Net Cash Operating Profit/(Loss)	\$ (105,907)	\$ 197,374	\$ 952,923	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,044,390	\$ -	\$ 854,006	122.29%
Non-Cash Operating Expenses:																
Depreciation	\$ 476,801	\$ 467,880	\$ 467,295										\$ 1,411,976	\$ 5,600,000	25.21%	
OPEB Accrual Expense	127,710	127,710	127,710										383,130	1,600,000	23.95%	
Bad Debts	(637)	4,714	1,688										5,765	25,000	23.06%	
Service Costs Construction	45,160	27,265	41,579										114,005	550,000	20.73%	
Capitalized Construction	(116,481)	(65,894)	(112,239)										(294,615)	(1,200,000)	24.55%	
Capital Contributions	-	-	-										-	-	-	
Total Non-Cash Operating Expenses	\$ 532,553	\$ 561,675	\$ 526,033	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,620,261	\$ -	\$ 6,575,000	24.64%
Net Operating Profit/(Loss)	\$ (638,461)	\$ (364,301)	\$ 426,890	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (575,871)	\$ -	\$ (5,720,994)	10.07%
Non-Operating Revenues:																
Assessments (Debt Service)	\$ 480,740	\$ 480,740	\$ 480,740										\$ 1,442,220	\$ 7,000,000	20.60%	
Assessments (1%)	641,942	235,927	235,927										1,113,795	3,450,000	32.28%	
DWR Fixed Charge Recovery	-	-	-										-	300,000	0.00%	
Interest	64,161	49,334	54,843										168,338	285,000	59.07%	
CIF - Infrastructure	-	25,567	12,416										37,983	200,000	18.99%	
CIF - Water Supply	-	15,966	-										15,966	350,000	4.56%	
State Water Project - Table A Water Sale	-	-	-										-	-	-	
Grants - State and Federal	-	-	-										-	1,100,000	0.00%	
Other	589,689	5,215	54,145										649,049	25,000	2596.20%	
Total Non-Operating Revenues	\$ 1,776,532	\$ 812,749	\$ 838,071	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,427,353	\$ -	\$ 12,710,000	26.97%
Non-Operating Expenses:																
Interest on Long-Term Debt	\$ 225,225	\$ 225,225	\$ 225,225										\$ 675,674	\$ 2,743,231	24.63%	
Deferred Charges-Cost of Issuance	-	-	-										-	-	-	
Amortization of SWP	415,440	415,441	415,442										1,246,323	4,838,220	25.76%	
Change in Investments in PRWA	161	-	1,208										1,369	25,000	5.48%	
Water Conservation Programs	338	747	2,890										3,974	100,000	3.97%	
Total Non-Operating Expenses	\$ 641,163	\$ 641,412	\$ 644,764	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,927,340	\$ -	\$ 7,706,451	25.01%
Net Earnings	\$ 496,908	\$ (192,964)	\$ 620,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 924,142	\$ -	\$ (717,445)	-128.81%

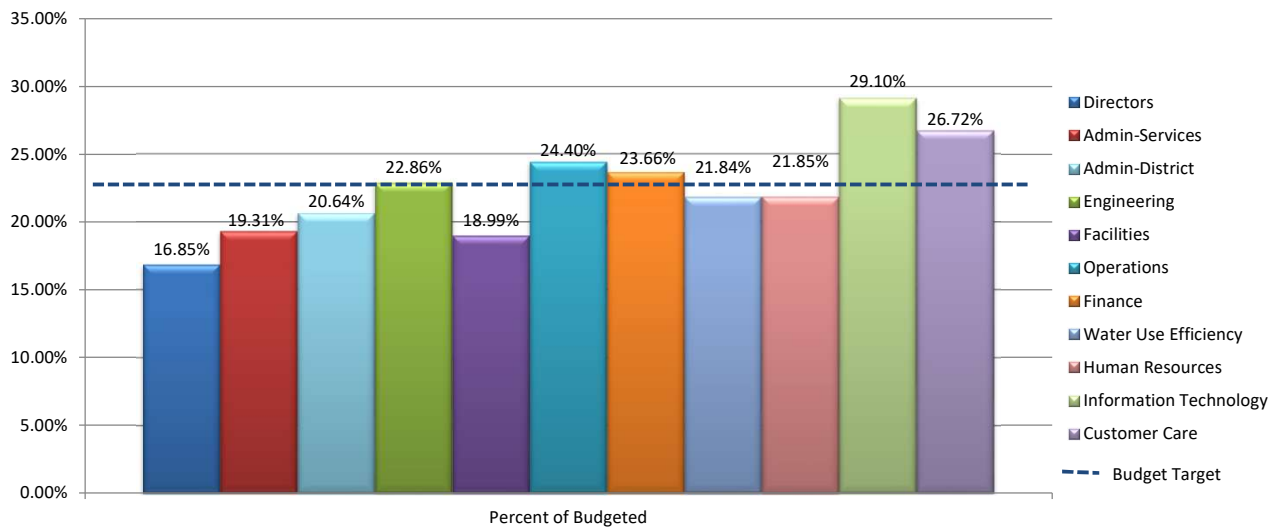
**Palmdale Water District
Profit and Loss Statement
Quarterly Comparison**

	<u>1st Qtr 2023</u>	<u>1st Qtr 2024</u>	<u>Change</u>	<u>% Change</u>
Operating Revenue:				
Wholesale Water	\$ 18,025	\$ 25,280	\$ 7,255	28.70%
Water Sales	\$ 1,639,157	\$ 1,794,505	\$ 155,348	8.66%
Meter Fees	4,599,230	5,056,929	457,699	9.05%
Water Quality Fees	82,122	64,845	(17,277)	-26.64%
Elevation Fees	44,164	50,985	6,821	13.38%
Other	322,447	295,290	(27,157)	-9.20%
Drought Surcharge	59,718	-	(59,718)	
Total Operating Revenue	\$ 6,764,863	\$ 7,287,835	\$ 522,971	7.18%
Cash Operating Expenses:				
Directors	\$ 30,638	\$ 32,771	\$ 2,133	6.51%
Administration-Services	\$ 603,475	\$ 544,287	\$ (59,188)	-10.87%
Administration-District	\$ 590,646	\$ 623,605	\$ 32,959	5.29%
Engineering	446,375	488,007	41,632	8.53%
Facilities	1,648,150	1,548,398	(99,752)	-6.44%
Operations	823,870	1,059,347	235,477	22.23%
Finance	446,523	470,237	23,715	5.04%
Water Conservation	68,766	71,360	2,594	3.63%
Human Resources	117,811	159,047	41,237	25.93%
Information Technology	565,722	598,507	32,785	5.48%
Customer Care	404,091	441,266	37,175	8.42%
Source of Supply-Purchased Water	46,253	23,101	(23,152)	-100.22%
Plant Expenditures	53,900	16,510	(37,390)	-226.47%
Sediment Removal Project	142,924	-	(142,924)	0.00%
GAC Filter Media Replacement	-	167,000	167,000	100.00%
Total Cash Operating Expenses	\$ 5,989,144	\$ 6,243,444	\$ 254,301	4.07%
Non-Cash Operating Expenses:				
Depreciation	\$ 1,347,795	\$ 1,411,976	\$ 64,182	4.55%
OPEB Accrual Expense	510,840	383,130	(127,710)	-33.33%
Bad Debts	(47)	5,765	5,812	100.81%
Service Costs Construction	91,583	114,005	22,422	19.67%
Capitalized Construction	(238,699)	(294,615)	(55,916)	18.98%
Capital Contributions	-	-	-	
Total Non-Cash Operating Expenses	\$ 1,711,472	\$ 1,620,261	\$ (91,210)	-5.63%
Net Operating Profit/(Loss)	\$ (935,752)	\$ (575,871)	\$ 359,881	-62.49%
Non-Operating Revenues:				
Assessments (Debt Service)	\$ 1,456,364	\$ 1,442,220	\$ (14,144)	-0.98%
Assessments (1%)	1,111,434	1,113,795	2,361	0.21%
DWR Fixed Charge Recovery	-	-	-	0.00%
Interest	115,326	168,338	53,013	31.49%
CIF - Infrastructure	113,288	37,983	(75,305)	-198.26%
CIF - Water Supply	502,856	15,966	(486,890)	-3049.50%
State Water Project - Table A Water Sale	-	-	-	0.00%
Grants - State and Federal	-	-	-	0.00%
Other	37,950	649,049	611,100	94.15%
Total Non-Operating Revenues	\$ 3,337,217	\$ 3,427,353	\$ 90,135	2.63%
Non-Operating Expenses:				
Interest on Long-Term Debt	\$ 1,053,827	\$ 675,674	\$ (378,153)	-55.97%
Deferred Charges-Cost of Issuance	-	-	-	
Amortization of SWP	1,002,022	1,246,323	244,301	19.60%
Change in Investments in PRWA	161	1,369	1,208	88.21%
Water Conservation Programs	35,439	3,974	(31,465)	-791.81%
Total Non-Operating Expenses	\$ 2,091,450	\$ 1,927,340	\$ (164,110)	-8.51%
Net Earnings	\$ 310,015	\$ 924,142	\$ 614,127	66.45%

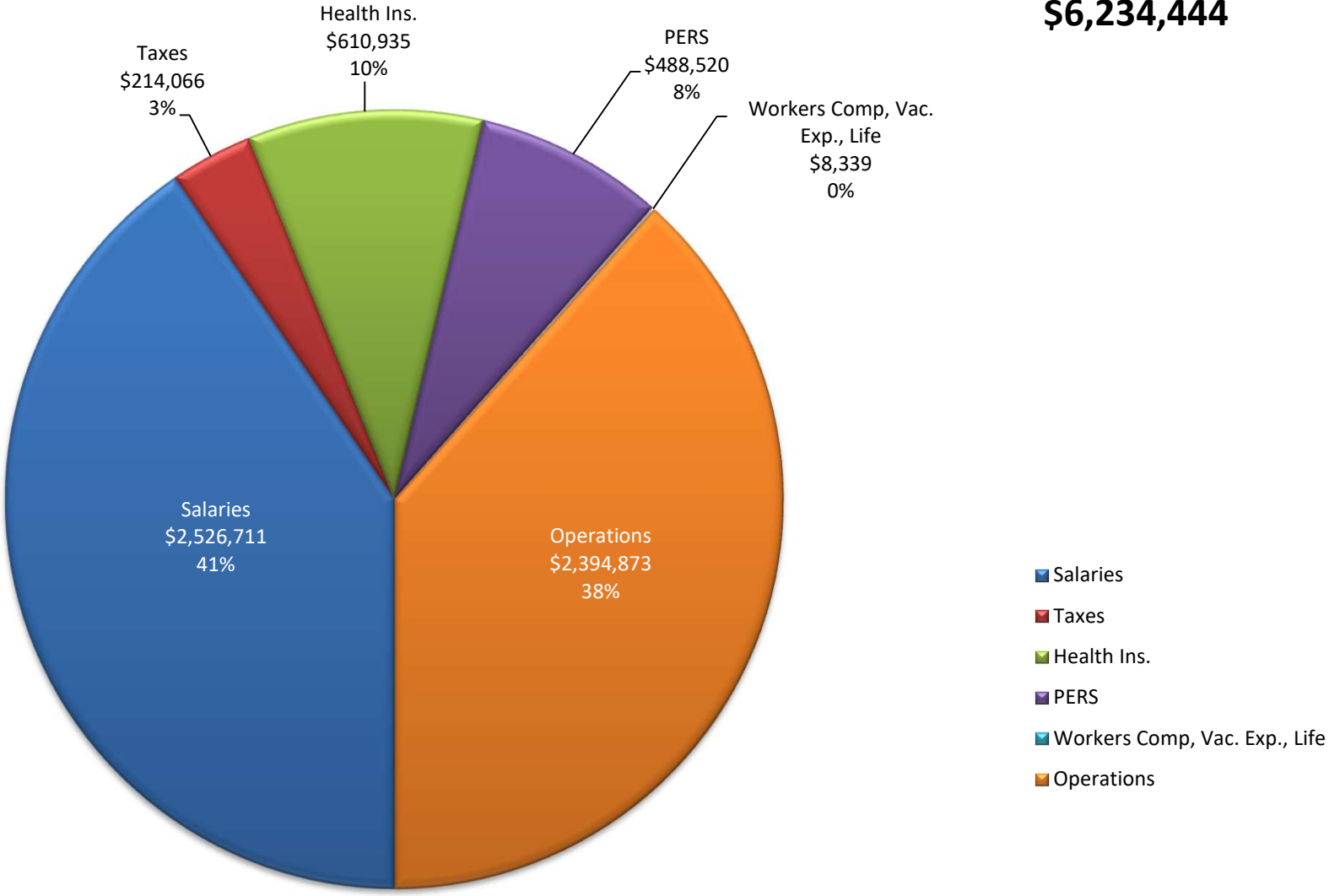
P & L BUDGET vs. ACTUAL



DEPARTMENTAL - BUDGET vs. ACTUAL



**Personnel to Operations Exp
YTD 03/31/2024
\$6,234,444**



Palmdale Water District
2024 Directors Budget
For the Three Months Ending Sunday, March 31, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-01-4000-000 Directors Pay	\$ -	\$ -	\$ -	\$ -	
Employee Benefits					
1-01-4005-000 Payroll Taxes	1,548	9,500		7,952	16.30%
1-01-4010-000 Health Insurance - Directors	6,891	30,000		23,109	22.97%
Subtotal (Benefits)	8,439	39,500	-	31,061	21.37%
 Total Personnel Expenses	 \$ 8,439	 \$ 39,500	 \$ -	 \$ 31,061	 21.37%
OPERATING EXPENSES:					
1-01-xxxx-006 Director Share - Dizmang, Gloria	\$ 220				
1-01-xxxx-008 Director Share - Mac Laren, Kathy	\$ 5,187				
1-01-xxxx-010 Director Share - Dino, Vincent	\$ 7,275				
1-01-xxxx-012 Director Share - Wilson, Don	\$ 5,295				
1-01-xxxx-014 Director Share - Kellerman, Scott	\$ 4,195				
1-01-xxxx-015 Director Share - Sanchez, Cynthia	\$ 2,160				
Subtotal Operating Expenses	24,332	155,000	-	130,668	15.70%
 Total O & M Expenses	 \$ 32,771	 \$ 194,500	 \$ -	 \$ 161,729	 16.85%

Palmdale Water District
2024 Administration Services Budget
For the Three Months Ending Sunday, March 31, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-02-4000-000 Salaries	\$ 346,898	\$ 1,859,500		\$ 1,512,602	18.66%
1-02-4000-100 Overtime	195	5,000		4,805	3.91%
Subtotal (Salaries)	\$ 347,093	\$ 1,864,500	\$ -	\$ 1,517,407	18.62%
Employee Benefits					
1-02-4005-000 Payroll Taxes	30,687	144,750		114,063	21.20%
1-02-4010-000 Health Insurance	64,270	202,250		137,980	31.78%
1-02-4015-000 PERS	33,597	193,000		159,403	17.41%
Subtotal (Benefits)	\$ 128,554	\$ 540,000	\$ -	\$ 411,446	23.81%
Total Personnel Expenses	\$ 475,647	\$ 2,404,500	\$ -	\$ 1,928,853	19.78%
OPERATING EXPENSES:					
1-02-4050-000 Staff Travel	\$ 2,197	\$ 18,500	\$ -	\$ 16,303	11.87%
1-02-4050-100 General Manager Travel	-	5,500		5,500	0.00%
1-02-4060-000 Staff Conferences & Seminars	715	7,500		6,785	9.53%
1-02-4060-100 General Manager Conferences & Seminars	840	4,000		3,160	21.00%
1-02-4130-000 Bank Charges	53,692	204,875		151,183	26.21%
1-02-4150-000 Accounting Services	500	35,000		34,500	1.43%
1-02-4175-000 Permits	1,025	10,000		8,975	10.25%
1-02-4180-000 Postage	673	15,500		14,827	4.34%
1-02-4190-100 Public Relations - Publications	5,725	32,500		26,775	17.62%
1-02-4190-700 Public Affairs - Marketing/Outreach	1,048	40,000		38,952	2.62%
1-02-4190-710 Public Affairs -Advertising	-	4,000		4,000	0.00%
1-02-4190-720 Public Affairs - Equipment	-	1,000		1,000	0.00%
1-02-4190-730 Public Affairs -Conference/Seminar/Travel	-	4,000		4,000	0.00%
1-02-4190-740 Public Affairs - Consultants	-	2,000		2,000	0.00%
1-02-4190-750 Public Affairs - Membership	-	1,500		1,500	0.00%
1-02-4200-000 Advertising	-	1,000		1,000	0.00%
1-02-4205-000 Office Supplies	2,225	27,500		25,275	8.09%
Subtotal Operating Expenses	\$ 68,640	\$ 414,375	\$ -	\$ 345,735	16.56%
Total Departmental Expenses	\$ 544,287	\$ 2,818,875	\$ -	\$ 2,274,588	19.31%

Palmdale Water District
2024 Administration District Wide Budget
For the Three Months Ending Sunday, March 31, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-02-5070-001 On-Call	\$ 20,036	\$ 90,000		\$ 69,964	22.26%
Subtotal (Salaries)	\$ 20,036	\$ 90,000	\$ -	\$ 69,964	22.26%
Employee Benefits					
1-02-5070-002 PERS-Unfunded Liability	231,094	1,039,041		807,947	22.24%
1-02-5070-003 Workers Compensation	-	230,000		230,000	0.00%
1-02-5070-004 Vacation Benefit Expense	6,725	95,000		88,275	7.08%
1-02-5070-005 Life Insurance	1,613	7,000		5,387	23.05%
Subtotal (Benefits)	\$ 239,433	\$ 1,371,041	\$ -	\$ 1,131,608	17.46%
Total Personnel Expenses	\$ 259,469	\$ 1,461,041	\$ -	\$ 1,201,572	17.76%
OPERATING EXPENSES:					
1-02-5070-006 Other Operating	4,200	\$ 55,000		50,800	7.64%
1-02-5070-007 Consultants	112,521	500,000		387,479	22.50%
1-02-5070-008 Insurance	116,241	500,000		383,759	23.25%
1-02-5070-009 Groundwater Adjudication - Legal	399	25,000		24,601	1.60%
1-02-5070-010 Legal Services	21,222	175,000		153,778	12.13%
1-02-5070-011 Memberships/Subscriptions	81,592	158,000		76,409	51.64%
1-02-5070-014 Groundwater Adjudication - Assessment	27,961	47,575		19,614	58.77%
1-02-5070-099 100th Anniversary - Littlerock Dam	-	100,000		100,000	0.00%
Subtotal Operating Expenses	\$ 364,136	\$ 1,560,575	\$ -	\$ 1,196,439	23.33%
Total Departmental Expenses	\$ 623,605	\$ 3,021,616	\$ -	\$ 2,398,011	20.64%

Palmdale Water District
2024 Engineering Budget
For the Three Months Ending Sunday, March 31, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-03-4000-000 Salaries	\$ 329,027	1,561,000.00	\$ -	\$ 1,231,973	21.08%
1-03-4000-100 Overtime	44	16,000.00		15,956	0.27%
Subtotal (Salaries)	<u>\$ 329,071</u>	<u>\$ 1,577,000</u>	<u>\$ -</u>	<u>\$ 1,247,929</u>	<u>20.87%</u>
Employee Benefits					
1-03-4005-000 Payroll Taxes	29,129	119,750.00		90,621	24.32%
1-03-4010-000 Health Insurance	94,401	249,000.00		154,599	37.91%
1-03-4015-000 PERS	34,074	156,500.00		122,426	21.77%
Subtotal (Benefits)	<u>\$ 157,604</u>	<u>\$ 525,250</u>	<u>\$ -</u>	<u>\$ 367,646</u>	<u>30.01%</u>
Total Personnel Expenses	<u><u>\$ 486,675</u></u>	<u><u>\$ 2,102,250</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,615,575</u></u>	<u><u>23.15%</u></u>
OPERATING EXPENSES:					
1-03-4050-000 Staff Travel	\$ -	\$ 4,000		4,000	0.00%
1-03-4060-000 Staff Conferences & Seminars	75	10,000		9,925	0.75%
1-03-4155-000 Contracted Services	-	3,000		3,000	0.00%
1-03-4165-000 Memberships/Subscriptions	1,257	7,000		5,743	17.96%
1-03-4250-000 General Materials & Supplies	-	7,500		7,500	0.00%
1-03-4250-100 Supplies - Plotter Paper/Toner	-	1,000		1,000	0.00%
Subtotal Operating Expenses	<u>\$ 1,332</u>	<u>\$ 32,500</u>	<u>\$ -</u>	<u>\$ 31,168</u>	<u>4.10%</u>
Total Departmental Expenses	<u><u>\$ 488,007</u></u>	<u><u>\$ 2,134,750</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,646,743</u></u>	<u><u>22.86%</u></u>

Palmdale Water District
2024 Facilities Budget
For the Three Months Ending Sunday, March 31, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-04-4000-000 Salaries	\$ 527,126	\$ 2,649,000		\$ 2,121,874	19.90%
1-04-4000-100 Overtime	33,589	150,000		116,411	22.39%
Subtotal (Salaries)	<u>\$ 560,715</u>	<u>\$ 2,799,000</u>	\$ -	<u>\$ 2,238,285</u>	<u>20.03%</u>
Employee Benefits					
1-04-4005-000 Payroll Taxes	47,728	213,000		165,272	22.41%
1-04-4010-000 Health Insurance	149,173	558,000		408,827	26.73%
1-04-4015-000 PERS	52,357	227,000		174,643	23.06%
Subtotal (Benefits)	<u>\$ 249,258</u>	<u>\$ 998,000</u>	\$ -	<u>\$ 748,742</u>	<u>24.98%</u>
Total Personnel Expenses	<u><u>\$ 809,973</u></u>	<u><u>\$ 3,797,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,987,027</u></u>	<u><u>21.33%</u></u>
OPERATING EXPENSES:					
1-04-4050-000 Staff Travel	\$ 430	\$ 5,000		\$ 4,570	8.61%
1-04-4060-000 Staff Conferences & Seminars	3,960	7,500		3,540	52.80%
1-04-4155-000 Contracted Services	82,905	272,614		189,709	30.41%
1-04-4175-000 Permits-Dams	37,950	70,000		32,050	54.21%
1-04-4215-100 Natural Gas - Wells & Boosters	36,074	500,000		463,926	7.21%
1-04-4215-200 Natural Gas - Buildings	3,576	15,500		11,924	23.07%
1-04-4220-100 Electricity - Wells & Boosters	291,493	2,000,000		1,708,507	14.57%
1-04-4220-200 Electricity - Buildings	6,533	106,815		100,282	6.12%
1-04-4225-000 Maint. & Repair - Vehicles	9,072	38,000		28,928	23.87%
1-04-4230-100 Maint. & Rep. Office Building	1,261	12,500		11,239	10.09%
1-04-4230-200 Maint. & Rep. Two Way Radios	181	1,500		1,319	12.06%
1-04-4235-110 Maint. & Rep. Equipment	1,259	10,000		8,741	12.59%
1-04-4235-400 Maint. & Rep. Operations - Wells	11,951	105,000		93,049	11.38%
1-04-4235-405 Maint. & Rep. Operations - Boosters	17,536	85,000		67,464	20.63%
1-04-4235-410 Maint. & Rep. Operations - Shop Bldgs	1,513	5,000		3,487	30.26%
1-04-4235-415 Maint. & Rep. Operations - Facilities	4,911	50,000		45,089	9.82%
1-04-4235-420 Maint. & Rep. Operations - Water Lines	80,016	300,000		219,984	26.67%
1-04-4235-425 Maint. & Rep. Operations - Littlerock Dam	7,068	24,842		17,774	28.45%
1-04-4235-435 Maint. & Rep. Operations - Palmdale Canal	-	8,500		8,500	0.00%
1-04-4235-440 Maint. & Rep. Operations - Large Meters	-	3,265		3,265	0.00%
1-04-4235-450 Maint. & Rep. Operations - Hypo Generators	-	10,000		10,000	0.00%
1-04-4235-455 Maint. & Rep. Operations - Heavy Equipment	12,484	47,500		35,016	26.28%
1-04-4235-460 Maint. & Rep. Operations - Storage Reservoirs	1,437	10,000		8,563	14.37%
1-04-4235-461 Maint. & Rep. Operations - Air Vac	640	5,750		5,110	11.13%
1-04-4235-470 Maint. & Rep. Operations - Meters Exchanges	6,116	35,000		28,884	17.47%
1-04-4300-100 Testing - Regulatory Compliance	-	12,500		12,500	0.00%
1-04-4300-200 Testing - Large Meters	-	14,000		14,000	0.00%
1-04-4300-300 Testing - Edison Testing	-	11,437		11,437	0.00%
1-04-6000-000 Waste Disposal	5,185	17,500		12,315	29.63%
1-04-6100-100 Fuel and Lube - Vehicle	39,307	212,097		172,790	18.53%
1-04-6100-200 Fuel and Lube - Machinery	7,675	28,000		20,325	27.41%
1-04-6200-000 Uniforms	6,931	34,000		27,069	20.38%
1-04-6300-100 Supplies - General	12,217	58,000		45,783	21.06%
1-04-6300-300 Supplies - Electrical	-	2,500		2,500	0.00%
1-04-6300-800 Supplies - Construction Materials	4,986	27,750		22,764	17.97%
1-04-6400-000 Tools	6,509	38,000		31,491	17.13%
1-04-7000-100 Leases -Equipment	2,815	12,000		9,185	23.46%
1-04-7000-200 Leases -Vehicles	34,433	160,000		125,567	21.52%
Subtotal Operating Expenses	<u>\$ 738,425</u>	<u>\$ 4,357,070</u>	<u>\$ -</u>	<u>\$ 3,618,645</u>	<u>16.95%</u>
Total Departmental Expenses	<u><u>\$ 1,548,398</u></u>	<u><u>\$ 8,154,070</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,605,672</u></u>	<u><u>18.99%</u></u>

Palmdale Water District
2024 Operation Budget
For the Three Months Ending Sunday, March 31, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-05-4000-000 Salaries	\$ 378,476	\$ 1,371,500		\$ 993,024	27.60%
1-05-4000-100 Overtime	26,637	100,000		73,363	26.64%
Subtotal (Salaries)	\$ 405,113	\$ 1,471,500	\$ -	\$ 1,066,387	27.53%
Employee Benefits					
1-05-4005-000 Payroll Taxes	32,740	119,500		86,760	27.40%
1-05-4010-000 Health Insurance	75,990	228,000		152,010	33.33%
1-05-4015-000 PERS	37,615	149,000		111,385	25.24%
Subtotal (Benefits)	\$ 146,344	\$ 496,500	\$ -	\$ 350,156	29.48%
Total Personnel Expenses	\$ 551,457	\$ 1,968,000	\$ -	\$ 1,416,543	28.02%
OPERATING EXPENSES:					
1-05-4050-000 Staff Travel	\$ -	\$ 3,300		\$ 3,300	0.00%
1-05-4060-000 Staff Conferences & Seminars	-	3,300		3,300	0.00%
1-05-4155-000 Contracted Services	10,005	82,158		72,153	12.18%
1-05-4175-000 Permits	101,114	105,000		3,886	96.30%
1-05-4215-200 Natural Gas - WTP	457	3,000		2,543	15.22%
1-05-4220-200 Electricity - WTP	60,492	425,000		364,508	14.23%
1-05-4230-110 Maint. & Rep. - Office Equipment	1,241	5,800		4,559	21.40%
1-05-4235-110 Maint. & Rep. Operations - Equipment	14,850	40,000		25,150	37.13%
1-05-4235-410 Maint. & Rep. Operations - Shop Bldgs	-	7,000		7,000	0.00%
1-05-4235-415 Maint. & Rep. Operations - Facilities	17,340	82,000		64,660	21.15%
1-05-4236-000 Palmdale Lake Management	5,619	200,000		194,381	2.81%
1-05-6000-000 Waste Disposal	780	50,000		49,220	1.56%
1-05-6200-000 Uniforms	3,560	15,595		12,035	22.83%
1-05-6300-100 Supplies - Misc.	42	30,000		29,958	0.14%
1-05-6300-600 Supplies - Lab	23,451	82,931		59,480	28.28%
1-05-6300-700 Outside Lab Work	17,775	82,303		64,528	21.60%
1-05-6400-000 Tools	235	6,398		6,163	3.67%
1-05-6500-000 Chemicals	250,928	1,150,000		899,072	21.82%
Subtotal Operating Expenses	\$ 507,890	\$ 2,373,785	\$ -	\$ 1,865,895	21.40%
Total Departmental Expenses	\$ 1,059,347	\$ 4,341,785	\$ -	\$ 3,282,438	24.40%

Palmdale Water District
2024 Finance Budget
For the Three Months Ending Sunday, March 31, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-06-4000-000 Salaries	\$ 240,180	\$ 1,120,000		\$ 879,820	21.44%
1-06-4000-100 Overtime	75	6,000		5,925	1.26%
Subtotal (Salaries)	\$ 240,256	\$ 1,126,000	\$ -	\$ 885,744	21.34%
Employee Benefits					
1-06-4005-000 Payroll Taxes	21,242	85,250		64,008	24.92%
1-06-4010-000 Health Insurance	71,652	211,000		139,348	33.96%
1-06-4015-000 PERS	30,580	122,250		91,670	25.01%
Subtotal (Benefits)	\$ 123,474	\$ 418,500	\$ -	\$ 295,026	29.50%
Total Personnel Expenses	\$ 363,730	\$ 1,544,500	\$ -	\$ 1,180,770	23.55%
OPERATING EXPENSES:					
1-06-4050-000 Staff Travel	\$ 1,285	\$ 3,000		\$ 1,715	42.84%
1-06-4060-000 Staff Conferences & Seminars	715	2,500		1,785	28.60%
1-06-4155-000 Contracted Services	-	21,250		21,250	0.00%
1-06-4155-100 Contracted Services - Infosend	73,910	325,000		251,090	22.74%
1-06-4165-000 Memberships/Subscriptions	135	500		365	27.00%
1-06-4250-000 General Material & Supplies	-	1,500		1,500	0.00%
1-06-4260-000 Business Forms	1,000	1,500		500	66.67%
1-06-4270-100 Telecommunication - Office	21,674	65,000		43,326	33.34%
1-06-4270-200 Telecommunication - Cellular Stipend	7,155	20,000		12,845	35.78%
1-06-7000-100 Leases - Equipment	633	3,000		2,367	21.10%
Subtotal Operating Expenses	\$ 106,507	\$ 443,250	\$ -	\$ 336,743	24.03%
Total Departmental Expenses	\$ 470,237	\$ 1,987,750	\$ -	\$ 1,517,513	23.66%

Palmdale Water District
2024 Water Use Efficiency Budget
For the Three Months Ending Sunday, March 31, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-07-4000-000 Salaries	\$ 48,293	\$ 205,250		\$ 156,957	23.53%
1-07-4000-100 Overtime	-	10,500		10,500	0.00%
Subtotal (Salaries)	\$ 48,293	\$ 215,750		\$ 167,457	22.38%
Employee Benefits					
1-07-4005-000 Payroll Taxes	4,414	16,750		12,336	26.35%
1-07-4010-000 Health Insurance	10,504	44,250		33,746	23.74%
1-07-4015-000 PERS	6,663	25,750		19,087	25.88%
Subtotal (Benefits)	\$ 21,581	\$ 86,750	\$ -	\$ 65,169	24.88%
Total Personnel Expenses	\$ 69,875	\$ 302,500	\$ -	\$ 232,625	23.10%
OPERATING EXPENSES:					
1-07-4050-000 Staff Travel	\$ -	\$ 2,000		\$ 2,000	0.00%
1-07-4060-000 Staff Conferences & Seminar	-	1,500		1,500	0.00%
1-07-4190-300 Public Relations - Landscape Workshop/Training	-	6,000		6,000	0.00%
1-07-4190-400 Public Relations - Contests	-	1,000		1,000	0.00%
1-07-4190-500 Public Relations - Education Programs	-	4,000		4,000	0.00%
1-07-4190-900 Public Relations - Other	120	800		680	15.00%
1-07-6300-100 Supplies - Misc.	1,365	9,000		7,635	15.17%
Subtotal Operating Expenses	\$ 1,485	\$ 24,300	\$ -	\$ 22,815	6.11%
Total Departmental Expenses	\$ 71,360	\$ 326,800	\$ -	\$ 255,440	21.84%

Palmdale Water District
2024 Human Resources Budget
For the Three Months Ending Sunday, March 31, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-08-4000-000 Salaries	\$ 84,727	\$ 380,000		\$ 295,273	22.30%
1-08-4000-100 Salaries - Overtime	81	5,250		5,169	1.55%
1-08-4000-200 Salaries - Intern Program	-	54,000		54,000	0.00%
Subtotal (Salaries)	\$ 84,808	\$ 439,250	\$ -	\$ 354,442	19.31%
Employee Benefits					
1-08-4005-000 Payroll Taxes	7,736	34,500		26,764	22.42%
1-08-4010-000 Health Insurance	21,168	56,500		35,332	37.46%
1-08-4015-000 PERS	8,368	34,250		25,882	24.43%
Subtotal (Benefits)	\$ 37,271	\$ 125,250	\$ -	\$ 87,979	29.76%
Total Personnel Expenses	\$ 122,079	\$ 564,500	\$ -	\$ 442,421	21.63%
OPERATING EXPENSES:					
1-08-4050-000 Staff Travel	\$ 244	\$ 1,500		\$ 1,256	16.28%
1-08-4060-000 Staff Conferences & Seminars	-	5,000		5,000	0.00%
1-08-4070-000 Employee Expense	18,634	80,000		61,366	23.29%
1-08-4095-000 Employee Recruitment	2,590	10,000		7,411	25.90%
1-08-4100-000 Employee Retention	460	3,000		2,540	15.33%
1-08-4120-100 Training-Safety	5,900	16,000		10,100	36.88%
1-08-4120-200 Training-Speciality	-	10,000		10,000	0.00%
1-08-4121-000 Safety Program	-	1,000		1,000	0.00%
1-08-4165-000 Membership/Subscriptions	645	1,250		605	51.62%
1-08-4165-100 HR/Safety Publications	-	1,000		1,000	0.00%
1-08-6300-500 Supplies - Safety	8,495	34,500		26,005	24.62%
Subtotal Operating Expenses	\$ 36,968	\$ 163,250	\$ -	\$ 126,282	22.65%
Total Departmental Expenses	\$ 159,047	\$ 727,750	\$ -	\$ 568,703	21.85%

Palmdale Water District
2024 Information Technology Budget
For the Three Months Ending Sunday, March 31, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-09-4000-000 Salaries	\$ 166,802	\$ 740,000	\$ -	\$ 573,198	22.54%
1-09-4000-100 Overtime	1,074	10,000		8,926	10.74%
Subtotal (Salaries)	<u>\$ 167,876</u>	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 582,124</u>	<u>22.38%</u>
Employee Benefits					
1-09-4005-000 Payroll Taxes	14,837	62,000		47,163	23.93%
1-09-4010-000 Health Insurance	33,933	110,000		76,067	30.85%
1-09-4015-000 PERS	21,737	95,000		73,263	22.88%
Subtotal (Benefits)	<u>\$ 70,507</u>	<u>\$ 267,000</u>	<u>\$ -</u>	<u>\$ 196,493</u>	<u>26.41%</u>
Total Personnel Expenses	<u><u>\$ 238,383</u></u>	<u><u>\$ 1,017,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 778,617</u></u>	<u><u>23.44%</u></u>
OPERATING EXPENSES:					
1-09-4050-000 Staff Travel	\$ -	\$ 3,000		\$ 3,000	0.00%
1-09-4060-000 Staff Conferences & Seminars	138	7,500		7,362	1.83%
1-09-4155-000 Contracted/Cloud Services	98,403	304,998		206,595	32.26%
1-09-4165-000 Memberships/Subscriptions	396	2,500		2,104	15.86%
1-09-4235-445 Maint & Repair - Telemetry	-	3,500		3,500	0.00%
1-09-4270-000 Telecommunications	35,803	150,000		114,197	23.87%
1-09-6300-400 Supplies - Telemetry	43	5,000		4,957	0.86%
1-09-7000-100 Leases - Equipment	16,903	56,500		39,597	29.92%
1-09-8000-100 Computer Equipment - Computers	2,941	45,500		42,559	6.46%
1-09-8000-200 Computer Equipment - Laptops	11,586	45,000		33,414	25.75%
1-09-8000-300 Computer Equipment - Monitors	3,303	10,000		6,697	33.03%
1-09-8000-500 Computer Equipment - Toner Cartridges	3,211	2,500		(711)	
1-09-8000-550 Computer Equipment - Telephony	-	2,500		2,500	0.00%
1-09-8000-600 Computer Equipment - Other	5,260	17,500		12,240	30.06%
1-09-8000-650 Computer Equipment - Warranty & Support	10,420	17,500		7,080	59.54%
1-09-8100-100 Computer Software - Maint. and Support	157,062	266,250		109,188	58.99%
1-09-8100-150 Computer Software - Dynamics GP Support	4,704	60,000		55,296	7.84%
1-09-8100-200 Computer Software - Software and Upgrades	9,950	40,000		30,050	24.88%
Subtotal Operating Expenses	<u>\$ 360,124</u>	<u>\$ 1,039,748</u>	<u>\$ -</u>	<u>\$ 679,624</u>	<u>34.64%</u>
Total Departmental Expenses	<u><u>\$ 598,507</u></u>	<u><u>\$ 2,056,748</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,458,241</u></u>	<u><u>29.10%</u></u>

Palmdale Water District
2024 Customer Care Budget
For the Three Months Ending Sunday, March 31, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-10-4000-000 Salaries	\$ 295,635	\$ 1,171,500		\$ 875,865	25.24%
1-10-4000-100 Overtime	3,483	7,000		3,517	49.76%
Subtotal (Salaries)	\$ 299,118	\$ 1,178,500	\$ -	\$ 879,382	25.38%
Employee Benefits					
1-10-4005-000 Payroll Taxes	24,004	90,250		66,246	26.60%
1-10-4010-000 Health Insurance	82,954	223,250		140,296	37.16%
1-10-4015-000 PERS	32,435	127,250		94,815	25.49%
Subtotal (Benefits)	\$ 139,393	\$ 440,750	\$ -	\$ 301,357	31.63%
Total Personnel Expenses	\$ 438,511	\$ 1,619,250	\$ -	\$ 1,180,739	27.08%
OPERATING EXPENSES:					
1-10-4050-000 Staff Travel	\$ -	\$ 2,000		\$ 2,000	0.00%
1-10-4060-000 Staff Conferences & Seminars	-	3,000		3,000	0.00%
1-10-4155-000 Contracted Services	2,043	21,100		19,057	9.68%
1-10-4250-000 General Material & Supplies	70	5,000		4,930	1.41%
1-10-4260-000 Business Forms	642	1,000		358	64.17%
Subtotal Operating Expenses	\$ 2,755	\$ 32,100	\$ -	\$ 29,345	8.58%
Total Departmental Expenses	\$ 441,266	\$ 1,651,350	\$ -	\$ 1,210,084	26.72%

2024 Capital Projects - Contractual Commitments and Needs

New and Replacement Capital Projects

Budget Year	Project	Project Title	Project Type	Contractor	Approved Contract Amount	Board / Manager Approval	Payments Approved to Date	Contract Balance	Through Dec. 2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2024 Total	2025 Carryover	
2017	12-400	PRGRRP - Construction of Monitoring Wells / Test Basin	Water Supply	Environmental Const.	427,490	04/26/2017	330,359	97,131	330,359														-	
2017	12-400	PRGRRP - Construction of Monitoring Wells / Test Basin - Auxiliary Items	Water Supply	Various Vendors			35,742	-	35,742														-	
2018	18-606	45th ST Tank Site - Altitude Valve Replacement	Replacement Cap.				10,951	-	10,951														-	
2018	18-606	45th ST Tank Site - Altitude Valve Replacement	Replacement Cap.	Cedro Construction, Inc.			406,562	-	406,562														-	
2018	18-614	LRD - Interior Access Ladder	Replacement Cap.				27,028	-	27,028														-	
2020	20-606	2800 Zone Velocity Deficiency	General Project				16,923	-	16,923														-	
2020	20-607	Move PRV Station @ 45th St E	Replacement Cap.				13,946	-	13,946														-	
2020	20-608	WM Repl in 17th St E from Ave P4 to Ave P8	Replacement Cap.				-	-	-														-	
2020	20-610	2950 Zone Booster Station @ 3M Clearwell Site	Replacement Cap.				150,641	-	150,311			330											330	
2020	20-610	2950 Zone Booster Station @ 3M Clearwell Site (Bond Fund - Design)	Replacement Cap.	P2S Inc			10,266	-	8,540		1,726												1,726	
2020	20-610	2950 Zone Booster Station @ 3M Clearwell Site (Bond Fund - Construction)	Replacement Cap.	Metro Builders			385,046	-	203,204	84,081	97,762												181,842	
2020	20-610	2950 Zone Booster Station @ 3M Clearwell Site (Bond Fund - Booster Stn Review)	Replacement Cap.	Hazen and Sawyer			18,938	-	-		18,938												18,938	
2020	20-622	Well 36 Design & Const.	General Project				90,127	-	87,942			2,185											2,185	
	20-622	Well 36 Design & Const. (Bond Fund - Design)	General Project	Hazen and Sawyer	646,836		537,650	109,186	513,130	8,675	15,845												24,520	
	20-622	Well 36 Design & Const. (Bond Fund - Construction)	General Project	Zim Industries, Inc	2,098,913		1,966,046	132,867	1,966,046														-	
	20-622	Well 36 Design & Const. (Bond Fund - Pipeline Construction)	General Project	Cedro Construction, Inc.	303,839		297,378	6,461	282,947	14,431													14,431	
2020	20-623	AMI Meter System	General Project				15,000	-	15,000														-	
2020	20-703	Water Conservation Garden Construct @ MOB	General Project				75,189	-	43,850		31,339												31,339	
2021	21-607	Design 16" WM Ave P Well #8A					10,139	-	10,139														-	
2021	21-609	Design WM from 16"to24" Ave S					2,000	-	2,000														-	
2021	21-613	Palmdale Ditch Conversion	General Project				587,273	-	349,066		238,132	75											238,207	
2021	21-617	WTP - NaOCL Repl System	Replacement Cap.				1,248,686	-	1,248,686														-	
2022	22-601	Des&Const WM @Pearblossom 53rd	General Project				2,820	-	2,820														-	
2022	22-602	Design WM Repl @10th to R4	General Project				7,880	-	7,880														-	
2022	22-603	Des&Const WM Repl Sierra Hwy	General Project				5,335	-	5,335														-	
2022	22-604	Des&Const WM Repl 26-27 Ave R	General Project				7,820	-	7,820														-	
2022	22-605	Design Recycled Water Pipeline - Avenue Q	General Project				5,400	-	5,400														-	
2022	22-622	Well 15 Design & Construct Discharge Basin	General Project				63,684	-	50,950			12,734											12,734	
2022	22-622	Well 15 Design & Construct Discharge Basin	General Project	Miller Equipment Co., Inc.			210,000	-	-	199,500	10,500												210,000	
2022	22-626	Repair Well #15	General Project				527,080	-	527,080														-	
2022	22-629	WTP - Design & Const. Chemical Feed Lines	General Project				35,556	-	35,556														-	
2023	23-601	12" DI Watermain - 20th ST E	General Project				3,090	-	3,090														-	
2023	23-603	8" Watermain - Camares Dr	General Project				2,475	-	2,475														-	
2023	23-605	2023 Meter Exchange Project (District Forces)	General Project				175,865	-	3,809	132,241	9,031	30,785											172,056	
2023	23-606	2023 Service Line Replacement (District Forces)	General Project				29,320	-	29,320														-	
2023	23-609	Littlerock Dam Sump Pump Replacement	Replacement Cap.				33,410	-	33,410														-	
2023	23-612	Des&Const Rehab 6M Clearwell	Replacement Cap.				73,763	-	62,983	1,720	2,205	6,855											10,780	
2023	23-613	Repair Washwater Return Pump#4	Replacement Cap.				20,461	-	20,461														-	
2023	23-614	2023 Soft Start Repl Program	General Project				5,929	-	5,929														-	
2024	24-600	Install Auto Flusher 3705 Ave T12	General Project				6,514	-	-		6,270	244											6,514	
2024	24-700	2024 Large Mtr/Vault Repl Prog	General Project				24,301	-	-		24,301												24,301	
Sub-Totals:					3,477,078		7,476,591	345,646	6,526,689	440,648	468,781	40,473	-	-	-	-	-	-	-	-	-	-	949,902	-

Water Revenue Bond - Series 2021A

Updated: April 9, 2024

Project	Project #	Description	Bond Allocation	Contractual Commitment	Payout to Date	Over/(Under)	Uncommitted Bond \$
		2021A WRB Issue	\$ 9,655,193		\$ -	\$ -	\$ 9,655,193
SIERRA	20-605	WM Repl - Sierra Hwy @ Harold St (Christensen Brothers)	-	732,459	701,848	30,611	(701,848)
		Original Contract Amt: \$447,036.60, C.O.1: \$95,571.07, C.O.2: \$127,278.49, C.O.3: \$62,572.57 (Release back of remaining contract commitment after completion of retention payout)		(30,611)			
W36-Design	20-622	Well 36 - Design & Construction (Hazen and Sawyer)	-	691,976	524,138	167,838	(524,138)
		Original Contract Amt: \$646,836, C.O.1: \$34,180, C.O.2: \$45,140					
W36-Const	20-622	Well 36 - Design & Construction (Zim Industries)	-	2,098,913	1,966,046	132,867	(1,966,046)
W36-Main	20-622	Well 36 - Watermain 15th ST E (Cedro)	-	303,839	297,378	6,461	(297,378)
PRWAP-MGMT	20-65x	Palmdale Regional Water Augmentation Program (Stantec)	-	3,000,000	3,271,947	(271,947)	(3,271,947)
PRWAP-RVW	22-650	Palmdale Regional Water Augmentation Program (NWRI)	-	112,950	53,742	59,208	(53,742)
WM-AVE_P	19-601	Spec 1901 - Water Main Replacement Avenue P (Cedro)	-	459,749	452,372	7,377.00	(452,372)
		Original Contract Amt: \$434,289, C.O.1: \$25,460.28 (Release back of remaining contract commitment after completion of retention payout)		(7,377)			-
WM-STAN	12-606	Spec 1206 - WM Repl Division/Q (Toro)	-	172,117	172,117	-	(172,117)
WM-Q10	21-610	WM Repl - Avenue Q10 (J.Vega)	-	142,274	140,574	1,700	(140,574)
		Original Contract Amt: \$137,500, C.O.1: \$4,774.28 (Release back of remaining contract commitment after completion of retention payout)		(1,700)			-
WM-5th	20-625	WM Repl - 5th ST & Q1 thru Q5 (J.Vega)	-	389,086	385,770	3,316	(385,770)
		Original Contract Amt: \$364,050, C.O.1: \$5,854.20, C.O.2: \$7,585.00, C.O.3: \$11,596.95 (Release back of remaining contract commitment after completion of retention payout)		(3,316)			-
ALT-VALVE	18-606	45th St Tank Site - Altitude Valve Repl (Cedro)	-	380,358	406,562	(26,204)	(406,562)
		Original Contract Amt: \$368,125, C.O.1: \$2,186.78, C.O.2: \$6,527.53, C.O.3: \$3,518.39					
WM-R&12th	22-617	WM Repl - Avenue R & 12th Street (J.Vega)	-	125,694	125,694	-	(125,694)
WM-Q6	20-609	WM Repl - Avenue Q6 at 12th Street (Cedro)	-	201,043	200,039	1,004.00	(200,039)
		(Release back of remaining contract commitment after completion of retention payout)		(1,004)			
LAND	1-00-1300-000	Land Purchase - Water Augmentation Plant (Production Site)	-	685,000	691,285	(6,285)	(691,285)
W15-D_Basin	22-622	Well 15 - Discharge Basin (Miller)	-	210,000	210,000	-	(210,000)
PWD		Design, Engineering and Other Preconstruction Costs	344,807	344,807	344,807	-	-
WRB		Bond Issuance Costs	267,309	267,309	267,309	-	-
ISS		Issuance Funds	(7,733)	(7,733)	(7,733)	-	-
Totals:			\$ 10,259,576	\$ 10,265,834	\$ 10,203,895	\$ 75,336	\$ 55,681
2021A Water Revenue Bonds - Unallocated Funds:				\$ (6,258)			
2021A Water Revenue Bonds - Remaining Funds to payout:					\$ 55,681		

Requisition No.	Payee	Date Approved	Invoice No.	Project	Payment Amount
58	Stantec Consulting Services, Inc.	Feb 8, 2024	2189626	PRWAP-MGMT	455,980.99
57	Hazen and Sawyer - Design Engineers	Feb 5, 2024	20182-000-32	W36-Design	7,170.00
57	Miller Equipment Company, Inc	Feb 5, 2024	Inv. 2 - RET	W15-D_Basin	10,500.00
56	Cedro Construction, Inc	Jan 22, 2024	20-622 Retention	W36-Main	14,430.75
55	Hazen and Sawyer - Design Engineers	Jan 9, 2024	20182-000-31	W36-Design	7,925.00
55	Hazen and Sawyer - Design Engineers	Jan 9, 2024	20182-000-30	W36-Design	750.00
55	Miller Equipment Company, Inc	Jan 9, 2024	Inv. 1	W15-D_Basin	199,500.00
54	Zim Industries Inc.	Dec 7, 2023	Retention	W36-Const	98,302.28
53	Stantec Consulting Services, Inc.	Nov 13, 2023	2150930	PRWAP-MGMT	49,682.06
53	Hazen and Sawyer - Design Engineers	Nov 13, 2023	20182-000-29	W36-Design	7,174.00
52	National Water Research Institute - Project Review	Nov 8, 2023	2023-1068	PRWAP-RVW	11,380.25
51	Stantec Consulting Services, Inc.	Oct 30, 2023	2144149	PRWAP-MGMT	99,066.38
51	Cedro Construction, Inc	Oct 30, 2023	PP#2 & RET	ALT-VALVE	100,598.34
50	Hazen and Sawyer - Design Engineers	Oct 19, 2023	20182-000-28	W36-Design	8,560.00
49	Hazen and Sawyer - Design Engineers	Sep 21, 2023	20182-000-27	W36-Design	2,660.00
48	Cedro Construction, Inc	Aug 31, 2023	PP #1 20-622	W36-Main	282,947.05
47	Stantec Consulting Services, Inc.	Aug 30, 2023	2119612	PRWAP-MGMT	122,896.02
47	Zim Industries Inc.	Aug 30, 2023	PB #4	W36-Const	319,188.13
46	Hazen and Sawyer - Design Engineers	Aug 1, 2023	20182-000-26	W36-Design	945.00

(Cont.)

46	Hazen and Sawyer - Design Engineers	Aug 1, 2023	20182-000-25	W36-Design	2,170.00
46	Stantec Consulting Services, Inc.	Aug 1, 2023	2107183	PRWAP-MGMT	96,070.43
45	National Water Research Institute - Project Review	Jul 13, 2023	2023-1040	PRWAP-RVW	1,519.00
44	Stantec Consulting Services, Inc.	Jul 10, 2023	2101187	PRWAP-MGMT	88,604.76
43	Stantec Consulting Services, Inc.	Jun 8, 2023	2087036	PRWAP-MGMT	123,381.20
43	Hazen and Sawyer - Design Engineers	Jun 8, 2023	20182-000-24	W36-Design	24,449.00
42	Commonwealth Land Title Company	May 16, 2023	Final Escrow	LAND	689,285.00
41	Hazen and Sawyer - Design Engineers	May 9, 2023	20182-000-23	W36-Design	6,657.50
41	National Water Research Institute - Project Review	May 9, 2023	2023-1012	PRWAP-RVW	12,605.25
41	Cedro Construction, Inc	May 9, 2023	Retention	WM-Q6	10,001.95
41	Hazen and Sawyer - Design Engineers (PWD Reimbursement)	May 9, 2023	20182-000-22	W36-Design	8,990.00
40	Stantec Consulting Services, Inc.	May 3, 2023	2075117	PRWAP-MGMT	87,266.93
40	J. Vega Engineering, Inc.	May 3, 2023	Retention	WM-5th	19,178.31
40	J. Vega Engineering, Inc.	May 3, 2023	Retention	WM-R&12th	6,284.70
39	Commonwealth Land Title Company	Apr 3, 2023	Escrow Deposit	LAND	2,000.00
38	Stantec Consulting Services, Inc.	Mar 29, 2023	2059691	PRWAP-MGMT	149,061.02
37	Cedro Construction, Inc	Mar 20, 2023	Retention	WM-AVE_P	22,618.61
36	Hazen and Sawyer - Design Engineers	Mar 13, 2023	20182-000-21	W36-Design	13,660.00
36	Stantec Consulting Services, Inc.	Mar 13, 2023	2046506	PRWAP-MGMT	349,992.84
35	Cedro Construction, Inc	Mar 6, 2023	PP #1 20-609	WM-Q6	190,037.05
34	J. Vega Engineering, Inc.	Mar 2, 2023	PP #1 22-617	WM-R&12th	119,409.38
34	J. Vega Engineering, Inc.	Mar 2, 2023	PP #2 20-625	WM-5th	80,261.85
33	J. Vega Engineering, Inc.	Feb 7, 2023	Retention	WM-Q10	7,028.71
33	Cedro Construction, Inc	Feb 7, 2023	PP #1	ALT-VALVE	305,963.36
32	Stantec Consulting Services, Inc.	Jan 26, 2023	2008254	PRWAP-MGMT	243,859.38
32	Toro Enterprises, Inc	Jan 26, 2023	RET11611	WM-STAN	114,453.94
32	Hazen and Sawyer - Design Engineers	Jan 26, 2023	20182-000-20	W36-Design	38,097.00
31	Stantec Consulting Services, Inc.	Jan 12, 2023	2008254	PRWAP-MGMT	413,707.95
30	J. Vega Engineering, Inc.	Jan 9, 2023	PP #1 20-625	WM-5th	286,330.00
30	Stantec Consulting Services, Inc.	Jan 9, 2023	2025940	PRWAP-MGMT	264,111.45
30	Hazen and Sawyer - Design Engineers	Jan 9, 2023	20182-000-19	W36-Design	13,240.00
30	Hazen and Sawyer - Design Engineers	Jan 9, 2023	20182-000-18	W36-Design	5,508.50
29	Zim Industries Inc.	Dec 22, 2022	PB #3	W36-Const	569,956.78
28	J. Vega Engineering, Inc.	Dec 5, 2022	21-610-1	WM-Q10	133,545.57
27	National Water Research Institute - Project Review	Nov 23, 2022	2022-1073	PRWAP-RVW	28,237.50
26	Hazen and Sawyer - Design Engineers	Nov 15, 2022	20182-000-17	W36-Design	17,383.25
25	Stantec Consulting Services, Inc.	Oct 18, 2022	1980772	PRWAP-MGMT	244,781.25
25	Hazen and Sawyer - Design Engineers	Oct 18, 2022	20182-000-16	W36-Design	54,924.25
24	Christensen Brothers - General Contractors	Oct 3, 2022	521-RET	SIERRA	35,098.53
24	Christensen Brothers - General Contractors	Oct 3, 2022	521-06	SIERRA	3,107.03
23	Zim Industries Inc.	Sep 29, 2022	PB#2	W36-Const	173,390.20
22	Cedro Construction, Inc	Sep 12, 2022	PP#3	WM-AVE_P	51,998.33
21	Stantec Consulting Services, Inc.	Sep 1, 2022	1968737	PRWAP-MGMT	199,204.14
21	Zim Industries Inc.	Sep 1, 2022	PB#1	W36-Const	81,612.12
21	Hazen and Sawyer - Design Engineers	Sep 1, 2022	20182-000-15	W36-Design	540.00
21	Hazen and Sawyer - Design Engineers	Sep 1, 2022	20182-000-14	W36-Design	4,360.00
20	Stantec Consulting Services, Inc.	Aug 1, 2022	1958027	PRWAP-MGMT	189,393.03
20	Stantec Consulting Services, Inc.	Aug 1, 2022	1939351	PRWAP-MGMT	94,887.28
19	Cedro Construction, Inc	Jul 26, 2022	PP#2	WM-AVE_P	230,815.80
18	Hazen and Sawyer - Design Engineers	Jul 12, 2022	20182-000-13	W36-Design	7,359.50
16	Toro Enterprises, Inc	Jun 30, 2022	15723 A2	WM-STAN	57,663.35
15	Cedro Construction, Inc	Jun 16, 2022	PP#1	WM-AVE_P	146,939.54
14	Hazen and Sawyer - Design Engineers	Jun 1, 2022	20182-000-12	W36-Design	26,815.50
13	Hazen and Sawyer - Design Engineers	May 9, 2022	20182-000-11	W36-Design	27,217.00
12	Zim Industries Inc.	Apr 21, 2022	Materials	W36-Const	723,596.00
11	Hazen and Sawyer - Design Engineers	Apr 6, 2022	20182-000-10	W36-Design	7,310.00
10	Christensen Brothers - General Contractors	Mar 24, 2022	521-05	SIERRA	59,443.94
9	Hazen and Sawyer - Design Engineers	Mar 10, 2022	20182-000-9	W36-Design	3,375.00



BOARD MEMORANDUM

DATE: April 22, 2024
TO: BOARD OF DIRECTORS
FROM: Mr. Dennis J. Hoffmeyer, Finance Manager
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: *OTHER FINANCIAL REPORTS. (FINANCE MANAGER HOFFMEYER/FINANCE COMMITTEE)*

DISCUSSION:

Presented here are financial-related items for your review.

1. Accounts receivable overview:

- a. Shown below is the makeup of the various account types that have past due balances over 60 days with amounts greater than \$50.00. This includes their current outstanding balances as part of the total.

	Accounts	Outstanding	Over 90 Days
Remaining Accounts	5	\$17,037	\$5,270
Commercial/Industrial	10	\$9,723	\$1,466
Multi-Family Residential	56	\$14,952	\$574
Single Family Residential	904	\$278,607	\$26,800
SFR (February 2024)	909	\$286,940	\$24,696

- b. Staff continues working with customers and offering payment arrangements to encourage payment on outstanding balances. As of March 31, we have 22 arrangements. The total amount in arrangements is \$18,777.95 with \$10,647.26 already collected and \$8,130.69 outstanding.

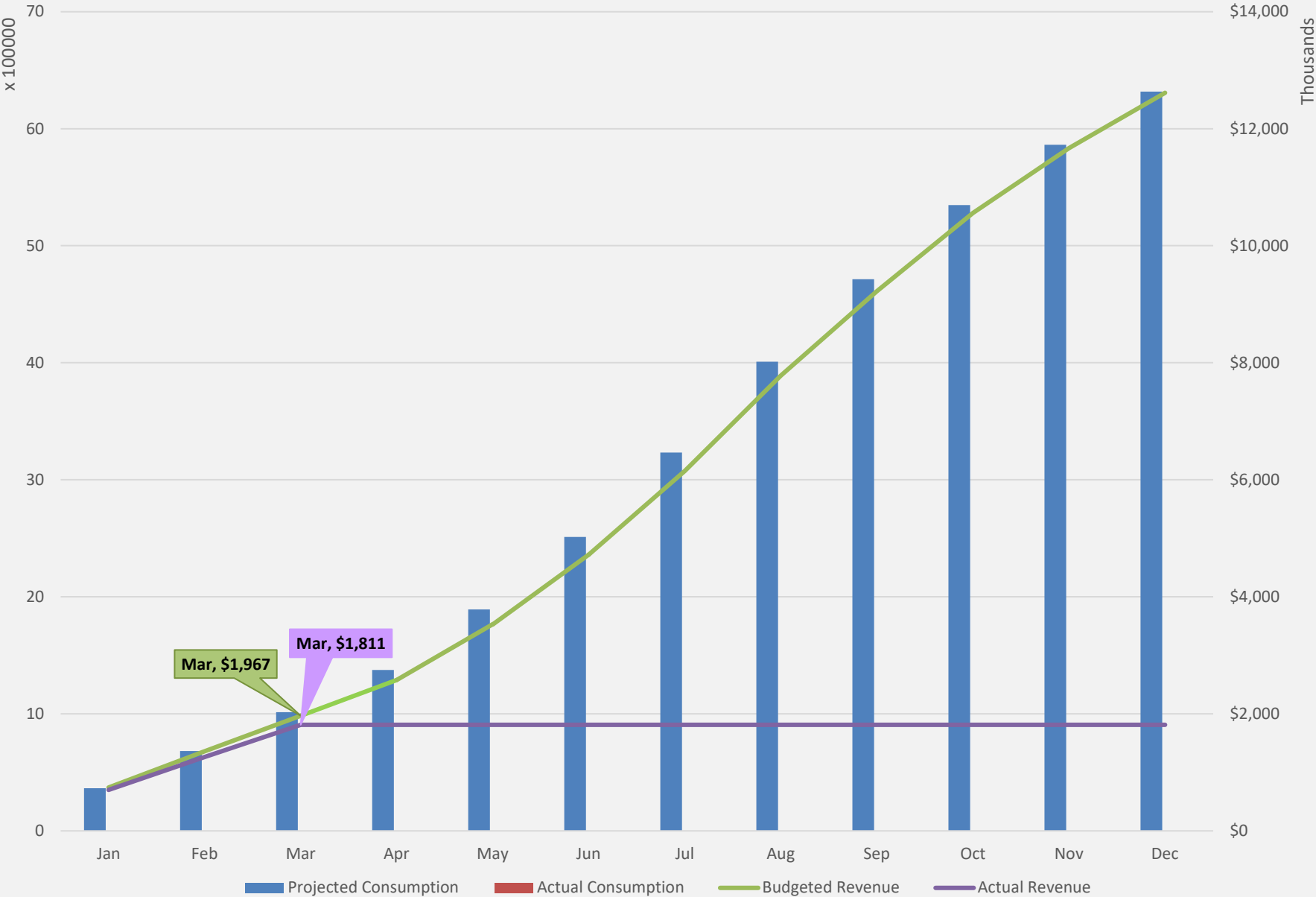
2. 2023 Revenue Projections (attachment):

- a. Based on selling 14,500 AF shown as of March 31, revenue is behind projections by approximately \$155,944.

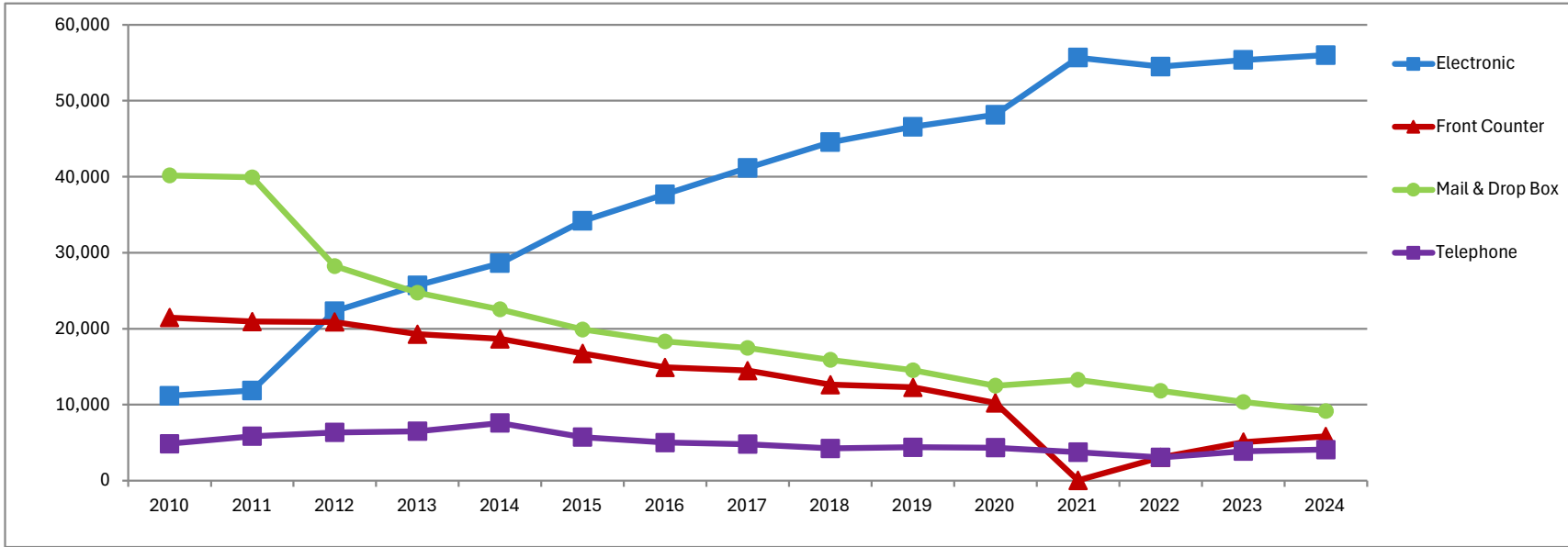
3. Payment transactions by type (attachment)

4. Billing and collection statistics (attachment)

2024 Revenue Projections Based on 14,500 AF



Payment Transaction By Types Jan-Mar



Payment Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Electronic	11,193	11,846	22,316	25,723	28,609	34,179	37,667	41,158	44,521	46,592	48,161	55,665	54,497	55,357	56,002
Front Counter	21,475	20,963	20,898	19,289	18,674	16,740	14,930	14,475	12,632	12,295	10,266	36	3,074	5,075	5,834
Mail & Drop Box	40,178	39,923	28,253	24,752	22,542	19,909	18,323	17,485	15,923	14,539	12,494	13,270	11,826	10,366	9,171
Telephone	4,878	5,847	6,341	6,515	7,596	5,738	5,020	4,801	4,249	4,401	4,347	3,755	3,071	3,886	4,089
Total	77,722	78,579	77,808	76,279	77,421	76,566	75,940	77,919	77,325	77,827	75,268	72,726	72,468	74,684	75,096

Electronic Payments Breakout	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
META - ACH Pymt	1,666	2,322	1,853	1,844	902	775	397	421	418	437	413	436	418	406	408
WES - ACH Pymt	0	227	220	232	241	241	253	267	262	229	228	195	175	180	181
INF - Website Pymts	9,527	9,297	15,345	17,138	18,809	19,151	20,405	22,099	23,778	25,636	27,343	31,386	32,175	34,097	35,678
IVR - Automated Pay ##	0	0	0	0	453	5,224	6,933	8,052	8,880	9,534	9,415	10,567	9,775	9,657	9,465
KIOSK - Automated Pay \$\$	0	0	0	0	0	0	210	283	866	413	359	0	32	52	94
PNM - Automated Pay %%	0	0	0	0	0	0	0	598	972	1,167	1,280	2,733	2,292	1,870	1,619
VAN - ACH Pymt &&	0	0	4,898	6,509	8,204	8,788	9,469	9,438	9,345	9,176	9,123	10,348	9,630	9,095	8,557
Total	11,193	11,846	22,316	25,723	28,609	34,179	37,667	41,158	44,521	46,592	48,161	55,665	54,497	55,357	56,002

**Palmdale Water District
Monthly Billing Statistics**

Month	Bills	LF Notice	Shut Notice	Off & Lock (M)	Based on Bills Issued			Based on Late Notices		Based on Shut Notice
	(A)	(B)	(C)	(D)	B / A	C / A	D / A	C / B	D / B	D / C
12/22/2018	26632	6485	2401	423	24.4%	9.0%	1.6%	37.0%	6.5%	17.62%
12/29/2019	26699	6565	2456	326	24.6%	9.2%	1.2%	37.4%	5.0%	13.27%
12/17/2020	26808	6038			22.5%					
12/2/2021	26893	6579			24.5%					
Restart Collections 2/16/22			322	227	O&L completed 3/1/22 to 3/22/2022.					
1/31/2022	26907	6648	2436	812	24.7%	9.1%	3.0%	36.6%	12.2%	33.33%
2/28/2022	26924	6216	2277	249	23.1%	8.5%	0.9%	36.6%	4.0%	10.94%
3/31/2022	26898	6099	1948	291	22.7%	7.2%	1.1%	31.9%	4.8%	14.94%
4/30/2022	26912	6189	2322	271	23.0%	8.6%	1.0%	37.5%	4.4%	11.67%
5/31/2022	26945	6328	2258	261	23.5%	8.4%	1.0%	35.7%	4.1%	11.56%
6/30/2022	26926	6690	2430	301	24.8%	9.0%	1.1%	36.3%	4.5%	12.39%
7/31/2022	26925	6481	2499	341	24.1%	9.3%	1.3%	38.6%	5.3%	13.65%
8/31/2022	26992	6928	2626	364	25.7%	9.7%	1.3%	37.9%	5.3%	13.86%
9/30/2022	26998	6787	2692	55	25.1%	10.0%	0.2%	39.7%	0.8%	2.04%
10/31/2022	26980	6964	2651	158	25.8%	9.8%	0.6%	38.1%	2.3%	5.96%
11/30/2022	26973	6814	2757	416	25.3%	10.2%	1.5%	40.5%	6.1%	15.09%
12/31/2022	26975	6504	2417	11	24.1%	9.0%	0.0%	37.2%	0.2%	0.46%
1/31/2023	26979	7251	2279	275	26.9%	8.4%	1.0%	31.4%	3.8%	12.07%
2/28/2023	26979	6417	2349	411	23.8%	8.7%	1.5%	36.6%	6.4%	17.50%
3/31/2023	26980	6388	2064	376	23.7%	7.7%	1.4%	32.3%	5.9%	18.22%
4/30/2023	26989	6157	2025	381	22.8%	7.5%	1.4%	32.9%	6.2%	18.81%
5/31/2023	26990	6597	2021	620	24.4%	7.5%	2.3%	30.6%	9.4%	30.68%
6/30/2023	26982	6225	2239	458	23.1%	8.3%	1.7%	36.0%	7.4%	20.46%
7/31/2023	27067	6879	2590	460	25.4%	9.6%	1.7%	37.7%	6.7%	17.76%
8/31/2023	27077	7118	2586	448	26.3%	9.6%	1.7%	36.3%	6.3%	17.32%
9/30/2023	27080	6826	2511	385	25.2%	9.3%	1.4%	36.8%	5.6%	15.33%
10/31/2023	27071	7160	2352	616	26.4%	8.7%	2.3%	32.8%	8.6%	26.19%
11/30/2023	27096	6018	2989	406	22.2%	11.0%	1.5%	49.7%	6.7%	13.58%
12/31/2023	27075	7832	2850	145	28.9%	10.5%	0.5%	36.4%	1.9%	5.09%
1/31/2024	27081	6994	2161	423	25.8%	8.0%	1.6%	30.9%	6.0%	19.57%
2/29/2024	27091	5650	0	469	20.9%		1.7%		8.3%	
3/31/2024	27092	0	0	384			1.4%			

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, MARCH 19, 2024:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, March 19, 2024, at 2029 East Avenue Q, Palmdale, CA 93550. Chair Wilson called the meeting to order at 1:37 p.m.

1) Roll Call.

Attendance:

Committee:
Don Wilson, Chair
Scott Kellerman,
Committee Member

Others Present:

Dennis LaMoreaux, General Manager
Adam Ly, Assistant General Manager
Dennis Hoffmeyer, Finance Manager
Bob Egan, Financial Advisor
Diana Gunn, Accounting Supervisor
Judy Shay, Public Affairs Director
Cynthia Sanchez, Committee Member Alternate
Danielle Henry, Executive Assistant
1 member of the public

2) Adoption of Agenda.

It was moved by Committee Member Kellerman, seconded by Chair Wilson, and unanimously carried by all members of the Committee present at the meeting to adopt the agenda, as written.

3) Public Comments for Non-Agenda Items.

There were no public comments for non-agenda items.

4) Action Items: (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Committee Prior to Action Being Taken.)

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held February 20, 2024.

It was moved by Committee Member Kellerman, seconded by Chair Wilson, and unanimously carried by all members of the Committee present at the meeting to

approve the minutes of the Finance Committee meeting held February 20, 2024, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of February 2024. (Financial Advisor Egan)

Financial Advisor Egan provided an overview of the monthly Major Account Activity Report, the Investment Funds Report, and the Cash Flow Statement through February 2024, including account transfers, assessments received, interest and market values, scheduled payments, capital improvement funds, water transfer revenue, and the projected year-end balance.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for February 2024. (Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer reviewed in detail the Balance Sheet Report, the Profit and Loss Statement, the departmental budgets versus actual, and individual departmental reports for the period ending February 2024 and stated that operating revenues are above the historical trend average at 14.5%, that expenses are below the historical trend average at 12.7%, and that four departments are above the traditional budgetary percentage of 16.7% primarily due to the annual front loading of employer contributions for Health Spending Accounts and telecommunication, equipment and supply costs followed by a brief discussion of the meter exchange project and the 2024 Budget.

4.4) Discussion and Overview of Committed Contracts Issued. (Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer provided a detailed overview of the Contractual Commitments and Needs Report for new and replacement capital projects, consulting and engineering support projects, new and replacement equipment, water quality fee funded projects, committed and projected capital expenditures, and projects paid out through the 2021A and 2023A Series Water Revenue Bonds through February 2024.

5) Reports.

5.1) Finance Manager Hoffmeyer:

a) Accounts Receivable Overview.

Finance Manager Hoffmeyer provided an overview of outstanding balances of amounts greater than \$50.00 for each account type at sixty and ninety days past due and stated that as of February 29, there are thirteen payment arrangements totaling \$15,942.15 with \$8,833.59 collected to date.

b) Revenue Projections.

He then stated that based on selling 14,500 AF of water, 2024 revenue is behind projections by approximately \$96,331 as of February 29 and that rainy weather conditions in February contributed to the decrease in customer usage.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan reported that the Debt Service Coverage for March 2023 to February 2024 is 1.40 and remains strong.

5.3) Other.

Finance Manager Hoffmeyer reported that staff attended a meeting with Standard & Poor regarding the District's credit ratings in anticipation of the 2024 Subordinate Bonds and WIFIA Loan; that a printed presentation on the 2024 Subordinate Bonds was distributed for review and will be presented at the March 25 Regular Board Meeting; and that the 2024 Rate Study is out for bid and a recommendation will be presented to the full Board for consideration at the April 22 Regular Board Meeting.

There were no other items to report.

6) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

7) **Date of Next Committee Meeting.**

It was determined that the next Finance Committee meeting will be held April 16, 2024 at 10:00 a.m.

8) **Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 2:23 p.m.



Chair

MINUTES OF MEETING OF THE RESOURCE AND FACILITIES COMMITTEE OF THE PALMDALE WATER DISTRICT, MARCH 22, 2023:

A meeting of the Resource and Facilities Committee of the Palmdale Water District was held Wednesday, March 22, 2023, at 2029 East Avenue Q, Palmdale, CA 93550. Chair Dino called the meeting to order at 8:00 a.m.

1) Roll Call.

Attendance:

Committee:
Vincent Dino, Chair
Scott Kellerman,
Committee Member

Others Present:

Dennis LaMoreaux, General Manager
Adam Ly, Assistant General Manager
Dennis Hoffmeyer, Finance Manager
Judy Shay, Public Affairs Director
Scott Rogers, Engineering Manager
Wendell Wall, Facilities Manager
Mynor Masaya, Operations Manager
Claudia Bolanos, Resource & Analytics Spvrs.
Danielle Henry, Executive Assistant
Patricia Guerrero, Management Analyst
0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Kellerman, seconded by Chair Dino, and unanimously carried by all members of the Committee present at the meeting to adopt the agenda, as written.

3) Public Comments for Non-Agenda Items.

There were no public comments for non-agenda items.

4) Action Items: (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Committee Prior to Action Being Taken.)

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held October 13, 2022.

It was moved by Committee Member Kellerman, seconded by Chair Dino, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Resource and Facilities Committee meeting held October 13, 2022, as written.

4.2) Consideration and Possible Action on Approval of Contract with Pacific Tank & Construction, Inc. to Repair Safety Deficiencies on the 6M Clearwell. (\$21,500.00 – Non-Budgeted – Operations Manager Masaya)

Operations Manager Masaya provided an overview of the safety deficiencies found during the OSHA inspection of the 6M Clearwell after which it was moved by Committee Member Kellerman, seconded by Chair Dino, and unanimously carried by all members of the Committee present at the meeting to approve a Contract with Pacific Tank & Construction, Inc. for the Repair of Safety Deficiencies at the 6M Clearwell.

4.3) Consideration and Possible Action on a Recommendation to Declare a District Vehicle as Surplus Property. (Potential Revenue – Facilities Manager Wall)

Facilities Manager Wall provided an overview of the V-86 2004 GMC TC7500 dump truck proposed to be declared as surplus property after which it was moved by Committee Member Kellerman, seconded by Chair Dino, and unanimously carried by all members of the Committee present at the meeting that the Committee concurs with staff's recommendation to declare the dump truck as surplus property and that this item be presented to the full Board for consideration at the March 27, 2023 Regular Board Meeting.

4.4) Consideration and Possible Action on a Recommendation to Declare District Generator as Surplus Property. (Potential Revenue – Operations Manager Masaya)

Operations Manager Masaya provided an overview of the Waukesha 8 cylinder 365 Hp Natural Gas Engine and 200Kw A/C Generator proposed to be declared as surplus property, and after a brief discussion of the District's auction process, it was moved by Committee Member Kellerman, seconded by Chair Dino, and unanimously carried by all members of the Committee present at the meeting that the Committee concurs with staff's recommendation to declare the generator as surplus property and that this item be presented to the full Board for consideration at the March 27, 2023 Regular Board Meeting.

4.5) Consideration and Possible Action on a Recommendation to Declare District Furniture as Surplus Property. (Potential Revenue – Facilities Manager Wall)

Facilities Manager Wall provided an overview of the proposed furniture to be declared as surplus property, and after clarification that the miscellaneous furniture has been replaced, it was moved by Committee Member Kellerman, seconded by Chair Dino, and unanimously carried by all members of the Committee present at the meeting that the Committee concurs with staff's recommendation to declare the miscellaneous furniture as surplus property and that this item be presented to the full Board for consideration at the March 27, 2023 Regular Board Meeting.

General Manager LaMoreaux then stated that all items recommended for surplus will be presented under one agenda item at the March 27, 2023 Regular Board Meeting.

5) Reports:

5.1) Resource and Analytics Supervisor Bolanos:

a) Department Update.

Resource and Analytics Supervisor Bolanos provided an update of the Resource and Analytics Department activities including the State Water Project allocation, potential Article 21 water in addition to Table A water, water banking opportunities, the updated Water Shortage Contingency Plan Stage 2 from mandatory to voluntary, the final number of water waste door tags issued, the online classes completed in-lieu of fines, upcoming workshops, rebate programs, state reporting, and grant funding.

5.2) Engineering Manager Rogers:

a) Water Main Replacement Projects.

Engineering Manager Rogers stated that the bid date for the water main replacement project in Avenue S has been extended; that the water main installation in 15th Street East from Avenue P to Well 36 is moving forward; and that several projects are in the design phase.

b) Pure Water AV Project.

He then stated that staff has reviewed and returned the 30% design plans for the Pure Water AV Demonstration Facility back to the consultant; that staff is working though the property purchase of the future Full-Scall Pure Water AV Facility site that was approved at the March 13, 2023 Regular Board Meeting; and that staff has reviewed and submitted the draft Title 16 Feasibility Report for grant funding to the Bureau of Reclamation for comment followed by a brief discussion of grant funding opportunities from the Air Quality Management District.

5.3) Facilities Manager Wall:

a) Well Rehabilitation.

Facilities Manager Wall provided an update on the rehabilitation of Well No. 15 and stated that it is expected to be operational by May and that Well No. 3A and No. 23A will be scheduled next for rehabilitation.

b) Palmdale Ditch.

He then stated that water continues to flow in Palmdale Ditch and that staff will be installing 400 feet of Geosynthetic Clay Liner (GCL) when the weather permits.

6) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

7) Date of Next Committee Meeting.

There was no date set for the next Resource and Facilities Committee meeting.

8) Adjournment.

There being no further business to come before the Resource and Facilities Committee, the meeting was adjourned at 8:22 a.m.


Chair



BOARD MEMORANDUM

DATE: April 22, 2024
TO: BOARD OF DIRECTORS
FROM: Dennis D. LaMoreaux, General Manager
RE: *REPORT OF GENERAL MANAGER.*

The following is the April 2024 report to the Board of activities through March 2024. It is organized to follow the District's 2022 Strategic Plan approved in October 2022 and composed of six strategic initiatives. The initiatives follow for reference. It is intended to provide a general framework to update the month's activities.

PWD 2022 STRATEGIC PLAN SUMMARY



Water Resource Reliability: *Resilience, Development, Partnership*

Support and participate with local agencies in the development of projects and policies that improve water reliability

Maximize state and federal funding opportunities for Pure Water AV

Support projects and initiatives that increase the resilience of the State Water Project

Develop water storage options for State Water Project supplies and improve groundwater capture capabilities

Strengthen stakeholder relationships and implement Littlerock Dam and Reservoir Sediment Removal Project



Organizational Excellence: *Train, Perform, Reward*

Offer competitive compensation and benefits package for employee recruitment and retention

Focus Succession Planning Program on ensuring an overlap of training for key positions

Continue providing transparency to our ratepayers through training for the ongoing achievement of the Districts of Distinction certification

Encourage cohesiveness, transparency, and integrity within the staff through Codes of Conduct and increased accountability

Ensure employees are trained on the Strategic Plan and the District's Values of Diversity, Integrity, Teamwork, and Passion

Improve safety for Directors, employees, and customers

Develop career paths at the District for interns and pursue state and federal funding for intern programs

Cultivate a positive culture and increase employee engagement



Systems Efficiency: *Independence, Technology, Research*

- Explore energy independence and evaluate the feasibility of energy options, including wind and solar
- Incorporate more energy efficient technologies into the District's infrastructure
- Research state-of-the-art treatment techniques to enhance systems efficiency
- Re-evaluate Lake Palmdale by-pass pipeline and pursue funding options
- Improve Palmdale Ditch to reduce water loss



Financial Health and Stability: *Strength, Consistency, Balance*

- Pursue grant funding for District projects and operations
- Maintain the five-year financial plan adopted as part of the 2019 Water Rate Study, including the five-year Capital Improvement Plan
- Conduct and adopt a 2024 five-year Water Rate Plan
- Build adequate reserve levels and achieve high-level bond rating
- Seek potential revenue sources from vacant District properties
- Monitor finances, operations, and projects affected by emergencies
- Digitize and document departmental workflows



Regional Leadership: *Engage, Lead, Progress*

- Continue to provide opportunities and information for local businesses and agencies to contract with the District
- Continue to collaborate with neighboring water agencies and move to include more agencies throughout and outside of the Antelope Valley through Greater Antelope Valley Mutual Response Agreements and emergency response exercises
- Develop working relationships and mutually beneficial projects with other water agencies in the District's region
- Develop strategies, alliances, and funding to make Littlerock Dam and Reservoir recreational again
- Continue Memorandum of Understanding with United Water Conservation District to combine political forces to obtain grant funding and research other joint cooperative regional efforts
- Continue representation on larger regional organizations such as the California Special Districts Association (CSDA) and the Association of California Water Agencies (ACWA) and assist with the growth and influence of the Special Districts Association of North Los Angeles County, a CSDA local chapter



Customer Care, Advocacy and Outreach: *Promote, Educate, Support*

Enhance customers' experience through communication and feedback

Expand and market additional payment options

Continue to increase public awareness of current programs and services through traditional and new media platforms

Engage elected officials and the public on the importance of local and state water reliability issues

Complete conversion to an Advanced Metering Infrastructure (AMI) to increase customers' knowledge of water use and promote customer self-help portal

Continue to increase public awareness of the on-going drought and the importance of conservation efforts

Publicize, engage, and educate the community about Pure Water AV

Overview

This report also includes charts that show the effects of the District's efforts in several areas. They are organized within each strategic initiative and include status of the State Water Resources Control Board's (SWRCB) former long-term conservation orders (20 x 2020), the District's total per capita water use trends, 2024 actual water production and customer use graph, mainline leaks, and the water loss trends for both 12- and 24-month running averages.



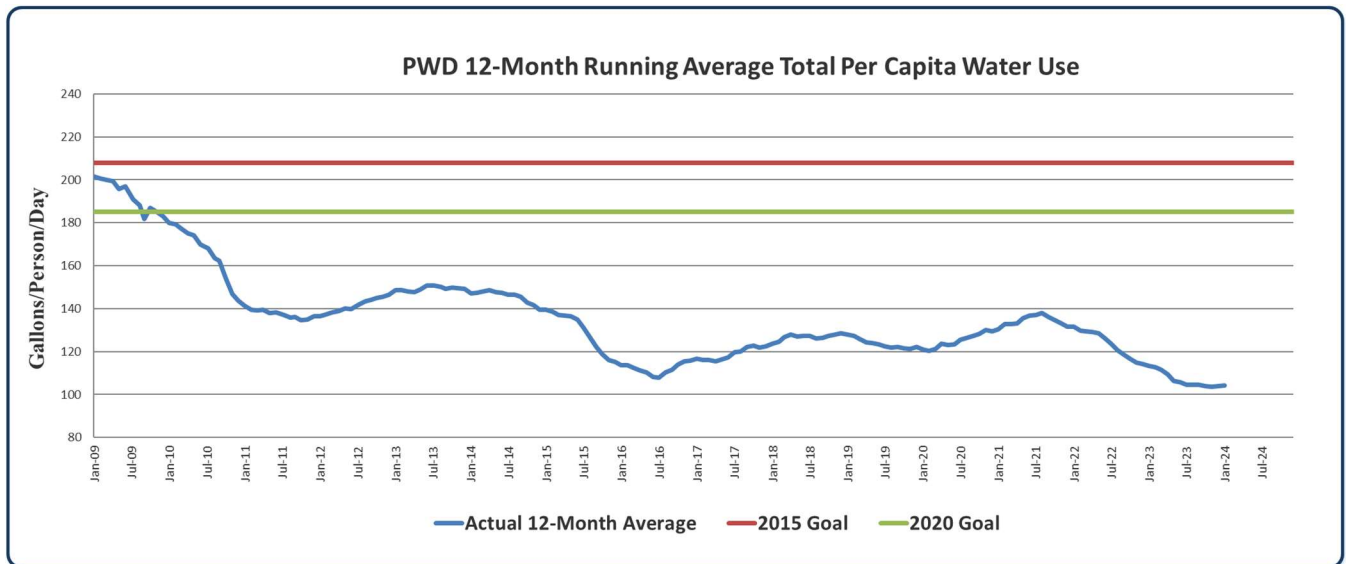
Water Resource Reliability *Resilience, Development, Partnership*

This initiative includes conservation efforts, water supply projects, and water planning. Recent highlights are as follows:

Overall Water Use Goals and Compliance

The 2020 Urban Water Management Plan was adopted by the District in June 2021. This report still uses the 20 x 2020 requirements. It does not relate the District's water use to the upcoming agency water budget requirement. The new "Making Conservation a Way of Life" regulations are now being finalized. The District's use of a water budget-based rate structure is helpful in complying with the draft regulations.

The District’s compliance with the former 20 x 2020 law is evident from the chart titled “PWD 12-Month Running Average Total Per Capita Water Use:”



The District’s customers have cut their water use by **54.6%** from the baseline number of 231 re-established in the 2020 Urban Water Management Plan and met the 2020 Goal in early 2010. The current Metered-GPCD, gallons per capita per day, is now 105 showing our customers continued reduced usage.

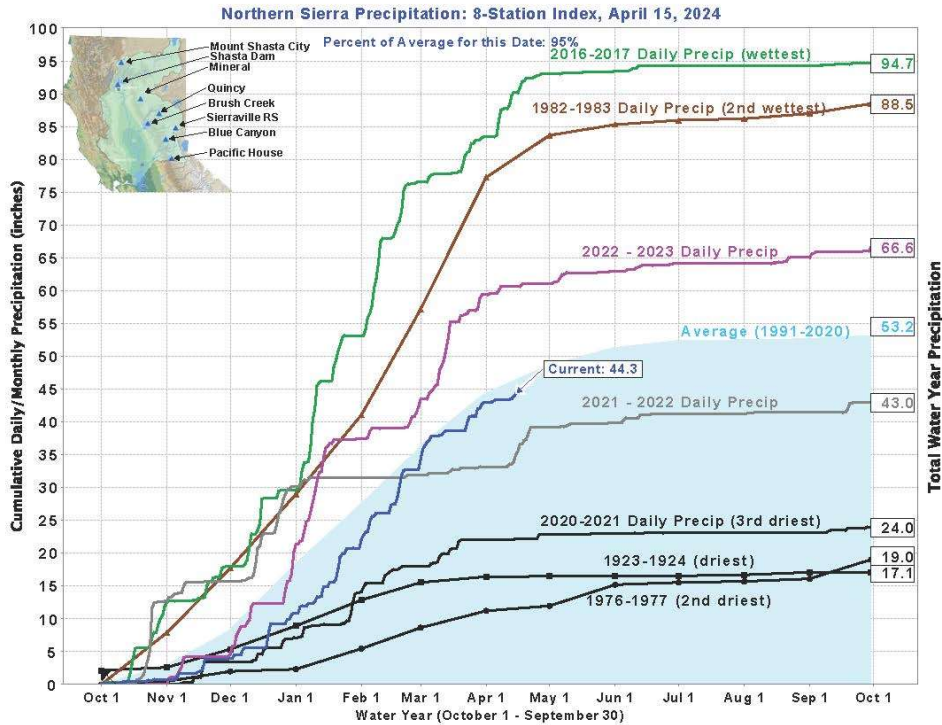
Water Supply Information

- The AV Adjudication is now entering its ninth year, and the ramp down to the native safe yield is complete. The District’s 2024 groundwater production right is as follows: 7,978.08 AF, 11,620.12 AF of unused Carry Over from prior years, and 8,055 AF of water banked in Littlerock Wash for a total of 27,073.19 AF.
- The full 2024 Water Resources Plan is nearly set with the rainy season mostly behind us. One goal will be to take advantage of the available surface water and produce a minimum of 4,300 AF of groundwater to use the native and unused Federal production rights. We started the year off with a full and spilling Littlerock Dam. The SWP allocation is currently at 30% and is expected to be finalized in May.

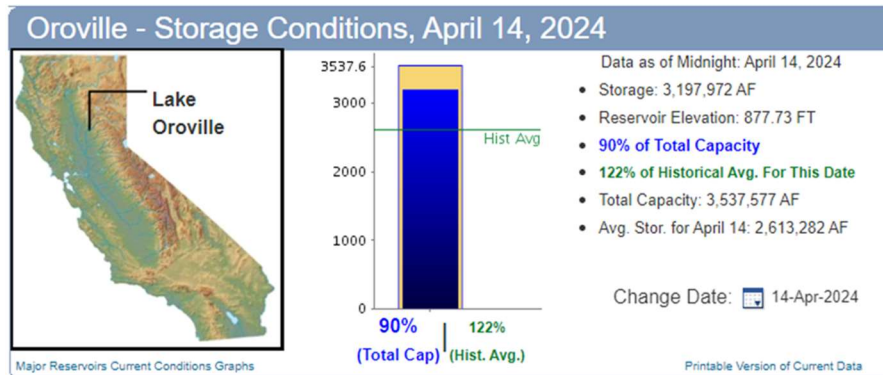
Precipitation in the area that contributes to the State Water Project is now at 83% of average for the entire 2023-2024 Water Year (October through September) and is at 95% for this date. The water levels of Oroville, higher than average, and San Luis, lower than average and south of the Bay-Delta, reservoirs show the current problem of being able to

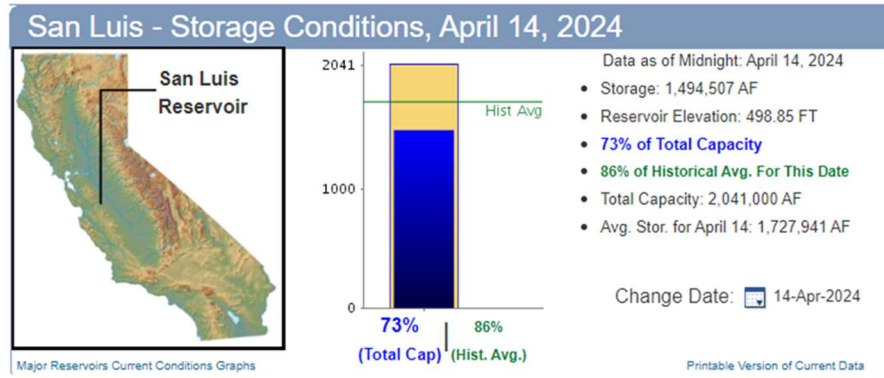
move water through the Bay-Delta due to environmental restrictions. The snowpack summary also shows a good, average winter with the statewide average at 105% of the April 1 average.

The April 15, 2024 Northern Sierra precipitation is as follows:



The April 15, 2024 summaries for Oroville and San Luis Reservoirs are as follows:





The April 15, 2024 statewide snowpack summary is as follows:



CURRENT REGIONAL SNOWPACK FROM AUTOMATED SNOW SENSORS

% of April 1 Average / % of Normal for This Date



NORTH	
Data as of April 15, 2024	
Number of Stations Reporting	26
Average snow water equivalent (inches)	32.9
Percent of April 1 Average (%)	116
Percent of normal for this date (%)	125

CENTRAL	
Data as of April 15, 2024	
Number of Stations Reporting	48
Average snow water equivalent (inches)	27.3
Percent of April 1 Average (%)	102
Percent of normal for this date (%)	108

SOUTH	
Data as of April 15, 2024	
Number of Stations Reporting	26
Average snow water equivalent (inches)	21.1
Percent of April 1 Average (%)	98
Percent of normal for this date (%)	106

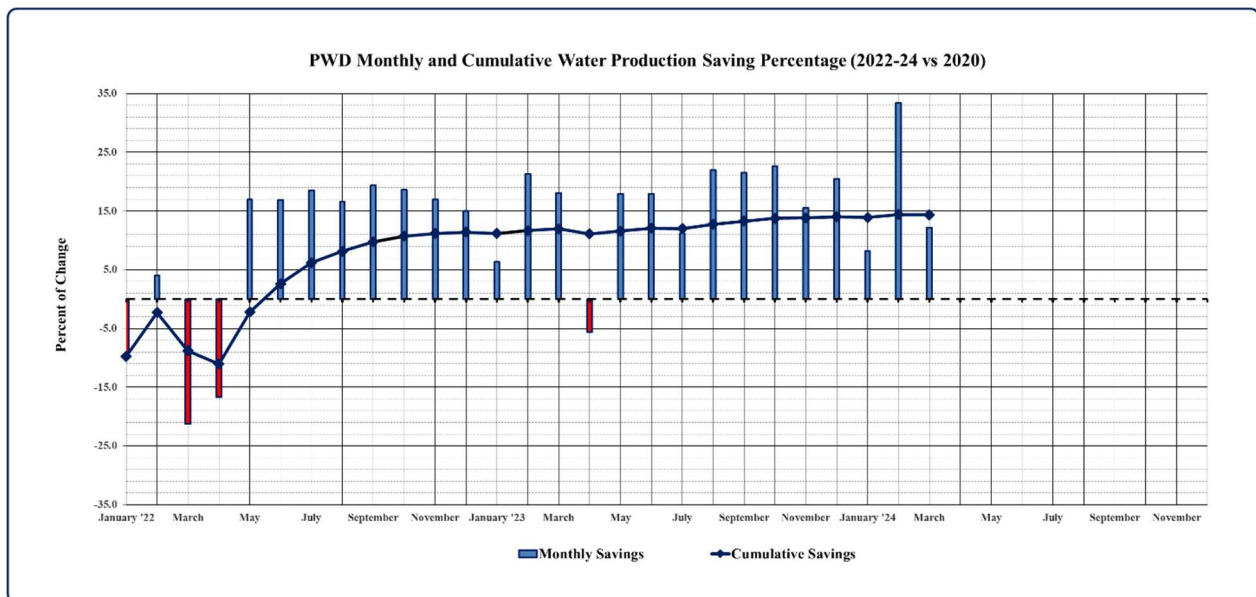
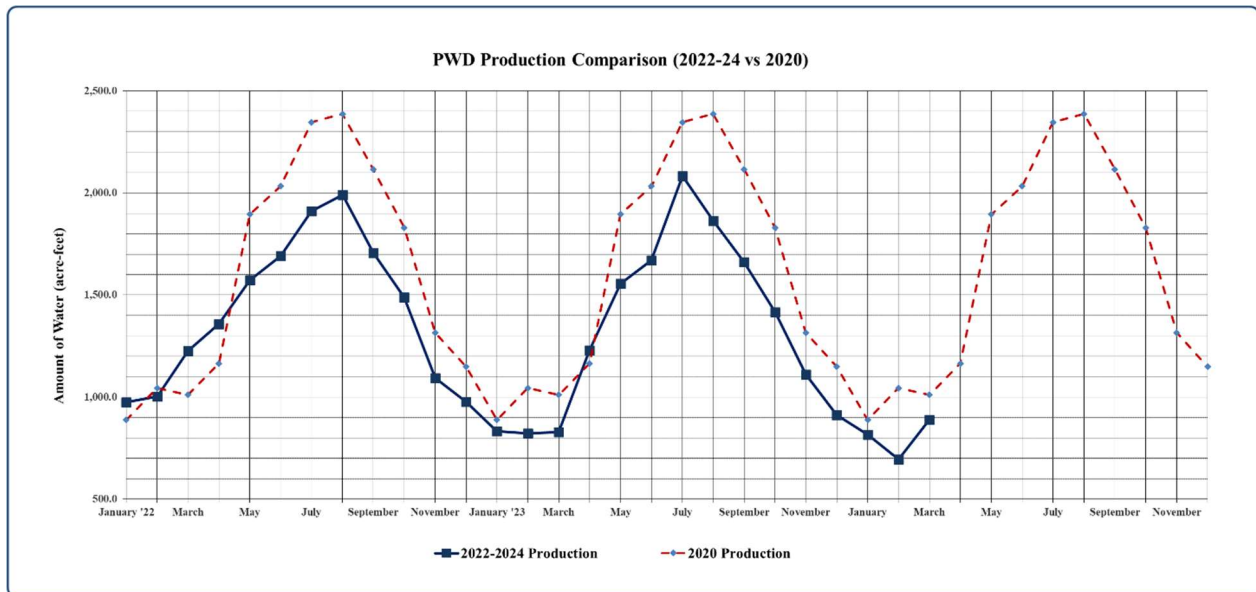
STATE	
Data as of April 15, 2024	
Number of Stations Reporting	100
Average snow water equivalent (inches)	27.1
Percent of April 1 Average (%)	105
Percent of normal for this date (%)	112

Statewide Average: 105% / 112%

Data as of April 15, 2024

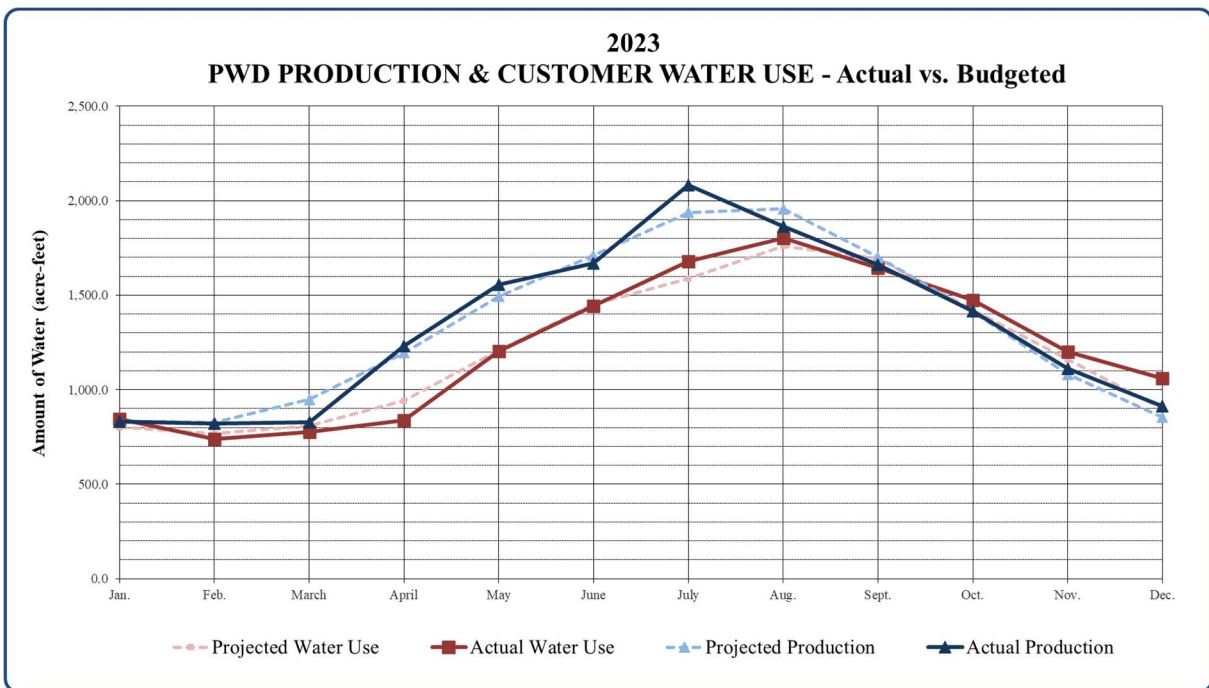
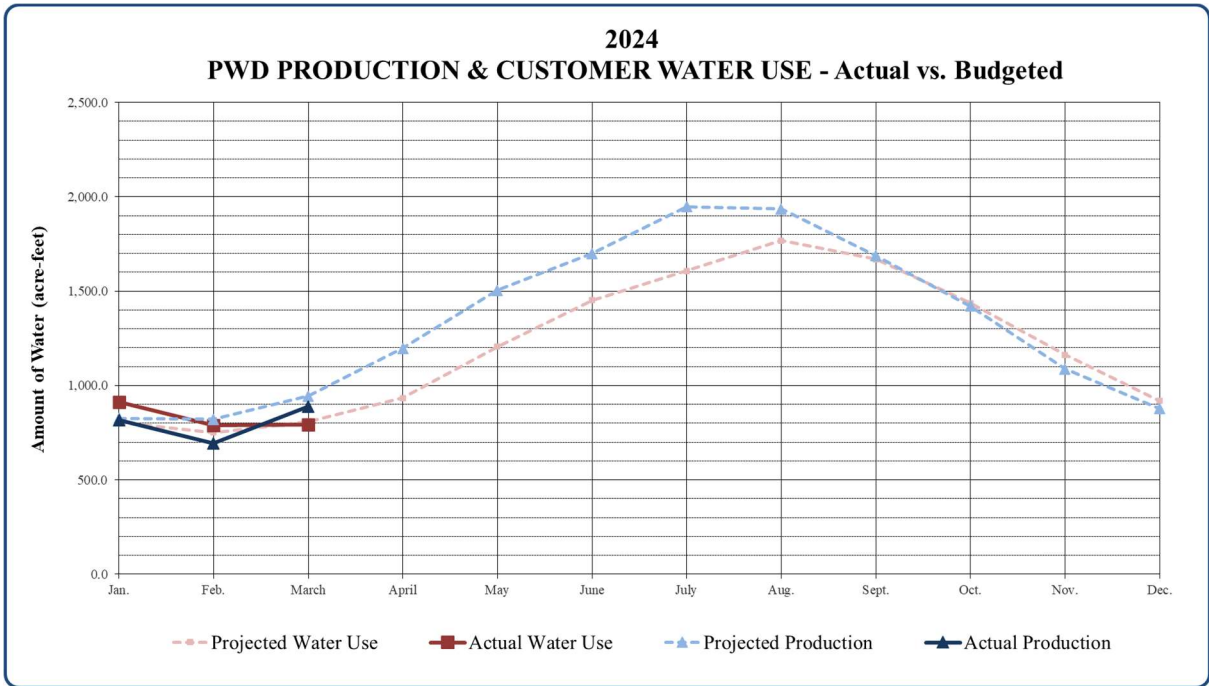
The following graphs help to show the 2021-2023 drought response and current use by our customers. The first graph, "PWD Production Comparison (2022-24 vs 2020)," shows the monthly water production in both 2022-24 and 2020.

The second graph, "PWD Monthly and Cumulative Water Production Saving Percentage (2022-24 vs. 2020)," illustrates the difference between each month in 2022-24 and 2020. Less production, or **savings** in 2022-24 is shown in **blue** and more production is shown in **red**. Despite ending mandatory conservation measures in March 2023, our customers' continue to save water compared to 2020. The cumulative water savings is now 14.3%.



2024 and Historical Water Use Information

- The following graph is the actual and projected monthly water consumption and production for 2024. The projected amounts are based on the prior five years of actual monthly information. The projected total consumption is based on the 2024 Budget amount of 14,500 AF. The 2023 graph shows the projected and actual water use for that year. This year's water use remains low due to another wet winter.



Other Items

- **Littlerock Sediment Removal Project**

The Project consists of three phases. The Grade Control Structure is Phase 1 and was completed in January 2020. Phase II is the removal of 1.2 million cubic yards (CY) of sediment from the reservoir. Approximately 58,000 cubic yards of sediment were removed in 2022 using a single year California Fish and Wildlife permit. Staff continues to work with Aspen Environmental to secure all the necessary permits for multi-year sediment removal. No sediment was removed in 2023 due to having a full reservoir through the end of the year. It is doubtful any sediment will be removed this year due to the wet conditions.

- **Pure Water AV Project**

The District's goal of using recycled water for a stable potable water supply is advanced water treatment and groundwater augmentation. The project is called Pure Water AV. The program management firm assisting the District with the Project is Stantec. Current activities include evaluating Project delivery methods, developing a funding strategy, and bidding the Demonstration Facility. Staff, Stantec, and financial consultants are also gathering information for potential grants and loan programs for the Pure Water AV Project.

Staff is working with the Sanitation Districts of Los Angeles County, District 20 (LASD), and the City of Palmdale as collaborators or partners in the Project. Pure Water AV will put the already highly treated tertiary recycled water to a higher beneficial use and satisfies LACSD's goals for use of the water. The City is interested in the Project for the potential benefits to the area's parks and landscaping during droughts without expanding the current purple pipe distribution system.

Related activities include the design and funding of a recycled water pipeline in Avenue Q from 30th Street East to the future demonstration facility. This pipeline will also provide additional access to recycled water for construction and Palmdale SOAR High School as a potential irrigation customer. This project is funded by a state grant, PRWA, and PWD and is currently being advertised for construction bids.

The Demonstration Facility is also being advertised for construction bids. Bids will be opened at the end of April and a recommended contract award is tentatively scheduled for the Board's consideration at the May 28, 2024 Board meeting.

- **Upper Amargosa Creek Recharge Project**

The Project's construction is complete. The Project partners, City of Palmdale, LA County Waterworks, and AVEK, are working toward finalizing the operation and maintenance agreement. However, the recharge yield in 2023 was very disappointing and will also be discussed to improve it in the future.

The City of Palmdale also notified the Project partners about the mitigation requirements and costs. The two stages, 11.28 acres and 38.72 acres, of mitigation are being finalized with the regulatory agencies. The 2021 estimated construction costs are \$1,715,662 and \$3,567,595, respectively, and will be built several years apart. The City received \$1,000,000 in grant funding toward the first phase costs. The District's anticipated share for the first phase is approximately \$75,000.

- **Littlerock Creek Recharge Project**

AVEK, LCID, and the District had an agreement with DWR and the AV Watermaster Engineer for a pilot project to use Littlerock Wash to recharge available Article 21, beyond the District's Table "A", SWP water. Due to the availability of Article 21 water until July. A total of 8,055 AF was recharged through this program.

A memorandum of understanding (MOU) is being approved through the Antelope Valley State Water Contractors Association to work on a permanent project to use Littlerock Wash as a recharge area.

- **2022 Strategic Water Resources Plan Update**

It is in the CEQA phase now. It looks at the water demands and supplies through 2050, identifies packages of projects to provide additional water supplies, looks at how they will be financed, and will ultimately be used to determine "Water Supply" fees within the Capital Improvement Fees paid by new water service connections.

- **Delta Conveyance Project**

Delta Conveyance Design and Construction Authority (DCA) is a joint power authority responsible for the environmental, design, and engineering of the Project and works with the Department of Water Resources (DWR) on the Project. The Board includes two seats for the East Branch, Class 8, of the California Aqueduct. The Class 8 agencies are AVEK, PWD, Littlerock Creek Irrigation District (LCID), Mojave Water Agency (MWA), Crestline-Lake Arrowhead Water Agency, San Gabriel Valley Municipal Water District, San Bernardino Valley Municipal Water District (SBVMWD), San Gorgonio Pass Water Agency, Desert Water Agency, and Coachella Valley Water District (CVWD).

The Delta Conveyance Project (DCP) Final EIR for the Project was completed in December 2023. DWR then certified the document and issued a Notice of Determination naming the Bethany Alternative as the project moving forward. An updated cost estimate will now be worked on and permitting has begun.

A Board of Directors briefing by DWR and the DCA on the status of the Project and the updated cost estimate and benefit/cost analysis is tentatively scheduled for June 10, 2024. The updated cost estimate and benefit/cost analysis is scheduled for release in late May.



Organizational Excellence *Train, Perform, Reward*

This initiative includes efforts to restructure staff duties and activities to more efficiently provide service to our customers. Recent highlights are as follows:

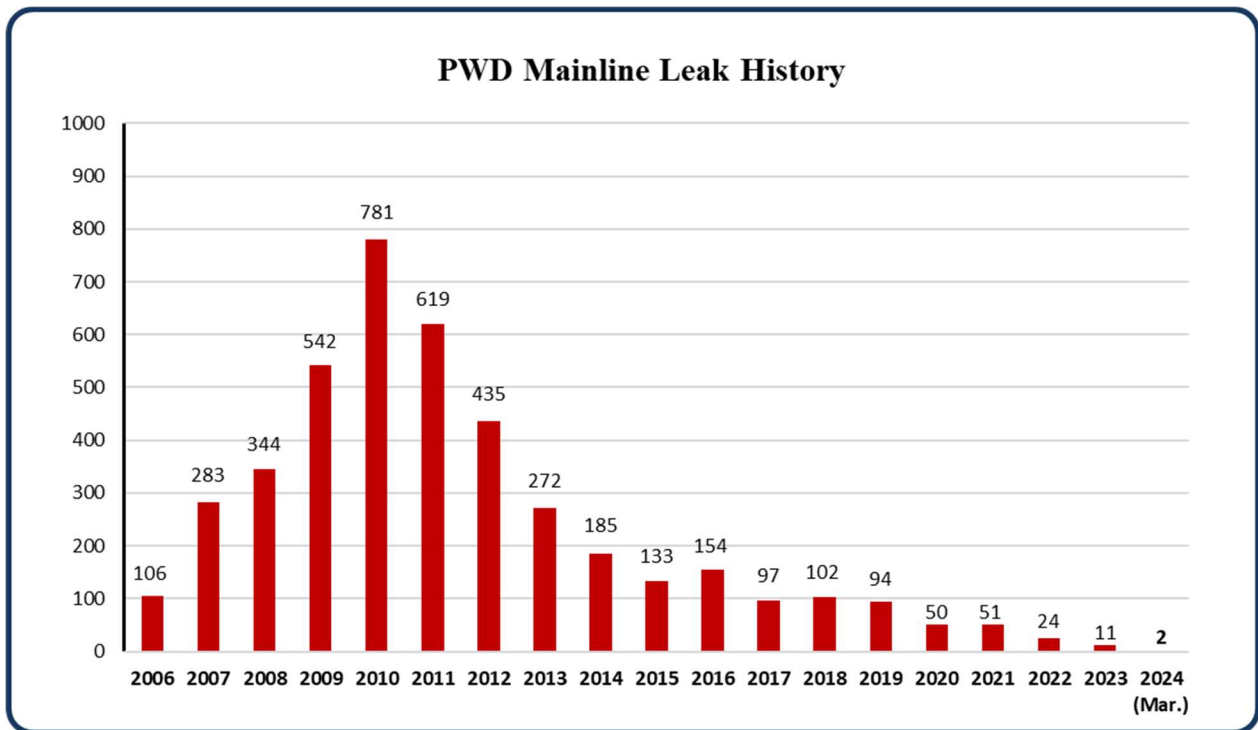
- Nearly 80 percent of the District’s staff is required to have certifications or licenses issued by the State of California. Many of these have continuing education requirements which must be met by technical training. The District provides an education reimbursement that can be used by staff for these requirements.
- The District has continued to find ways for internships and training opportunities for college and high school students who are interested in the water industry.
- Staff completed the applications to renew the District Transparency Certificate of Excellence and District of Distinction, Platinum Level. Both were presented to the District by CSDA/SDLF in 2023.
- Staff is beginning to use the telecommuting policy. It allows schedules with a maximum of 25% of time working out of the office.
- An Employee Engagement survey was conducted last November. Information from the survey is being compiled and will be presented to the Personnel Committee and staff in February.
- The Employee Handbook was last updated in 2022. Human Resources Director Garcia is working with staff representatives on recommended updates to the Handbook.



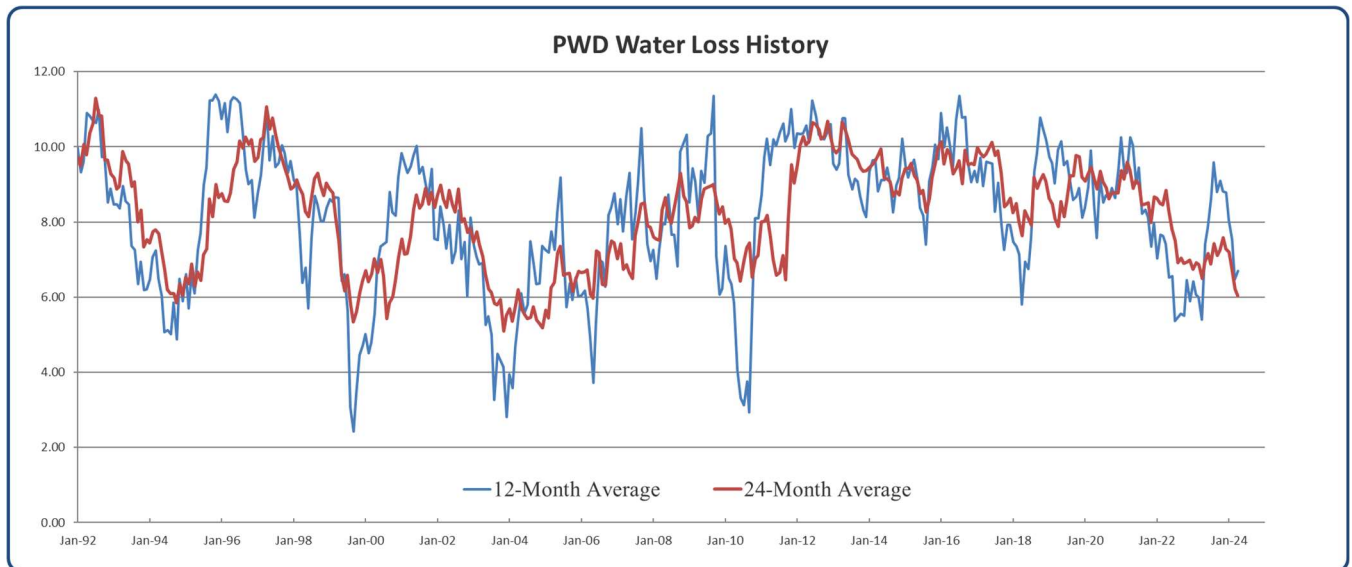
Systems Efficiency *Independence, Technology, Research*

This initiative largely focuses on the state of the District’s infrastructure. Recent highlights are as follows:

- The effects of the District’s past efforts in replacing failing water mains can be seen in the reduced number of mainline leaks. There are eleven (11) mainline leaks through December 2023, and 64 service line leaks. The leak total of 75 in 2023 is down from 855 in 2010. This reduction is due to the Board and staff’s investment in water main replacement projects. This is illustrated in the following chart titled “PWD Mainline Leak History.” There were two mainline leaks and 13 service line leaks through March 31, 2024.



- The positive effect of both water main and water meter replacement programs is also shown on the chart titled “PWD Water Loss History.” The running average for water losses is less than 8%.



- The use of batteries for backup power is complete and operational at four booster facilities. This program was funded and managed by the California Public Utilities Commission. The grant funds went directly to Tesla and its contractors. Tesla will maintain these facilities for ten years. These batteries are located at Well 5, the 3M booster site, the 45th Street Booster Station, and the Underground Booster Station.
- The District approved two solar PV projects to provide energy for wells, the Clearwell booster, and the Leslie O. Carter Water Treatment Plant in December. One will be located north of the maintenance yard and will provide power for a set of wells. The other will be located between Avenue S and Avenue R-8 on the west side of the railroad tracks. It will provide power for the Clearwell booster and Leslie O. Carter Water Treatment Plant. Notices to proceed were issued late last year and construction work is expected to begin later this summer.

Additionally, PV solar companies are expressing an interest in vacant District-owned parcels. Staff and the attorney's office are working through State requirements regarding the sale or long-term lease of vacant land.

- The Resources and Facilities Committee and Board have approved contracts to address improvements needed for the 6 Million Gallon (6M) tank used as the Clearwell for treated water from the Leslie O. Carter Water Treatment Plant. Tank Industry Consultants (TIC) was hired by the District a few years ago to inspect the District's tanks, including the 6M. The executive summary of their 2022 report was distributed to the Board on April 12, 2023 and is the basis of the awarded work.

Staff has completed some of TIC's recommendations. Other recommendations will be addressed when possible until the 6M can be taken out of service. This will be possible after the new 2950' booster station at the 3M tank is completed and the 3M can be used as the Clearwell. Meanwhile, staff is ensuring the 6M is operating safely. This includes removing the baffle curtain last fall due to finding pieces of it in transmission mains.



Financial Health and Stability *Strength, Consistency, Balance*

- Staff is beginning to collect information to prepare for the new water rate study in 2024. The process will include issuing a request for proposals for a financial consultant in February, the development of forecasts of expenses and needed revenues, public input, and the adoption of a new water rate plan.
- Fitch Ratings reviewed the District's bond rating in December 2023. The review affirmed the District's rating with them of "A+" with a stable outlook.
- Standard & Poor's recently updated the District's subordinate bond rating as "A-" for the bond issue scheduled for later this month. This bond issue will fund the Demonstration Facility and other needed projects.
- The District is seeking assistance from the State's SAFER Program to provide water service to the Alpine Springs Mobile Home Park on Sierra Highway. It has poor water quality from its well, several health violations, and now relies on hauled water. Maria Kennedy, Kennedy Communications, is experienced with these programs and is contracted with the District to accomplish this. An agreement is now in place to fund water hauling until the connection to the District is approved by the State, constructed, and operational.



Regional Leadership *Engage, Lead, Progress*

This initiative includes efforts to involve the community, be involved in regional activities, and be a resource for other agencies in the area. Recent highlights are as follows:

- Activities of the Palmdale Recycled Water Authority (PRWA), AV Integrated Regional Water Management Plan (IRWMP), and Antelope Valley State Water Contractors Association (AVSWCA) have continued. The District has leadership positions in these organizations. District staff is active in the local chambers, AV EDGE, regional human

resources, and public information organizations. This includes the recent AV EDGE efforts to help coordinate agencies to allow several large developments to move forward.

- The PRWA Board consists of two Palmdale City Councilmembers, two PWD Board Members, and a public director, Zakeya Anson. Construction of new purple pipes with PRWA is on hold as the District works on the Pure Water AV Project. However, PRWA did approve partial funding of the Avenue Q purple pipe project. It is expected to be built in 2024.
- The “PWD Water Ambassador Academy” (WAA) is scheduled for April 2024 and a one-day Junior WAA is being discussed for later this year.
- The District and other members of the Public Water Agencies Group (PWAG) share the services of an Emergency Preparedness Coordinator. This approach also helped the District successfully comply with the America’s Water Infrastructure Act (AWIA) of 2018 and respond to the COVID-19 event. It has also been critical in developing mutual aid agreements and more universal equipping of mobile generators.
- Staff has taken a lead role in developing and implementing a valley-wide mutual aid agreement for agencies and mutual water companies.
- **United Water Conservation District Memorandum of Understanding**

The District and United Water Conservation District (United) approved a memorandum of understanding (MOU) to work cooperatively on projects where our interests overlap. These include internships and cooperation with community colleges, combined recreational funding for Piru and Littlerock Reservoir recreational improvements, and assistance and funding of advanced treatment of recycled or brackish water for potable use projects.

There have been several meetings between District staff and United Human Resources staff to discuss apprenticeship programs, intern programs, and work with three community college districts to support water-related curriculum. The first action item from these meetings was the funding of PWD interns for 2022. Participation in interview panels and the development of a mutual aid agreement are also being done.

Recreation staff from United met with District staff and visited the Littlerock Recreation Area in March. They provided good advice and input on a rough plan for helping the Area open in 2024. Staff worked with the Angeles National Forest (ANF) as

the first step in clearing the prior recreational concessionaire's property in the recreational area. All the property now belongs to the ANF. A hazardous material survey is being funded by the District's existing deposit to begin the process of clearing the site.

Several other meetings have been held regarding the use of available State Water Project (SWP) supplies. District and United staff are working with other East Branch SWP contractors on ways to recategorize water and avoid having water go unused. This is expected to make additional water available for United and the District. Staff also collaborated with United on legislative issues and completed a 2,000 AF SWP exchange agreement.

Additional coordination will also be focused on both agency's advanced water treatment projects. The United project will treat brackish groundwater for potable use by the military. The PWD project, Pure Water AV, will treat tertiary water for potable use by our customers. Once Pure Water AV is more established, joint meetings with state and federal representatives will be held to obtain funding assistance.

The District also recently supported United's concerns and comments on potential changes to the designation of Piru Creek by the Angeles National Forest. These changes could affect the delivery of State Water Project Water to United, including exchanges with the District.



Customer Care, Advocacy, and Outreach *Promote, Educate, Support*

This initiative includes efforts to better serve our customers. Recent highlights are as follows:

- The ability to make payments at 7-Eleven and Family Dollar Store as well as all electronic forms of payment critical for customers during the COVID-19 event. Despite the open lobby, many customers have stayed with alternate payment methods.
- The Rate Assistance Program reached capacity in February. Applications for 2024 started to be accepted in November 2023. Staff continually monitors the Program for openings. The Board approved changes to the program in 2023 to increase the funds, standardize the monthly assistance to \$20.00 per month, and provide assistance to 700 customer accounts in 2024.
- Staff successfully conducted virtual coffee meetings with Directors and their constituents, online "Let's Talk H2O" meetings, issued regular internal and public

newsletters, coordinated drive-through giveaways for customers, an in-person customer appreciation day, monitored and maintained the District's social media, and assisted with information for the current drought. In-person workshops have also been held.

- Staff finished updating the public website and is finalizing the intranet.
- Legislative staff from our elected state officials will begin providing the Board bimonthly updates on their activities in July.