

Manager's Report

**To the SC-OR Commissioners by Glen Sturdevant
on October 21, 2022**

Operations & Maintenance

There were no major operational issues to report this month.

Upgrade Funding

We will soon find out the County's plan on allocation of funds for the various projects that the state has provided for. We were recently told it could be anywhere from \$10-25 million dollars.

Resolution 05-22 (Establishing the Formulas for Determining Infiltration/Inflow Surcharges) and Board Policy #7305

Last year the language was changed to reflect the spirit of the resolution. The purpose of this resolution is intended for JPA members to find areas of concern for I&I in their systems, and to repair them so as not to have to pay SC-OR for the cost of excess treatment. The community is far better served with actual improvements to the infrastructure rather than that money being paid as a penalty to SC-OR. I believe we captured that sentiment in the resolution rewritten last November. The resolution and policy are to be brought back annually for review and adoption.

Influent Pump Station

All is on track for completion of the influent pump station in March 2023. As you are aware, I emailed you to inform you of the first change order that was an actual increase in costs. Change order no.4 was within my approved authorized limit on change orders, but was still a significant cost increase of \$20,700.00 compared to the pre-fabricated electrical building that we couldn't procure. However, the total project cost is still not expected to go above the bid amount.

Rate Study

We will request the board approve the rate study contract with Bartels and Wells so that we may obtain an answer to the rate questions posed by the counsel of K&M developers. The study quote from Bartels and Wells is for \$49,950.00.

General Consulting Budget with Jacobs Engineering.

We will ask the board to approve an amount not to exceed \$40,000 for general consulting contract with Jacobs Engineering. This is the budget used for general consulting on such things as capacity studies, operational upsets, collection system issues, etc. We are near the end of the Board approved allotment from March of 2021.

MINUTES OF THE REGULAR MEETING OF THE SEWERAGE COMMISSION - OROVILLE REGION

(Held at the Commission office on September 27, 2022 at 5:00 p.m.)

1. Call to Order ❖

Chairwoman Mastelotto called the meeting to order at 5:00 p.m.

2. Roll Call ❖

Commissioners present were Mastelotto and Salvucci from the Lake Oroville Area Public Utility District, Reynolds and Thomson from the City of Oroville, and Taggart from the Thermalito Water and Sewer District. Staff present was Manager Sturdevant, Plant Supervisor Salsi and Attorney Huber. Commissioner Wristen arrived at 5:24 p.m.

3. Salute to the Flag ❖

Chairman Mastelotto led the Commissioners and staff in the salute to the flag.

4. Acknowledgment of Visitors ❖

None

5. Board Meeting Minutes of the Regular Meeting held on August 23, 2022 ❖

Upon motion by Commissioner Reynolds to approve the minutes of the meeting, and seconded by Commissioner Salvucci, the minutes of the August 23, 2022 regular meeting were unanimously approved.

6. Employee Safety Meeting Minutes held on September 6, 2022 ❖

Upon motion by Commissioner Taggart to approve the minutes of the meeting, and seconded by Commissioner Salvucci, the minutes of the September 6, 2022 employee safety meeting were unanimously approved.

7. Authorization of Warrants ❖

Commissioner Salvucci met with Manager Sturdevant and reviewed the warrants, and having found everything to be in order made a motion for their approval. The motion was seconded by Commissioner Taggart. Warrants 27682-27750 in the total amount of \$1,613,375.13 from August 23 to September 27, 2022, including Commissioner fees and electronic fund transfers, were unanimously approved and ordered paid.

8. Fiscal Reports ❖

Manager Sturdevant reported that the fiscal reports for July and August were in the packets. There were no questions, and nothing further to report.

9. Resolution 04-22 (Setting the Regional Facility Charge) and SC-OR Policy No. 7260 ❖

Manager Sturdevant said that we review our Regional Facility Charge (RFC) annually in September. We are in the process of getting proposals and estimates to study our rates, therefore, it is staff recommendation that we leave it at \$6,638.00 until the study is completed.

Attorney Huber stated that this rate was set under a Proposition 218 hearing four years ago, and a projection was set for five years. We are in year four of the projection, and with this we are just confirming that the number projected four years ago is still good.

A motion was made by Commissioner Reynolds to adopt Resolution 04-22 – A Resolution Setting the Regional Facility Charge, and Policy No. 7260. The motion was seconded by Commissioner Taggart, and passed by the following vote: Taggart – Yes, Mastelotto – Yes, Reynolds – Yes.

10. Hourly Wage Schedule (Appendix II) ❖

Manager Sturdevant reported that SC-OR policy states that staff will receive a cost-of-living increase annually based upon the All-Urban Areas CPI at August 31, 2022. If the CPI is 5% or below it is automatic, but if it is above 5% then it needs to come to the Commission for approval. This year the CPI rate at August 31 was 8.3%, so we are bringing it to the board for approval to increase the wage schedule by 8.3%.

Commissioner Thomson asked Attorney Huber that if the inflation rate goes down tomorrow, does the 8.3% increase in wages then go down also. Attorney Huber stated that the cost of items does not decrease even when inflation decreases, so the 8.3% wage increase is non-flexible.

A motion was made by Commissioner Reynolds to adopt the updated wage schedule, Appendix II, effective September 1, 2022 with a cost-of-living increase of 8.3%; the motion was seconded by Chairwoman Mastelotto, and passed by unanimous consensus.

11. Attorney's Report ❖

Reported under closed session.

12. Manager's Report ❖

Manager Sturdevant reported that we had our bi-annual CPR training, so all SC-OR employees are now CPR certified.

We are still in discussions with the County on how much our allocation of the Federal Disaster Relief Funds will be; we've heard anywhere from \$5M-\$45M. He had a conversation with a county employee, and expressed that he felt the low amount was extremely unfair to SC-OR since the county used the total cost of our project to increase their requested amount from the State of California for \$170M. The State said they would fund 45% of the County's requested amount, and then the County told SC-OR they may only fund 10% of our request. He expressed that we should get at least 45% of our requested amount. He and Plant Supervisor Salsi will be attending the county supervisor meeting on October 11th to fight for SC-OR's funding. Commissioner Reynolds said he would contact some county supervisors to discuss this with them.

Everything is still moving forward as it should be on the pushed back schedule of March, 2023 for the influent pump station.

We received some estimates on the proposed rate study. Jacobs gave a pretty wide range of \$40,000-\$100,000, depending of the level of the study. TWSD just got a quote from Bartle Wells for a rate study, and it was about half of what Jacobs top number is. We will get a quote from Bartle Wells as well.

We are still working with Jacobs on potentially phasing the upgrade project to take advantage of county funds.

12. Visitor Comments ❖

None

13. Commissioner and Staff Comments ❖

None

14. Closed Session ❖

The Commission adjourned to closed session at 5:15 pm. The Commission reconvened to open session at 6:10 pm. Chairwoman Mastelotto reported there was discussion but no reportable action taken in closed session.

15. Adjournment ❖

There being no further business, the meeting was adjourned at 6:10 p.m. to the regular meeting scheduled for October 25, 2022 at 5:00 p.m.

Respectfully submitted,



GLEN E. STURDEVANT, CLERK

SEWERAGE COMMISSION - OROVILLE REGION
BUDGETARY SUMMARY - FISCAL YEAR 2022/2023

DESCRIPTION	Adopted Budget 2021/22	Expended This Month	Expended Through 9.30.2022	Balance of Funds Remaining	Time Left 75%
SALARIES & WAGES	882,200	63,116.20	185,422.76	696,777.24	79%
EMPLOYEE BENEFITS	683,820	34,994.07	356,821.03	326,998.97	48%
COMMISSIONERS' FEES	43,200	3,600.00	10,800.00	32,400.00	75%
CMSNRS FICA & MEDICARE	3,305	275.40	826.20	2,478.80	75%
GAS, OIL & FUEL	30,000	2,039.14	4,643.10	25,356.90	85%
INSURANCE	97,000	0.00	98,915.76	(1,915.76)	-2%
MEMBERSHIPS	10,000	0.00	0.00	10,000.00	100%
OFFICE EXPENSES	8,500	2,680.09	4,247.82	4,252.18	50%
OPERATING SUPPLIES	195,000	7,564.15	77,427.98	117,572.02	60%
PROFESSIONAL SERVICES	144,500	16,036.44	19,126.63	125,373.37	87%
PRINTING & PUBLICATIONS	3,000	0.00	0.00	3,000.00	100%
REPAIRS & MAINTENANCE	115,000	6,941.29	15,228.04	99,771.96	87%
BIOSOLIDS DISPOSAL	40,000	0.00	0.00	40,000.00	100%
MONITORING & COMPLIANCE	75,000	14,111.03	28,720.70	46,279.30	62%
TRAINING & MEETINGS	16,000	241.31	3,066.12	12,933.88	81%
UTILITIES	550,000	47,331.17	119,486.14	430,513.86	78%
TOTAL OPERATING	2,896,525	198,930.29	924,732.28	1,971,792.72	68%
Engineering Fees	5,536.44				
Legal Fees	0.00				
Auditing Fees	10,500.00				
Permits	0.00				
Miscellaneous	0.00				
	<u>16,036.44</u>				

SEWERAGE COMMISSION - OROVILLE REGION

REVENUE SUMMARY - FISCAL YEAR 2022/2023

DESCRIPTION	Received This Month	Received Through 09.30.22	Unrestricted Funds	Restricted W.C.R.F. Funds	Regulatory & Capital Acct. Funds	Restricted Cap. Outlay Funds	Restricted Annl. M&O Funds	Restricted Fines&Pen. Funds
SERVICE CHARGES	0.00	0.00	0.00					
SEPTAGE DUMPERS	878.39	11,001.03	11,001.03					
EX. PEAK FLOWS	0.00	0.00				0.00		
EX. MO. FLOWS	0.00	0.00	0.00					
OTHER AGENCIES	0.00	0.00	0.00					
RFC CHARGES	13,276.00	484,574.00				484,574.00		
INTEREST	59,933.86	59,933.86	12,124.62	3,385.66	9,914.86	34,473.36		35.36
R&CA (Regulatory & capital acci	0.00	0.00						
WCRF	0.00	0.00						
TOTALS	74,088.25	555,508.89	23,125.65	3,385.66	9,914.86	519,047.36	0.00	35.36

SEWERAGE COMMISSION - OROVILLE REGION
ACTIVE & INACTIVE CASH - MONTHLY RECAP
FISCAL YEAR 2022/2023

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
Cash - Unrestricted	3,287,557.54	3,042,050.72	6,319,399.51									
Cash - Restricted												
WCRF	744,395.95	744,395.95	736,181.46									
R&CA	2,664,141.19	2,664,141.19	2,665,181.28									
Cap. Outlay	8,609,543.11	8,609,543.11	7,283,090.41									
Annl. M & O	300,000.00	300,000.00	300,000.00									
Fines&Pen	8,504.76	8,504.76	8,540.12									
TOTAL CASH	15,614,142.55	15,368,635.73	17,312,392.78									
INTEREST ALLOCATED:												
Unrestricted			12,124.62									
Reserve/WCRF			3,385.66									
Reserve/CO			34,473.36									
Reserve/M&O			0.00									
Reserve/F&P			35.36									
Reserve/RCA			9,914.86									
CONSISTING OF:												
Checking Account	569,455.64	323,948.82	61,346.87									
L.A.I.F. Account	15,044,686.91	15,044,686.91	17,251,045.91									
TOTAL CASH	15,614,142.55	15,368,635.73	17,312,392.78									
% of Funds invested	96.35%	97.89%	99.65%									

Sewerage Commission - Oroville Region

Bank Reconciliation - Bank of America

Fiscal Year Ended 30 June 2023

BALANCE PER BANK

Ending Balance on Bank Statement	30-Sep-22	327,636.76
Less Outstanding Warrants		(266,290.13)
Equals Adjusted Bank Balance at	30-Sep-22	<u>61,346.63</u>

BALANCE PER BOOKS

Beginning Prior Checkbook Balance	1-Sep-22	<u>323,948.58</u>
Deposits		1,314,775.97
Less Warrants Written		(1,533,675.44)
Less Net Payroll Warrants		(43,702.48)
Equals Adjusted Checkbook Balance	30-Sep-22	<u>61,346.63</u>



BETTY T. YEE

California State Controller

LOCAL AGENCY INVESTMENT FUND
REMITTANCE ADVICE

Agency Name

SEWERAGE COMM OROVILLE REGION

Account Number

70-04-001

As of 10/14/2022, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 09/30/2022.

Earnings Ratio		.00003699565555327
Interest Rate		1.35%
Dollar Day Total	\$	1,620,024,333.10
Quarter End Principal Balance	\$	17,251,045.91
Quarterly Interest Earned	\$	59,933.86



**Sewerage Commission-Oroville
Region**

Proposal to Conduct a Wastewater Rate
Study

Bartle Wells Associates
October 21, 2022





BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

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

October 21, 2022

Glen Sturdevant, Plant Manager
Sewerage Commission-Oroville Region
P.O. Box 1350
Oroville, CA 95965

Re: Proposal - 2022 Wastewater Rate Study

Bartle Wells Associates is pleased to submit this proposal to assist the Sewerage Commission-Oroville Region ("the District") in conducting a wastewater rate study. We specialize in providing independent financial advisory and utility rate consulting services to California public agencies. We have extensive experience developing long-term financial plans and water and wastewater rate studies and have served over 600 cities and special districts throughout California.

Bartle Wells Associates has worked with many regional agencies and is very familiar with the issues that California water and wastewater agencies are facing including changes in legal requirements, environmental regulations, and aging infrastructure. We have worked with clients across California to develop strategic financial plans that address the ever-increasing cost of operations and long-term capital improvements. Our recent clients include the Town of Colma, Town of Yountville, and Paradise Irrigation District. Our rate studies throughout California are based on a comprehensive analysis of each agency's customer base, consumption patterns, costs and demands to ensure rate structure recommendations reflect local needs and objectives.

Our overall goal for this project would be to work closely with the District to evaluate financial and rate alternatives and their impacts, gain ongoing input, and build consensus for final recommendations. Anticipated key elements of our analysis include: (1) a review of rate equity within the residential customer class to determine whether multifamily and single family residential customers should be charged separate rates, and (2) evaluation of the impact of the District's capital improvement program and project debt service.

We are very interested in working with the District on this project. We propose to assign Doug Dove and Michael DeGroot to work on this project. Doug will serve as principal in charge and Michael will serve as project manager. Please contact us if you have any questions or would like any additional information.

Sincerely,

BARTLE WELLS ASSOCIATES

Sincerely,

Douglas Dove, PE, CIPMA
Principal/President

Michael DeGroot
Senior Consultant

Table of Contents

TABLE OF CONTENTS	2
SECTION 1: FIRM OVERVIEW	3
SECTION 2: PROJECT TEAM QUALIFICATIONS	5
DOUG DOVE, PROJECT MANAGER.....	5
MICHAEL DEGROOT, SENIOR CONSULTANT	5
SECTION 3: SCOPE OF WORK	9
SPECIFIC PROJECT APPROACH	9
PROPOSED SCOPE OF SERVICES	9
TASK A. PROJECT INITIATION & DATA COLLECTION	10
TASK B. WASTEWATER FINANCIAL PLANS	11
TASK C. WASTEWATER RATE STUDIES	13
TASK D. RATE IMPLEMENTATION (MEETINGS/PRESENTATIONS, REPORTS, PROP 218 COMPLIANCE).....	15
TASK E: WASTEWATER CAPACITY FEE UPDATE (OPTIONAL)	17
SECTION 4: PROPOSED BUDGET	18
SECTION 5: PROPOSED SCHEDULE	19
AVAILABILITY & FEES	20
BILLING RATE SCHEDULE 2022	21

Section 1: Firm Overview

Bartle Wells Associates (BWA) is an independent public finance advisory firm with expertise in the areas of utility rates and project financing. BWA was established in 1964 and has over 58 years of experience advising public agencies on the complexities and challenges in public finance. We have advised over 600 agencies throughout California and the western United States. We have a diversity of abilities and experience to evaluate all types of financial issues faced by local governments and to recommend the best and most-practical solutions.

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

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



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

BWA has completed over 1,000 utility rate and fee studies. We have helped California communities implement a wide range of rate and fee structures and are knowledgeable about the legal requirements governing rates and impact fees including Proposition 218, Proposition 26, and Government Code 66000. We develop clear, effective presentations and have represented public agencies at hundreds of public hearings to build consensus for our recommendations.



FINANCIAL PLANS Our financial plans provide agencies with a flexible roadmap for funding long-term operating and capital needs. We evaluate the wide range of financing options available, develop a plan that recommends the best financing approach, and clearly identify the sources of revenue for funding projects and repaying any debt. We also help agencies develop prudent financial policies, such as fund reserve targets, to support sound financial management. BWA has developed over 1,000 financial plans to help public agencies fund their operating and capital programs, meet debt service requirements, and maintain long-term financial health.

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



COLLABORATIVE APPROACH BWA has a strong track record of building consensus and public acceptance for rate and finance recommendations. BWA uses a collaborative approach to ensure final recommendations reflect the input and objectives of the agencies we serve. Our general approach is to work closely with our clients to clarify objectives, evaluate alternatives, gain ongoing input, and remain flexible to resolve unanticipated issues. We support our clients every step of the way, from project initiation through final adoption and implementation.

COMMUNITY OUTREACH Rate and fee increases can be controversial. BWA has assisted many agencies with community outreach efforts aimed at fostering understanding and acceptance for final recommendations. BWA has substantial experience working with governing boards and City councils, citizen advisory committees, community groups, and other stakeholders. We have found that gaining community and Board/Council input and buy-in during the process can pave the way for smoother adoption and implementation of rate increases, rate structure modifications, and increased investment for aging infrastructure.



We also help agencies develop and implement effective public outreach strategies and have worked in partnership our client’s public relations staff and independent public relations firms. We have a long track record of helping our clients successfully adopt rate increases in challenging political environments.

Bartle Wells Associates is committed to providing value and the best advice to our clients. Our strength is quality—the quality of advice, service, and work we do for all our clients.

CONTACT US



Bartle Wells Associates
2625 Alcatraz Ave #602
Berkeley, CA 94703



(510) 653-3399



ddove@bartlewells.com



www.bartlewells.com

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

Section 2: Project Team Qualifications

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

Bartle Wells Associates has a highly qualified professional team. All members of our team are experienced with sewer and water rate studies, rate modeling, urban sewer demands, familiarity with sewer rates in other communities in California, sewer rate structure and design analysis, capital project and financial planning, community involvement and public outreach, and Proposition 218 noticing requirements. All consultants are registered Municipal Advisors having completed their Series 50 Exam.

Doug Dove, President of Bartle Wells will serve as Principal in charge. He will be assisted by Michael DeGroot, who will provide project management, rate modeling and financial analysis. Doug has worked with hundreds of agencies across California, garnering a broad perspective on water and sewer rate-setting and a unique understanding. Together, Doug and Michael have almost 40 years of rate setting experience.

DOUG DOVE, PROJECT MANAGER

President, Bartle Wells Associates

Office Location: Berkeley, California

Doug Dove is President of BWA and one of BWA's principal consultants. He has more than 30 years of professional experience, specializing in all areas of public finance, including utility rate setting, capacity fee implementation, strategic financial planning, and infrastructure financing. He has extensive experience developing strategic financial plans and utility rate studies and has assisted more than 200 California public agencies. Doug has substantial experience working with public agency staff and governing bodies to build understanding and consensus for key recommendations.



Doug will serve as the principal in charge and oversee the work. He will be involved in all aspects of the project from kickoff to implementation.

MICHAEL DEGROOT, SENIOR CONSULTANT

Senior Consultant, Bartle Wells Associates

Office Location: Berkeley, California

Michael DeGroot is a Senior Consultant with nine years of experience developing long-term financial models and utility rates based on a cost of service approach. He has helped many water, wastewater and solid waste agencies achieve revenue stability and customer equity.



Michael will serve as the project manager and will be the primary day-to-day contact person.

DOUGLAS R. DOVE

President and Principal Consultant



Douglas R. Dove is President of Bartle Wells Associates and directs the operation of the firm while maintaining a principal consultant's role. With over 30 years of consulting experience, he specializes in utility rate analysis, strategic financial planning, and project financing. Mr. Dove has developed utility rate structures and financing plans for a wide variety of public infrastructure programs. He has managed the procurement of over \$1 billion in municipal debt and over \$300 million in state and federal grants and low-interest loans. Mr. Dove frequently shares his expertise and has given presentations at conferences including the Association of California Water Agencies (ACWA), the American Water Works Association (AWWA), the California Association of Sanitation Agencies (CASA), the California Municipal Rates Group (CMRG), the California Special District's Association (CSDA), the California Municipal Treasurers Association (CMTA), the California Water Environment Association (CWEA) and WateReuse. By special request in July 2015, Mr. Dove made a presentation to the California Water Resources Control Board regarding water conservation pricing. Mr. Dove is also a published author of a water rate paper in the Journal of the American Water Works Association (*Implementing Consumption-Based Fixed Rates in Davis, Calif.*).

Mr. Dove's expertise also includes assisting agencies in securing state and federal grants and loans and in issuing certificates of participation (COPs), revenue bonds, general obligation bonds, assessment district bonds, Marks-Roos revenue bonds, CFD (Mello-Roos) bonds, private placement loans and other types of debt.

Mr. Dove holds an MS in civil engineering from UC Berkeley and he is a registered Professional Engineer in California. He is also a Certified Independent Professional Municipal Advisor (CIPMA) and recently finished his term on the board of directors of the National Association of Municipal Advisors (NAMA).

Education

M.S., Civil Engineering - University of California, Berkeley

B.S., Civil Engineering – Drexel University, Philadelphia, PA

Representative Projects

- **City of Calistoga:** Long range utility financial plan, water, and wastewater rates, secured financing for WW treatment plant upgrade (\$6 million SRF loan, \$3 million Small Community Grant, \$3.5 million revenue bonds).
- **San Luis Water District:** Engineer's report and implementation of land-based water assessments to support \$30 million water revenue bond issuance.
- **Browns Valley Irrigation District:** Water financial plan and irrigation rate study.
- **Napa-Berryessa Resort Improvement District:** Developed financing plan for water and wastewater public-private partnership (P3). Prepared assessment engineers report. Formed an assessment district and secured \$11.1 million in federal funding from US Department of Agriculture.
- **Oro Loma Sanitary District:** Municipal advisor on sale of revenue bonds and WIFIA Loan.
- **City of Davis:** Comprehensive water rate study and financing plan for surface water project, developed with a 15-member Water Advisory Committee. Completed a water capacity fee study for the City.
- **City of Rio Vista:** Water and Wastewater financing plans, rate studies and issuance of CFD bonds for new wastewater treatment plant.

- **City of Modesto:** Provided rate expert litigation support in wastewater rate litigation. Developed water and wastewater cost of service rate and capacity fee studies.
- **Paradise Irrigation District:** Provided water rate consulting support after 2018 fire.
- **City of Monterey:** Developed financing plan and rate study for \$20 million wastewater pipeline rehabilitation project.
- **City of Santa Clara:** Wastewater rate and capacity fee study
- **City of Hesperia:** Comprehensive water and wastewater financial plan and rate study.
- **City of Lemon Grove:** Water and wastewater rate studies and five-year financing plan.
- **City of Gilroy:** Water and wastewater rate studies.
- **City of Patterson:** Water and wastewater rate studies, impact fees and five year financing plans.
- **West Valley Sanitation District (Campbell, CA):** Wastewater rate study, financing plan and bond issuance.
- **City of Ontario/Ontario Redevelopment Agency:** financial advisor on \$134.3 million in development refunding and new money issues (2), which included financing for the Ontario Convention Center.
- **El Dorado Irrigation District:** Water and wastewater rate studies.
- **Lake Arrowhead Community Services District:** Financial master plan, \$28 million revenue bond refinancing and water and wastewater rate studies.
- **California Statewide Communities Development Authority:** Financial advisor for statewide pooled revenue bond program (over \$250 million issued for over 32 borrowers).
- **South Bay Water Recycling Program, Phases 1 & 2:** Financial plan and rate study for \$200+ million regional (San Jose area) wastewater recycling program.
- **City of Tulare:** Financial advisor to the city, sale of \$63 million in bonds (3 issues), water and wastewater rate studies.
- **City of Hanford:** Wastewater financial plan and rate study, bond and bank loan issues, procurement of California Infrastructure Bank SRF loan.
- **Big Bear City Community Services District:** Water, wastewater and solid waste rate study.

Memberships

- National Association of Municipal Advisors (former Board Member)
- League of California Cities
- American Water Works Association
- Association of California Water Agencies
- California Water Environment Association
- California Association of Sanitation Agencies
- California Special Districts Association
- WaterReuse Association

Certifications

Certified Independent Professional Municipal Advisor (CIPMA), Registered Professional Engineer (PE) in California (PE# 45642) and Municipal Advisor Principal – Series 50 and 54

MICHAEL J. DEGROOT

Senior Consultant



Michael DeGroot is a senior consultant and registered Municipal Advisor with Bartle Wells Associates with nine years of experience. He works closely with City staff, engineers, lawyers, and other consultants to develop equitable rate structures for water and sewer enterprises. Mr. DeGroot specializes in developing long-term financial plans, meter and commodity rates, and capacity fees for Cities and special Districts.

Representative Projects

- **Town of Colma:** Sewer rate study.
- **City of Foster City:** Water and sewer rate study and low income discount program analysis.
- **City of Pacifica:** Sewer rate and capacity fee study.
- **Granada Community Services District:** Sewer rate study.
- **Mariposa County:** Water and sewer financial plans for six utilities and funding plan for roads.
- **Paradise Irrigation District:** Financial plan and water rate study.
- **City of Alameda:** Sewer rate study and Proposition 218 mailing coordination.
- **Castro Valley Sanitary District:** Financial plan and financial adviser for revenue bond issue.
- **Oro Loma Sanitary District:** Financial plan and financial adviser for revenue bond issue.
- **City of Milpitas:** Water rate study.
- **West Valley Sanitation District:** Sewer rate study and financial adviser for revenue bond issue.
- **Fairfield-Suisun Sewer District:** Sewer rate and capacity fee study.
- **City of Burlingame:** Water and sewer rate study.
- **San Dieguito Water District:** Water capacity fee study.
- **City of Santa Barbara:** Water rate study and water and sewer capacity fees.
- **City of Fresno:** Water and sewer capacity fees.
- **City of Angels Camp:** Water and wastewater rate study.
- **City of Palmdale:** Sewer rate study.
- **Marina Coast Water District:** Water and wastewater capacity fee study.
- **City of Patterson:** Water and sewer rate study. Water, wastewater, and stormwater capacity fee study.
- **City of Hemet:** Water rate study, including water budget rate structure recommendation.
- **Crestline Sanitation District:** Sewer rate study.
- **Malaga County Water District:** Water and sewer rate study and capacity fees.
- **Browns Valley Irrigation District:** Water rate study.
- **Root Creek Water District:** Benefit Assessment District formation support.

Education

B.S., Business Administration – U.C. Berkeley Walter A. Haas School of Business, Berkeley, CA

Section 3: Scope of Work

SPECIFIC PROJECT APPROACH

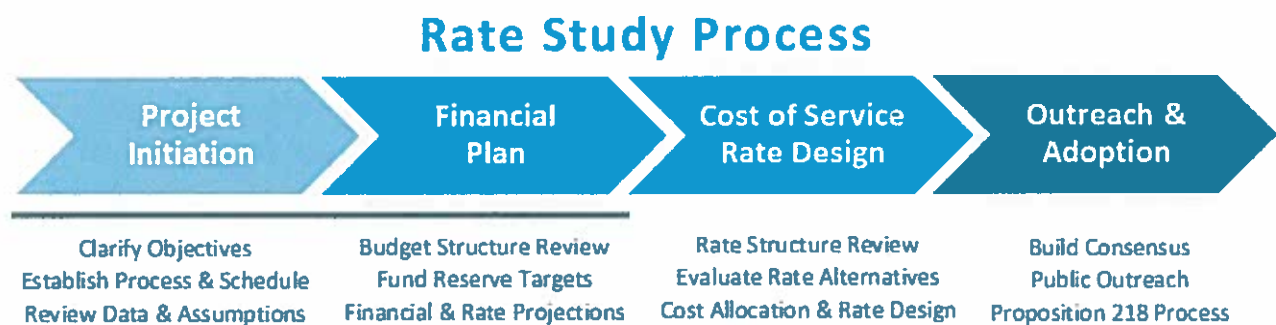
Bartle Wells Associates’ approach to this project is to provide a comprehensive review of the District’s wastewater finances and to develop recommendations for the wastewater rates to fund the utility’s cost of service. BWA uses a collaborative project approach to ensure final recommendations reflect the policy preferences and objectives of the agencies we serve. Our general project approach is to work closely with District staff, the Board of Directors and/or subcommittees, and other stakeholders; identify objectives; set milestones; have frequent communication; and remain flexible to resolve unanticipated issues. We have a long track record of completing projects on time and on schedule and for providing independent, high-quality advice and work products.

BWA’s methodology for each project is based on an inclusive review of each agency’s unique financial situation. We do not have a “one-size-fits-all” rate model. We tailor each study to fit the distinct requisites of each agency to ensure that all recommendations reflect local needs and objectives. Key issues of this study include:

- **Rate Equity Analysis for Residential:** BWA will examine the residential classification and recommend whether the District should break it down further into multi-family and single family. Proposed wastewater rates will be designed to: a) ensure revenue sufficiency b) consider changes in demand for wastewater services, c) allocate costs equitably among all customer classes, d) comply with the legal requirements of Proposition 218 and recent Court decisions.
- **Capital Improvement Projects:** BWA will examine the impact of the District’s capital improvement program and factor in projected debt service costs.

PROPOSED SCOPE OF SERVICES

This section presents a draft work plan and scope of services that we believe forms a sound basis for completing the Wastewater Rate Study. Bartle Wells Associates will work with the project team to finalize a scope of services that meets the study objectives. Our scope of work is based on four interrelated components as shown on the figure below:



TASK A. PROJECT INITIATION & DATA COLLECTION

1. Project Team Orientation

To initiate our work, hold a meeting with District staff and others as appropriate, to accomplish the following:

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

2. Investigation and Data Collection

Assemble the information necessary to understand the District's sewer systems, finances, customers, rate and fee structures, capital improvement needs and alternatives, and legal agreements. Assistance and cooperation of District staff will be needed to assemble the relevant background information. The objectives of investigation and data collection are to develop a complete understanding of the wastewater enterprises and their finances, and to reach an agreement on basic assumptions to be used in the study as well as key alternatives for evaluation. Investigation will include, but is not limited to, the following areas:

- Current and historical documents including current and projected budgets, financial statements, and other financial studies or internal finance projections
- Capital improvement plans and engineering master plans
- Current system capacity including capacity available for growth
- Current and historical rates and fees
- Historical and projected growth and demand
- Long-term infrastructure replacement needs
- Key capital alternatives for evaluation
- Formal and informal financial policies
- Agreements with other agencies and/or organizations.
- Conditions leading up to this project

Task A Deliverables Include:

- Project kickoff meeting
- List of project goals and objectives
- Project schedule and budget
- Project team contact list
- Summary of current and historical rates and finances
- List of key assumptions and alternatives underlying the rate study

TASK B. WASTEWATER FINANCIAL PLANS

1. Develop Forecasts and Projections

Based on evaluation of the data assembled and input provided by the District, prepare forecasts and projections to be used in the development of financial projections for the District's wastewater utility. Review projections and alternatives with District staff for agreements on assumptions, interpretation of data, and completeness of approach. Analysis will include, but is not limited to, the following areas:

- **Long Term Capital Repairs & Replacements:** Identify future capital improvement program costs or alternatives to include in the financial analysis and determine a reasonable amount to include for future, ongoing capital repairs and replacements. BWA often recommends that agencies phase in funding for long-term system rehabilitation.
- **Cost Escalation Factors:** Review historical cost trends and work with project team to develop reasonable cost escalation factors for both operating and capital expenditures. Work with District staff to identify any anticipated changes in future staffing, benefits, and/or other operating costs.

2. Evaluate Financing Alternatives for Capital Improvements

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

- Estimate the amount and timing of any debt, if needed, to finance capital projects.
- Evaluate the alternative borrowing methods available including bonds, COPs, state and federal loan programs, bank loans and lines of credit, and other options.
- Recommend the appropriate type of debt, its term and structure.
- Develop debt service estimates to incorporate in the financial projections.

3. Review Minimum Fund Reserve Targets

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

4. Develop 10-Year Financial Projections

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

5. Evaluate Rate Increase Options

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

6. Develop Financial & Rate Models

Develop user-friendly wastewater financial and rate models designed to be used by District staff to update projections, change assumptions, and evaluate financial scenarios and their impacts on future rates. The models will detail key assumptions and can be used to evaluate alternatives and "what if" scenarios. BWA has developed numerous rate and financial models for utility enterprises. We have found that keeping a model as straightforward as possible, without unnecessary complexity, can increase the model's usability and improve effectiveness as an in-house planning tool.

Task B Deliverables Include:

- Summary of long-term capital improvement plan & key alternatives if appropriate
- Evaluation of financing alternatives for capital improvements
- Recommendations for minimum fund reserve targets
- 10-year cash flow projections with supporting tables
- User-friendly wastewater financial and rate models designed to enable staff to update projections and evaluate alternative financial scenarios
- Evaluation of rate increase options
- Meet with the District's project team to present findings, discuss alternatives, gain feedback, and develop preliminary recommendations

TASK C. WASTEWATER RATE STUDIES

1. Identify & Evaluate Rate Structure Modifications & Alternatives

Review the District's current wastewater rate structures and discuss advantages and disadvantages compared to other rate approaches. Discuss pros and cons of different rate structure options and their general impacts on different types of customers. Rate structure options will be refined as the study progresses based on input from the District's project team.

2. Conduct Survey of Regional Wastewater Rates

Review and summarize wastewater rates of other regional and/or comparable agencies. Summarize results in easily understandable tables and/or charts. Confer with staff on agencies to include in the survey.

3. Allocate Costs to Billing Parameters

Allocate costs identified in the wastewater financial plans to appropriate fixed and variable rate components. Rates will be based on cost allocations to wastewater flow, BOD, and SS to develop underlying unit charges that will then be applied to the wastewater discharge characteristics of different customer classes. Rates will be designed to be equitable to all customers and comply with the substantive requirements of Proposition 218.

4. Develop Preliminary & Final Rate Recommendations with District Input

Based on evaluation of rate structure alternatives and the financial plan update, develop draft rate alternatives for input. The recommendations may include a multi-year phase in of both overall rate increases and proposed rate structure adjustments in order to help mitigate the annual impact on ratepayers. Review preliminary recommendations and key alternatives with the project team and District Board. Revise recommendations based on input received. Develop a plan for implementing rate increases and rate structure modifications.

Final rate recommendations will be designed to:

- a) fund the utility's long-term costs of providing service, including operating, capital, and deferred maintenance needs
- b) be fair and equitable to all customers,
- c) be easy to understand and administer, and
- d) comply with the substantive requirements of Proposition 218.
- e) adhere to industry standards, including the American Water Works Association, and recent legislation

5. Evaluate Rate Impacts on a Range of District Customers

Calculate the impacts of each rate alternative on a range of District customers (e.g. different customer classes). Work with the District's project team to identify customer profiles for calculating the rate impacts. Discuss additional rate structure adjustments that may reduce the impact on certain customers if warranted.

Task C Deliverables Include:

- Evaluation of potential rate modifications
- Wastewater rate survey
- Analysis of historical utility billing data
- Cost allocations supporting wastewater rate components
- Development of draft rate alternatives for District evaluation and input
- Meet with the District's project team to present findings, discuss alternatives, gain input, and develop preliminary and final rate recommendations

TASK D. RATE IMPLEMENTATION (MEETINGS/PRESENTATIONS, REPORTS, PROP 218 COMPLIANCE)

Our proposal includes project team meetings as needed, two Board meetings, and attendance at the public hearing.

1. Project Team Meetings (as needed)

Meet with the District's project team virtually as needed to gather information and present findings, discuss alternatives and their impacts, gain ongoing input, and develop and hone recommendations.

2. District Board Presentations & Proposition 218 Hearing (2 Board / Committee Presentations & 1 rate hearing)

Develop wastewater rate presentation materials in plain English - layman's terms for presentation to the Board of Directors and public. Participate in an initial committee meeting to present findings, preliminary recommendations, and key alternatives, and to obtain Board and public input. Incorporate input and hone recommendations as warranted to ensure final recommendations reflect Board preferences. Present revised, final recommendations at a subsequent Board Meeting to gain approval to move forward with the Proposition 218 process.

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

3. Prepare Draft & Final Reports

Develop an administrative draft report summarizing key background issues, study objectives, findings, assumptions, draft recommendations and alternatives, impacts on ratepayers, and the rate and fee surveys. The report will include: a) brief descriptions of the wastewater system, service areas, and population, b) overview of historical financial operations, c) discussion of the current wastewater rates, d) a description of wastewater capital improvement programs, including potential impacts of State and Federal regulatory requirements, e) presentation of 10-year financial projections and key assumptions, f) explanation of cost allocation and derivation of recommended wastewater rates, g) impacts of proposed rates on a range of customer profiles, and h) results from the wastewater rate and fee surveys.

The report will be written for a non-technical audience and will clearly explain the rationale for recommendations and key alternatives when applicable. Submit a preliminary draft report for District review and feedback. Incorporate input into an administrative draft report for distribution to the District Board. Incorporate any revisions into a final report and provide the District with printed and electronic copies.

4. Proposition 218 Rate Notice

Proposition 218 establishes requirements for adopting or increasing property-related fees and charges. In July 2006, the California Supreme Court ruled that sewer rates are subject to Prop. 218 (Articles XIIC and XIID of the state constitution). Prop. 218 requires that the District: 1) mail notification of proposed rate increases and the date, time, and place of public hearing to all affected property owners (and potentially ratepayers who are renters that pay bills), 2) hold a public hearing not less than 45 days after the notices are mailed, and 3) subject the rate increases to majority protest; if more than 50% of property owners submit written protests, the proposed rate increases cannot be adopted. Sewer rates are exempt from the voting requirements of Prop. 218 provided rates do not exceed the cost of providing service and meet the substantive rate requirements of Proposition 218.

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

5. Public Education and Consensus-Building

Rate and fee adjustments are often controversial. BWA has extensive experience developing clear presentations that facilitate public understanding of the need for rate increases. We understand the importance of building consensus and public acceptance for our recommendations and can assist the District in any outreach and public education efforts.

Task D Deliverables Include:

- Project team meetings as needed to discuss findings, alternatives, recommendations and obtain input
- 3 Board / Committee meetings to a) present findings and preliminary recommendations and receive input, b) present revised recommendations for additional input, and c) present a summary at the Prop. 218 Public Hearing
- PowerPoint presentations summarizing key findings, alternatives, and recommendations
- Draft and final reports summarizing background information, key findings, alternatives, and recommendations
- Draft of required Proposition 218 Notice of proposed rate increases

TASK E: WASTEWATER CAPACITY FEE UPDATE (OPTIONAL)

1. Investigation and Data Collection

Assemble the information necessary to understand the wastewater system, finances, customers and usage, fee structures, Master Plans, and asset data. Assistance and cooperation of staff will be needed to assemble the relevant background information.

2. Review Current Capacity Fees & Procedures for Applying Fees

Review the District's wastewater capacity fees as well as related policies and procedures for applying the fees to new development. As appropriate, identify potential modifications to the fees, fee structure, or how fees are applied. BWA has developed capacity charges under a wide range of methodologies and has assisted many agencies in improving fee equity and administration.

3. Evaluate Alternative Capacity Charge Methodologies

Identify and evaluate alternative methods for calculating capacity charges for new development. Discuss advantages and disadvantages with the District's project team and determine a recommended approach.

4. Determine Current Value & Capacity of Facilities

Calculate the value of the District's wastewater system assets. Current value can be calculated by adjusting the original (or depreciated) value of each facility or asset into current dollars using the Engineering News-Record Construction Cost Index, a widely-used measure of construction cost inflation. Also, determine the capacity of major components of the wastewater systems.

5. Allocate Capital Program Costs to Current & Future Users

Equitably allocate capital improvement costs to existing and future users based on input from District staff and/or its consulting engineers. Some projects may entirely benefit one group while others will provide a portion of benefit to both correct existing system deficiencies and provide new capacity for growth.

6. Develop Preliminary Capacity Charge Recommendations

Based on appropriate and technically sound methodology, and evaluation of alternative approaches, recommend updated wastewater capacity charges. Updated fees will be designed to comply with Government Code Section 66013 (established by AB1600).

7. Meetings (Combined with Task D)

Meet with the project team to present findings, discuss alternatives and their impacts, gain ongoing input, and develop and hone recommendations. Meet with and present findings to District Board.

Task E Deliverables Include:

- Wastewater capacity fee survey
- Development of draft fee alternatives for District evaluation and input
- Meet with the District's project team to present findings, discuss alternatives, gain input, and develop preliminary and final rate recommendations

Section 4: Proposed Budget

This section shows a breakdown of projected hours and the estimated budget for each task. The budget can be refined with the project team to meet the District’s study objectives.

PROJECT TASK	Estimated Hours	D. Dove @ \$270/hr	M. DeGroot @ \$200/hr	Total Cost
TASK A. PROJECT INITIATION & DATA COLLECTION	20	5	15	\$4,350
1. Project Team Orientation				
2. Investigation & Data Collection				
TASK B. WASTEWATER FINANCIAL PLANS	40	15	25	\$9,050
1. Develop Forecasts & Projections				
2. Evaluating Financing Alternatives for Capital Improvements				
3. Review Minimum Fund Reserve Targets				
4. Develop 10-Year Financial Projections				
5. Evaluate Rate Increase Options				
6. Develop Financial & Rate Models				
TASK C. WASTEWATER RATE STUDIES	45	20	25	\$10,400
1. Identify Rate Structure Modifications & Alternatives				
2. Conduct Survey of Regional Wastewater Rates				
3. Allocate Costs to Billing Parameters for Each Utility				
4. Develop Preliminary & Final Rate Recommendations				
5. Evaluate Rate Impacts on Customers				
TASK D. RATE IMPLEMENTATION (Meetings, Presentations, Report)	45	20	25	\$10,400
1. Project Team Meetings				
2. Presentations & Proposition 218 Hearing				
3. Prepare Draft & Final Reports				
4. Proposition 218 Rate Notice				
5. Public Education and Consensus-Building				
Task E: Wastewater Capacity Fee Update (Optional)	65	25	40	\$14,750
1. Investigation and Data Collection				
2. Review Current Capacity Fees & Procedures for Applying Fees				
3. Evaluate Alternative Capacity Charge Methodologies				
4. Determine Current Value & Capacity of Facilities				
5. Allocate Capital Program Costs to Current & Future Users				
6. Develop Preliminary Capacity Charge Recommendations				
TOTAL ESTIMATED HOURS	215	85	130	\$48,950
ESTIMATED DIRECT EXPENSES				
Travel/copies/binding/phone/fax/mail/miscellaneous				\$1,000
TOTAL PROJECT COSTS				\$49,950

Section 5: Proposed Schedule

This section presents a preliminary draft schedule for completing the project with an estimated project start date of November 1st, 2022, and the proposed rates effective July 1, 2023 (adopted in March). BWA will work with the project team to develop key milestones and a final schedule.

PROJECT TASK	NOV	DEC	JAN	FEB	MAR
Project Initiation & Data Collection	Light Blue				
Wastewater Financial	Dark Blue	Dark Blue	Dark Blue		
Wastewater Rate & Fee Studies		Light Blue	Light Blue		
Draft & Final Reports/Model			Light Blue		
Project Team Meetings (TBD)	Light Blue	Light Blue	Light Blue		
Board and Committee Meetings			Light Blue	Light Blue	Light Blue
Proposition 218 Process & Hearing (TBD)					

Note: Individual project milestones will be established based on consultation with the project team.

* - Anticipated Project Start Date November, 2022

C - Project estimated completion date April, 2023

Availability & Fees

1. Bartle Wells Associates is prepared to begin work upon the District's authorization to proceed.
2. During the project development period, we will be available at all reasonable times and on reasonable notice for meetings and for consultation with District staff, attorneys, consulting engineers, and others as necessary.
3. Bartle Wells Associates will perform all work related to the assignment. Doug Dove, a firm principal, and president will be assigned as project leader on this assignment.
4. The fees for services outlined in this proposal will not exceed \$48,950 plus direct expenses estimated not to exceed \$1,000. Excluding the Optional Task E, the fee will not exceed \$34,200 plus direct expenses estimated not to exceed \$1,000. The fee is based on the following assumptions:
 - The project will be completed by June 30, 2023, or other mutually agreeable date preferred by the District. BWA will work to meet all District scheduling requirements and deadlines.
 - All necessary information will be provided by the District and/or its other consultants in a timely manner.
 - BWA will develop one preliminary draft, one administrative draft, and one final version of both the calculation tables and the report. Time and expenses involved in revising tables and assumptions and additional report revisions may constitute additional services if not achievable within the budget.
 - The fee is based on project team meetings as needed, a total of 3 District Board / Committee meetings. In accordance with CDC and California State Health Department recommendations, we prefer to attend meetings via teleconference where possible.
5. Progress payments and direct expenses are payable monthly on a time and materials basis as the work proceeds as provided in our Billing Rate Schedule 2022, which will remain in effect for the duration of this project.
6. In addition to the services provided under this proposal, the District may authorize Bartle Wells Associates to perform additional services for which the District will compensate us based on consultants' hourly rates at the time the work is performed, plus direct expenses.
7. Bartle Wells Associates will maintain in force, during the full term of the assignment, insurance as provided in the Certificate of Insurance attached.
8. Bartle Wells Associates is an independent public finance advisory firm that is registered as a Municipal Advisor with the Securities and Exchange Commission (SEC Registration No. 867-00740) and the Municipal Securities Rulemaking Board (MSRB ID K0414).
9. If the project is terminated for any reason, Bartle Wells Associates is to be reimbursed for professional services and direct expenses incurred up to the time notification of such termination is received.

SCHEDULE OF INSURANCE

Insured: BARTLE WELLS ASSOCIATES

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

TYPE OF INSURANCE	COMPANY POLICY NUMBER	COVERAGES AND LIMITS	EXP. DATE
Commercial General Liability	Hartford Insurance Company Policy #35-SBA PA6857	<ul style="list-style-type: none"> ▪ \$2,000,000 General Aggregate ▪ \$2,000,000 Products Comp/Op Aggregate ▪ \$2,000,000 Personal & Advertising Injury ▪ \$1,000,000 Each Occurrence 	6/1/23
Excess/Umbrella Liability	Hartford Insurance Company Policy #35-SBA PA6857	<ul style="list-style-type: none"> ▪ \$1,000,000 Aggregate ▪ \$1,000,000 Each Occurrence 	6/1/23
Automobile Liability	Hartford Insurance Company Policy #35-UEC VU2842	<ul style="list-style-type: none"> ▪ \$1,000,000 Combined Single Limit 	6/1/23
Workers Compensation & Employers' Liability	Hartford Underwriters Insurance Company Policy #35-WEC FG7858	<p>Workers' Compensation: Statutory Limits for the State of California. Employers' Liability:</p> <ul style="list-style-type: none"> ▪ Bodily Injury by Accident - \$1,000,000 each accident ▪ Bodily Injury by Disease - \$1,000,000 each employee ▪ Bodily Injury by Disease - \$1,000,000 policy limit 	6/1/23
Professional Liability	Chubb & Son, Inc. BINDO94045	<p>Solely in the performance of services as municipal financing consultants for others for a fee.</p> <p>Limit: \$2,000,000 Per Occurrence & Aggregate (including defense costs, charges, and expenses)</p>	6/1/23

RESOLUTION 05-22

SEWERAGE COMMISSION–OROVILLE REGION RESOLUTION ESTABLISHING THE FORMULAS FOR DETERMINING INFILTRATION/INFLOW SURCHARGES

WHEREAS, the amended Joint Powers Agreement of May 4, 2010 provides, in paragraph 6 (e)(2), that the SEWERAGE COMMISSION–OROVILLE REGION shall establish by resolution a formula for the determination of excess flows of Infiltration/Inflow originating in the respective service areas of the member entities, and shall establish a reasonable charge to be paid for processing such excess flows of Infiltration/Inflow; and

WHEREAS, Resolution 04-08 identifies and specifies the operational parameters of the SC-OR Wastewater Treatment and Disposal facilities in total terms and in Equivalent Dwelling Unit (EDU's) terms, together with the total cost of the expanded cost of the facilities; and

WHEREAS, the Sewerage Commission–Oroville Region has adopted a fiscal policy that provides for the long-term ability to maintain a prepaid treatment and disposal facility expansion to assure capacity to the member entities.

WHEREAS, the Commission recognizes the cost of excess flows will increase in the future years at a great cost to the member entities.

WHEREAS, the Commission directed the manager to investigate I&I formulas based on actual cost to pump and treat excess flows that result in a reasonable charge.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Resolution 09-21 is hereby rescinded and shall have no further force or effect.
2. The treatment and disposal facility's operational parameters identified in Resolution 04-08 is incorporated by this reference as restated in full herein.
3. The following criteria and definitions shall govern applications of the Infiltration/Inflow surcharge policy promulgated by this resolution:
 - a. Infiltration/Inflow constitutes that wastewater flow in excess of the allowable average and peak flows.
 - b. Allowable average flow for each EDU shall be 260 gallons per day or 7,908 gallons per month. All flows in excess of 7,908 gallons per month per EDU shall constitute excess average flows.
 - c. Allowable peak flows shall be based on a peak to average flow ratio of four (4) so that each entity is entitled to a peak flow rate of 1,040 gallons per day per EDU.

- d. Excess average Infiltration/Inflow surcharge shall be calculated on the basis of related operational and maintenance costs, including power, chemicals, and wages and benefits.
- e. Excess peak Infiltration/Inflow shall be calculated on the basis of current variable budget charges, capital equipment charges (pumping, screening, and storage), connected EDU's (at time of budget), peak flow based on connected EDU's, and allowable peak flow per EDU (Exhibit A).
- f. The peak surcharge rate schedule in Exhibit A will be effective for fiscal year 2022/23.

The excess average Infiltration/Inflow surcharge component shall be calculated and billed to each entity for each monthly period utilizing the following formula:

$$7,908_1 \text{ gal} \times \text{EDU's} = \text{AF}$$

Then:

$$Q - \text{AF} = \text{Ea}$$

Then:

$$\frac{\text{Ea} \times \text{O\&M Cost}_2}{\text{Total Plant Flow}} = \text{Sa}$$

- Where:
- AF = Allowable Flow
 - Q = Metered Flow per month for each entity
 - Ea = Excess average Infiltration/inflow
 - Sa = Surcharge for average Infiltration/Inflow

The excess peak infiltration/inflow surcharge component shall be calculated and billed to each entity for each metered peak flow utilizing the following formula:

$$1040 \text{ gpd}_3 \times \text{EDU's} = \text{Ap}$$

Then:

$$Q_p - \text{Ap} = \text{Ep}$$

Then:

$$\text{Ep} \times \text{VBC} = \text{Sa}$$

- Where:
- Ap = Allowable peak flow for each entity
 - Qp = Metered peak flow (day = 24 hrs from 1st moment of exceedance)
 - Ep = Excess peak infiltration/inflow
 - VBC = Variable budget charges, capital equipment charges (pumping, screening, and storage), connected EDU's (at time of budget), peak flow based on connected EDU's (Exhibit A)
 - Sa = Surcharge for peak Infiltration/Inflow

1 See paragraph 3(b)
 2 See paragraph 3(e)
 3 See paragraph 3(c)

4. Questions relative to the correctness of the payment and related excess peak will be referred to the SC-OR Manager/Fiscal Officer, who shall confer with the entity representative and SC-OR Operations Foreman to resolve any differences by mutual agreement. Any differences unresolved will be referred to the SC-OR Commission for disposition.

The Infiltration/Inflow surcharge payable by the member entities shall be the sum of two (2) components, one covering the processing cost of the excess average flows and the other to cover the capital cost of providing the physical facilities to treat and pass through the excess peak flows.

Member entities will be notified in writing annually the amount owed no later than June 30th of each year. The contributing entity shall pay SC-OR the invoiced amount no later than close of business on July 31st. The written notice shall contain a reminder of:

- a. Entity's right to appeal excess peak determinations and payment.
 - b. Entity's appealing of peak charges must be submitted in writing no later than 4:00 p.m. on July 31st as to what peak charges are being appealed. Data submitted shall include at a minimum the date, time, and recorded peak being questioned, along with entity's reasoning for the appeal.
5. The Board may, by majority vote and in its sole discretion, waive an Infiltration/Inflow surcharge issued against a member entity if the Board makes a determination that the member entity has diligently attempted to curtail excess Infiltration/Inflow.
 6. If differences cannot be resolved by the SC-OR manager and member entity representative, the matter will be referred to the SC-OR Board of Commissioners.
 7. Payment for peaks being appealed can be withheld from original invoice until such time that the appeal is settled. Entity shall make payment to SC-OR no later than 4:00 p.m. on the 45th day of the date of the notice of remaining amount due.
 8. In the event the due date falls on a weekend or holiday, payment for the above will be due the next regularly scheduled business day by 4:00 p.m.

PASSED AND ADOPTED this 25th day of October 2022 at the regular meeting of the Sewerage Commission-Oroville Region by the following vote:

AYES:

NOES:

ABSTAINED:

Angie Mastelotto, Chairwoman

ATTEST:

Glen E. Sturdevant, Clerk

**Sewerage Commission – Oroville Region
I & I Surcharge**

Exhibit A

Fiscal Year 2022/2023

Connected EDU's (FY 2022/23 Budget)	18,571	EDU's
Peak Flow / EDU (2009 MP & FA Study)	1,040	gpd/EDU
Peak Flow Capacity (Based on FY 22/23 Budget)	19.31	MGD

FY 22/23 Budget Variable Charges

Capital Equipment Charge	\$ 208,495	(pumping, screening, storage)
Salaries & Wages	\$ 770,800	
Benefits	\$ 639,473	
Gas, Oil & Fuel	\$ 30,000	
Operating Supplies	\$ 164,250	
Repair & maintenance	\$ 115,000	
Biosolids Disposal	\$ 35,000	
Electric Power	\$ 380,000	
	<u>\$2,343,018</u>	

Cost per MGD based on Peak Flow	\$ 332.43	/ MGD
Average Days of High Flow per year (Max Month)	30	Days
Calculated I&I Surcharge	\$ 9,973.00	

**Peak Cost in dollars per MGD
For fiscal year 2022/2023** **\$9,973.00**

BOARD POLICY
Sewerage Commission - Oroville Region

TITLE: Formulas for Determining I & I Surcharges

ADOPTION DATE: 24 February 2016
Resolution 09-21

NUMBER 7305
Amended October 25, 2022

The regulations contained herein regarding establishing the formulas for determining infiltration/inflow surcharges for the Sewerage Commission - Oroville Region were established by Resolution 05-22, rescinding Resolution 9-21.

1. The amended Joint Powers Agreement of May 2010 provides, in paragraph 6(e)(2), that the SEWERAGE COMMISSION-OROVILLE REGION shall establish by resolution a formula for the determination of excess flows of Infiltration/Inflow originating in the respective service areas of the member entities, and the determination of a reasonable charge for processing such excess flows of Infiltration/Inflow.
2. Resolution 04-08 identifies and specifies the operational parameters of the SC-OR Wastewater Treatment and Disposal facilities in total terms and in Equivalent Dwelling Unit (EDU's) terms, together with the total cost of the expanded cost of the facilities.
3. The Sewerage Commission-Oroville Region has adopted a fiscal policy that provides for the long-term ability to maintain a prepaid treatment and disposal facility expansion ability to assure capacity to the member entities.
4. The Treatment and Disposal facilities operational parameters identified in Resolution 04-08 are incorporated by this reference as restated in full herein.
5. The following criteria and definitions shall govern applications of the Infiltration/Inflow surcharge policy promulgated by this resolution:
 - a. Infiltration/Inflow constitutes that wastewater flow in excess of the allowable average and peak flows.
 - b. Allowable average flow for each EDU shall be 260 gallons per day or 7,908 gallons per month. All flows in excess of 7,908 gallons per month per EDU shall constitute excess average flows.
 - c. Allowable peak flows shall be based on a peak to average flow ratio of four (4) so that each entity is entitled to a peak flow rate of 1,040 gallons per day per EDU.
 - d. Excess average Infiltration/Inflow surcharge shall be calculated on the basis of related operational and maintenance costs, including power, chemicals, wages and benefits.

- e. Excess peak Infiltration/Inflow shall be calculated on the basis of current variable budget charges, capital equipment charges (pumping, screening, and storage), connected EDU's (at time of budget), peak flow based on connected EDU's, and allowable peak flow per EDU (Exhibit A).
- f. The peak surcharge rate schedule in Exhibit A will be effective for fiscal year 2022/23.

6. The excess average Infiltration/Inflow surcharge component shall be calculated and billed to each entity for each monthly period utilizing the following formula:

$$7,908_1 \text{ gal} \times \text{EDU's} = \text{AF}$$

Then:

$$Q - \text{AF} = \text{Ea}$$

Then:

$$\frac{\text{Ea} \times \text{O\&M Cost}_2}{\text{Total Plant Flow}} = \text{Sa}$$

Where:

- AF = Allowable Flow
- Q = Metered Flow per month for each entity
- Ea = Excess average Infiltration/inflow
- Sa = Surcharge for average Infiltration/Infill

The excess peak infiltration/inflow surcharge component shall be calculated and billed to each entity for each metered peak flow utilizing the following formula:

$$1040 \text{ gpd}_3 \times \text{EDU's} = \text{Ap}$$

Then:

$$Q_p - \text{Ap} = \text{Ep}$$

Then:

$$\text{Ep} \times \text{VBC} = \text{Sa}$$

Where:

- Ap = Allowable peak flow for each entity
- Op = Metered peak day flow (day=24 hrs from 1st moment of exceedance)
- Ep = Excess peak infiltration/inflow
- VBC = Variable budget charges, capital equipment charges (pumping, screening, and storage), connected EDU's (at time of budget), peak flow based on connected EDU's (Exhibit A)
- Sa = Surcharge for peak Infiltration/Infill

1 See paragraph 5(b)

2 See paragraph 5(e)

3 See paragraph 5(c)

7. Questions relative to the correctness of the payment and related excess peak will be referred to the SC-OR Manager/Fiscal Officer, who shall confer with the entity representative and SC-OR Operations Foreman to resolve any differences by mutual agreement. Any differences unresolved will be referred to the SC-OR Commission for disposition.

The Infiltration/Inflow surcharge payable by the member entities shall be the sum of two (2) components, one covering the processing cost of the excess average flows and the other to cover the capital cost of providing the physical facilities to treat and pass through the excess peak flows.

Member entities will be notified in writing annually the amount owed no later than June 30th of each year. The contributing entity shall pay SC-OR the invoiced amount no later than close of business on July 31st. The written notice shall contain a reminder of:

- a. Entity's right to appeal excess peak determinations and payment.
- b. Entity's appealing of peak charges must be submitted in writing no later than 4:00 p.m. on July 31st as to what peak charges are being appealed. Data submitted shall include at a minimum the date, time, and recorded peak being questioned, along with entity's reasoning for the appeal.

8. The Board may, by majority vote and in its sole discretion, waive an Infiltration/Inflow surcharge issued against a member entity if the Board makes a determination that the member entity has diligently attempted to curtail excess Infiltration/Inflow.

9. If differences cannot be resolved by the SC-OR manager and member entity representative, the matter will be referred to the SC-OR Board of Commissioners.

10. Payment for peaks being appealed can be withheld from original invoice until such time that the appeal is settled. Entity shall make payment to SC-OR no later than 4:00 p.m. on the 45th day of the date of the notice of remaining amount due.

11. In the event the due date falls on a weekend or holiday, payment for the above will be due the next regularly scheduled business day by 4:00 p.m.

Sewerage Commission - Oroville Region
I/I Surcharge

Exhibit A

Fiscal year

Connected EDU's (FY 22/23 Budget)	18,571	EDU's
Peak Flow / EDU (2009 MP & FA Study)	1,040	gpd/EDU
Peak Flow Capacity (based on FY 22/23 Budget)	19.31	MGD

FY 22/23 Budget Variable Charges

Capital Equipment Charge	\$208,495	(pumping, screening, storage)
Salaries & Wages	\$770,800	
Benefits	\$639,473	
Gas, Oil & Fuel	\$ 30,000	
Operating Supplies	\$164,250	
Repair & Maintenance	\$115,000	
Biosolids Disposal	\$35,000	
Electric Power	\$380,000	
	\$2,343,018	

Cost per MGD based on peak Flow \$332.43 /MGD

Average Days of High Flow per Year (Max Month) 30 Days

Calculated I/I Surcharge \$9,973.00/MG/I&I

Peak Cost in dollars per MG
for fiscal year 2022/2023 \$9,973.00



October 17th, 2022

Mr. Glen Sturdevant, Manager/Superintendent
Sewerage Commission - Oroville Region (SC-OR)
P.O. Box 1350
Oroville, California 95965

Subject: Amendment No. 5 to Task Order No. 20 – General Consulting Services

Dear Glen,

This proposal is to amend Task Order No. 20, dated March 20, 2007 (as amended February 4th, 2019) for Jacobs (formerly CH2M HILL) to provide general consulting services to SC-OR on an as-needed basis. Task Order No. 20 has been amended as follows:

Contract	Date	Amount	Total
Initial MSA	March 20, 2007	\$15,000	\$15,000
Amendment No. 1	May 14, 2007	\$20,000	\$35,000
Amendment No. 2	March 13, 2009	\$35,000	\$70,000
Amendment No. 3	February 4, 2019	\$60,000	\$130,000
Amendment No. 4	March 17, 2021	\$20,000	\$150,000
Amendment No. 5	October 17, 2022	\$40,000	\$190,000

This amendment increases the budget by \$40,000 to a total budget of \$190,000. This Amendment will be used to support capacity studies, and as-needed tasks that may arise. The Task Order may be amended in the future with additional budget as the need arises. Such amendments will be authorized by letter. All work will be performed in accordance with the terms and conditions of the July 27, 1998, contract as amended February 4th, 2019.

To authorize this amendment, please sign both copies of this letter, keep one copy for your records, and return the other copy to my attention. If you have any questions regarding this proposed amendment, please call Ted at 530-229-3388.

Sincerely,
CH2M HILL

Authorized By,
SC-OR

Ted Couch, PE
Project Manager

Glen Sturdevant
Manager/Superintendent

John Schoonover
Manger of Projects

Date Authorized: _____, 2022

Environmental Compliance Report

To the SC-OR Commissioners and Staff from Kendra Morgan

October 20, 2022

INDUSTRIAL PRETREATMENT PROGRAM

INSPECTIONS

The dischargers submitted their monthly flow reports for September 2022. RCBS has continued suspending discharge from their tumbling line until they can maintain the BOD under their limit. Due to a decline in production, RCBS has not had the flow to pull samples to test for BOD. All other dischargers and lines appear to be in compliance with their permits.

ENFORCEMENT

There are no enforcement items to report.

ACTIVITIES

We are still in coordination with both State Parks and the Bidwell Marina on their applications for P2 permits. We have received the Sanitary Sewer User Screening Form from Jared at Bidwell Marina, and it is still under review.

The sludge/biosolids have been tested, and the laboratory results have been sent to the Neal Road facility for review. Due to the estimated amount of sludge that is to be taken to Neal Road, they are now requiring us to pull another composite sample of sludge to be tested for all of the same constituents. We have sent this sample off and are now awaiting laboratory results. Upon approval of the results, the dried sludge/biosolids will be trucked to the waste facility for disposal.

All other operations continued as normal in the laboratory and environmental areas.

Sewerage Commission - Oroville Region

Monthly Flows Report - Sep-22

Name of Agency	Total Monthly Flow (MG)	Average Daily Flow (MG)	Total Peak Flow (MG)	Date of Peak Flow
<i>SC-OR Plant Total</i>	78.997	2.633	6.00	9/2/2022
<i>Lake Oroville Area P.U.D.</i>	20.947	0.698	1.20	9/5/2022
<i>Thermalito Water and Sewer</i>	11.878	0.396	1.08	9/8/2022
<i>City of Oroville</i>	46.172	1.539	4.14	9/2/2022

Septage Pumps 0.0966 Million Gallons/Month

Monthly Rainfall 1.5 Total Inches/Month