

TO: BOARD OF DIRECTORS  
FROM: BRUCE BUEL *BB*  
DATE: MAY 8, 2009

**AGENDA ITEM  
E-2  
MAY 13, 2009**

2010-2014 WATER SYSTEM FINANCIAL PLAN AND RATE STUDY

**ITEM**

Review proposals and authorize execution of agreement with rate consultant to prepare 2010-2014 Water System Financial Plan and Rate Study [RECOMMEND APPROVAL]

**BACKGROUND**

In March, your Honorable Board edited the attached Request for Proposal (RFP) and authorized circulation to competent consultants. Staff mailed the RFP to five firms and three firms (Entrix, The Reed Group and Tuckfield & Associates) submitted proposals (Previously distributed to the Board and available for inspection at the NCSD Office). Also attached is staff's evaluation of the three proposals. As set forth in the scoring matrix, staff scored Tuckfield & Associates as the highest ranked submittal. Tuckfield's Proposal is also the least expensive of the three.

**FISCAL IMPACT**

Retention of Tuckfield & Associates to perform the scope of work set forth in the attached proposal would commit \$25,600 of Water Fund funds to this effort.

**RECOMMENDATION**

Staff recommends that the Board authorize the General Manager to execute a standard agreement with Tuckfield & Associates to perform the tasks described in the attached proposal on a time and materials basis with a not-to-exceed expenditure limit of \$25,600.

**ATTACHMENTS**

- RFP
- Staff Scoring Matrix and Review Criteria
- Tuckfield & Associates Proposal

t:\documents\board matters\board meetings\board letter 2009\water Rate Study.doc

March 31, 2009

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**SUBJECT: REQUEST FOR PROPOSAL FOR 2010-15 NCSD WATER RATE STUDY**

Dear Mr. ZZZZZZZ;

Nipomo Community Services District ("NCSD") operates a water system with approximately 4,000 customers. NCSD has traditionally adjusted rates annually based on a Comprehensive Financial Plan. The last water system Comprehensive Financial Plan and Rate Study was completed in 2005, which formed the basis for rates in 2006, 2007, 2008, and 2009. NCSD proposes to compile a 2010-2015 Comprehensive Financial Plan and Rate Study to serve as the basis for water rates in 2010, 2011 and 2012 including the funding necessary for operation of the Waterline Intertie Project.

NCSD wishes to also evaluate alternatives:

- (A) Annual contributions to the replacement fund;
- (B) Rate structures (2 tier, 3 tier and 4 tier structures);
- (C) Basis of charges for Non-Residential customers, and
- (D) Revenue/rates related to funding the capital component of the Waterline Intertie Project (as a contingency should the assessment proceeding fail).

It should be noted that NCSD has merged the Blacklake Water System and the Town Water System into one unified Water System.

**SERVICES REQUESTED**

DISTRICT is seeking proposals from qualified firms ("Consultant") to:

- Review background information including the 2005 Rate Study, the FY07-08 Audit, current financial statements for FY08-09, the FY08-09 Budget, the Draft FY09-10 Budget, the Water & Sewer Master Plan, the 2008 Replacement Study, the Waterline Intertie Project 30% Design Report, and staff's projections of 2010-2014 Capital Expenditures, Staffing and local water purveyors for comparison of water rates.
- Meet with Staff to discuss the background information.
- Develop and publish work product #1 -- a listing of Plan assumptions, five year projections of operating expenditures, five year projections of capital investments other than the Waterline Intertie Projects, alternative annual replacement contributions, and alternative yearly total expenditures based on O&M, Capital and Replacement Contributions;



- Develop Work Product #2 – Projections of revenues generated with 2009 rate schedule, total revenues prior to any rate adjustment, and the range of annual shortfalls between projected expenditures and pre-adjustment revenues plus a description of three alternate rate structures, two alternate basis for calculation of non-single family residential water rates and a survey of rates charged by other local water purveyors.
- Meet with Budget and Finance Committee to review work product #1/ #2 and secure Committee Recommendation regarding the level of annual replacement contributions, the three alternate rate structures and the two alternate non-residential rate bases.
- Revise and re-publish Work Products #1 and #2 based on Committee Input.
- Develop and produce an Administrative Draft Comprehensive Water Financial Plan and Rate Structure Analysis projecting new rates by year by rate structure and basis of charge to achieve projected revenue targets along with a commentary on the effectiveness of the various rate designs to encourage water conservation.
- Meet with Staff to review Draft.
- Edit Draft and Republish Review Draft for consideration by Committee and Board.
- Participate in up to two Finance and Budget Committee Meetings.
- Participate in up to two Board Meetings to finalize Plan
- Edit Review Draft and Publish Final Draft
- Assist in drafting Proposition 218 Notice
- Participate in up to two Meetings regarding Proposition 218 consideration.

### QUOTE REQUIREMENTS

Ten copies of the proposal must be received by DISTRICT in a sealed envelope by **3 p.m. on Tuesday April 28, 2009**, to be considered. The exterior of the envelope must identify the quote as "Rate Study Services Proposal". Faxes, E-Mails, proposals not enclosed in a sealed/labeled envelope, and proposals received after 3:00 p.m. on Tuesday April 28, 2009, will not be considered and will be returned to the submitter.

The Proposal shall include, as a minimum, the following:

1. Cover Letter/Introduction
  - Present your understanding of the project and the services requested.

- The Cover Letter shall be signed by an official authorized to bind the firm and shall contain a statement that the proposal is valid for ninety (90) Days.
2. Scope of Services
    - Detail your proposed approach to both phases of the assignment.
    - Describe any proposed scope amendments; exceptions to the attached Task Listings or exceptions to the terms of the attached Agreement.
  3. Personnel
    - Identify the Team Leader and provide résumé.
    - Identify any additional team members and provide résumés.
    - Include an Organization chart depicting the name and position of each participant
    - Describe the role of each team member
  4. Experience & References
    - Describe your experience in providing similar services for local government entities in California
    - Provide references for projects of similar scope and nature performed over the last four years.
  5. Cost Estimate and Schedule
    - Complete and submit the attached Quote Sheet that has been signed by a principal authorized to represent the firm.
    - Submit a listing of fees and charges including travel costs
    - Submit a proposed schedule for all tasks described above

### **SELECTION PROCESS**

NCSD will screen proposals from April 28, 2009 to May 13, 2009. The Board is tentatively scheduled to select a firm at its May 13, 2009 meeting. NCSD may conduct interviews during the screening process.

### **PROPOSAL EVALUATION**

Proposals will be evaluated on the following:

- Responsiveness to Request for Quote
- Scope Amendments and Exceptions to Task Listing and/or Agreement
- Experience of the team to perform the requested services
- Qualifications of the personnel proposed for the project
- Cost including fees and reimbursables (Not-to-Exceed Expenditure Limit)

**Notes:**

This is a time-sensitive project.

NCSD reserves the right to reject any and all submittals and/or solicit new submittals at its discretion. NCSD reserves the right to negotiate with lesser ranked firms, if the negotiation with the top ranked firm is unsuccessful. The submitter retains no interest in the proposal once received by NCSD. Proposers are responsible for all costs associated with the proposal.

For more information on the project or this RFP, contact NCSD General Manager Bruce Buel at 805-929-1133 or [bbuel@ncsd.ca.gov](mailto:bbuel@ncsd.ca.gov).

Sincerely,

NIPOMO COMMUNITY SERVICES DISTRICT

Bruce Buel  
General Manager

CC: Lisa Bognuda, Finance Director  
2009 Water Rate Study Project File

Enclosures

- Quote Sheet

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**NCSD WATER RATE STUDY PROJECT  
QUOTE SHEET**

Date: \_\_\_\_\_

NAME OF FIRM: \_\_\_\_\_

NAME OF PRINCIPAL: \_\_\_\_\_

NAME OF CM TEAM LEADER: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

PHONE: \_\_\_\_\_ FAX: \_\_\_\_\_

E-MAIL: \_\_\_\_\_

NOT-TO-EXCEED EXPENDITURE LIMIT FOR ALL FEES & CHARGES INCLUDING  
TRAVEL: \_\_\_\_\_

\_\_\_\_\_  
Signature of Principal Authorized to Sign for Firm and Date

*This quote shall be valid for 90 Days from the date of Signature*




WATER SYSTEM RATE STUDY SCORING MATRIX			
SCORER	ENTRIX	REED	FIRMS TUCKFIELD
Bruce Buel	65	81	83
Lisa Bognuda	78	73	88
TOTAL	143	154	171

REVIEW CRITERIA

CATEGORY	POINT RANGE
Responsiveness to RFP	0 to 25
Understands Problem	
Proposes Creative Solutions	
Addresses Each Required Task	
Alternative Proposed	
Objections/Resolution re Agreement	
Work product timeliness	0 to 10
Reasonableness	
Team qualifications and expertise	0 to 20
Quality of Team Leader	
Quality of Support Team	
Prior experience similar services	0 to 20
Similar Calif Local Government	
Cost	0 to 25
Value for Proposed \$	



Financial Solutions for Today's Environment



**Proposal for**

**Water Utility**

**Financial Plan and Rate Study**

*for*

**Nipomo Community Services District**

April 2009

FINANCIAL CONSULTING  
**TUCKFIELD &  
ASSOCIATES**  
MANAGEMENT CONSULTING

# Tuckfield & Associates

2549 Eastbluff Drive, Suite 450B, Newport Beach, CA 92660

Phone (949) 760-9454 Fax (949) 760-2725

April 28, 2009

Mr. Bruce Buel  
General Manager  
Nipomo Community Services District  
148 South Wilson Street  
Nipomo, CA 93444-0326

Dear Mr. Buel:

Tuckfield & Associates is pleased to submit our proposal to conduct a Water Utility Financial Plan and Rate Study for the Nipomo Community Services District (District). Tuckfield & Associates has extensive experience in conducting water rate studies in California and nationwide. My approach to performing rate studies relies on the commitment to producing quality work for our clients, creating working relationships that span many years.

This proposal has been arranged in principle sections that address each aspect of the proposal. A table of contents is provided on the following page for convenience. My understanding of the study requirements and the needs of the District are presented in the discussion under the Project Understanding section. Additional information is presented in the Appendices that includes my resume, a comprehensive list of experience, a single-family monthly water bill comparison, and the District's Quote Sheet.

I have the qualifications, experience, and capabilities to provide the services desired by the District. I have performed rate and connection fee studies for agencies as large as the Long Beach Water Department while also serving numerous smaller communities.

The proposal presented herein is valid for a period of ninety (90) days. I look forward to working with the District on this project. If I can provide you with additional information, please call me at (949) 760-9454.

Very Truly Yours,

TUCKFIELD & ASSOCIATES



G. Clayton Tuckfield  
Principal

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## **PROJECT UNDERSTANDING**

The Nipomo Community Services District (District) desires to engage the services of a rate consultant to develop a comprehensive water utility financial plan and water rates. The financial plan is to include an evaluation of the impact of the replacement alternatives presented in the recently completed Water and Sewer Replacement Study by Boyle Engineering Corporation, and from the funding options of the Waterline Intertie Project. In addition, the District desires to explore alternative water rate structures for residential and non-residential customers, including tiered structures that develop rate alternatives for two, three, and four tiered water rate structures.

The District currently provides water service to a population of approximately 12,300 with about 3,450 single-family customers, 400 multifamily, 90 commercial, and other service connections totaling nearly 4,100 customers. Historically, the District has maintained separate accounting for the Town Division and for the Blacklake Division. The District has merged these two systems into one unified system through application of an equity surcharge, levied to Blacklake customers to make their investment in the water system equivalent to the amount invested by the Town customers.

The District obtains its water supply from seven active wells, extracting water from the Santa Maria groundwater basin. Due to the adjudication of the basin, the District pursued supplemental water supply from the City of Santa Maria for up to 3,000 ac-ft annually for delivery to the Nipomo Mesa Management Area. In September of 2004, the District entered into a Memorandum of Understanding (MOU) with the City of Santa Maria. In the terms of the MOU, the District is required to pay a reservation fee in installments, and to pay for the water delivered.

To use the water from this source, the District needs to construct a pipeline to transmit the supplemental water to the District. This will be accomplished through the District's Waterline Intertie Project. This project is currently in the design phase with an expected timeline for completion that includes EIR certification in April 2009, 60 percent design completion in August 2009, and a construction bid assessment in December 2009. Financing for the project is proposed to include the creation of an assessment district, however, if the assessment district fails to be created, alternative financing could be arranged through a possible District inter-fund loan.

The District commissioned a Water and Sewer Replacement Study in 2007 to collect funds for the replacement of its infrastructure. This study projected future replacement expenditures and identified three methods to fully fund future replacement costs, each with an associated annual savings amount or set-aside during a 10-year period. The method selected impacts the bi-monthly customer bill to varying degrees.

The District's existing water rates include a bi-monthly service charge and a consumption charge that applies to both the Town Division and to the Blacklake Division. The consumption charge for single-family residential customers includes a two-tier structure with a break point at 40 HCF. Non-residential customers have a uniform volume rate structure.



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The District desires that the financial plan and rate study include an evaluation of the impacts related to the replacement study, the Waterline Intertie Project, and alternative tiered water rate structures on District water rates and customer bills. A series of meetings are proposed by the District to review, evaluate, and secure consensus regarding the impacts of the assumptions, Waterline Intertie Project, replacement funding/savings, and rate structures on the Water Operating Fund and customer water bills.

## **PROJECT METHODOLOGY**

Tuckfield & Associates believes that utilities can best manage costs and corresponding rate revisions through a combination of long-range financial and capital planning while utilizing the annual budgeting process to systematically implement approved plans. Comprehensive rate analyses permit better policy decisions to be made about a variety of subjects of interest to the District because impacts on ratepayers are readily determined prior to final decisions. The following paragraphs highlight several key elements of our proposed approach that address the objectives of the District.

### **Strong Communication and Working Relationships**

Tuckfield & Associates welcomes the involvement of District staff during the study. It is recognized that such involvement is important to ensure the exchange of ideas, development of recommendations, and smooth implementation of the financial plan. Through the interaction with District staff, comments, suggestions or concerns can be voiced before a report is distributed to the general public.

### **Development of Long-Range Financial Plan**

A comprehensive rate study should include development of comprehensive long-range operating and capital financial plans. In preparing the plans, the District's current policies and practices for funding its operations, capital improvements and debt service requirements will be analyzed. As appropriate, and as discussed with District staff, various financing options, or combination of options, such as operating revenue, new debt issuance, and miscellaneous fees will be considered. A suitable balance among the financing options will be achieved when developing the proposed financial plans.

### **Determination of Cost of Service Allocations**

Before equitable rates can be developed, it is necessary to allocate all costs of service to customer classes in a sound, equitable manner. Tuckfield & Associates proposes to use defensible, cost-causative allocation methodologies by the AWWA, which recognizes general design considerations employed by engineers when sizing facilities.

### **Evaluation of Alternative Rates**

The review of the existing water rate structures will be conducted to ensure equity among customer classes and to meet current water utility needs, citizen demands, and conservation goals. The tiered alternative rate structures will be explored and discussed with the District. Tuckfield & Associates has extensive experience in developing rate structures for utilities, through similar work in Southern California, the West Coast, and nationwide.



## **SCOPE OF WORK**

Based on our understanding of the District's needs, Tuckfield & Associates proposes to perform the following scope of work.

### **Financial Planning**

#### **Task 1 – Review Background Information / Initial Meeting**

Tuckfield & Associates will submit a request for information prior to the initial meeting with the District. The request will include, but not be limited to, the following: FY 2007-08 Audit (CAFR), FY 2009-10 Budget, Water and Sewer Master Plan, 2008 Water and Sewer Replacement Study, Waterline Intertie Project Design Reports, District Staff FY 2010-14 projection of Capital Expenditures, previous rate study reports, customer accounts and billing information, debt service schedules, and related ordinances.

Tuckfield & Associates will then meet with District representatives to establish communications, identify major interests and concerns, review and discuss the project work plan, discuss any practice and policy matters, and finalize project requirements. During the course of this meeting, the requested information will be collected and the requirements to complete the study will be discussed.

#### **Task 2 – Revenue Requirements**

This task includes the identification and development of the annual revenue requirements of the water utility. Tuckfield & Associates will identify all revenue requirements within the five-year study period including operation and maintenance expenses; future capital improvements including annual replacements, additions and improvements, and extensions to the system; outstanding debt; and any transfers to/from the water utility. Initial assumptions will be developed for use in conducting the study. Specific subtasks include the following.

- 2.1 Review financial information, master plans, design reports, and other available information and reports regarding revenue requirements of the water utility.
- 2.2 Develop a listing of plan assumptions regarding customer growth, consumption per account, total consumption, total production, system losses, inflation for O&M and capital requirements, interest rates, financial planning criteria including reserve levels, and other assumptions.
- 2.3 Develop annual revenue requirements of the water utility recognizing historical data, current year's budgets, and anticipated future system service requirements. Revenue requirements will be projected on an annual basis taking into account expected operational changes, system growth, inflation, annual replacements, and capital expenditures. This task will include at least the following items:

- Historical data and current year's budget
  - Current operation and maintenance expenses
  - Annual minor and major capital expenditures
  - Future system service requirements and system growth
  - Expected operational changes and inflation
  - Debt service on existing and any proposed new financing
  - Other cash obligations
- 2.4 Prepare and deliver Work Product #1 in a letter report format presenting the results of subtasks 1.1 through 1.3.

### **Task 3 – Financial Plan**

The objective of this task is to develop a 5-year financial plan, incorporating the revenue requirements from Task 2, and projecting the water utility revenue needs for the study period. This task requires an assessment of revenues based on the existing rates and fee schedules, the District's ability to meet projected revenue requirements, and the determination of the level of revenue adjustments and additional financing requirements. The following subtasks will be completed:

- 3.1 Estimate revenues based on current rates and fee levels while incorporating the projected number of customers and service requirements. Historical growth trends, quantity of service provided, projected new development, and patterns in customer service characteristics will be evaluated.
- 3.2 Review and project revenues from miscellaneous sources such as interest earnings, miscellaneous service fees, or other sources.
- 3.3 Develop future cash flow analyses for a five-year study period showing application of revenue under existing rate levels to the projected revenue requirements. Determine the adjustments in revenue necessary to meet the annual obligations of the water utility system. Recognize financial planning criteria developed in Task 2.2 including any operating and capital fund reserve levels, either consistent with District policy or recommended reserve levels based on consultant experience, and debt service coverage ratios.
- 3.4 Prepare a description of three alternative single-family residential rate structures that include two, three, and four tier structures, and two alternative rate structures for other than single-family residential.



**Water Utility Financial Plan and Rate Study Proposal  
Nipomo Community Services District**

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- 3.5 Present a survey of water rates for other local water purveyors in San Luis Obispo County.
- 3.6 Prepare and deliver Work Product #2 in a letter report format presenting the results and findings of Tasks 3.1 through 3.5.
- 3.7 Meet with the Budget and Finance Committee to review Work Products #1 and #2. Secure the Committee's recommendation regarding the level of annual replacement contributions, the three alternative single-family rate structures, and the two alternative rate structures for other than single-family customers.
- 3.8 Incorporate comments and decisions from the Committee and revise and deliver Work Products #1 and #2.

## **Cost of Service**

### **Task 4 – Cost of Service Analyses**

In this task, projected revenue requirements will be allocated to customer classifications to determine the overall cost of providing service to each classification. Distribution of the revenue requirements will reflect cost-causative concepts in accordance with generally accepted utility practices and as recommended by the AWWA. Cost of service analyses is required to establish cost-of-service rates and to show the extent to which the existing and proposed rates produce revenue that recovers the cost by customer classification. Specific subtasks include the following.

- 4.1 Determine appropriate functional classifications of O&M and capital costs for allocation purposes for the water utility. These classifications could include water source of supply or production costs, transmission costs, distribution and storage costs, customer service costs (meter reading, account maintenance, billing and collection), and general and administrative overhead costs.
- 4.2 Allocate the functional costs developed in task 4.1 to appropriate cost components. Cost components for the water utility could include the base and extra-capacity cost components as defined by the AWWA, however, because the District has under 5,000 customers, it may be appropriate to use commodity-demand cost components for small utilities.
- 4.3 Develop unit costs of service by dividing the functional costs that have been allocated to cost component, by the units of service. Units of service are developed herein for each customer classification which include water consumption (derived from billing summary data), an estimate of the responsibility of total system capacity (derived from master plans related to maximum day and maximum hour demands), and customer related information for the customer component.

- 4.4 Determine the cost of providing service to each customer classification by distribution of the functional costs to the various customer classifications. The distribution is accomplished through application of the unit costs of service to the respective customer classification units of service.
- 4.5 Compare the revenue generated under the existing rates by each customer classification with the allocated cost of service, to determine (1) the adequacy of present revenue levels of each class to meet its cost of service, and (2) the indicated adjustment in revenue for each class to equitably recover the cost of providing service to the class.

## **Rate Design**

### **Task 5 – Rate Structure Analysis and Design**

The water revenue requirements will be recovered through a rate structure designed to stand alone as a separate revenue source. Tuckfield & Associates will evaluate the rate structures discussed with the Budget and Finance Committee in Task 3.7 and develop appropriate tiers and pricing. Evaluation criteria will include items such as the District's existing billing system capability, equitability, ease of implementation, and revenue stability. The following subtasks will be performed:

- 5.1 Analyze customer billing information and develop consumption curves and bill summaries by customer classification that will serve as the basis for selecting rate blocks for the rate structure alternatives and for establishing pricing.
- 5.2 Evaluate the three alternative single-family water rate structures and the two alternative non single-family rate structures in terms of equitability among users, revenue stability, and water conservation, and other criteria.
- 5.3 Develop appropriate rate blocks and pricing for the rate structure alternatives.
- 5.4 Prepare typical water bills for single-family customers under existing and proposed rates of the rate alternatives.
- 5.5 Compare the average single-family proposed water bill with neighboring cities and districts as selected by the District/Consultant.



## **Reports and Meetings**

### **Task 6 – Prepare Draft and Final Reports**

Tuckfield & Associates will prepare a draft report and a final report of the findings and recommendations of the Water Utility Financial Plan and Rate Study. The reports will show the projections of new rates for each of five years by rate structure and the basis of charge to achieve the projected revenue targets. Discussion will be included that comments on the effectiveness of the various rate designs to encourage conservation.

- 6.1 Prepare and deliver the comprehensive Water Utility Financial Plan and Rate Study Draft Report.
- 6.2 Meet with District Staff to review and discuss the Draft Report.
- 6.3 Incorporate District Staff comment into the Draft Report and revise and deliver the report for consideration by the Budget and Finance Committee and Board of Directors.
- 6.4 Meet with Budget and Finance Committee to review and discuss the Draft Report.
- 6.5 Prepare and deliver the comprehensive Water Utility Financial Plan and Rate Study Draft Final Report.
- 6.6 Meet with Board of Directors to review and discuss the Draft Final Report.
- 6.7 Incorporate Board comment and revise and deliver the Draft Final Report.
- 6.8 Meet with Board of Directors to review and discuss the Draft Final Report.

## **Public Hearings**

### **Task 7 – Proposition 218 Hearings**

Implementing the water rates will require an initial presentation of the Draft Final Report to the public and Board of Directors at a Public Hearing. It is anticipated that public comment as well as Board comment will be taken at the Public Hearing, and that the Board will provide final instruction regarding the Draft Final Report. After addressing final comments, a Final Report will be prepared and delivered to the District. The Final Report will be presented at a Public Hearing prior to the protest vote count. Specific subtasks include:

**Water Utility Financial Plan and Rate Study Proposal**  
**Nipomo Community Services District**

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- 7.1 Present the Draft Final Report and the study results to the public and the Board of Directors at a Public Hearing. The presentation will be delivered in Microsoft PowerPoint format.
- 7.2 Incorporate any comments received at the first Public Hearing into the Draft Final Report as directed by the Board of Directors. Prepare and deliver a Final Report.
- 7.3 Present the Final Report and the study results to the public and the Board of Directors at a second Public Hearing, delivered in a PowerPoint presentation.
- 7.4 Assist the District in preparing a Proposition 218 notice as required.



## **QUALIFICATIONS**

Tuckfield and Associates provides financial studies and solutions for publicly owned utilities. Since 1985, Tuckfield and Associates has used innovative methods combined with time-tested strategies to assist California municipalities and special districts in achieving their financial goals.

G. Clayton Tuckfield, founder and principal of Tuckfield and Associates, has managed or been directly involved in publicly owned utility financial services for over 23 years. The size and specialization of the firm allows it to provide competitively priced services.

### **Qualifications Summary**

- 23 years of experience
- Over 60 rate studies
- Public Agency Specialization
- Tested Strategies

### **Services**

Tuckfield and Associates provides comprehensive consulting services intended to safeguard the financial viability of the client's multi-million dollar utility. Key elements include financial plans that anticipate economic contractions and expansions, capital planning for improvement financing options, allocation of costs to appropriate customers based on cost causative principles, and rates that are designed to be fair and equitable. Services provided by Tuckfield & Associates include the following.

- Cost of Service and Rate Studies
- Development Impact Fee/Connection and Service Fee Studies
- Rate Stabilization Studies
- Supporting Information for Official Statements
- Capital Improvement Plan Financing Analyses
- Computer Modeling

### **Commitment to Clients**

Mr. Tuckfield has been involved in or has managed over 60 municipal utility cost of service and rate studies since 1985. Clients have included public utilities, state and county governments, municipalities, and public districts. Tuckfield & Associates approaches each study with the commitment to exceed our client's expectations. Our strength lies in our proven capability to provide comprehensive, practical, and implementable programs that serve our clients, with personalized relationship-driven service.

## **PERSONNEL**

**G. Clayton Tuckfield, PE MBA**  
**Principal**

Mr. Tuckfield routinely conducts rate and connection fee studies as the sole consultant and has completed such studies in this manner for many clients. For this study, Mr. Tuckfield will be responsible for project administration, daily performance of the project, and provide day-to-day contact with the City. He brings more than 23 years of utility financial and management experience to this study having performed studies for many communities in California including the Long Beach Water Department, South San Luis Obispo County Sanitation District, the cities of Ventura, Santa Barbara, Fullerton, Arroyo Grande, Grover Beach, Orange Cove, and Firebaugh, California. Additional studies conducted by Mr. Tuckfield are listed in the Representative Engagements section and in Appendix B.

### **Personnel**

- G. Clayton Tuckfield
- PE with MBA
- Utility Rate Specialization
- AWWA Presentations

Mr. Tuckfield has an engineering degree and a master's degree in business administration. He has prepared presentations and technical papers for trade organizations that include the American Water Works Association's annual meeting and the Arizona Finance Officers Association.



## **EXPERIENCE AND REFERENCES**

The experience discussion provided below is intended to be representative of similar clients within the District's geographic area. Appendix B provides a comprehensive list of experience for all projects of Tuckfield & Associates.

### ***City of Arroyo Grande, California***

#### ***Water and Wastewater Rate Study***

Tuckfield & Associates has had a long standing relationship with the City, spanning a decade of successfully completed water and wastewater rate studies including studies in 1999, 2003, 2006, and in 2009. The 2006 water rate study included preparation of alternative rate structures for increasing block rates to encourage conservation. Water rate structures for two, three, and four blocks were presented to City Council. The City Council adopted the four-block water rate structure and pricing developed by Tuckfield & Associates.

Most recently, the 2009 rate study included analysis of billing system customers and volumes, projection of water consumption and wastewater contribution, development of revenue and expense projections, and financing of the water and wastewater capital improvement programs. A 5-year financial plan was developed showing revenue, adjustments to revenue, revenue requirements, capital financing, and debt service coverage. Cost of service analyses were conducted to allocate revenue requirements to customer classifications, recognizing special customers such as water wheeling, to establish cost of service rates.

One of the objectives of the study was to make recommendations to address significant cost increases in surface water supply from Lake Lopez managed by the County. An alternative to the existing accounting was developed that shifted the surface water supply O&M to the volume charge component of the water rate over a five-year period. These costs were previously captured in a separate fund where fixed bi-monthly charges are established. This recommendation resulted in lower bi-monthly water bills for low water consumers, while maintaining almost no change in the bi-monthly bill to the average water consumer. The City Council adopted the recommendation.

### ***City of Ventura, California***

#### ***Water and Wastewater Rate Studies***

Tuckfield & Associates completed a water and wastewater rate study update in 2008 for the City of Ventura. Mr. Tuckfield performed the original water and wastewater rate studies for the City in 1990 and has been performing rate updates for the City every year since that time, spanning nearly a 20-year relationship with the City. During that time, the City has managed to construct over \$200 million in water and wastewater capital improvements, all while maintaining single digit increases in water and wastewater rates.

In addition to the traditional rate study scope of work, the 2008 rate study update addressed several



## ***Water Utility Financial Plan and Rate Study Proposal Nipomo Community Services District***

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concerns of City staff. Various rate scenarios were discussed with City staff to review the impact of budget constraints and the delay of capital improvements to future years. The rate study update also included a detailed review of water fixed assets and allocation of debt service based on the function of these assets, ensuring that customers pay their fair share of these costs. Lastly, the water rate structure was reviewed and compared with recent industry practice and other local water agency rates to determine the validity of the water rate structure in today's environment.

In a previous rate study, water conservation rates were developed and implemented using inverted rate blocks for residential customers while establishing separate rates by class for non-residential customers including large industrial users. Tuckfield & Associates also developed computerized financial planning and rate models for the City to analyze present and future utility financial needs.

### ***City of Pismo Beach, California***

#### ***Water and Wastewater Rate Study***

Tuckfield & Associates performed a water and wastewater rate study for the City to address a \$12 million 5-year capital improvement plan and increasing costs to the City related to water supply from Lake Lopez and the State Water Project. The study included analysis of revenues, projection of water consumption and wastewater contribution, development of revenue and expense projections, and proposed financing of the water and wastewater capital improvement programs.

Utility costs were analyzed and projected to develop revenue requirements for each utility, including the City's Water Tax Fund which recovers Lake Lopez and State Water debt service via the property tax bill. A long-range financial plan was developed showing revenue, revenue requirements, capital financing, and debt service coverage for the Lake Lopez and State Water contract debt. The study also provided detailed discussion of appropriate alternative rate structures for the City's water and wastewater systems.

### ***City of Grover Beach, California***

#### ***Water and Wastewater Rate Study***

Tuckfield & Associates recently completed a comprehensive Water, Wastewater, and Stormwater Rate Study for the City of Grover Beach. The objectives of the study were to plan for increased charges for water supply and for wastewater treatment services, provide financial resources to meet significant capital improvement expenditures, and establish stormwater charges for a recently established stormwater enterprise fund. Additionally, an objective of the study was to present alternatives for water conservation rates. Three water conservation rate structures were developed for single-family and multifamily residential customers that included a two, three, and four-block rate structure. The City Council adopted the four-block structure developed in the study.

**Water Utility Financial Plan and Rate Study Proposal  
Nipomo Community Services District**

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**Templeton Community Services District**

**Water and Wastewater Rate Study**

Tuckfield & Associates is completing a comprehensive Water and Wastewater Rate Study for the Templeton CSD. The objectives of the study included developing water connection fees to account for the TCSD investment in the Nacimiento Water Project in addition to updating the financial plans and rates for each utility. The study documented the justification for the current water rate blocks for the water system and updated the wastewater residential charge to reflect current equivalent dwelling unit (EDU) definitions.

**References**

Mr. Steve Adams  
City Manager  
City of Arroyo Grande  
208 E. Branch Street  
Arroyo Grande, California 93421  
Phone: (805) 473-5440

Mr. George Edes  
Administrative Services Director  
City of Pismo Beach  
760 Mattie Road  
Pismo Beach, California 93499  
Phone: (805) 773-7010

Mr. Albert Peche  
Public Financial Advisor  
A.M. Peche & Associates  
1025 Morton Street  
Alameda, CA 94501  
Phone: (510) 521-2077

Ms. Lisa Kern  
Senior Financial Analyst  
City of Ventura  
336 Sanjon Road  
Ventura, CA 93002  
Phone: (805) 652-4542

Ms. Gayla Chapman  
Administrative Services Director  
City of Grover Beach  
154 S. 8<sup>th</sup> Street  
Grover Beach, CA 93433  
Phone: (805) 473-4555

Mr. Bill Van Orden/Laurie Ion  
General Manager  
Templeton CSD  
420 Crocker Street  
Templeton, CA 93465  
Phone: (805) 434-4900



**Water Utility Financial Plan and Rate Study Proposal  
Nipomo Community Services District**

**COST ESTIMATE**

Tuckfield & Associates will complete the specified project requirements and deliverables in a timely and efficient manner as expressed in our proposed Scope of Work section. It is estimated that the tasks presented in this proposal can be successfully accomplished for an amount not to exceed **\$25,600** as shown below. Invoices will be submitted monthly for work that complies with the scope of work.

<b>ESTIMATED COST</b>	
Water Utility Financial Plan and Rate Study Nipomo Community Services District	
Task Description	Total
<b>Consultant Services</b>	
<b>Task 1 - Background Review</b>	2
Meeting with Staff	4
<b>Task 2 - Revenue Requirements</b>	28
Work Product #1	4
<b>Task 3 - Financial Plan</b>	24
Work Product #2	4
Meeting with Budget and Finance Committee	4
Revise / Deliver Work Product #1 and #2	2
<b>Task 4 - Cost of Service Analyses</b>	20
<b>Task 5 - Rate Structure Analysis and Design</b>	34
<b>Task 6 - Draft Report</b>	18
Draft Report Meeting with Staff	4
Revise / Deliver Updated Draft Report	6
Meeting with Budget and Finance Committee	4
Meeting with Board of Directors	4
Meeting with Board of Directors	4
Final Draft Report	2
<b>Task 7 - Prop 218 Hearings/Presentations/Reports</b>	
Final Draft Report Presentation / Public Hearing	6
Final Report	2
Final Report Presentation / Public Hearing	4
<b>Total Hours</b>	<b>180</b>
<b>Hourly Billing Rate</b>	<b>\$130</b>
<b>Subtotal Labor</b>	<b>\$23,400</b>
<b>Expenses</b>	
Travel	<b>\$1,480</b>
Other	<b>\$720</b>
<b>TOTAL</b>	<b>\$25,600</b>



## **PROJECT SCHEDULE**

Tuckfield & Associates has a strong track record of meeting client schedules. Our experience in performing rate studies enables us to meet the District's goals in a timely and efficient manner. A time-line schedule is presented on the following page showing the key milestone and target dates.

**Water Utility Financial Plan and Rate Study Proposal  
Nipomo Community Services District**

PROJECT SCHEDULE AND DELIVERABLES Water Utility Financial Plan and Rate Study Nipomo Community Services District																					
Task Description	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17	Week 18	Week 19	Week 25	Week 26
<b>Notice to Proceed</b>	◆																				
1. Background Review	■																				
2. Revenue Requirements		■																			
3. Financial Plan			■				●	●													
4. Cost of Service Analyses					■																
5. Rate Structure Analysis and Design								■													
6. Draft Report										■			●	■		●		●	■	■	
7. Prop 218 Hearings/Presentations/Reports																				■	■
◆ Notice to proceed    ● Meetings    ● Work Product    ■ Draft Report    ■ Final Report    ■ Presentation																					

# **Appendix A Resume**



## G. Clayton Tuckfield, PE MBA

*Principal, Tuckfield & Associates*

*Specializing in Water and Wastewater Financial and Management Studies; Impact Fee Studies; Rate Studies*

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### Education

BS Mechanical Engineering  
Kansas State University, 1980

MBA (Finance),  
University of Kansas, 1985

### Registration

Professional Engineer:  
Kansas

### Total Years Experience

23

### Presentations

AWWA Annual Conference  
and Exposition, Toronto,  
Canada, 1996

ASCE, Phoenix, AZ 1997

AFOA, Phoenix, AZ 1997

Mr. Tuckfield is the Principal of Tuckfield & Associates consulting. He has over 23 years of experience serving in various capacities on work performed for publicly owned water and wastewater utilities. Mr. Tuckfield has performed a variety of financial feasibility and economic analyses studies including utility cost of service and rate design studies, impact fee studies, development of pro forma statements of revenue and operating expense, cash flow analyses, preparation of engineer's reports for revenue bond official statements, valuations of facilities use plans, preparation of alternative financing plans for capital improvement programs, and development of training material for presentation to international interest groups.

### Project Manager / Principal, Water and Wastewater Rate

**Studies.** Mr. Tuckfield has conducted or managed over 60 water and wastewater rate studies for various cities and special districts in California and nationwide. Clients have included the cities of Long Beach, Ventura, and Santa Barbara in California and for many other clients. Rate studies typically involve projection of revenue and expense, development and analyses of pro forma cash flows, review of water consumption and estimated wastewater contribution, cost of service analyses, and design of various rate structures including water conservation rates. Tuckfield & Associates also develops computerized financial planning and rate models allowing clients to analyze present and future utility financial needs.

**Project Manager / Principal, Impact Fee Studies.** Mr. Tuckfield has conducted numerous impact fee studies for water and wastewater facilities and for other government services provided by cities and special districts. Mr. Tuckfield has conducted recent water and wastewater impact fee studies for the cities of Ventura, Arroyo Grande, and Grover Beach and for special districts including South San Luis Obispo County Sanitation District, Templeton CSD, and San Miguel CSD. Impact fee studies involve determining value of fixed assets, CWIP, and CIP; applying appropriate fee methodologies; and developing fair and equitable schedules of impact fees for which to charge new development. Mr. Tuckfield has also conducted impact fee studies for non-utility services including law enforcement, fire protection, transportation, libraries, and administration for the cities of Phoenix, AZ and Grover Beach, California.

## **G. Clayton Tuckfield, PE MBA**

*Principal, Tuckfield & Associates*

*Specializing in Water and Wastewater Financial and Management Studies; Impact Fee Studies; Rate Studies*

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### **Example Water and Wastewater Rate Studies**

- City of Arroyo Grande, California.
- City of Battle Creek, Michigan.
- City of Brawley, California.
- City of Charleston, South Carolina.
- City of Chesapeake, Virginia.
- City of Flagstaff, Arizona.
- City of Fullerton, California.
- City of Georgetown, Texas.
- City of Grover Beach, California.
- City of Homestead, Florida.
- City of Kalamazoo, Michigan.
- City of Long Beach, California.
- City of Modesto, California.
- City of Peoria, Arizona.
- City of Phoenix, Arizona.
- City of Santa Barbara, California.
- City of Ventura, California.
- City and County of Honolulu, Hawaii.
- Mission Springs Water District, Desert Hot Springs, California.
- DuPage County, Illinois.

### **Example Impact Fee Studies**

- City of Arroyo Grande, California.
- City of Goodyear, Arizona.
- City of Gresham, Oregon.
- City of Grover Beach, California.
- City of Pacific City, Oregon.
- City of Peoria, Arizona.
- City of Phoenix, Arizona.
- City of Ventura, California.
- San Miguel CSD, California.
- Templeton CSD, California.
- Town of Cave Creek, Arizona.

# **Appendix B**

## **List of Experience**



## Tuckfield & Associates List of Experience

### Water and Wastewater Rate Studies

City of Arroyo Grande, CA	City of Long Beach, CA
City of Avondale, AZ	City of Modesto, CA
City of Battle Creek, MI	City of Orange Cove, CA
City of Brawley, CA	City of Peoria, AZ
City of Charleston, SC	City of Phoenix, AZ
City of Chesapeake, VA	City of Pismo Beach, CA
City of Fayetteville, AR	City of San Buenaventura, CA
City of Firebaugh, CA	City of Santa Barbara, CA
City of Flagstaff, AZ	City of Sioux City, IA
City of Florence, AZ	City of Sioux Falls, SD
City of Fullerton, CA	City of Westmorland, CA
City of Georgetown, TX	Del Rey CSD, CA
City of Grover Beach, CA	DuPage County, IL
City of Guadalupe, CA	Mission Springs Water District, CA
City of Homestead, FL	San Miguel CSD, CA
City of Imperial Beach, CA	South San Luis Obispo CSD, CA
City of Imperial, CA	Templeton CSD, CA
City of Kalamazoo, MI	Town of Cave Creek, AZ

### Impact Fee Studies

City of Arroyo Grande, CA	City of San Buenaventura, CA
City of Goodyear, AZ	South San Luis Obispo CSD, CA
City of Gresham, OR	Sunchase-Estrella Development, AZ
City of Grover Beach, CA	Templeton CSD, CA
City of Guadalupe, CA	Town of Cave Creek, AZ
City of Pacific City, OR	Town of Wickenburg, AZ
City of Peoria, AZ	

### Municipal Bond Feasibility Studies

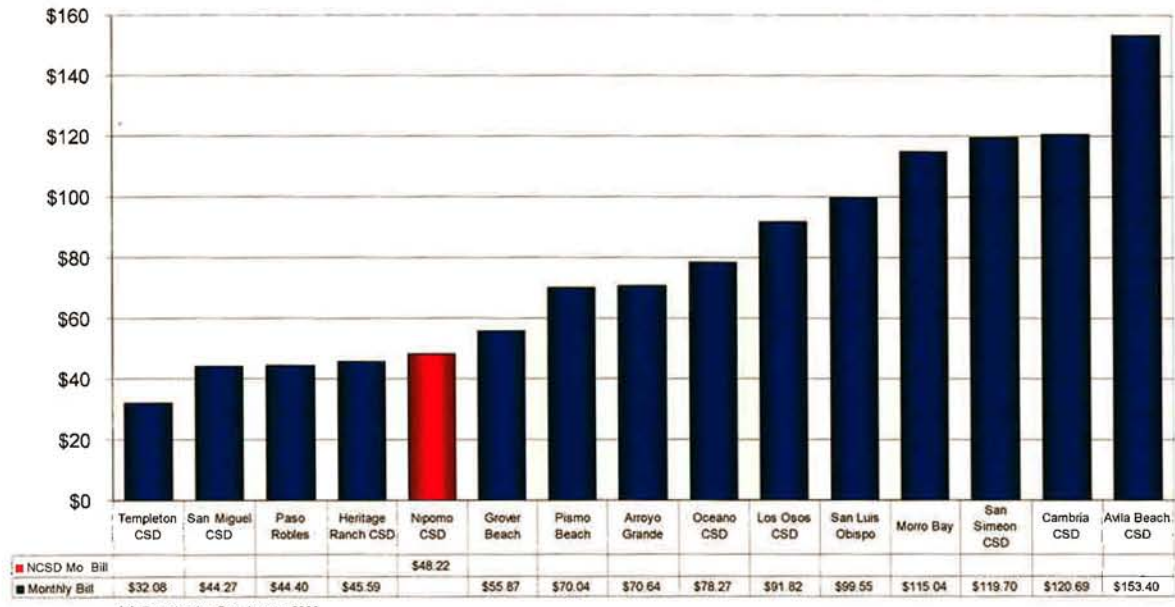
City of Alexandria, LA	City of Woodlake, CA
City of Kansas City, MO	Eugene Water and Electric Board, OR
City of Owensboro, KY	Litchfield Park Service Company, AZ
City of Salem, OR	Memphis Light, Gas, and Water, TN
City of Tacoma, WA	San Dieguito Water District, CA

### Other Feasibility Studies

Location	Type of Study
City of Brownsville, TX	Electric Utility Rate Study
City of Detroit, MI	Organizational Study
City of Oceanside, CA	Capital Facility Review
City of Oceanside, CA	Quarry Market Study
City of Phoenix, AZ	Review of Costs
County of Maui, HI	Pretreatment Program
Imperial Irrigation District, CA	Financial Feasibility Study
Imperial Valley Task Force, CA	Financial Alternatives Study
MWD of Southern California	Review of New Demand Charges
MWD of Southern California	Engineering Department Organization Study
Saudi Consolidated Electric Company	Electric Generating Unit Economic Dispatch
Southwestern Power, MO	Management Review
Superstition Mountain CFD, AZ	Rate Analysis
Texas A&M University, TX	Power Supply Alternatives Study
United Water Conservation District, CA	Water Supply Pricing Model

# **Appendix C Rate Survey**

**Chart 1**  
**San Luis Obispo County Water Agencies**  
**Comparison of Single Family Residential Monthly Water Bills<sup>[1]</sup>**  
**at 20 Ccf per Month**



[1] For rates in effect January 2009



# **Appendix D Quote Sheet**

**NCSD WATER RATE STUDY PROJECT**  
**QUOTE SHEET**

Date: April 28, 2009

NAME OF FIRM: Tuckfield & Associates

NAME OF PRINCIPAL: Mr. Clayton Tuckfield

NAME OF CM TEAM LEADER: Mr. Clayton Tuckfield

ADDRESS: 2549 Eastbluff Drive, Suite 450B, Newport Beach, CA 92660

PHONE: 949-760-9454 FAX: 949-760-2725

E-MAIL: ctuckfield@tuckfieldassociates.com

NOT-TO-EXCEED EXPENDITURE LIMIT FOR ALL FEES & CHARGES INCLUDING

TRAVEL: \$25,600

 4/28/09  
Signature of Principal Authorized to Sign for Firm and Date

*This quote shall be valid for 90 Days from the date of Signature*