

TO: BOARD OF DIRECTORS
FROM: MICHAEL S. LEBRUN *MSL*
GENERAL MANAGER
DATE: SEPTEMBER 20, 2013



AWARD CONTRACT FOR WATER RATE STUDY AND WATER CAPACITY CHARGE STUDY

ITEM

Award contract Water Rate Study and Water Capacity Charge Study [RECOMMEND AWARD WATER RATE AND CAPACITY CHARGE STUDY CONTRACT TO CLAYTON TUCKFIELD AND ASSOCIATES FOR NOT TO EXCEED \$38,000.00]

BACKGROUND

On July 10, 2013, your Board authorized circulation of a request for water rate and capacity charge study proposals. A seven-page request for proposal outlined a comprehensive study of the District water enterprise rates, charges, and fees.

Staff broadly circulated the request and posted it on the CSDA website. Five firms responded to the request on or before the August 30 deadline.

Staff has reviewed the proposals based on:

- Responsiveness to Request for Proposal
- Experience of the team
- Qualifications of personnel
- Cost including fees and reimbursables

Below is a cost summary of the proposals:

Consultant	Proposed Fee	Estimated Completion Time
Tuckfield & Associates	\$38,000	8 months
Willdan Financial Services	\$57,938	6 months
NBS	\$59,040	6 months
Bartle Wells Associates	\$61,500	6 months
The Reed Group, Inc.	\$87,650	8-9 months

The Finance and Audit Committee reviewed the proposals and met on September 12, 2013. The committee discussed the proposals and unanimously agreed to recommend Tuckfield & Associates.

STRATEGIC PLAN

Strategic Plan Item 6.1 – Operate all enterprises fund to be financially sound
Strategic Plan Item 6.2 – Achieve and maintain targeted operating reserves

RECOMMENDATION

It is recommended that the Board of Directors by motion and roll call vote, award the contract to Tuckfield & Associates and direct staff to issue a task order for not to exceed \$38,000.

ATTACHMENTS

- A. Proposal from Tuckfield & Associates

t:\board matters\board meetings\board letter\2013\130925 water rate study.docx

SEPTEMBER 25, 2013

ITEM E-1

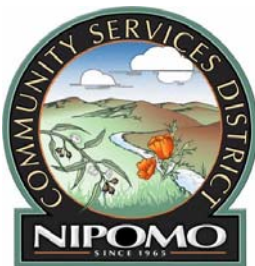
ATTACHMENT A

Proposal to

Nipomo Community Services District

For

Water Rate and Capacity Charge Study



Nipomo Community Services District

148 South Wilson
Nipomo, CA 93444
(805) 929-1133

August 30, 2013



Tuckfield & Associates, 2549 Eastbluff Drive, #450B, Newport Beach, CA 92660
Clayton Tuckfield, email: ctuckfield@tuckfieldassociates.com
phone: (949) 760-9454 fax: (949) 760-2725

Copy of document found at www.NoNewVipTax.com

NIPOMO COMMUNITY SERVICES DISTRICT

Proposal for Water Rate and Capacity Charge Study

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August 30, 2013

Mr. Michael LeBrun
General Manager
Nipomo Community Services District
148 South Wilson
Nipomo, CA 93444

Dear Mr. LeBrun:

I am pleased to submit this proposal to provide consulting services for a Water Rate and Capacity Charge Study for the Nipomo Community Services District (District). Tuckfield & Associates is a specialized consulting firm with extensive experience in conducting similar water rate and fee studies for clients in California and nationwide. Our approach to performing rate and capacity charge studies is based on our commitment to producing quality work for our clients, while creating long-term working relationships.

I will be professionally responsible for conducting the study and will provide hands-on work effort. This will allow me to develop an intimate knowledge of the District's utility system which will be beneficial when attending meetings and presenting results and findings. All rates and fees will be developed in accordance with the American Water Works Association (AWWA) M1 manual of practice and California Urban Water Conservation Council (CUWWC) best management practices as well as California State law.

I have the qualifications, experience, and capabilities to provide the services desired by the District. I have conducted successful studies for agencies as large as the City of Long Beach as well as numerous smaller agencies. I look forward to working with the District on this project. Should the District need any additional information, please contact me at (949) 760-9454.

Very Truly Yours,

TUCKFIELD & ASSOCIATES



G. Clayton Tuckfield
Principal

Proposal for Water Rate and Capacity Charge Study

Nipomo Community Services District

I. Project Approach

Tuckfield & Associates understands that the District would like to update its water utility financial plans, rates, and capacity charges. We believe that the best results for the District will be obtained through transparent communication and collaboration with District staff and stakeholders. The discussion below outlines our approach to the project.

General Approach

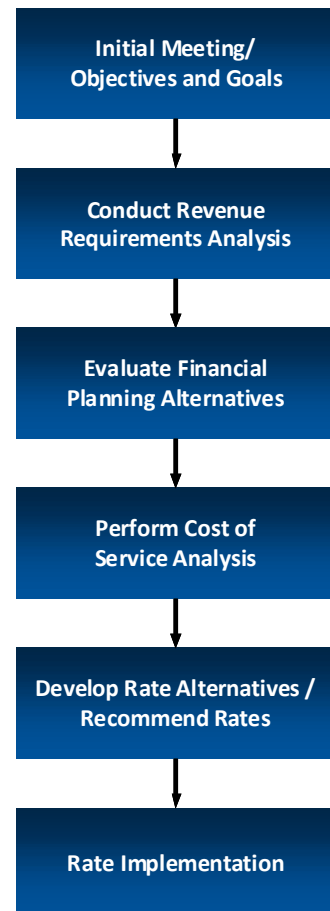
Our rate studies follow the approach that utilities can best achieve implementable rate revisions through open communication at the beginning of the study, to identify the objectives and goals desired by staff and stakeholders. Successful studies are achieved by clearly defining roles, responsibilities, objectives, goals, and milestone dates to efficiently move the project through the appropriate steps. Through these clear definitions, we will be focused on the study objectives and goals when developing the long-range financial and capital plans and utility rates. The following paragraphs highlight key elements of our proposed approach.

Strong Communication and Working Relationships

Tuckfield & Associates believes that participation from staff and other stakeholders is essential to obtaining governing body and public support for the study results. Our analyses, findings, and results are presented, discussed and vetted with staff/stakeholders during the course of the study before being introduced to governing bodies and the public. These meetings and teleconferences will allow the exchange of ideas with the opportunity to provide review and comment such that staff/stakeholders will support the rate and fee results at the presentations to the District Board and general public.

Development of Long-Range Financial Plan

Our comprehensive rate studies include development of long-range operating and capital financial plans. In preparing these plans, the District's current policies and practices for funding its operations, capital improvements and debt service requirements will be analyzed and discussed with District staff. Various financing options or combination of



The City can expect a smooth rate implementation by working through this collaborative process.

options, such as operating revenue, new debt issuance, capacity charges, and other financing mechanisms will be considered.

- **Calculate Annual Revenue Requirements** — The study must identify the annual water system costs over a multi-year process. The cash flow-based revenues supporting the system costs include operations and maintenance expenses and non-operating expenditures such as debt, enhancements to reserves, and pay-go project funding. This step also includes development of financial plans for capital funding.

The objective of immediate revenue sufficiency may cause customer rate shock, so a balance between the competing objectives of sufficient revenue and community acceptability is needed.

- **Understand User Characteristics** — Developing user characteristics through billing information analyses allows us to determine the water demand characteristics of the District’s water customers.

Determination of Cost of Service Allocations

Tuckfield & Associates conducts all of its studies following defensible, cost-causative allocation methodologies by the American Water Works Association (AWWA) and California Urban Water Conservation Council (CUWCC) best management practices (BMP’s) for water utilities, while also recognizing general design considerations employed by engineers when sizing facilities. From these industry standards, rates may be developed from allocated costs of service to customer classes in a sound, justifiable and equitable manner.

- **Develop Costs of Service** — In order to recover costs from customers in proportion to their use of the water utility, and in compliance with Proposition 218, the water use must be identified for each customer class. The District’s costs of providing these services are then allocated to the same functions. The result is compared with the service charges paid by each customer class to validate the equity of the charges.

Evaluation of Alternative Rates

Rate structure alternatives will be developed and discussed with the staff/stakeholders prior to presentation to others. The existing rate structures will be reviewed to reveal equity among customer classes, expected satisfaction with citizen demands, and revenue sufficiency. Proposed rate structures will be designed to incorporate the objectives and goals from the initial and subsequent meetings.

Various factors affect the choice of Rate structures.

The final rate structure should address these factors and consider the objectives of the agency.

Though objectives may often be competitive, a suitable balance is necessary to satisfy all parties.

To best present alternative rate structures to the District, we intend to ascertain several factors that may affect the choice of a rate structure through discussions with staff or stakeholders. Such factors may include reaction to past rate structures and rate increases, the availability of water resources, identifying the largest customers, the socioeconomic status of the service area, and other constraints.

In addition to these factors, the objectives for the rate structures must be well understood. Some of the objectives that the District may consider include revenue stability, changes in customer bills, impacts of conservation, fairness and equity, and simplicity.

▪ **Identify Rate Structure Improvements** — The unit costs of service and the user characteristics are combined to develop rate structure improvements. The options available for consideration are limited only by District policy, data availability and the need for stable revenues.

▪ **Establish and Enact Updated Rates** — Based on professional judgment, discussions with staff, and possible workshops/presentations to stakeholders, the best fee structure is identified. Following the input and discussion with District staff and stakeholders, the recommended updates to the rates and charges are enacted.

It is important to select rate structures that reflect the community's environmental, political, and economic concerns. Tuckfield & Associates has extensive experience in developing rate structures for utilities, through similar work in Southern California, the West Coast, and nationwide. This experience will be beneficial to the District when discussing and developing various rate alternatives.

II. Scope of Work

Based on our understanding of the District's needs, the following tasks describe our proposed scope of work to complete the Water Rate and Capacity Charge Study. While the tasks are listed consecutively, elements of certain tasks may be conducted concurrently with other tasks.

Task 1 – Initial Meeting and Data Collection

The focus of this meeting will be to define goals and objectives for the study and explore the issues generated by a Project Committee or key District staff. The meeting serves as an important first step in assuring that all key members develop a clear understanding of the utility and associated funding mechanisms. Some of the major objectives of the study to be discussed include the following:

- Identify key staff members and the point of contacts for the study
- Establish roles and responsibilities for the project and data gathering
- Identify objectives, goals, and expectations for the study
- Discuss current District Policies
- Review available funding to support the District's water activities
- Discuss details of alternative water rate structures
- Review project schedule and set dates for meetings and deliverables

Prior to the meeting, we will submit a request for information to be gathered by District staff. The information request will include a number of items such as audits, budgets, master plans, design reports, capital improvement plans, billing information, debt service schedules, and several others.

Task 2 – Long Range Financial Planning

The objective of this task is to develop a ten-year financial plan for the water enterprise, projecting the revenue and revenue requirements for the study period. This task requires an assessment of the sufficiency 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 any additional financing requirements. Specific items include the following tasks.

Task 2.1: Review Financial Information, Policies, and Practice

The District's policies regarding the financial, operating and capital reserves, and rate practices will be reviewed and evaluated. These items are essential to the long-term sustainability of the utility. From the evaluation, we will make recommendations that will enhance the utility's ability to meet its financial goals. The policy recommendations will at least include the following.

- Appropriate revenue for sufficiency and rate stability
- Target reserve levels for operating and capital programs
- Annual infrastructure replacement funding from operations
- Debt service coverage to ensure strong bond ratings

Task 2.2: Review and Summarize Billing Information

The customer billing information that is received from the District will be reviewed, analyzed, and summarized for use in the rate study. This information is requested from the District by individual customer account. We will review the information for accuracy and reasonableness for use to determine water losses and supply constraints.

Task 2.3: Develop Rate Model Framework

We will develop a water rate model in Microsoft Excel for use by District staff. The model will include monthly service charges, usage charges, and connection/capacity charges by customer classification as necessary. We will use this model to work with District staff to generate the financial plan and review the proposed water rate and fee structure alternatives. Further discussion is provided in section 5.0.

Task 2.4: Develop Revenue Requirements

In this task, the annual revenue requirements of the water utility will be identified and projected. Budget items and any future costs will be projected for a ten-year forecast period. Revenue Requirements will include operation and maintenance expenses, existing debt service, annual replacement, identification and financing of future capital improvements (CIP), transfers to/from the utility funds, and use of reserves. Revenue requirements will be projected based on historical results, the District's current budget, and current economic trends while accounting for expected operational changes and system growth.

Task 2.5: Industry Benchmarking

In this task, Tuck field & associates will contact up to four other water agencies within San Luis Obispo County, as agreed upon with the District staff. Industry cost benchmarks will be developed from publicly available information from those agencies that will allow the District to assess its operational performance. It should be noted that because small districts tend to have limited accounting detail, the number of available benchmarks will also be limited.

Task 2.6: Develop Water Capacity Charge Assumptions

Assumptions related to determining the Water Capacity Charges will also be developed in Task 2. With the assumptions, preliminary ten-year projection of the sources and uses of funds for the capital funds that receive this fee revenue will be developed. Final projections depend on the final capacity charges.

Task 2.7: Develop Long Range Financial Plans

A ten-year cash flow will be developed to compare revenue under the existing rates to projected revenue requirements over the planning period. Revenues will be projected by developing assumptions regarding customer growth, consumption per account, total consumption, total production, and system losses while using the existing rates and charges. Analysis of the cash flow will determine if any revenue adjustments are needed to meet the revenue requirements while recognizing the financial planning criteria developed for each fund.

The long-range financial plan developed above will be modeled such that assumptions may be changed to assess the impacts to the plan. These variables may include increase/decrease in customer growth and water use per customer, water production vs. supplemental water supply, O&M inflation factors, annual capital funding, and target reserve levels. By varying these assumptions, their sensitivity may be evaluated and the need for higher or lower revenue increases may be determined.

Task 3 – Cost of Service Analyses

The cost of service phase of the study will focus on allocation of costs (revenue requirements) to customer classifications based on cost causative methodologies. The cost allocations will be developed using standards and methodologies from the AWWA manual of practice and CUWCC BMP's.

Task 3.1: Review Customer Usage Patterns and Recommend Customer Classifications

Historical billing summaries will be reviewed and analyzed by customer classification to determine water consumption and water characteristics, such as patterns of use.

Task 3.2: Allocate Costs to Functional Cost Components

The annual revenue requirements will be allocated to functional cost components following standards in the AWWA manuals of practice. Allocations of operation and maintenance expenses will be allocated separately from capital requirements of the system.

Task 3.3: Distribute Functional Costs to Customer Classifications

Costs that have been allocated to functional cost components are distributed to the various customer classifications on the basis of their responsibility for the service provided. Unit costs are developed for the functional cost components which are then applied to the units of service by customer class to determine their individual cost responsibility for the utility's costs.

Task 4 – Rate Structure Analysis and Rate Design

The rate structures that are selected for the utility should be responsive to the needs and philosophy of both the utility and its customers. The selected rate structures are a blend of what may be several competing objectives to accomplish the overall goals desired by the utility and general public. Through discussion with staff, our evaluations of the existing rate structures and design of new rate structures will meet the expectations of the utility and public.

Task 4.1: Evaluate Rate Structures and Calculate Rates

We will evaluate the current rate schedule to validate its applicability for the District's cost structure and customer base and analyze methods to include the cost of new supplemental water into the District's rate structure and billing. Additionally, two alternative rate structures will be proposed to address the goals and objectives of the District while enhancing the fairness and equitability among the users. A recommendation will be made as to which rate structure best meets the District's objectives.

It is intended that the recommended rate structure will result in no decrease in revenue stability, will be easy to administer and understand, and comply with industry practices such as the CUWCC and federal, state, and local regulations for rate setting in California.

District Water Rates (Other than Supplemental). Several alternative rate structures may be discussed with District staff before narrowing the alternatives to two. Possible enhancements to the current rate structure may include evaluating whether the District may benefit from **establishing separate Single-Family Residential consumption rates for each SFR meter size**. In this case, larger Residential meter sizes would be allowed more consumption in the first block, similar to the current rate structure for Commercial customers.

Additionally, the Commercial rate structure and rates may be enhanced by evaluating a rate structure where a **water "allocation" or allotment is established for Commercial customers based on their average consumption for the lowest two billing periods (four months)**. This water allocation could be established from a review of the average water consumed during winter period months for a three-year rolling average and would be applicable to each individual Commercial customer. This method avoids a water budget-based method where the typical method involves counting persons per household of each residential account and establishing an outdoor landscape budget based on evapotranspiration rates such as through the state's Landscape Model Ordinance. A water budget-based method would most likely require the District to purchase a billing system with this capability or to develop software to accommodate this method, in addition to weather monitoring.

Supplemental Water Pass-Through Rate Structure. Under AB 3030, the District may establish the supplemental water supply received from the City of Santa Maria as a pass-through cost, meaning that as the cost of this water supply increases, it can be passed through to the District's customers without a Proposition 218 hearing.

Additionally, because the cost of the project is significant, it is recommended that the District establish a separate fund to account for the revenues and expenses of the supplemental water. The rate structure and rates to be established to recover this cost may be placed as a separate charge on the customer's bill to distinguish this cost from the District's costs over which it has control.

The supplemental water rate structure and rate could be evaluated as a **Parcel Based Supplemental Water Fixed Charge** or a **Water Sales Volume Based Supplemental Water Rate**. From the District’s previous efforts to establish an assessment district for the debt of the supplemental water project, the existing parcel information could be used as means to establish a fixed charge per benefit unit (acre) to recover the supplemental water costs. Alternatively, the supplemental water costs could be recovered based on the District’s annual water sales volume. This method would introduce variation in the revenue stream, so the evaluation will likely require a larger balance to be kept in the fund. Any additional methods would be discussed with District staff prior to undertaking an evaluation.

Supplemental Water Sales to Other Purveyors. Under the Court Ordered Stipulation, the District will sell imported supplemental water to three other water purveyors. The water rate charged to these customers should reflect the District’s full cost of delivering supplemental water to these purveyors.

As requested by the District, a water rate will be developed considering two scenarios: (1) where water is delivered to the stipulating customer, and (2) where the stipulating customer only pays for supplemental water as is required under the Court Ordered Stipulation.

Task 4.2: Determine Bill Impacts

The impact to customer bills is an important aspect of any rate change. We will determine the financial impacts to customers that may result from the existing and alternative rate structures and rates and create a series of tables and figures that show projected rate impacts on different types of customers at different levels of usage. The tables will include the bills for a District SFR customer that uses half the average, the average, and twice the average consumption for each alternative.

Task 4.3: Sensitivity Analysis

The objective of this sensitivity analysis is to assess the interaction between the existing and recommended rate structures with the revenue stream and financial plan developed in Task 2.5, specifically when confronted with changes to customer growth, drought or extreme rain (specifically a 30% and 50% reduction in groundwater production in June – September), and possible mandated requirements. The results of the sensitivity will be sited in the study.

Task 4.4: Determine Capacity Charges

Capacity charges, or sometimes called by other names such as connection fees, system development charges, or impact fees, will be determined for the District based on existing records and data maintained by the District. Applicable State laws (AB 1600), administrative rules, and District ordinances will be reviewed as well as the District’s master plans, fixed assets, or other lists of capital projects regarding their eligibility for connection fees. The costs to be recovered from new customers by customer type will be considered using an appropriate methodology



for the District and consistent with industry practice for connection fees. Separate charges will be established for the Supplemental Water Project and the District’s water system.

Task 4.5: Bill Comparison with Other Communities

Rate schedules will be gathered from other local communities for the purpose of calculating typical bills at various levels of usage. The number of communities chosen for analysis will be agreed upon with the District. Example bills will be developed using the proposed rate structure and compared with typical bills of the other communities at the same consumption.

Task 5 – Rate Model

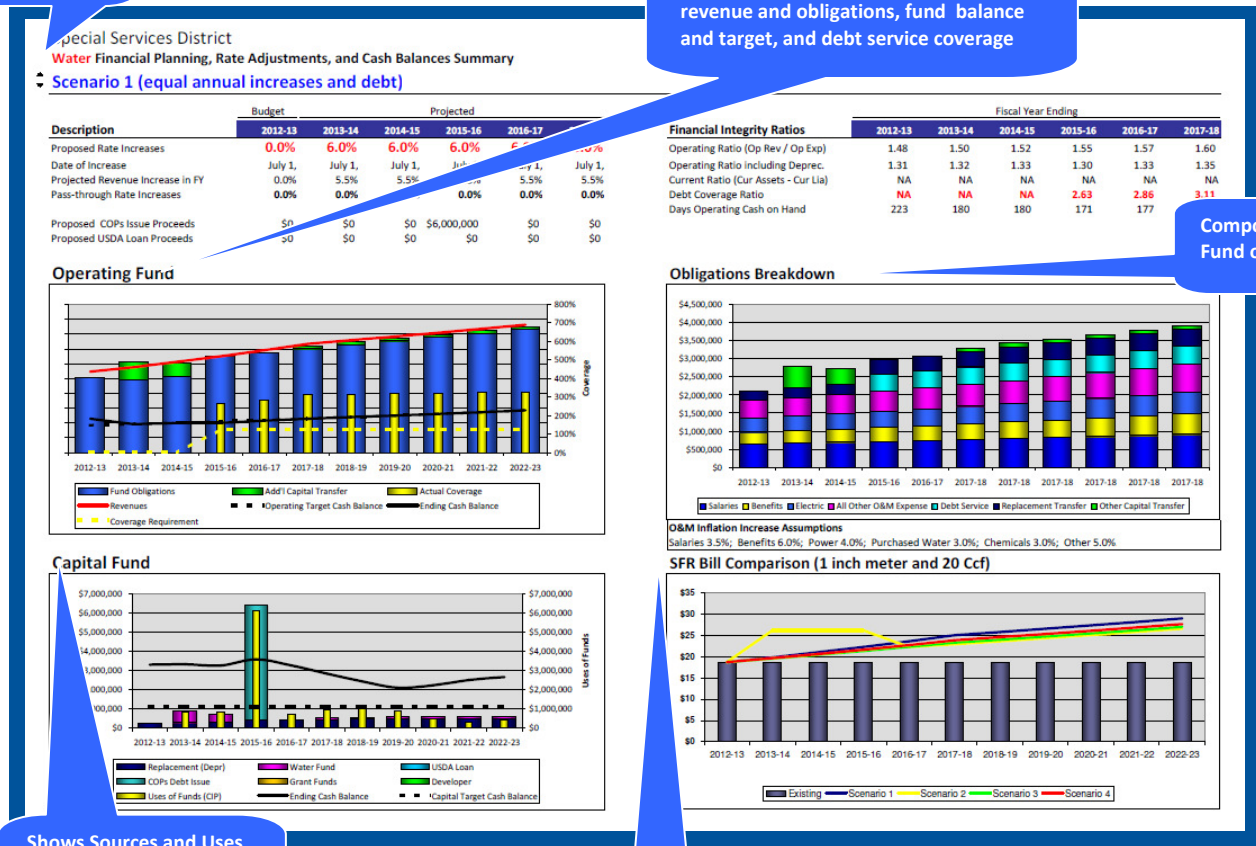
Task 5.1: Develop Rate Model

The purpose of this task is to define structure, functions, architecture and use of the rate models for use by City staff. The objective is to create ownership by City staff of a multiyear financial planning tool that is easy to use and effective in calculating future rates and fees based on revenue requirements. The rate models can be complex, with customized tools or can be as simple as an Excel spreadsheet without customization. Complex models are driven by control “dashboards” as shown in the figure below. These dashboards are particularly useful in meetings and workshops.

Spin Button for predefined scenarios

Shows Operating Fund projections of revenue and obligations, fund balance and target, and debt service coverage

Components of Fund obligations



Shows Sources and Uses of Capital Funds, balance and target balance

Effect of scenario on average SFR

Task 6 – Report Preparation and Meetings

Task 6.1: Work Product #1: 5-Year Financial Plans and Lists of Assumptions

Tuckfield & Associates will submit to the District the Water Rate Study five-year financial plan including a list of assumptions used, projections of revenue and revenue requirements with proposed revenue adjustments, and industry cost benchmarks. Five-year plans for the proposed Water Capacity Charges will also be submitted and will include estimates of the revenue derived from their application.

As part of Work Product #1, it is suggested that this information be presented to the District Board at one (1) meeting to discuss the results and findings of our Work Product #1.

Task 6.2: Work Product #2: Proposed Rate Structures, Capacity Charges, Board Meeting

For the Water Rate Study, this submission will include the two alternative water rate structures and the existing rate structure. The submission for the Water Capacity Charge Study will include the proposed water capacity charges.

As part of Work Product #2, we will participate in one (1) District Board meeting to discuss the results and findings of our Work Product #2. The results and findings will be explained during this meetings as well as the methods used to perform the analyses.

Task 6.3: Work Product #3: Administrative Draft Report and Public Meetings

The financial plans, cost allocations, and proposed rates will be documented in an administrative draft report for the District. The draft report will include an executive summary highlighting the major issues, assumptions, and findings and recommendations. Sections will be included that discuss the financial plans, cost allocation methodologies, design of the proposed rate structures and rates, and water capacity charges.

As part of Work Product #3, we will participate in two (2) public meetings to discuss the results and findings of our Work Product #3. As requested, we will also participate in one (1) meeting with the SLO County staff to review County Ordinance 3090 In Lieu Fee for Nipomo Mesa Water Conservation Area.

Task 6.4: Work Product #4: Draft Final Report and Public Meetings

Comments received from the Board, District staff, and the public will be incorporated into a Draft Final Report for submission to the District. We will also participate in two (2) public meetings to discuss the results and findings of the Draft Final Report.

Task 6.5: Work Product #5: Final Report and Proposition 218

Tuckfield & Associates will prepare a Final Report for delivery to the District. The final report will include the efforts defined in previous tasks and will incorporate the District's comments from the Draft Final Report.

A PowerPoint presentation will be prepared and delivered to the District for review and comment prior to the presentation to District Board and public for the Proposition 218 Hearing. In addition, we will assist the District in the preparation of the Proposition 218 notices by reviewing and advising the District as necessary. To comply with Proposition 218, the notices must be sent to all property owners/customers at least 45 days prior to the public hearing.

Deliverables

- Ten (10) copies and one electronic copy in Adobe PDF format of the Administrative Draft Comprehensive Water Rate and Capacity Charge Study report.
- Ten (10) copies and one electronic copy in Adobe PDF format of the Draft Final Water Rate and Capacity Charge Study report.
- Ten (10) copies and one electronic copy in Adobe PDF format of the Final Water Rate and Capacity Charge Study report.
- Presentation materials used at District Board meetings.
- Microsoft Excel electronic rate model.

III. Qualifications

Tuckfield & Associates Consulting

Tuckfield & Associates is a specialized consulting firm providing project management and financial solutions for publicly owned utilities. Clayton Tuckfield, founder and principal of Tuckfield & Associates, has managed or been directly involved in publicly owned utility financial services for over 25 years. Since 1985, Tuckfield & Associates has used innovative methods combined with time-tested strategies to assist municipalities and special districts in achieving their financial goals. Clients have included public utilities, state and county governments, municipalities, and public districts.

Tuckfield Qualifications Summary

- 25 years of experience
- Over 75 rate studies
- Public Agency Specialization
- Tested Strategies
- Project Management

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
- Connection Fee / Capacity Charge Studies
- Rate Stabilization Studies
- Supporting Information for Official Statements
- Capital Improvement Plan Financing Analyses
- Computer Modeling

Commitment to Clients

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 personal relationship-driven service.

Tuckfield & Associates is highly qualified to provide the professional services requested by the District. We specialize in rate and capacity charge studies with extensive experience serving cities and special districts in California. Recent clients include the following.

- City of Pismo Beach
- City of Firebaugh
- City of Oakdale
- City of Arroyo Grande
- Nipomo CSD
- City of Ventura

Tuckfield & Associates offers several unique advantages to the District that may satisfy the District's expectations for the successful implementation of proposed rate structures and rates. These include the following:

Personalized Service. Mr. Tuckfield works in a collaborative manner with its clients, providing consulting services in a professional and transparent manner with easy explanation of study results. Our collaborative service creates professional relationships that have spanned a decade for some clients.

Experience. Having performed numerous rate and capacity charge studies concentrated in California, with additional studies conducted nationally, we are able to provide a depth of experience to draw upon for this study, using knowledge of methods and alternative rate structures that will be of benefit to the District.

Reliability. The District can rely on a high level of comfort with Tuckfield & Associates, both during and after the study. Mr. Tuckfield has provided professional services to the satisfaction of numerous clients in California resulting in implementation of rates through the Proposition 218 process. The District can be assured that quality services will be provided through our 25 years of experience and from our client references themselves.

California Regulatory Requirements. Mr. Tuckfield has experience with the California regulatory environment which will be beneficial to the District for the best outcome. Recent State legislation includes the enactment of Proposition 218, AB3030, and the state's 20x2020 plan and these have been addressed in previous studies.

IV. Personnel

Clayton Tuckfield, PE MBA– Project Consultant

Mr. Tuckfield will serve as the project consultant for the study and will be the primary contact with the District. He will be responsible for project administration, daily performance of the project, all

deliverables, attending and/or presenting at all meetings, and will produce key elements of the study.

Mr. Tuckfield routinely conducts rate and capacity charge studies as the sole consultant and has completed such studies in this manner for many clients, even for those whose populations have exceeded 100,000. Mr. Tuckfield is an expert in utility financial planning, cost of service, rate structures, and utility management and is a professional dedicated to maintaining high financial and engineering standards.

Mr. Tuckfield has over 25 years of experience and has performed over 75 utility cost of service and rate studies and many other financial feasibility studies. He has performed studies for numerous communities in California ranging from the cities of Long Beach, Ventura, Santa Barbara, Fullerton, Arroyo Grande, Grover Beach, Pismo Beach, Oakdale, and Firebaugh to special districts including Nipomo CSD, Keyes CSD, Hilmar CSD, San Miguel CSD and many others.

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, American Society of Civil Engineers, Arizona Finance Officers Association, and has authored a section of a webinar for the California Special Districts Association (CSDA) and a professional submission for CSDA's bi-monthly magazine. A resume for Mr. Tuckfield is provided in Appendix A of this proposal.

V. Experience and References

Listed below are representative engagements and references for studies delivered by Tuckfield & Associates. These recent and successful municipal utility financial plans and rate studies are a sample of the work provided to California communities. The studies have been prepared in conformance with Proposition 218 and all studies use the cost of service and allocation methods described in the AWWA Manual M1 for water utilities and SWRCB Guidelines and WEF Manual 27 for sewer utilities.

Water and Wastewater Rate Studies, City of Ventura, California

Tuckfield & Associates completed a water and wastewater rate study update for the City of Ventura in 2010, continuing a 20 year relationship with the city that began in 1990. During that time, the city has managed to construct over \$200 million in water and wastewater capital improvements, all while maintaining reasonable increases in water and wastewater rates. Mr. Tuckfield also developed water conservation rates using inverted rate blocks for residential customers while establishing separate rates for non-residential customers, including large industrial users.

Client Reference

Lisa Kern
Senior Management Analyst
City of Ventura
(805) 652-4542
Email: lkern@ci.ventura.ca.us
Award Date: August 2010
Completion Date: February 2011

The 2010 rate study update also addressed several concerns of city staff. Various scenarios were discussed with city staff that evaluated the impact of budget constraints and delay of capital improvements to future years. The rate study update also included review of the water rate structure, compared with industry practice and other local agencies, to determine the validity of the rate structure

in today's environment. Additionally, several scenarios identified the loss in revenue if rate increases were delayed from their normal implementation date. Mr. Tuckfield also developed computerized financial planning and rate models for the city to analyze present and future utility financial needs.

Water and Wastewater Rate Study, City of Pismo Beach, California

Client Reference

Nadia Feeser
Administrative Services Director
City of Pismo Beach
(805) 773-7010
Email: nfeeser@pismo beach.org
Award Date: August 2011
Completion Date: On-going

Mr. Tuckfield is currently completing a comprehensive water and wastewater rate study for the City of Pismo Beach that began in the fall of 2011. Mr. Tuckfield also conducted a study for the City in 2007 that entailed accounting for all financial aspects of the water and sewer rates, including each water supply source, utility debt and assessment debt, and various sub-funds of the utilities. The study included financial planning, cost of service, and rate structures for both water and wastewater. The 2007 study results were adopted by city council.

The current study addresses the city's 2010 Urban Water Management Plan finding that the city needed to reduce its per capita water consumption annually to comply with SB x7-7 as well as plan for significant replacement of infrastructure. One of the water rate structures proposed includes a four-block rate structure to promote conservation. Wastewater rates were developed following the SWRCB revenue program guidelines.

Water Rate Study, Nipomo Community Services District, California

Mr. Tuckfield completed a rate study for the District in 2010 that addressed the District's needs to acquire supplemental water from the City of Santa Maria. As a result of recent legal actions to adjudicate the greater Santa Maria groundwater basin, the District entered into an MOU to contract for 3,000 ac-ft of supplemental water from Santa Maria. In the 2010 study, Mr. Tuckfield assisted the District with evaluating several financial planning scenarios and rates regarding the financing and implementation of the supplemental water project. Rates were ultimately established to cover O&M and capital, without the project, to allow the District meet its on-going obligations while the District pursued establishing an assessment district to finance the project.

Client Reference

Michael LeBrun
General Manager
Nipomo CSD
(805) 929-1133
Email: mlebrun@ncsd.ca.gov
Award Date: May 2009
Completion Date: June 2013

In 2013, Tuckfield & Associates assisted the District's for a bond offering by providing a statement of revenue, expense and debt coverage information for its Official Statement, used to secure partial financing for the supplemental water project.

Water and Wastewater Rate Study, City of Arroyo Grande, California

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. Costs 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.

Client Reference

*Steve Adams
City Manager
City of Arroyo Grande
(805) 473-5440
Email:sadams@arroyogrande.org
Award Date: August 2009
Completion Date: March 2009*

**Water and Wastewater Rate and Connection Fee Study and Billing Review
City of Oakdale, California**

Tuckfield & Associates is currently providing a water and wastewater rate study, connection fee study, and customer billing review for the City of Oakdale. The City is experiencing a revenue shortfall in its wastewater fund and was unable to meet its debt service obligation last year. Tuckfield & Associates was engaged to review the customer billing system for how wastewater rates were applied and make recommendations. The result was to move forward with a new rate study to develop rates that would generate the revenue necessary for the wastewater fund to meet its annual obligations for the next five years. The study also required working with the state of California to modify an SRF loan debt service schedule to reduce the initial impact on rate payers.

Client Reference

*Bryan Whitemyer
City Manager
City of Oakdale
(209) 845-3571
Email:
bwhitemyer@ci.oakdale.ca.us
Award Date: August 2012
Completion Date: On-going*

Water and Wastewater Rate Study, City of Firebaugh, California

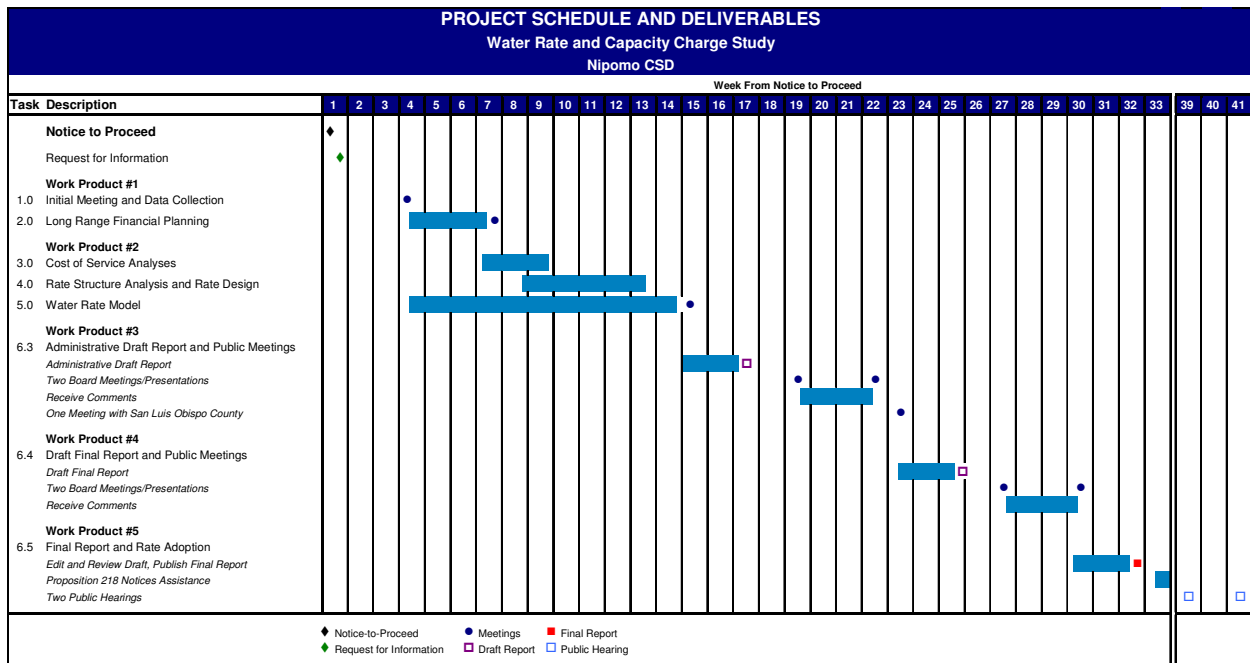
Client Reference

*Pio Martin
Finance Director
City of Firebaugh
(209) 632-3522
Email:
financedirector@ci.firebaugh.ca.us
Award Date: August 2012
Completion Date: On-going*

Tuckfield & Associates completed a water and wastewater rate study for the City of Firebaugh in 2005 when the City was facing numerous future capital improvements in both their water and wastewater systems. The purpose of the 2005 study was to provide a financing plan to secure low interest loans from the USDA and adjust rates to meet the future obligations of each utility. At the same time, it was recognized that existing water revenue bond debt could be refinanced to lower the debt service payments. Tuckfield & Associates developed financial plans and rates for the water and wastewater utilities and provided information to the bond disclosure counsel for use by the bond rating agencies in the debt refinance. A Consultant’s Certificate was executed and included in the closing documents. The City engaged Mr. Tuckfield again in 2012 to conduct a Water and Wastewater Rate Study update for the City.

VI. Schedule

Tuckfield & Associates has a strong track record of meeting client schedules. Our experience in performing rate studies enables us to meet the City’s goals in a timely and efficient manner. A **suggested** time-line schedule is presented below in text and in graphical formats showing key milestone and target dates. The dates listed are approximate based on timely receipt of information and acceptance of the study by the District and public. The time-line can be adjusted to meet the District’s specific needs.



VII. Cost Proposal

Tuckfield & Associates provides comprehensive studies with competitive pricing and billing rates. We propose to accomplish the tasks described in our scope of work section for a cost not-to-exceed estimate of \$34,700. The cost estimate is based on our standard hourly billing rates and the number of hours estimated to complete each task. Direct expenses will be billed at cost and will include expenses related to travel, lodging, mileage, meals, long distance telephone, printing and binding, and other direct costs.

Our cost proposal is provided on the following page and is also presented on District’s Quote Sheet on page 17. Additional meetings can be provided at our standard hourly billing rates. Invoices for work effort associated with the rate studies will be invoiced monthly and payable within 30 days of the invoice date.

ESTIMATED PROJECT COST			
Water Rate and Capacity Charge Study			
Nipomo CSD			
Task No.	Task Description	Hours by Task	Cost by Task
Consultant Services			
Work Product #1			
Task 1.0	Initial Meeting and Data Collection	3	
Task 2.0	Long Range Financial Planning		
2.1	Review Financial Information, Policies and Practice	2	
2.2	Review and Summarize Billing Information	6	
2.3	Develop Rate Model Framework	2	
2.4	Develop Revenue Requirements	6	
2.5	Industry Benchmarking	8	
2.6	Develop Capacity Charge Assumptions and Plans	2	
2.7	Develop Long Range Financial Plans	16	
	Board Meeting/Presentation	4	
		49	\$6,615
	Expenses		\$658
	Total Work Product #1		\$7,273
Work Product #2			
Task 3.0	Cost of Service Analyses		
3.1	Analyze Customer Classes	2	
3.2	Allocate Costs to Functional Cost Components	3	
3.3	Distribute Functional Costs to Classifications	3	
Task 4.0	Rate Structure Analysis and Rate Design		
4.1	Evaluate Rate Structures and Calculate Rates	36	
4.2	Determine Bill Impacts	6	
4.3	Sensitivity Analysis	4	
4.4	Finalize Water Capacity Charges	42	
4.5	Bill Comparison With Other Communities	2	
Task 5.0	Water Rate Model		
5.1	Develop Rate Model	16	
	Board Meeting/Presentation	4	
		118	\$15,930
	Expenses		\$466
	Total Work Product #2		\$16,396
Work Product #3			
Task 6.3	Administrative Draft Report and Public Meetings		
	Administrative Draft Report	16	
	Two Board Meetings/Presentations	8	
	One Meeting with San Luis Obispo County	3	
		27	\$3,645
	Expenses		\$918
	Total Work Product #3		\$4,563
Work Product #4			
Task 6.4	Draft Final Report and Public Meetings		
	Draft Final Report	12	
	Two Board Meetings/Presentations	8	
		20	\$2,700
	Expenses		\$670
	Total Work Product #4		\$3,370
Work Product #5			
Task 6.5	Final Report and Rate Adoption		
	Edit and Review Draft, Publish Final Report	8	
	Proposition 218 Notices Assistance	2	
	Two Public Hearings	8	
		18	\$2,430
	Expenses		\$668
	Total Work Product #5		\$3,098
Total Hours		232	
Hourly Billing Rate		\$135	
Subtotal Labor		\$31,320	
Estimated Direct Expenses		\$3,380	
TOTAL COST		\$34,700	\$34,700

NIPOMO COMMUNITY

BOARD MEMBERS
JAMES HARRISON, PRESIDENT
LARRY VIERHEILIG, VICE PRESIDENT
DAN GADDIS, DIRECTOR
BOB SLAIR, DIRECTOR
CRAIG ARMSTRONG, DIRECTOR



SERVICES DISTRICT

STAFF
MICHAEL S. LEBRUN, GENERAL MANAGER
LISA DOGNUDA, FINANCE DIRECTOR
PETER SEVCIK, P.E., DIRECTOR OF ENG & OPS
MIKE SEITZ, GENERAL COUNSEL

Serving the Community Since 1965

148 SOUTH WILSON STREET POST OFFICE BOX 328 NIPOMO, CA 93444 - 0326
(805) 929-1133 FAX (805) 929-1932 Website address: ncsd.ca.gov

WATER RATE AND WATER CAPACITY STUDY QUOTE SHEET

Date 8/30/2013

Name of Firm Tuckfield & Associates

Work Product #1 cost	\$ <u>7,273</u>
Work Product #2 cost	\$ <u>14,396</u>
Work Product #3 cost	\$ <u>4,563</u>
Work Product #4 cost	\$ <u>3,370</u>
Work Product #5 cost	\$ <u>3,098</u>
Contract Price, including reimbursables (Not-to-Exceed)	\$ <u>34,700</u>

(Note: The cost breakdown by Work Product is meant to provide insight to proposal reviewers on the time allotted for each Work Product. The total contract price is the only set 'Not-to-exceed' value.)


Signature of Principal Authorized to sign for Firm

8/30/2013
Date

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

Appendix A

Resume

A resume for Clayton Tuckfield is provided in Appendix A.

Clayton Tuckfield, PE MBA

Principal, Tuckfield & Associates Consulting

Education

M.B.A. – Finance,
University of Kansas,
Lawrence, KS, 1985

B.S. – Mechanical
Engineering, Kansas State
University, 1980

Registration

Professional Engineer:
Kansas

Years of Experience

27

Presentations

CSDA 2011 Nov/Dec
Magazine

CSDA 2011 Rate Webinar

AWWA Annual Conference
and Exposition
Toronto, Canada

ASCE, Phoenix, AZ

AFOA, Phoenix, AZ

Mr. Tuckfield is the Principal of Tuckfield & Associates consulting. He has over 25 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.

Mr. Tuckfield has conducted or managed over 75 water and wastewater rate studies for various cities and special districts in California and nationwide. Clients have included the cities of Ventura, Long Beach, Santa Barbara, Santa Cruz, Pismo Beach, Arroyo Grande, Fullerton, Modesto, and Oakdale in California and for many other clients.

Water and Wastewater Utility Rate Studies, City of San Buenaventura, Ventura, California. Mr. Tuckfield has performed rate study updates almost on an annual basis for the City from 1990 through 2010. In the most recent study, Mr. Tuckfield worked with City staff to extend the study period to 10 years, develop various cash flow scenarios for alternative CIP plans, expand water customer classifications to reflect actual operations, developed analyses regarding the City's outside rate differential, and presented draft results to City staff. He has also prepared information for City staff's use for conducting internal meetings on an as needed basis.

Water and Wastewater Impact Fee Study, City of San Buenaventura, Ventura, California. In 2009, Mr. Tuckfield conducted an impact fee study for the City. Mr. Tuckfield conducted a similar study for the City in 2004 that established impact fees in relation to meter capacity. The most recent study included an allocation of assets between new development and shared facilities, an update to the value of fixed assets and CWIP and CIP, application of appropriate fee methodologies, and development of fair and equitable schedules of impact fees for which to charge new development.

Water and Wastewater Cost of Service and Rate Study, Long Beach, California. Mr. Tuckfield was responsible for cost of service and rates for the water and wastewater utilities for the City. The project work included development of utility rates to promote water conservation and to allow easy implementation and acceptance. The work effort also included development of computer models to enable the Department to annually review utility rates. The project included working closely with a departmental task force to develop alternative rate structure for eventual implementation.

Clayton Tuckfield, PE MBA

Principal, Tuckfield & Associates Consulting

Wastewater Rate Study, City of Santa Barbara, California. Working as a sub consultant to a large regional consulting firm, Mr. Tuckfield performed a wastewater rate study for the City that involved developing a revenue plan, allocating costs, and designing several rate structures that included fixed and variable components. The revenue plan review noted a low cash reserve level because the City had included other assets into its beginning fund balance. The study identified necessary rate increases that were adopted by City Council. Justification of the current cost allocations was also performed.

Water and Wastewater Rate Study, City of Arroyo Grande, California. Mr. Tuckfield has had a long standing relationship with the City, spanning over a decade of successfully completed water and wastewater rate studies including studies in 1999, 2003, 2006, and in 2009. In the 2009 rate study, a major objective was to make recommendations to address significant cost increases in surface water supply from Lake Lopez, which is 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 and recovered through bi-monthly fixed charges. 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.

Water and Wastewater Rate Studies, City of Grover Beach, California. Mr. Tuckfield recently completed a comprehensive Water and Wastewater Rate Study for the City of Grover Beach. The objectives of the study were to plan for increased charges for water supply and wastewater treatment services, maintain debt service coverage ratios for future anticipated debt issues. The City also planned to construct significant capital improvement projects for both utilities and rates were established to meet all future obligations for a 5-year study period.

Water Utility Rate Study, City of Fullerton, California. Working with a City organized task force, this study included a detailed analysis of the City's Water Fund. Mr. Tuckfield developed pro forma revenue, revenue requirements, and cash flows including review of the water utility program costs for reasonableness, which resulted in a recommendation to reallocate some of the utility overheads. Costs were compared to other local cities including various operational ratios and franchise fees. The task force accepted the recommendations including cash flow, cost of service allocations and rate design. The proposed utility rates were adopted by the City Council.

Representative Water and Wastewater Rate Studies

- City of Avondale, AZ
- City of Grover Beach, CA
- City of Santa Cruz, CA
- City of Arroyo Grande, CA
- City of Homestead, FL
- Santa Barbara, CA
- City of Battle Creek, MI
- City of Imperial Beach, CA
- City of Sioux City, IA
- City of Brawley, CA
- City of Imperial, CA
- City of Sioux Falls, SD
- City of Charleston, SC
- City of Kalamazoo, MI
- City of Westmorland, CA
- City of Chesapeake, VA
- City of Long Beach, CA
- DuPage County, IL
- City of Fayetteville, AR
- City of Modesto, CA
- Hilmar County WD, CA

Clayton Tuckfield, PE MBA

Principal, Tuckfield & Associates Consulting

- City of Firebaugh, CA
- City of Flagstaff, AZ
- City of Florence, AZ
- City of Fullerton, CA
- City of Georgetown, TX
- City of Oakdale, CA
- City of Orange Cove, AZ
- City of Peoria, AZ
- City of Phoenix, AZ
- City of Pismo Beach, CA
- Mission Springs WD, CA
- Nipomo CSD
- San Miguel CSD, CA
- Templeton CSD, CA
- Town of Cave Creek, AZ

Representative Municipal Bond Feasibility Studies

- City of Alexandria, LA
- City of Kansas City, MO
- City of Owensboro, KY
- City of Salem, OR
- City of Tacoma, WA
- Eugene Water & Elec, OR
- Litchfield Park, AZ
- Memphis Gas, Water, TN
- San Dieguito WD, CA

Other Feasibility Studies

- City of Brownsville, TX - Electric Utility Rate Study
- City of Detroit, MI - Organizational Study
- City of Phoenix, AZ - Impact Fee Review
- 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, CA - Review of New Demand Charges
- Saudi Consolidated Electric Co. - Electric Generation Dispatch Model
- Texas A&M University, TX - Power Supply Alternatives Study
- United Water Conservation District - Water Supply Pricing Model

Publications/Presentations

"Value of Rate Study in Project Finance", CSDA November/December 2011 Magazine, Sacramento, California

"Role of Rate Study with USDA Financing", CSDA Webinar, September 22, 2011, Sacramento, California

"Committee Involvement Facilitates Rate Implementation", AWWA Annual Conference and Expo, Toronto, Canada 1996

"Arizona Utility Rates", ASCE Arizona Fall Conference, Phoenix, Arizona 1997

"Utility Rate Seminar", Arizona Finance Officers Association, Spring Meeting, Flagstaff, Arizona 1998

Appendix B

District Staff Responsibilities and Information Requirements

A discussion of District Staff responsibilities and information requirements for the Water Rate and Capacity Charge Study is provided in Appendix B.

District Staff Responsibilities

The primary responsibilities for District staff will be to participate in the project meetings and to review and provide comments on the preliminary results from the rate analyses and draft documents. District staff will be involved in making policy decisions with respect to the rate structure. Each of our rate studies is designed to meet the specific needs and objectives of each client, and participation by District staff is essential to defining these needs and objectives.

Information Requirements

To meet the project schedule and complete the studies in a timely and efficient manner, the District will need to gather appropriate information for use in the study. An example of the data requirements necessary to complete the study is provided below. Prior to the first project kick-off meeting, we will provide a comprehensive request for information to the District. This information will include, but not necessarily limited to, the following.

Financial Information

- Financial statements for the completed last five fiscal years
- Debt service schedules for outstanding debt for wastewater enterprise fund
- Detailed operating budgets for Fiscal Year 2013-14 and the last five fiscal years showing historical line item expenses for the same time periods
- Miscellaneous revenue for the past five years
- Current Rate Resolutions for the water enterprise
- Contracts with wholesale purveyors and any special or contract customers

Units of Service Information

- Summary of the number of water customers by classification and meter size at the end of each of the previous five fiscal years and current year
- Billed water consumption by customer class along with corresponding water sales revenue for each of the previous five fiscal years and current year to date
- Customer Billing System Information Database
 - Unique Meter No. or Account No.
 - Meter Size
 - Customer Class (Single Family, Multi Family, Commercial, Industrial, Irrigation etc.)
 - Monthly Billed usage for the previous 60 months read dates or days of services for the corresponding bills
 - Lot Size in sq ft (if available)
 - Building Size or House Foot Print in sq ft (if available)

- Assessor's Parcel Number (if available)
- Measured Landscape Area in sq ft (if available)
- Dwelling Units for each multi-family or mobile home park account

Engineering Data and Other System Information

- Capital improvement program for water system
- Master Plans, Urban Water Management Plan, previous Capacity Charge reports, new development plans, and other pertinent studies
- Existing Financial Policies of the District including Debt Coverage Ratios, Reserve Policies, etc.
- Any other additional information deemed pertinent
- Fixed Asset data for water utility categorized by function such as source of supply, well pumping, booster pumping, treatment, transmission and distribution mains, storage, meters and services, hydrants, and general plant

TO: MICHAEL S. LEBRUN *MSL*
GENERAL MANAGER

FROM: PETER V. SEVCIK, P.E.
DIRECTOR OF ENGINEERING
AND OPERATIONS

DATE: SEPTEMBER 18, 2013

**AGENDA ITEM
E-2
SEPTEMBER 25, 2013**

**STANDPIPE TANK MODIFICATION AND REHABILITATION PROJECT
AUTHORIZATION TO BID**

ITEM

Authorize staff to bid Standpipe Tank Modification and Rehabilitation Project [RECOMMEND AUTHORIZE STAFF TO ADVERTISE PROJECT FOR BIDS].

BACKGROUND

The 2007 Water and Sewer Master Plan recommended that the District modify the inlet piping on the Standpipe Tank to improve mixing within the tank and minimize the potential for water quality problems within the tank. The District retained Cannon to design the project. The Standpipe Tank was inspected in March 2012 in part to support the design effort but also as part of the District's regular tank inspection program. The inspection identified significant blistering and corrosion of the interior shell of the tank and recommended that the interior of the tank be recoated. Since the tank needs to be taken out of service for both installation of the new inlet and recoating of the interior of the tank, staff is combining the projects to minimize staff resources and costs related to taking the tank out of service.

The plans and specifications for the project are being finalized. In accordance with the District's Purchasing Policy, staff needs Board approval to solicit bids for the project.

Regarding compliance with the California Environmental Quality Act (CEQA), the project involves the modification of existing facilities with no capacity increase and is categorically exempt. Staff will file a CEQA Notice of Exemption for the project.

FISCAL IMPACT

The estimated construction cost is \$285,000 including a 10% contingency. Construction management costs are currently estimated at \$43,000. Funding in the amount of \$400,000 is budgeted in FY 2013-2014 for the project.

Staff expects to return to your Board with a recommendation for contract award in December 2013.

RECOMMENDATION

Staff recommends that the Board authorize staff to solicit bids to construct the Standpipe Modification and Rehabilitation Project and authorize staff to file a Notice of Exemption for the project.