



NOTICE OF BUDGET & FINANCE COMMITTEE MEETING

NOTICE IS HEREBY GIVEN that the San Lorenzo Valley Water District has called a regular meeting of the Budget & Finance Committee to be held Tuesday, **September 27, 2016 at 9:30 a.m.** at the Operations Building, 13057 Highway 9, Boulder Creek, California.

AGENDA

1. Convene Meeting/Roll Call
2. Oral Communications
This portion of the agenda is reserved for Oral Communications by the public for items which are not on the Agenda. Please understand that California law (The Brown Act) limits what the Board can do regarding issues raised during Oral Communication. No action or discussion may occur on issues outside of those already listed on today's agenda. Any person may address the Committee at this time, on any subject that lies within the jurisdiction of the District. Normally, presentations must not exceed three (3) minutes in length, and individuals may only speak once during Oral Communications. Any Director may request that the matter be placed on a future agenda or staff may be directed to provide a brief response.
3. Old Business:
Members of the public will be given the opportunity to address each scheduled item prior to Committee action. The Chairperson of the Committee may establish a time limit for members of the public to address the Committee on agenda items.
 - a. DRAFT CAPITAL COST-OF-SERVICE STUDY REPORT
Discussion and possible action by the Committee regarding the draft Capital Cost-of-Service Study report.
4. New Business:
Members of the public will be given the opportunity to address each scheduled item prior to Committee action. The Chairperson of the Committee may establish a time limit for members of the public to address the Committee on agenda items.
 - a. RATE STUDY REQUEST FOR PROPOSALS
Discussion and possible action by the Committee regarding the Rate Study RFP.
 - b. LOMPICO CALPERS UNFUNDED LIABILITY
Discussion and possible action by the Committee regarding the Lompico CalPERS unfunded liability.

5. Informational Material: None.
6. Adjournment

In compliance with the requirements of Title II of the American Disabilities Act of 1990, the San Lorenzo Valley Water District requires that any person in need of any type of special equipment, assistance or accommodation(s) in order to communicate at the District's Public Meeting can contact the District Office at (831) 338-2153 a minimum of 72 hours prior to the scheduled meeting.

Agenda documents, including materials related to an item on this agenda submitted to the Committee after distribution of the agenda packet, are available for public inspection and may be reviewed at the office of the District Secretary, 13060 Highway 9, Boulder Creek, CA 95006 during normal business hours. Such documents may also be available on the District website at www.slvwd.com subject to staff's ability to post the documents before the meeting.

Certification of Posting

I hereby certify that on September 23, 2016, I posted a copy of the foregoing agenda in the outside display case at the District Office, 13060 Highway 9, Boulder Creek, California, said time being at least 72 hours in advance of the regular meeting of the Budget & Finance Committee of the San Lorenzo Valley Water District in compliance with California Government Code Section 54956.

Executed at Boulder Creek, California, on September 23, 2016.

Holly B. Morrison, District Secretary
San Lorenzo Valley Water District



REQUEST FOR PROPOSALS

TO PROVIDE:

**CONSULTING SERVICES TO THE
SAN LORNZO VALLEY WATER DISTRICT**

PROJECT TITLE:

2016 TEN-YEAR REVENUE STUDY

RESPONSE DUE BEFORE 3:00 P.M.

ON

DECEMBER 9, 2016

**San Lorenzo Valley Water District
13060 Highway 9
Boulder Creek, CA 95006
(831) 430-4625**

I. INTRODUCTION

The San Lorenzo Valley Water District is soliciting proposals from qualified firms to conduct a Ten-Year Revenue Study to assist in determining how the District funds the administration, operation, maintenance and capital replacement of its water and sewer systems. The District is seeking a multi-year plan to align revenue with expenses, with an understanding that projected capital replacement expenses will grow incrementally as revenue is increased on a per-fiscal year basis.

The study will evaluate all current water and sewer rates, system revenue generation and full cost recovery. The results will provide recommendations for revenue structures that will meet all revenue and debt service requirements. The proposed revenue structures will comply with all federal, state and local regulations.

The goals of the Ten Year Revenue Study include:

- Utilizing the recently completed Cost-of-Service study, providing four projections balancing revenue against expenses. Projections shall include:
 - Revenue versus expenses are balanced beginning in the first year.
 - Revenue versus expenses are balanced by the fourth year.
 - Revenue versus expenses are balanced by the sixth year.
 - Revenue versus expenses are balanced by the eleventh year.
- Utilizing two District selected projections, providing no less than three revenue options for each projection, including:
 - Rates and Charges
 - Loans
 - Bonds, including Green-Bonds
 - Assessment Districts
 - Other creative financing options
- Unless the District provides specifics, all projections will include standard industry assumptions (e.g. inflation regarding labor, energy and material).

The District anticipates submission of a final Revenue Study no later than April 14, 2017 and a formal Board Presentation on May 4, 2017.

The District anticipates setting a three-year budget and five-year Capital Improvement Program(CIP) by selecting one of the consultant provided projections or variation thereof. At the end of the third year the District anticipates reviewing progress and making adjustments as needed to realign revenue with expenses.

II. GENERAL INFORMATION

A. Water

San Lorenzo Valley Water District (SLVWD or District) is an urban water supplier to approximately 8,200 customers. The District was established in 1941 and serves several communities within the 136 square-mile San Lorenzo River watershed. The District owns, operates, and maintains four water systems that supply separate service areas from separate water sources. The North Service Area includes the unincorporated communities of Boulder Creek, Brookdale, and Ben Lomond and Lompico (under separate water permit). The South Service Area encompasses portions of the City of Scotts Valley and adjacent unincorporated neighborhoods. The Mañana Woods subdivision became part of

the South Service Area as a result of the District's annexation of the Mañana Woods Mutual Water Company in July 2006. The Felton Service Area was acquired by the District from California American Water in September 2008 and includes the town of Felton and adjacent unincorporated areas.

The District's legal boundaries encompass approximately 62 square miles. Land uses include timber, State and regional parks, water supply watersheds, rural residential, low-density urban residential and commercial, quarries, agriculture, and other open space. Within these boundaries, the District's four service areas have a combined area of approximately 26 square miles and individual areas as follows: North Service Area (20.9 square miles) and Lompico (2.5 square miles), South Service Area (0.8 square mile), and Felton Service Area (2.2 square miles). Their individual water supply systems are referred to as the North, South, and Felton Systems.

The District relies on both surface water and groundwater resources, including nine currently active stream diversions, one groundwater spring, and eight active groundwater wells. These sources are derived solely from rainfall within the San Lorenzo River watershed.

The scale and complexity of SLVWD's water distribution system reflect the San Lorenzo Valley's rugged topography, dispersed pattern of development, and widely distributed raw water sources. The District's three systems have limited above-ground storage capacity equal to a few days' average use, and rely on groundwater for seasonal and year-to-year storage. The District produces and treats water based on relatively immediate water demand.

B. Wastewater

The District's Bear Creek Estates Wastewater System operates in and around the neighborhoods along Deerwood Drive, Harmon Gulch and Timberwood Road. The Bear Creek Estates Sanitary System (BCESS) system serves approximately four dozen homes.

C. District Operations

The District operates on a fiscal calendar starting July 1 through June 30. The District recently completed a Cost-of-Service study that projects total cost necessary to fully fund operational and capital expenses in 2016 dollars. The consultant should utilize this Cost-of-Service study when considering future rates and revenue sources.

The District recently completed a Capital Facility Assessment that proposes the District should be replacing approximately \$2.6M in infrastructure yearly over the next ten years. A concern for this study will be balancing how the District funds infrastructure replacement with stable water and sewer rates. The District is interested in exploring (green)bonds and/or formation of Assessment Districts as financing mechanisms for capital replacement needs.

The District recently completed a staffing study to assist in determining what compliment of positions a water district of equivalent size and complexity would need to operate efficiently. The staffing study proposes that the District should consider expanding its workforce from the current 33 positions to a total of 39 positions. The proposed Organization Chart is provided for your reference.

In addition, the District is considering hiring a capital project construction crew of four to five individuals. The intent would be to capitalize the employee cost and dedicate this construction crew to pipeline installation.

A concern for this study will be the rate at which the new positions are created and filled. A multiyear hiring approach should be considered in the rate study to determine how to balance District operational needs with stable water and sewer rates.

III. PROJECT SCOPE OF SERVICES

The proposed scope of required services for this project includes:

TASK 100 – PROJECT MANAGEMENT AND INFORMATION COLLECTION

Consultant shall provide overall project management including contract administration, budget and schedule tracking, kick-off and progress meetings and controls. Consultant shall assume three meetings with staff and five public meetings (Board and/or special meetings).

Consultant shall provide internal quality control and quality assurance procedures.

Consultant shall propose a project schedule that meets or exceeds the timeline provided in this Request for Proposals.

TASK 200 – REVENUE STUDY

The study shall be cost based and shall include the following:

- Consultant shall develop an understanding of the recently completed Cost of Service Study.
- Consultant shall develop an understanding of the existing rate structures and the assumptions underlying cost distribution to the various cost centers.
- Consultant shall develop an understanding of the District's reserve policies and other financial policies. Ensure recommendations meet cash flow objectives.
- Consultant shall assess existing customer service fee structure and identify potential areas for service and system charges and recommend changes.
- Consultant shall propose current and future revenue needed to provide water and wastewater services in conformance with established and anticipated changes to standards and regulations.
- Consultant shall develop rate schedules for each projection that reflects the District's priorities of conservation, customer equity and capital replacement.
- Consultant shall demonstrate that costs from each projection are equitably distributed in proportion to the benefit received by rate payers.

The study shall:

- Utilizing the recently completed Cost-of-Service study, providing four projections balancing revenue against expenses. Projections shall include:
 - Revenue versus expenses, including a fully funded CIP, are balanced beginning the first year.
 - Revenue versus expenses, including a fully funded CIP, are balanced by the fourth year.
 - Revenue versus expenses, including a fully funded CIP, are balanced by the sixth year.
 - Revenue versus expenses, including a fully funded CIP, are balanced by the eleventh year.
- Utilizing two District selected projections, providing no less than three revenue options for each projection, including:
 - Rates and Charges
 - Loans
 - Bonds, including Green-Bonds
 - Assessment Districts
 - Other creative financing options

Consultant shall study available documentation and conduct sufficient field investigation to establish appropriate knowledge of the District to make appropriate assumptions.

TASK 300 – FINAL REVENUE STUDY REPORT

Consultant shall prepare a final report that provides a detailed analysis of work performed and assumptions made. The report shall provide a clear written analysis of the basis upon which needs were calculated.

Final report shall include an easy-to-use electronic rate model, preferably in Excel format. Consultant shall provide adequate training for said model.

Consultant shall provide seven (7) hard copies (one wet signature and six copies) and a digital pdf of the final report.

IV. PROPOSAL REQUIREMENTS

The proposal shall not exceed 13 pages excluding resumes, cover letter, dividers, front and back covers. Responses to this RFP shall be in the following order and shall include:

1. Executive Summary (1 page maximum)

Summarize the contents of your firm's proposal in a clear and concise manner.

2. Project Description (2 pages maximum)

- i. Explain the objective of the project and how you propose to accomplish the recognized goals.
- ii. Describe the services and deliverables to be provided.
- iii. Include a statement on what makes your firm uniquely qualified.

3. Identification of Prime Consultant (1 page maximum)

- i. Legal name and address of the company.
- ii. Legal form of company (partnership, corporation).
- iii. If company is wholly owned subsidiary of a "parent company," identify the "parent company."
- iv. Name, title, address and telephone number of person to contact concerning the Response Submittal.
- v. Number of staff and the discipline/job title of each.

4. Identification of Sub Consultants, if any (1 page maximum)

- i. Legal name and address of the company.
- ii. Name, title, address and telephone number of prime contact
- iii. Number of staff and the discipline/job title of each.

5. Project Organization and Experience of the Project Team (3 pages maximum, not including resumes)

- i. Describe proposed project organization, including identification and responsibilities of key personnel, including sub-consultants. Include only one-page resumes.
- ii. Describe the experience of the Project Manager and the experience that the proposed personnel have working on past projects as a team.
- iii. Describe project management approach to the work effort, locations where work will be done, responsibilities for coordination with the District, lines of communication necessary to maintain design on schedule.
- iv. Describe a proposed schedule showing all facets of work that will meet the District's objectives and goals in a timely manor.
- v. Describe the Firm's capacity to perform the work within the time limitations, considering the firm's current and planned workload and the firm's current and planned work force.

6. Experience and Past Performance, Including Cost and Schedule Control (3 pages max / 3 projects max)

- i. Include a summary of the past experience and performance of the Project Manager on similar projects. Include the following information:
 - 1. Owner, contact name and phone number
 - 2. Project size and description
 - 3. Project budget and total dollar value of completed project
 - 4. Budgeted project schedule and total time to completion
 - 5. Estimated construction costs and actual construction costs
- ii. Describe the firm's past experience and performance on similar projects. Include the information listed above.

7. Firm's Local Experience (1 page maximum)

Describe the firm's experience and knowledge with Cost of Service Studies.

8. Creative Alternatives (1 pages maximum)

Discuss any creative solutions to meet the project objectives.

9. Proposed Total Professional Fee and Fee Schedules Submitted Under Separate Sealed Cover

- i. Proposed fee shall be organized with appropriate breakdown into subtasks.
- ii. Proposed Fee Schedule shall include an estimated timeline (Gantt Chart Format) for completion of each task and subtask.
- iii. Proposed fee shall not be the sole basis of award, but will be used to evaluate the Consultant's understanding of the Scope of Work.
- iv. Include the hourly rates of all staff that will charge directly to the project.

10. Exceptions to this RFP

The Consultant shall certify that it has fully read the RFP and takes no exceptions to this RFP including, but not limited, to the Consultant Services Agreement (attached). If the Consultant does take exception(s) to any portion of the RFP, the specific portion of the RFP to which exception is taken shall be identified and explained.

The District will require a professional liability insurance verification for coverage of not less than \$1,000,000.00.

V. EVALUATION CRITERIA

The evaluation criteria and the respective weights that will be given to each criterion are as follows:

1. Executive Summary	10%
2. Project Description	25%
3. Identification of Consultant	5%
4. Project Organization and Experience	25%
5. Past Performance, Including Cost and Schedule Control	20%
6. Firm's Local Experience	5%

- 7. Creative Alternatives 5%
- 8. Proposed Fee 5%

VI. SELECTION PROCESS

The District will enter into negotiations with the top ranked firm. At this time, the District contemplates the use of a Time and Material Not to Exceed contract for the services requested. Negotiations will cover: scope of work, contract terms and conditions, office arrangements, attendance requirements and appropriateness of the proposed fee.

After negotiating a proposed agreement that is fair and reasonable the District Manager will present the contract to the District’s Board for authorization to execute a contract with the most responsive firm.

VII. SELECTION SCHEDULE

The District anticipates that the process for selection of firm and awarding of the contract will be according to the following tentative schedule:

Proposal Due Date	DECEMBER 9, 2016
Interview (TBD-If Necessary)	TBD
Board of Directors Approval	January 5, 2017
Final Selection and Notification	January 12, 2017

VIII. SPECIAL CONDITIONS / ATTACHMENTS

The following documents are included on the CD to provide background:

- 2016 Cost-of-Service Study
- Maps of District Service Area
- 2008 Water Rate study

IX. SUBMITTAL REQUIREMENTS

1. One (1) executed original marked “ORIGINAL” in red ink and three (3) copies of the Proposal shall be submitted. One single sealed Proposed Fee Estimate marked “FEE ESTIMATE” in red ink shall be submitted separate from the proposal. Emailed proposals will not be accepted. Submit one electronic copy of the proposal in PDF format (on CD, DVD or Thumb Drive). The Response shall be signed by an individual, partner, officer or officers authorized to execute legal documents on behalf of the Firm.
2. The Response Proposal must be received no later than **3:00 p.m.** local time, on or before **December 9, 2016** at the office of:

**San Lorenzo Valley Water District
 13060 Highway 9
 Boulder Creek, CA 95006**

Attn: District Secretary (Holly Morrison)

Failure to comply with the requirements of this RFP may result in disqualification. Questions regarding this RFP shall be submitted in writing to **hmorrison@slvwd.com**.