



RANCHO MURIETA COMMUNITY SERVICES DISTRICT

15160 Jackson Road, Rancho Murieta, CA 95683

Office - 916-354-3700 * Fax - 916-354-2082

FINANCE COMMITTEE

(Directors John Merchant and Tim Maybee)

Regular Meeting

May 5, 2020 at 10:00 a.m.

This meeting will be held via ZOOM video conference only pursuant to Gov. Newsom Executive Order N-29-20. You can join the conference by (1) logging on to <https://us02web.zoom.us/j/82920782521>, entering Meeting ID no. 829-2078-2521, and using the audio on your computer, or (2) dialing into 1-669-900-9128 and entering the meeting code 829-2078-2521. Those wishing to join with audio only can simply call the telephone number above and enter the code. Participants wishing to join the call anonymously have the option of dialing *67 from their phone. Please refer to your telephone service provider for specific instructions. ***PLEASE NOTE – MOBILE DEVICE USERS MAY NEED TO INSTALL AN APP PRIOR TO USE AND MAC AND PC DESKTOP AND LAPTOP USES WILL REQUIRE YOU TO RUN A ZOOM INSTALLER APPLICATION – PLEASE FOLLOW DIRECTIONS AS PROVIDED BY ZOOM. IT IS RECOMMENDED YOU ATTEMPT TO LOGIN AT LEAST 5 MINUTES BEFORE THE START OF THE MEETING.***

AGENDA

1. Call to Order
2. Comments from the Public
3. Consider Approval of Environmental Compliance Consulting Services
4. FY 2020-21 Budget Revision for Board Adoption
5. FY 2018-19 Annual Audit review for Board meeting
6. MRK Development Tax Payment Refund
7. Utility Billing Update – Master Accounts
8. Discuss Raw Water Rate Study
9. Directors and Staff Comments/Suggestions
10. Adjournment

"In accordance with California Government Code Section 54957.5, any writing or document that is a public record, relates to an open session agenda item and is distributed less than 24 hours prior to a special meeting, will be made available for public inspection in the District offices during normal business hours. If, however, the document is not distributed until the regular meeting to which it relates, then the document or writing will be made available to the public at the location of the meeting."

In compliance with the Americans with Disabilities Act and Executive Order No. N-29-20, if you are an individual with a disability and you need a disability-related modification or accommodation to participate in this meeting or need assistance to participate in this teleconference meeting, please contact the District Office at 916-354-3700 or awilder@rmcsd.com. Requests must be made as soon as possible.

Note: This agenda is posted pursuant to the provisions of the Government Code commencing at Section 54950. The date of this posting is May 1, 2020. Posting locations are: 1) District Office; 2) Post Office; 3) Rancho Murieta Association; 4) Murieta Village Association.

MEMORANDUM

Date: April 28, 2020
To: Finance Committee
From: Paul Siebensohn, Director of Field Operations
Subject: Consider Approval of Environmental Compliance Consulting Services

RECOMMENDED ACTION

Approve bid from Stratus Environmental, Inc. for \$38,955 plus a 15% contingency, a total of \$44,798. Funding to come two-thirds from Sewer operations budget and one-third from Drainage operations budget, under consulting.

BIDS

A request for bids packet was developed, posted and distributed to local engineering firms with environmental divisions. The lowest qualified bidder was Stratus Environmental, Inc., their bid is attached.

BACKGROUND

It has been very difficult to recruit for the Environment Compliance worker position, with the only few qualified individuals interviewed taking jobs elsewhere. Even if we were to hire someone, we would need to interpret the various regulations in the compliance programs we are under and set up methods and procedures to meet them. I figured it would be best for the District to contract this work to support this position, initially and possibly further, with professionals developing our programs for us and providing us the way to support compliance. In the interim, we would eliminate the Environmental Compliance Worker position from the budget, which will save costs the District would have had to incur for a full time position with salary and benefits. However, after the two year contract period is up it is envisioned that we will be able to reestablish this position in the budget and recruit and hire to have the position filled.

To support the District's need for environmental compliance services, I put together a request for proposal packet to solicit the services from certified and qualified Engineering Professional Services firms to perform required environmental compliance services for the District's requirements, in particular with the small non-traditional MS4 and Sanitary Sewer Management Plan (SSMP). The overall objective of this is to ensure the District is in compliance with the requirements of these programs for its sewer and stormwater (drainage) systems, with details of the scope of work outline and deliverables in the full request for proposal (RFP) packet, attached. All services must be provided by the Consultant, subcontracting will not be allowed.

For the purposes of this RFP, professional Engineering services include but are not limited to: Sanitary Sewer Management Plan (SSMP) compliance: Fats, Oils, and Grease (F.O.G.) inspections, MS4 compliance, Facility Inspections, Pyrethroid baseline monitoring and reporting.

Other services may be requested per District coordination and the rate schedule provided by the consultant for the term of the contract. At this point, recycled water management was left out but could be added in on a time and materials basis per their rates.

Funding to support the consulting services would come from the removal of the Environmental Compliance Worker position as funded full time position and roll the presented cost into consulting in the Sewer and Drainage budgets for the next two years.



Rancho Murieta CSD

Community Services District

REQUEST FOR PROPOSAL #2020-04
ENVIRONMENTAL COMPLIANCE - CONSULTING SERVICES

STRATUS
ENVIRONMENTAL, INC.



APRIL 24, 2020

STRATUS ENVIRONMENTAL, INC.
3330 Cameron Park Dr., Cameron Park, CA 95682
www.stratusinc.net (530) 672-4017

Contents

1.Project Title..... 1

2.Firm Information..... 1

3.Firm Qualifications..... 1

 3a. Type of organization, size, professional registration and affiliations 1

 3b. Names and qualifications of personnel to be assigned to this project..... 1

 3c. Outline of recent projects completed that are directly related to this project that are similar in subject matter and scope. Proposer is required to demonstrate specific project expertise relating to the requirements of this RFP 3

 3d. Client references from recent related projects including name, address, and phone number of individuals to contact for references 4

4. Understanding of and Approach to the Project..... 5

 4.a Summary of approach to be taken 5

 4.b Description of the organization and staffing to be used for the project 7

 4.c Indication of information and level of participation the proposer will require from District staff 8

 4.d Availability of firm to provide services 8

 4.e Acknowledgment of Districts Standard Service Agreement..... 8

5. Insurance..... 8

6. Fees 9

1. Project Title

RFP #2020-04 Environmental Compliance – Consulting Services

2. Firm Information

Name: Stratus Environmental, Inc.

Address: 3330 Cameron Park Drive, Ste 550, Cameron Park, CA 95682

Contact Information: Robert Kull, P.E., rkull@stratusinc.net (530) 672-4017

Website: www.stratusinc.net

3. Firm Qualifications

3a. Type of organization, size, professional registration and affiliations

Stratus Environmental, Inc., a full-service environmental engineering consulting firm, was founded in 1999 and is based in Cameron Park, California, with our southern California office located in Huntington Beach, California. Stratus is a California-certified small business (#27206).

With approximately 30 staff members, Stratus has extensive experience in providing comprehensive environmental services for both public and private clients throughout the western United States. Stratus' environmental staff consists of professional engineers, professional geologists, certified engineering geologists, environmental scientists, and environmental technicians who are skilled in dealing with the ever-changing local, state, and federal environmental laws and regulations.

3b. Names and qualifications of personnel to be assigned to this project

Robert Kull – Senior Engineer, P.E.

Mr. Kull, a Professional Civil Engineer licensed in the states of California, Arizona, Nevada, Oregon, and Washington, has over 28 years of experience in environmental engineering including hazardous waste assessment, investigation, and remediation. His experience encompasses a broad range of projects for public, private, industrial, and government clients, including field investigations, feasibility studies, remedial design and construction, and operation and maintenance activities for soil and groundwater remediation systems. In addition, he has extensive experience with remediation and restoration of Brownfield sites such as former commercial/industrial sites, petroleum hydrocarbon sites, mine-scarred lands, and pesticide impacted sites related to former orchard operations. He also has vast knowledge of regulatory permitting requirements and environmental compliance regulations related to Waste Discharge Requirements (WDRs), Monitoring and Reporting Programs (M&RPs), National Pollution Discharge Elimination System (NPDES) permitting, and various environmental management plans. Mr. Kull also has extensive Project Management (PM Training 1998 and 2003) experience including managing multi-million-dollar Federal contracts related to several CERCLA and non-CERCLA sites.

As Project Manager, Mr. Kull's responsibilities include verbal and written communication with Rancho Murieta Community Services District (RMCS D) personnel, day to day oversight and allocation of company staffing, project budget and schedule tracking, attending project related meetings, regulatory agency correspondence, contract management, providing technical support, quality assurance/quality control, and reviewing and certifying technical documents. Mr. Kull will serve as the Project Manager for this scope of services.

Michael Vander Dussen – Senior Project Geologist, P.G., C.E.G.

Mr. Vander Dussen, a Professional Geologist and Certified Engineering Geologist in the state of California, has 40 years of experience in the environmental field including regulatory compliance expertise related to M&RPs, WDRs, and NPDES monitoring and reporting. Mr. Vander Dussen will be responsible for preparation of technical documents (standard operating procedures and monitoring reports), overseeing environmental monitoring programs, complying with existing WDRs and NPDES permits, and coordination of field staff and analytical laboratories. In addition, Mr. Vander Dussen will be responsible for implementing project specific health and safety programs, reviewing and certification of various technical documents, and attending project meetings. Mr. Vander Dussen will report directly to Mr. Kull.

Cory Gutierrez – Senior Staff Engineer, E.I.T./QISP

Mr. Gutierrez, an Engineer-in-Training (E.I.T.) and Qualified Industrial Stormwater Practitioner (QISP) with 4 years of environmental experience, will provide regulatory permitting and site monitoring and sampling support. He will be responsible for researching, summarizing, and documenting permit requirements, completing permit applications (as necessary), and preparing technical documents. He will assist in implementing field programs as they relate to WDRs and NPDES permits and will report directly to Mr. Kull.

Marty Morgan – Environmental Technician

Mr. Morgan has over 25 years of experience as an engineering technician. His duties include conducting Fats, Oils and Grease (F.O.G) inspections, interceptor inspections, and preparing follow up inspection reports, construction oversight, supervision of field technicians, and implementing environmental monitoring and sampling programs. Mr. Morgan will be responsible for conducting F.O.G inspections, MS4 inspections, completing field/inspection reports, and collecting the required samples (pyrethroid) under this scope of work. Mr. Morgan will report to Mr. Vander Dussen.

3c. Outline of recent projects completed that are directly related to this project that are similar in subject matter and scope. Proposer is required to demonstrate specific project expertise relating to the requirements of this RFP

El Dorado Irrigation District – Fats, Oils and Grease Inspections, El Dorado County (2015-2017)

Stratus understands in order to maintain the functionality and infrastructure of a wastewater treatment facility and to control the discharge of wastewater pollutants from industrial and commercial sources, a comprehensive Pretreatment Program should be implemented. Industrial uses covered under this type of program may include automotive facilities, dental offices, manufacturing facilities, photo and x-ray labs, RV dump stations, and food service establishments. Implementation includes conducting inspections of facility pretreatment systems, effluent sample collection and analysis to verify permit-required facility monitoring data submitted, reviewing maintenance logs and manifest forms, completing required documentation, inspecting best management practices, and photo documentation of any infractions, faulty equipment, or other relevant facility features. Stratus assisted the El Dorado Irrigation District with these above-mentioned services from 2015 through 2017, completing hundreds of site inspections and completing associated inspection reports for food service establishments under their Fats, Oils, and Greases Prevention Program. In addition, Stratus assisted with the development of inspection forms and assisted in developing standard procedures for the program.

Cameron Park Community Services District – Pesticide Monitoring and Reporting (2009 to Present)

Stratus provides environmental engineering services to the Cameron Park Community Services District (CPCSD) at their Cameron Park Lake facility. Stratus personnel have assisted the CPCSD at the facility for the past 11 years providing environmental and technical regulatory compliance services. The approximately 33-acre lake is operated as a recreational facility offering fishing, hiking, picnicking, wildlife observation, swimming (swimming lagoon), boating, and as a special events venue. Aquatic maintenance at the lake is regulated by the California State Water Resources Control Board's (Water Board) Water Quality Order No. 2013-0002-DWQ (Order) for annual application of an herbicide to control seasonal weed growth. In accordance with the Order, Stratus has developed an Aquatic Pesticide Application Plan (APAP) for the CPCSD that provides guidance for herbicide application and for monitoring before and after the application event (including laboratory analyses of lake samples), to assure downstream effects of the application are eliminated/minimized. Stratus also conducts the pesticide monitoring and reporting prescribed in the APAP for the CPCSD.

Operation of the lake is also regulated by two water rights permits from the Water Board that require annual reporting of water diversion and use. Stratus has assisted the CPCSD in designing a gauging system for the lake to facilitate measurement of seasonal water diversion. Water diversion amounts are required to be reported annually to the Water Board using their online Electronic Water Rights Management System - Report Management System, and Stratus compiles the gauging data collected by CPCSD staff, performs engineering calculations using the

gauging data to determine water diversion amounts, and completes and submits the reports for the CPCSD.

Northern California Power Agency (NCPA) – Reservoir Sediment Sampling and Analysis (2019)

The NCPA requested Stratus to provide characterization of sediment accumulated in a reservoir that originated from sources within the North Fork Stanislaus River watershed downstream of dams that existed prior to construction of the McKays Point diversion dam (New Spicer Meadow Reservoir, Union Reservoir, Utica Reservoir, and Lake Alpine). Sample/data collection and laboratory analysis were both conducted in consideration of the Data Quality Objectives presented in the Sampling and Analysis Plan prepared by Stratus. Sampling of representative areas within the reservoir was conducted by Stratus during the annual drawdown of the reservoir on January 12, 2019, which exposed sediments within the upper reaches of the impoundment, and allowed sampling of sediment accumulated behind the submerged coffer dam. Sediment sample analysis consisted of pesticides and herbicides, metals, petroleum hydrocarbons, and nutrient/geotechnical properties.

3d. Client references from recent related projects including name, address, and phone number of individuals to contact for references

Ms. Nicole Graham

Senior Environmental Compliance Officer

El Dorado Irrigation District

2890 Mosquito Road

Placerville, CA 95667

Project: Fats, Oil and Grease Program

Ms. Graham: (530) 295-6867, ngraham@eid.org

Mr. Michael Grassle

Parks and Facilities Superintendent

Cameron Park Community Services District

2989 Cambridge Road

Cameron Park California, 95682

Project: Cameron Park Lake Aquatic Pesticides Spraying Monitoring and Reporting, Water Rights Permit Reporting

Mr. Grassle: (530) 558-1146 mgrassle@cameronpark.org

Mr. Randy Bowersox

Hydroelectric Manager

Northern California Power Agency

P.O. Box 2280

477 Bret Harte Drive

Murphys, CA 95247

Project: Reservoir Sediment Sampling and Analysis

Mr. Bowersox:(209) 728-1387 ext. 335 Randy.Bowersox@ncpa.com

4. Understanding of and Approach to the Project

4.a Summary of approach to be taken

SOPS and Inspection Forms: Prior to the implementation of any field work, including F.O.G and MS4 inspections and/or pyrethroid baseline sampling, Stratus will work closely with RMCS D to prepare three Standard Operating Procedures (SOPs) for F.O.G inspections, SSMP inspections, and Pyrethroid sampling. The F.O.G and SSMP SOPs will be developed specific to the District and will include follow-up procedures for non-compliant users and will present a fining structure for enforcement within the District's code. The Pyrethroid SOP will be developed for future District staff to follow. The SOPs will provide step-by-step instructions to assist workers in carrying out complex, routine operations. The SOPs will aim to achieve efficiency, quality output and uniformity of performance, while reducing miscommunication and failures in compliance with industry regulations. In addition, to preparation of the SOPs, Stratus will review and update all inspection forms as necessary prior to implementation.

F.O.G and SSMP Inspections: Stratus will perform duties and details for compliance with the District's SSMP Element 7 Fats, Oils and Grease Control Program and Sewer Code, by scheduling and performing inspections, and providing detailed reports and recommendations to District staff, along with suggested compliance recommendations, if necessary.

- a. F.O.G facility inspections to be conducted every 6 months for a period of two years include:
 - i. Operating Engineers training center food service
 - ii. Murieta Inn
 - iii. Burger King
 - iv. Raley's/Bel Air
 - v. Rancho Murieta Country Club:
 1. Main food service building
 2. Snack Bar
 3. 19th Hole bar
 - vi. Backyard Barbeque
 - vii. Murieta Equestrian Center:
 1. Food Service building
 2. Snack bar
 3. RV Hookups
 - viii. Murieta Airport – Sewer dump station
 - ix. El Gallo – Mexican restaurant

Stratus will also perform small non-traditional MS4 compliance monitoring every 6 months for a period of two years to ensure there is no pollution runoff to the District's drainage system or receiving waters which include:

- a. MS4 Facility inspections at these sites:
 - i. Murieta Equestrian Center
 - ii. Rancho Murieta Country Club
 1. Maintenance Yard

2. Golf Cart Maintenance shop (within RMCC maintenance yard)
 3. Golf Cart maintenance and return
- iii. Rancho Murieta Airport:
1. Fueling service
 2. Rancho Murieta Automotive - repair shop
 3. Maintenance hanger
- iv. Rancho Murieta Country Store – car wash
- v. Rancho Murieta Association maintenance yard

As part of the small non-traditional MS4 compliance monitoring, Stratus will perform Illicit Discharge Detection and Elimination (IDDE) sampling and reporting on an as needed basis (costs for this task are not included in the Contract Bid Schedule; however, costs for this task have been provided as an option in the detailed cost breakdown attached). Sampling and Reporting will be conducted in accordance with Section F.5.d Illicit Discharge Detection and Elimination Program as specified in the State Water Resources Control Board Water Quality Order No. 2013-0001-DWQ – National Pollution Discharge Elimination System (NPDES) General Permit No. CAS000004 – Waste Discharge Requirements (WDRs) – Storm Water Discharges from Small Municipal Separate Storm Sewer Systems (MS4s) (General Permit). Samples will be submitted to the District’s contract laboratory, California Laboratory Services; chain of custody forms and sample bottles will be provided by the District. Reports documenting any illicit discharges will be prepared annually in accordance with the Order above.

In addition to the above, Pyrethroid monitoring compliance will be conducted as part of this scope of work. Monitoring and reporting will be conducted in accordance with the Central Valley Regional Water Quality Control Board’s (CVRWQCB) Pyrethroid Control Program Baseline Monitoring Requirements for Municipal Stormwater Dischargers in the Sacramento and San Joaquin River Basins letter dated 30 July 2019. Stratus will work closely with the District (and regulatory agencies as needed) to develop the baseline sampling program (sample location, etc.) as part of the SOP. Samples collected as part of the Pyrethroid monitoring program will be submitted to the District’s contract laboratory, California Laboratory Services; chain of custody forms and sample bottles will be provided by the District. Following sample collection and laboratory analysis, Stratus will prepare a Pyrethroid baseline monitoring report for District review and submittal to the CVRWQCB. It is assumed that four samples per municipal stormwater receiving water site will be collected, and that water column toxicity testing will be conducted in representative receiving water sites four times per site and sediment toxicity testing will be conducted in representative receiving water sites five times per site.

Deliverables: The following deliverables will be prepared and submitted to the District for review:

1. F.O.G inspection reports and details for each facility (every 6 months), beginning after Notice to Proceed is given.
2. Standard Operating Procedures for: F.O.G inspection and reporting; MS4 IDDE inspection, sampling and reporting; and Pyrethroid monitoring and reporting. These items shall be submitted for review by District staff and finalized within 4 months of the Notice to Proceed.
3. Baseline monitoring and reporting for Pyrethroid monitoring requirements, electronic copy of each and final reports in Word format.
4. All required filings and notices (inspection forms and reports) for SSMP and MS4 within timeframe of 2-year contract for requested services.

Timeframe/Schedule: The following schedule is presented below and pertains to a timeline following Notice to Proceed:

- **Months 0-3:** Prepare and submit draft SOPs to the District for review and comment and update inspection forms.
- **Months 3-4:** Incorporate District’s comments on the SOPs and finalize
- **Month 6:** Conduct F.O.G. and MS4 inspections, and conduct baseline pyrethroid sampling
- **Month 9:** Submit the pyrethroid baseline monitoring report to the District for review, comment and submittal
- **Month 12:** Conduct F.O.G. and MS4 inspections
- **Months 6-12:** Conduct IDDE sampling, and prepare and submit draft and final yearly IDDE report to the District for review, comment and submittal, as required.
- **Month 18:** Conduct F.O.G. and MS4 inspections
- **Months 18-24:** Conduct IDDE sampling, and prepare and submit draft and final yearly IDDE report to the District for review, comment and submittal, as required.
- **Month 24:** End of contract period.

4.b Description of the organization and staffing to be used for the project

Stratus Environmental, Inc. (Stratus), is a full-service environmental engineering and consulting firm. Founded in 1999, Stratus is based in Cameron Park (El Dorado County), California, with our southern California office in Huntington Beach, California. Stratus is a California Corporation and a certified small business (#27206) with 30 staff members. Our role and mission are to consistently provide safe, responsive, innovative, and cost-effective solutions that help our clients manage any current environmental liabilities, and to not only meet, but to exceed our client’s expectations. Stratus has been providing regulatory environmental compliance to both private and public entities for the past 20 years, and has specific experience in complying with F.O.G programs and pesticide monitoring programs, as described in the RFP scope of work.

Proposed staff to be used on the project is described in Section 3b above.

4.c Indication of information and level of participation the proposer will require from District staff

The following is an indication and level of participation (list) that Stratus will require from District staff:

- Inspection forms (to be reviewed and revised by Stratus as necessary)
- Any pertinent environmental documents not provided as part of this RFP
- Personal Protective Equipment (however, Stratus does have its own PPE)
- Any specialized sampling equipment
- Laboratory sample containers and chain of custody forms (as needed)
- Coordination on sample locations (i.e. pyrethroid baseline sampling)
- Contacting dischargers/users prior to inspections (if necessary)
- Coordination with Stratus in developing a schedule of inspections
- Providing an outfall map per IDDE requirements
- Kickoff meeting to ensure scope of services listed in this RFP are addressed, and follow-up project/status meetings (quarterly or at the District's discretion)
- Meetings with the RWQCB regarding pyrethroid baseline monitoring and sampling, if necessary

4.d Availability of firm to provide services

Stratus understands the importance of being responsive, available, and reacting quickly to the demands of the district. Many of Stratus' projects were completed on accelerated schedules to satisfy client or regulatory requirements. Our experienced team of professionals will be fully committed to the District's projects through their successful completion. In addition, the proposed project team has worked successfully together on dozens of projects and each individual's knowledge and experience compliments the other. Workloads can be shifted among team members to offset intermittent demands of projects. With the availability and experience of our staff, we will be able to respond quickly to the needs of the project and bring quick resolution to issues or concerns. In addition, Stratus has performed these types of services for other Districts/Agencies and therefore we are familiar with the services requested. Furthermore, our Cameron Park office is only a short drive to the District's headquarters.

4.e Acknowledgment of Districts Standard Service Agreement

Stratus acknowledges and accepts the terms and conditions of the District's Standard Service Agreement contained in attachment 1, and has no current or foreseeable actual or potential professional conflicts of interest. If you have any questions regarding our submittal or require additional information, please contact me at (530) 672-4017 or by email at rkull@stratusinc.net.

5. Insurance

Stratus has reviewed and acknowledges the District's insurance requirements. Stratus meets these requirements and has included proof of insurance certification.

6. Fees

A detailed breakdown of the level of effort and cost anticipated for each task and subtask is identified in the Contract Bid Schedule.

Stratus' fee schedule is provided in the table on the next page and is inclusive of all costs associated with work likely to be assigned to Stratus related to tasks stated in the RMCSD RFQ, included but not limited to personnel costs, administrative overhead, printing costs, attendance at meetings, travel, etc.

CLASSIFICATION		HOURLY RATE
PRINCIPAL ENGINEER/GEOLOGIST		\$180
SENIOR ENGINEER/GEOLOGIST		\$150
SENIOR PROJECT MANAGER		\$140
SENIOR PROJECT ENGINEER/GEOLOGIST		\$130
PROJECT MANAGER		\$125
PROJECT ENGINEER/GEOLOGIST		\$115
SENIOR STAFF ENGINEER/GEOLOGIST		\$105
STAFF ENGINEER/GEOLOGIST		\$100
FIELD SUPERVISOR		\$95
ENGINEERING INTERN		\$80
ENGINEERING/ENVIRONMENTAL TECH III		\$85
ENGINEERING/ENVIRONMENTAL TECH II		\$80
ENGINEERING/ENVIRONMENTAL TECH I		\$75
CADD OPERATOR II		\$80
CADD OPERATOR I		\$75
ADMINISTRATIVE III		\$70
ADMINISTRATIVE II		\$65
ADMINISTRATIVE I		\$60
EQUIPMENT/EXPENSES		DAILY RATE
<i>Mileage</i>		Per State and Federal Guidelines
<i>Generator</i>		\$150
<i>PID/FID</i>		\$90/\$125
<i>Water Quality Meter</i>		\$50
<i>Water Level Indicator</i>		\$30
<i>Pump with Converter</i>		\$100
<i>Disposable Bailers</i>		\$11/ea
<i>Soil Sampling Equipment</i>		\$75
<i>Truck Rental</i>		\$100
<i>Miscellaneous Sampling Supplies</i>		\$45
<i>Mark-Up</i>		Cost + 10%

CONTRACT BID SCHEDULE

ITEM #	DESCRIPTION	COST
1a	Prepare Standard Operating Procedure (SOP) and update forms for F.O.G sampling	4,680.00
1b	Schedule and conduct Fats, Oils and Greases (F.O.G) Inspections at 6 month intervals with follow ups (4 total)	9,882.00
2a	Prepare SOP and update forms for MS4 facility inspections	4,940.00
2b	MS4 Illicit Discharge Detection and Elimination (IDDE) -schedule and conduct inspections at 6 month intervals with follow ups (4 total)	7,011.00
3a	Prepare SOP and create forms for Pyrethroid Monitoring	4,420.00
3b	Conduct MS4 Pyrethroid sampling	4,450.00
3c	Prepare Pyrethroid monitoring report for submittal	3,170.00
4	Additional facility inspections costs, F.O.G/MS4 per facility (if new facilities added)	402.00
*	Rate table for consultant's employees to be utilized	attach
	Total Cost	38,955.00

Respectfully Submitted:

Paul Kuen Signature
 PRINCIPAL ENGINEER Title
 STRATUS ENVIRONMENTAL, INC. Company
 3330 CAMERON PARK DR. SUITE 550 Address
 CAMERON PARK, CA 95682 City, State
 APRIL 24, 2020 Date
 (530) 672-4017 Phone Number

SEAL (If Bidder is a Corporation)

CS5037
Contractor License Number

CIVIL P.E.
Type

06/2020
Exp.Date

Federal Tax ID # 330868206



Rancho Murieta CSD - Environmental Compliance Consulting Services - 2 Years

Item	Description	Cost	Unit	Quantity	Extended Cost
1a	Prepare SOP & Update Forms for FOG				
	Senior Engineer	150	hr	4	\$600.00
	Senior Staff Engineer	105	hr	24	\$2,520.00
	Senior Project Engineer/Geologist	130	hr	10	\$1,300.00
	Clerical	65	hr	4	\$260.00
	<i>Subtotal</i>				\$4,680.00
1b	Schedule & Conduct FOG Inspections				
	Senior Engineer	150	hr	6	\$900.00
	Senior Staff Engineer	105	hr	20	\$2,100.00
	Environmental Technician	80	hr	84	\$6,720.00
	mileage	0.54	mi	300	\$162.00
	<i>Subtotal</i>				\$9,882.00
2a	Prepare SOP & Update Forms for MS4 Facilities				
	Senior Engineer	150	hr	4	\$600.00
	Senior Staff Engineer	105	hr	24	\$2,520.00
	Senior Project Engineer/Geologist	130	hr	12	\$1,560.00
	Clerical	65	hr	4	\$260.00
	<i>Subtotal</i>				\$4,940.00
2b	MS4 Illicit Discharge Detection & Elimination Inspections*				
	Senior Engineer	150	hr	6	\$900.00
	Senior Staff Engineer	105	hr	8	\$840.00
	Environmental Technician	80	hr	64	\$5,120.00
	mileage	0.54	mi	280	\$151.20
	<i>Subtotal</i>				\$7,011.20
3a	Prepare SOP & Create forms for Pyrethroid Monitoring				
	Senior Engineer	150	hr	4	\$600.00
	Senior Staff Engineer	105	hr	24	\$2,520.00
	Senior Project Engineer/Geologist	130	hr	8	\$1,040.00
	Clerical	65	hr	4	\$260.00
	<i>Subtotal</i>				\$4,420.00
3b	Conduct MS4 Pyrethroid Sampling ***				
	Senior Engineer	150	hr	4	\$600.00
	Senior Staff Engineer	105	hr	8	\$840.00
	Environmental Technician	80	hr	36	\$2,880.00
	mileage	0.54	mi	240	\$129.60
	<i>Subtotal</i>				\$4,449.60

3c	Prepare Pryrethroid Monitoring Report for Submittal				
	Senior Engineer	150	hr	4	\$600.00
	Senior Staff Engineer	105	hr	16	\$1,680.00
	Senior Project Engineer/Geologist	130	hr	4	\$520.00
	Clerical	65	hr	2	\$130.00
	CADD Operator II	80	hr	3	\$240.00
	<i>Subtotal</i>				\$3,170.00
4	Additional Facility Inspection Costs FOG/MS4 per Facility **				
	Senior Project Engineer/Geologist	130	hr	1	\$130.00
	Environmental Technician	80	hr	3	\$240.00
	mileage	0.54	mi	60	\$32.40
	<i>Subtotal</i>				\$402.40
	TOTAL COST				\$38,955.20

OPTIONAL

IDDE Sampling and Reporting (per Facility and includes one yearly report)

Senior Engineer	150	hr	4	\$600.00
Senior Staff Engineer	105	hr	24	\$2,520.00
Senior Project Engineer/Geologist	130	hr	4	\$520.00
Clerical	65	hr	2	\$130.00
Environmental Technician	80	hr	6	\$480.00
<i>Subtotal</i>				\$4,250.00

Notes:

* IDDE Sampling and Reporting as needed and not included as part of this cost estimate. Included as optional item.

** Assumes round trip for technician and 1 additional inspection

*** Assumes 4 samples per year per site, and 4 times per year per site for water and 5 times for sediment

Project Management/Meetings built into cost estimate

Analytical costs not included



STRAENV-01

CERT3

CERTIFICATE OF LIABILITY INSURANCE

 DATE (MM/DD/YYYY)
 10/1/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Wateridge Insurance Services 10717 Sorrento Valley Road San Diego, CA 92121	CONTACT NAME: Diane Grubbs PHONE (A/C, No, Ext): (858) 452-2200 FAX (A/C, No): (858) 452-6004 E-MAIL ADDRESS: dgrubbs@wateridge.com														
INSURED Stratus Environmental, Inc. 3330 Cameron Park Dr #550 Cameron Park, CA 95682	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">INSURER(S) AFFORDING COVERAGE</th> <th style="text-align: center;">NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A : Westchester Surplus Lines Ins Co</td> <td style="text-align: center;">10172</td> </tr> <tr> <td>INSURER B : Insurance Co. of the West</td> <td style="text-align: center;">27847</td> </tr> <tr> <td>INSURER C :</td> <td></td> </tr> <tr> <td>INSURER D :</td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </tbody> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : Westchester Surplus Lines Ins Co	10172	INSURER B : Insurance Co. of the West	27847	INSURER C :		INSURER D :		INSURER E :		INSURER F :	
INSURER(S) AFFORDING COVERAGE	NAIC #														
INSURER A : Westchester Surplus Lines Ins Co	10172														
INSURER B : Insurance Co. of the West	27847														
INSURER C :															
INSURER D :															
INSURER E :															
INSURER F :															

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> PL & CPL GENL AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:			G7174419A001	10/1/2019	10/1/2020	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 COMBINED SINGLE LIMIT (Fa accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						\$ \$ \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 0			G71744206001	10/1/2019	10/1/2020	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000 \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	WSD505085500	10/1/2019	10/1/2020	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	Professional Liab.			G7174419A001	10/1/2019	10/1/2020	Occur/Agg. \$ 1,000,000
A	Pollution Liab.			G7174419A001	10/1/2019	10/1/2020	Occur/Agg. \$ 1,000,000

 DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 RE: Evidence of Coverage
CERTIFICATE HOLDER**CANCELLATION**

Proof of Insurance

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

MEMORANDUM

DATE: April 30, 2020

TO: Paul Siebensohn, Director of Field Operations
Rancho Murieta Community Services District

FROM: Terry Madsen, Principal Consultant
ClearSource Financial Consulting
Email: tmadsen@clearsourcefinancial.com | Phone: 831.288.0608

SUBJECT: Raw Water Cost of Service Rate Analysis

PREVAILING CONDITIONS

As part of other consulting services provided to it, the Rancho Murieta Community Services District (RMCS D, District) engaged ClearSource Financial Consulting (“ClearSource”) to perform a **cost of service rate analysis for its provision of service to raw water-only users** in its potable water system.

Existing Raw Water Use

There are two known raw water-only users potentially subject to raw water rates. They are referred to in this memo as RMA-Laguna and RMA-Clementia. Their metered and/or estimated annual usage is listed in **Figure 1**. This usage represents approximately 3.7% of total water pumped by the District.

Prevailing Raw Water Rate and Customer Bills

The District currently imposes a rate of 11-cents per hundred cubic feet (\$0.0011 per cubic foot) of metered volume for raw water users. **Figure 1** also identifies an approximate annual bill for each raw water-only user at this prevailing rate. This total potential billing is just 0.16% of total water sales revenue recorded in 2018-19 fiscal year.

FIGURE 1 | CURRENT RAW WATER-ONLY USAGE AND POTENTIAL BILL AT PREVAILING RAW WATER RATE

Raw Water User	Annual Usage (Cubic Feet)	Prevailing Rate (per cubic foot)	Annual Billing
RMA-Laguna	2,874,601	\$ 0.0011	\$ 3,162
RMA-Clementia	272,400	\$ 0.0011	\$ 300

SUMMARY FINDINGS

ClearSource finds a rate based on the full cost of service attributable to raw water usage equal to **35-cents per hundred cubic feet (\$0.0035 per cubic foot)**. This rate may be directly compared to the District’s prevailing rate of 11-cents per hundred cubic feet. Analysis and recommendations follow.

ANALYSIS AND DISCUSSION

Guiding Principles

When approaching the analysis of raw water rates for the District, ClearSource makes several statements to guide the effort:

- The provision of raw water is embedded in all retail water service and accompanying rates at the District.
- Raw water-only users are a distinct class of customer within the total retail system
- Raw water-only customers should pay for raw supply costs commensurate with the same costs potable water users bear as part of their retail rates. It is the same fundamental commodity.
- Raw water-only customers should not pay for District services not attributable, either directly or indirectly, to their acquisition of raw water.
- Source of water supply is provided through an integrated supply system: All sources of total supply work in harmony to provide for the total demands of the District's customers.

Fundamentals of Ratemaking

ClearSource applied an approach to devise a raw water rate following widely accepted industry standards for analyzing all water rates. This is well documented by the American Water Works Association's (AWWA) *M1-Principles of Water Rates, Fees and Charges (M1)*, which is part of AWWA's "Manual of Water Supply Practices" series. M1 provides a cost-based methodology for water utility ratemaking, which includes the following fundamental steps:

- Revenue Requirement Analysis: identification of the operating and capital costs of the utility and comparison to existing rate revenue to determine sufficiency of rates in recovering the utility's full costs
- Cost of Service Analysis: allocation of the revenue requirement to the various customer classes in a fair and equitable manner
- Rate Design Analysis: determination of the level and structure of rates to collect the allocated revenue requirements from each customer class

Because the raw water rate is linked to a unique class of customer within the water system, ClearSource chose to develop its rate by creating an analysis replicating this methodology as if it had been done within a comprehensive study of all water rates imposed by the District. In a comprehensive study, the raw water customer class would have been analyzed alongside other classes utilizing the potable water system. Indeed, the unit cost of raw water would be readily identifiable as either the single cost of service – in the case of raw water only users – or as one component of a larger cost of service, in the case of other water users.

Proposition 218 Expectations

Through its other utility rates, the District is well versed in its obligations to work within the framework of California's Proposition 218 for establishing such fees. Within this framework, there are several key highlights influencing the justification for setting the amount of the raw water rate:

- Revenues from the rate may not exceed the funds required to provide the service.
- Revenues from the rate may not be used for any purpose other than that for which the fee is imposed.
- The amount of the rate must not exceed the proportional cost of service attributable to the user.
- The rate may not be imposed if the service is not used or immediately available to the user.
- The rate may not be imposed for general services available to the public in substantially the same manner as the specific fee-payer.

ClearSource believes the entire system of water rates for all customer classes should be internally consistent to meet the expectations of Proposition 218: A cost borne by two different users for the same underlying service should be set in a consistent manner.

Revenue Requirement Analysis

ClearSource has provided a simplified determination of the water utility's annual rate revenue requirement, following a similar expression of the full cost of service for the utility as a whole, but excluding analysis of multi-year reserve management, long-term capital planning, and strategic rate management that might otherwise influence the entire system of retail water rates.

The revenue requirement is comprised of the following elements:

- Operating Costs: The labor, services, supplies, and materials used to provide for administration, source of supply, transmission, and treatment.
- Capital Funding: A provision for minimum reserve funding for long-term asset management, such as the renewal and replacement of system infrastructure.
- Debt Obligations: Consideration of any annual principal and interest payments owed for past investments in system infrastructure or other financing uses.
- Fiscal Management: Consideration of any planned rate requirements stemming from reserve policy attainment or rate leveling.

From the total revenue requirement, the analysis has assigned or allocated a share of individual cost components to the District's provision of raw source of supply for all deliveries to all users of the water system. **Figure 2** summarizes the components of the revenue requirement for the water system as a whole and the amount attributable to only the raw water component of its service. The analysis finds that just over \$300,000, or 9.3% of total water system costs, is associated with the provision of raw

MEMORANDUM

water and can be shared by all users of the water system in their retail water rates. Refer to Attachment A, Exhibit A, for the detailed schedules.

FIGURE 2 | ESTIMATED ANNUAL REVENUE REQUIREMENT FOR TOTAL WATER SYSTEM AND RAW WATER

Estimated Annual Rate Revenue Requirement	Total System	Raw Water Only
Raw Water Operating Expense		
Administration	\$1,090,559	\$ 127,459
Source of Supply	190,725	158,390
Transmission	473,765	-
Treatment	644,939	-
Subtotal: Operating Expense	\$2,399,988	\$ 285,849
Raw Water Capital Funding		
Direct Rate Funding of CIP Projects	-	-
Reserve Funding for System Renewal & Replacement	822,408	14,545
Subtotal: Capital Funding	\$ 822,408	\$ 14,545
Raw Water Debt Obligations		
Debt Service	\$ -	\$ -
Additions to Meet Coverage Obligation	-	-
Subtotal: Debt Service	\$ -	\$ -
Raw Water Fiscal Management		
Planned Additions to Operating Cash Reserve	\$ -	\$ -
Planned Rate Levelization / Management	-	-
Subtotal: Fiscal Management	\$ -	\$ -
RATE REVENUE REQUIREMENT	\$3,222,396	\$ 300,394

Cost of Service Analysis

ClearSource has allocated the annual costs attributable to the provision of raw water to all demands system-wide in proportion to total annual demand. (All usage figures expressed in this memo will be in cubic feet or hundred cubic feet to correspond with the District’s unit of measure in billing.)

Total annual water pumped is over 84,873 hundred cubic feet. Of this total, raw water-only users known by the District draw 31,470 hundred cubic feet, or 3.7% of total annual demand. Based on this simple method of allocating the cost of service between the raw water-only customer class and all other customer classes in the retail system, raw water users should share 3.7% of the annual cost of service. This equals just over \$11,100 based on costs projected in the 2019-20 fiscal year.

Expressed per unit of water delivered, these **raw water costs equal \$0.35 per hundred cubic feet** (\$0.0035 per cubic foot). Refer to Attachment A, Exhibit B for the detailed schedules.

This 35-cent unit cost of service for raw water can be applied as a rate for raw water-only users and is also implicitly embedded in the rates imposed on other customers of the water system who receive

additional services from the District to obtain potable water to their homes, business, and properties. Another benefit of this method – of valuing all raw water delivered to all users – is that if additional raw water-only users are identified, the rate would be immediately applicable to their demands.

It should be noted that this method of allocating raw water costs to all customer classes in simple proportion to annual demand could be complicated based on seasonal demands that might constrain the utility system and bear different costs depending on when a customer consumes water. Outside of a comprehensive study of all retail water rates, ClearSource has made a deliberate choice to apply a simplified approach to allocation.

Rate Design Analysis

The unit cost of service for raw water is immediately transferable for use as a strictly variable rate for raw water-only users. A variable rate is a simple cost per unit consumed, billed at the time of metered usage. When the District next publishes a water rate schedule after completing Proposition 218 noticing and hearing procedures, a “Raw Water” customer class may be listed alongside a variable rate per cubic foot of usage as it does for other customer classes. Following the expression of rates in other parts of the District’s rate schedule, **the raw water rate would be listed as \$0.0035 per cubic foot.**

There are other rate structures available to the District, should the nature of raw water use or the desires of the District lead to a more complex rate design. For this particular service – for raw water users only – a strictly variable rate has benefits:

- It is simple to explain and administer.
- It is typically non-controversial from the customer perspective as it enables a pay-as-you-go method of billing.
- Due to the small scale of revenue involved, it is not overly risky to the District. Shifts in demand resulting in revenue swings would not overly compromise the financial stability of the whole utility.

A strictly variable rate may have drawbacks to the District given certain circumstances:

- It does not account for readiness to serve: that the system is sized and available to meet supply on demand. (This may be offset if the District is able to reduce or shut-off provision of raw water at its discretion.) In this case, a monthly fixed rate per meter equivalent, plus a variable rate for metered usage could be developed from the allocated costs to the raw water-only customer class.
- It does not account for any demand management and/or seasonal issues experienced in the system particularly attributable to raw water users. Does the timing of raw water use or its peaking strain the overall system? In this case, a tiered rate such as a seasonal rate could be developed to address both cost and behavioral issues associated with peak uses.

Customer Impacts

If the District were to impose a raw water rate of 35-cents per hundred cubic feet, the two known users would experience the annual bills summarized in **Figure 3**. Refer to Attachment A, Exhibit C for the detailed schedules.

FIGURE 3 | ESTIMATED ANNUAL BILL FOR KNOWN RAW WATER-ONLY USERS UNDER CALCULATED RATE

Raw Water User	Annual Usage (Cubic Feet)	Calculated Rate (per cubic foot)	Potential Annual Billing
RMA-Laguna	2,874,601	\$ 0.0035	\$ 10,174
RMA-Clementia	272,400	\$ 0.0035	\$ 964

NEXT STEPS

In reviewing this analysis and to develop its path forward, the District should:

- Consider the ramification of this rate outcome to existing users and the feasibility of applying the changes in a single step. The District should keep in mind that other ratepayers should not bear the costs of service attributable to these users in their water bills.
- Should any further examination of this analysis and its ramifications by staff working groups or policymakers necessitate a change in underlying data, assumptions, or principles in the analysis, the outcomes should be revised.
- Upon acceptance by the District of these outcomes, ClearSource will issue the final report.
- A work session with the Board of Directors would enable policy discussion and direction on raw water rates, including any additional customer outreach that would be appropriate and helpful.
- Proceed with the Proposition 218 process to implement rates at a time when other retail water rates are modified. All retail water rates should be noticed and considered as a single system.
- Until such time when a Proposition 218 process can be conducted, the District should ensure that its prevailing raw water rate of 11-cents per hundred cubic feet is imposed on current users of the water system within that class. (Please engage with the District’s legal counsel if there are any concerns about initiating billing for current users under the prevailing rate.)

A summary packet for use in continuing this conversation with the District’s Board of Directors or Finance Committee is included as Attachment B.

For additional information or questions associated with this analysis, please reach out to ClearSource using the contact information listed at the top of this memorandum.

ATTACHMENT A

ATTACHMENT A

Raw Water Cost of Service Rate Analysis

as of April 21, 2020

EXHIBIT A

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

Allocation of Water Rate Revenue Requirement to Raw Water

Estimated Annual Rate Revenue Requirement		2020	- Allocation to Function -		- Allocation to Function -		
OPERATING EXPENSES [1]			All Other Water	Raw Water	Rationale	All Other Water	Raw Water
Water Fund - Administration							
200-3099-01	Admin Revenue Allocation	\$ (133,703)	88%	12%	source of supply division as all other direct ops	\$ (117,530)	\$ (16,173)
200-3450-30	CFD 2014-1 Project Reimbursement	-	88%	12%	source of supply division as all other direct ops	-	-
200-4000-01	Wages - WG	116,900	88%	12%	source of supply division as all other direct ops	102,760	14,140
200-4000-50	Wages - Engineer - Water	-	88%	12%	source of supply division as all other direct ops	-	-
200-4000-80	Wages-WG -BOR Title XVI Grant CostShare	-	88%	12%	source of supply division as all other direct ops	-	-
200-4010-01	Contra Acct - Capitalized Labor	-	88%	12%	source of supply division as all other direct ops	-	-
200-4050-01	Health, Dental, & Vision - WG	18,006	88%	12%	source of supply division as all other direct ops	15,828	2,178
200-4051-01	Pension Expense - WG	18,544	88%	12%	source of supply division as all other direct ops	16,301	2,243
200-4052-01	PR Taxes - WG	7,613	88%	12%	source of supply division as all other direct ops	6,692	921
200-4053-01	Other Employer Costs - WG	4,176	88%	12%	source of supply division as all other direct ops	3,671	505
200-4054-01	GASB 68 Pension Adj-Water	-	88%	12%	source of supply division as all other direct ops	-	-
200-4080-01	Tuition Reimbursement - Water	810	88%	12%	source of supply division as all other direct ops	712	98
200-4099-01	Admin Employee Services Allocation	428,341	88%	12%	source of supply division as all other direct ops	376,529	51,813
200-4100-01	Temp Staffing-General	9,000	88%	12%	source of supply division as all other direct ops	7,911	1,089
200-4100-04	Temp Staffing-T&D	-	88%	12%	source of supply division as all other direct ops	-	-
200-4150-01	Recruitment - Water	2,580	88%	12%	source of supply division as all other direct ops	2,268	312
200-4200-01	Travel/Meetings - WG	1,680	88%	12%	source of supply division as all other direct ops	1,477	203
200-4250-01	Office Supplies - WG	3,600	88%	12%	source of supply division as all other direct ops	3,165	435
200-4400-01	Copy Machine Maintenance - WG	120	88%	12%	source of supply division as all other direct ops	105	15
200-4400-01	Copy Machine Maintenance - WG	-	88%	12%	source of supply division as all other direct ops	-	-
200-4450-01	Insurance - WG	11,000	88%	12%	source of supply division as all other direct ops	9,669	1,331
200-4550-01	Telephones - Water	15,600	88%	12%	source of supply division as all other direct ops	13,713	1,887
200-4600-01	Memberships - Water	5,395	88%	12%	source of supply division as all other direct ops	4,742	653
200-4700-01	Legal - Water	85,200	88%	12%	source of supply division as all other direct ops	74,894	10,306
200-4750-01	Training/Safety - WG	13,200	88%	12%	source of supply division as all other direct ops	11,603	1,597
200-4750-50	Training - Engineering	-	88%	12%	source of supply division as all other direct ops	-	-
200-4900-01	Consulting - WG	50,000	88%	12%	source of supply division as all other direct ops	43,952	6,048
200-4950-01	CIA Ditch Operations	3,000	88%	12%	source of supply division as all other direct ops	2,637	363
200-4999-01	Admin Services Allocation	157,752	88%	12%	source of supply division as all other direct ops	138,670	19,082
200-5100-01	Uniforms - WG	4,800	88%	12%	source of supply division as all other direct ops	4,219	581
200-5200-01	Building/Grounds Maint - WG	2,100	88%	12%	source of supply division as all other direct ops	1,846	254
200-5250-01	Vehicle Maint - WG	21,000	88%	12%	source of supply division as all other direct ops	18,460	2,540
200-5300-01	Vehicle Fuel - Water General	11,400	88%	12%	source of supply division as all other direct ops	10,021	1,379
200-5310-01	Vehicle Lease - WG	-	88%	12%	source of supply division as all other direct ops	-	-
200-5400-01	Information System Maint - WG	23,303	88%	12%	source of supply division as all other direct ops	20,484	2,819
200-5550-01	Maintenance/Repairs - WG	7,200	88%	12%	source of supply division as all other direct ops	6,329	871
200-5555-01	Non-routine Maintenance/Repair - WG	24,000	88%	12%	source of supply division as all other direct ops	21,097	2,903
200-5700-01	USA Alert - WG	-	88%	12%	source of supply division as all other direct ops	-	-
200-5725-01	Permits - WG	30,300	88%	12%	source of supply division as all other direct ops	26,635	3,665
200-5750-01	Tools - WG	6,000	88%	12%	source of supply division as all other direct ops	5,274	726
200-5999-01	Admin Operating Exp Allocation	46,021	88%	12%	source of supply division as all other direct ops	40,455	5,567
200-6000-01	Miscellaneous - WG	4,800	88%	12%	source of supply division as all other direct ops	4,219	581
200-6999-01	Other Expense Allocation	28,981	88%	12%	source of supply division as all other direct ops	25,475	3,506
200-7002-01	Conservation - WG	13,260	100%	0%	all to domestic water system	13,260	-
200-7003-01	Regional Water Authority - WG	15,000	88%	12%	source of supply division as all other direct ops	13,186	1,814
200-7005-01	CGWA/SEAWC/MCWRA	10,000	88%	12%	source of supply division as all other direct ops	8,790	1,210
200-7008-01	Bad Debts - WG	-	100%	0%	all to domestic water system	-	-
200-7010-03	Water-Interest Expense-Treatment	23,580	100%	0%	all to domestic water system	23,580	-
200-7900-01	Reserve Expenditure	-	88%	12%	source of supply division as all other direct ops	-	-
200-7900-02	Reserve Expenditure	-	88%	12%	source of supply division as all other direct ops	-	-
200-7900-03	Reserve Expenditure	-	88%	12%	source of supply division as all other direct ops	-	-
200-7900-04	Reserve Expenditure	-	88%	12%	source of supply division as all other direct ops	-	-
Subtotal		\$ 1,090,559	88%	12%	as line items above	\$ 963,100	\$ 127,459

EXHIBIT A (continued)
RANCHO MURIETA COMMUNITY SERVICES DISTRICT
Allocation of Water Rate Revenue Requirement to Raw Water

Estimated Annual Rate Revenue Requirement		2020	- Allocation to Function -			- Allocation to Function -	
OPERATING EXPENSES (continued) (1)			All Other Water	Raw Water	Rationale	All Other Water	Raw Water
Water Fund - Source of Supply							
200-4000-02	Wages - SOS	\$ 22,180	0%	100%	all to raw water function	\$ -	\$ 22,180
200-4050-02	Health, Dental, & Vision - SOS	3,602	0%	100%	all to raw water function	-	3,602
200-4051-02	Pension Expense - SOS	3,750	0%	100%	all to raw water function	-	3,750
200-4052-02	PR Taxes - SOS	1,523	0%	100%	all to raw water function	-	1,523
200-4053-02	Other Employer Costs - SOS	870	0%	100%	all to raw water function	-	870
200-4100-02	Temp Staffing-SOS	150	0%	100%	all to raw water function	-	150
200-5375-02	Purchased Power - SOS	56,000	0%	100%	all to raw water function	-	56,000
200-5450-02	Supplies - SOS	600	0%	100%	all to raw water function	-	600
200-5500-02	Equipment Rental - SOS	3,000	0%	100%	all to raw water function	-	3,000
200-5550-02	Maintenance/Repairs - SOS	16,800	0%	100%	all to raw water function	-	16,800
200-5600-02	Chemicals - SOS	7,500	100%	0%	all to domestic water system	7,500	-
200-5605-02	Chemicals T&O - SOS	11,000	100%	0%	all to domestic water system	11,000	-
200-5800-02	Dam Inspection Costs - SOS	63,500	22%	78%	Clementia, Calero, Chesbro only to water	13,835	49,665
200-6000-02	Miscellaneous - SOS	250	0%	100%	all to raw water function	-	250
Subtotal		\$ 190,725	17%	83%	as line items above	\$ 32,335	\$ 158,390
Water Fund - Transmission							
200-4000-04	Wages - WT & D	\$ 232,890	100%	0%	all to domestic water system	\$ 232,890	\$ -
200-4050-04	Health, Dental, & Vision - WT&D	37,824	100%	0%	all to domestic water system	37,824	-
200-4051-04	Pension Expense - WT&D	39,383	100%	0%	all to domestic water system	39,383	-
200-4053-04	Other Employer Costs - WTD	8,568	100%	0%	all to domestic water system	8,568	-
200-5375-04	Purchased Power - WT&D	40,800	100%	0%	all to domestic water system	40,800	-
200-5450-04	Supplies - WT&D	900	100%	0%	all to domestic water system	900	-
200-5500-04	Equipment Rental - WT&D	2,400	100%	0%	all to domestic water system	2,400	-
200-5525-04	Post Repair Road Paving - WT&D	24,000	100%	0%	all to domestic water system	24,000	-
200-5550-04	Maintenance/Repairs - WT&D	50,400	100%	0%	all to domestic water system	50,400	-
200-5650-04	Lab Tests - WT&D	-	100%	0%	all to domestic water system	-	-
200-5700-04	Sludge Removal - WT&D	-	100%	0%	all to domestic water system	-	-
200-5850-04	Water Meters/Boxes - WT&D	36,000	100%	0%	all to domestic water system	36,000	-
200-5850-04	Water Meters/Boxes - WT&D	-	100%	0%	all to domestic water system	-	-
200-6000-04	Miscellaneous - WT&D	600	100%	0%	all to domestic water system	600	-
Subtotal		\$ 473,765	100%	0%	as line items above	\$ 473,765	\$ -
Water Fund - Treatment							
200-4000-03	Wages - WT	\$ 232,890	100%	0%	all to domestic water system	\$ 232,890	\$ -
200-4050-03	Health, Dental, & Vision - WT	37,824	100%	0%	all to domestic water system	37,824	-
200-4051-03	Pension Expense - WT	39,383	100%	0%	all to domestic water system	39,383	-
200-4052-03	PR Taxes - WT	15,987	100%	0%	all to domestic water system	15,987	-
200-4052-04	PR Taxes - WTD	15,987	100%	0%	all to domestic water system	15,987	-
200-4053-03	Other Employer Costs - WT	8,568	100%	0%	all to domestic water system	8,568	-
200-4100-03	Temp Staffing-WT	-	100%	0%	all to domestic water system	-	-
200-5375-03	Purchased Power - WT	71,400	100%	0%	all to domestic water system	71,400	-
200-5450-03	Supplies - WT	14,400	100%	0%	all to domestic water system	14,400	-
200-5500-03	Equipment Rental - WT	600	100%	0%	all to domestic water system	600	-
200-5510-03	T&O Treatment - WT	-	100%	0%	all to domestic water system	-	-
200-5550-03	Maintenance/Repairs - WT	82,000	100%	0%	all to domestic water system	82,000	-
200-5600-03	Chemicals - WT	99,500	100%	0%	all to domestic water system	99,500	-
200-5650-03	Lab Tests - WT	12,000	100%	0%	all to domestic water system	12,000	-
200-6000-03	Miscellaneous - WT	14,400	100%	0%	all to domestic water system	14,400	-
Subtotal		\$ 644,939	100%	0%	as line items above	\$ 644,939	\$ -

EXHIBIT A (continued)
RANCHO MURIETA COMMUNITY SERVICES DISTRICT
Allocation of Water Rate Revenue Requirement to Raw Water

Estimated Annual Rate Revenue Requirement	2020	- Allocation to Function -			- Allocation to Function -	
OTHER OBLIGATIONS		All Other Water	Raw Water	Rationale	All Other Water	Raw Water
Directly Funded CIP Projects						
[describe]	\$ -	100%	0%		\$ -	\$ -
[describe]	-	100%	0%		-	-
Subtotal	\$ -	0%	0%	as line items above	\$ -	\$ -
Reserve Funding for System Renewal & Replacement						
Water Fund Depreciation Expense [2]	\$ 822,408	98%	2%	as allocation of fixed assets; Workspace 1	\$ 807,863	\$ 14,545
[describe]	-	100%	0%		-	-
Subtotal	\$ 822,408	98%	2%	as line items above	\$ 807,863	\$ 14,545
Total	\$ 3,222,396	90.7%	9.3%	as line items above	\$2,922,002	\$ 300,394

Notes:

[1] District data file: 19-20 Budget export as of 11-19-19.xlsx.

[2] Depreciation expense as recorded for 6/30/2018, per Resolution No. R2019-04 Approving the Budget for Fiscal Year 2019-20.

EXHIBIT B
RANCHO MURIETA COMMUNITY SERVICES DISTRICT
Summary of Raw Water Rate Revenue Requirement

Estimated Annual Rate Revenue Requirement	2020	Notes
Raw Water Operating Expense		
Administration	\$ 127,459	Refer to Exhibit A for allocated share of budgeted expenses
Source of Supply	158,390	Refer to Exhibit A for allocated share of budgeted expenses
Transmission	-	Refer to Exhibit A for allocated share of budgeted expenses
Treatment	-	Refer to Exhibit A for allocated share of budgeted expenses
Subtotal: Operating Expense	\$ 285,849	
Raw Water Capital Funding		
Direct Rate Funding of CIP Projects	-	Refer to Exhibit A for identified projects and/or allocated share of projects
Reserve Funding for System Renewal & Replacement	14,545	Refer to Exhibit A for allocated share of depreciation expense. It is a best practice to provide minimum funding equal to annual depreciation; however it is a policy decision to do so. Inclusion here should be consistent with rate basis for domestic water sales.
Subtotal: Capital Funding	\$ 14,545	
Raw Water Debt Obligations		
Debt Service	\$ -	No current payments attributable to source of supply.
Additions to Meet Coverage Obligation	-	No current covenants mandating coverage.
Subtotal: Debt Service	\$ -	
Raw Water Fiscal Management		
Planned Additions to Operating Cash Reserve	\$ -	No current strategy identified in water rates.
Planned Rate Levelization / Management	-	No current strategy identified in water rates.
Subtotal: Fiscal Management	\$ -	
TOTAL RAW WATER REVENUE REQUIREMENT	\$ 300,394	
Non-Rate Revenue Sources Applicable to Raw Water		
Income Source	\$ -	No current revenues directly applicable to raw water cost recovery.
Income Source	-	No current revenues directly applicable to raw water cost recovery.
Subtotal: Non-Rate Revenues for Raw Water	\$ -	
RAW WATER RATE REVENUE REQUIREMENT	\$ 300,394	Annual amount to be recovered in domestic and raw water rates (FY 2020)

Unit Cost of Service	2020	Notes
Annual Water Pumped from Dam to Storage (acre feet)	1,948	Annual average recorded Jan-Dec 2016, 2017, and 2018. (Granlees Dam to Storage)
Conversion: Gallons	634,897,647	
Conversion: Cubic Feet	84,873,582	
Conversion: Hundred Cubic Feet	848,736	
UNIT COST OF RAW WATER, ALL DELIVERIES	\$ 0.0035	PER CUBIC FOOT
UNIT COST OF RAW WATER, ALL DELIVERIES	\$ 0.35	PER HUNDRED CUBIC FEET

Allocation to Raw Water-Only Users	2020	Notes
Expected Annual Usage (Cubic Feet) [1]	3,147,001	All known raw water-only users
Unit Cost of Raw Water per Cubic Foot	\$ 0.0035	If a retail rate is imposed, this references unit cost above.
Estimated Annual Customer Revenue Requirement	\$ 11,138	from known raw water users
Annual Share as a Percent of District Raw Water Costs	3.7%	

Notes:

[1] RMA HOA-Laguna annual raw water usage (gallons)	21,502,016	derived from Laguna water pumped, Jan-Dec 2018
RMA HOA-Clemential annual raw water usage (gallons)	2,037,552	derived from Clementia water pumped, currently unbilled
Total known raw water-only usage	23,539,568	
Conversion: Cubic Feet	3,147,001	

EXHIBIT C
RANCHO MURIETA COMMUNITY SERVICES DISTRICT
Summary of Raw Water Rate Impact

Calculated Variable Rate for Raw Water		Notes
CALCULATED RATE FOR RAW WATER USAGE	\$ 0.0035	PER CUBIC FOOT
CALCULATED RATE FOR RAW WATER USAGE	\$ 0.35	PER HUNDRED CUBIC FEET

Current Rate for Raw Water		Notes
CURRENT RATE FOR RAW WATER USAGE	\$ 0.0011	PER CUBIC FOOT
CURRENT RATE FOR RAW WATER USAGE	\$ 0.11	PER HUNDRED CUBIC FEET

Potential Customer Impacts		Notes
RMA HOA - Laguna:		
Metered Usage (Cubic Feet)	2,874,601	
Calculated Retail Rate per Cubic Foot	\$ 0.0035	If a revised retail rate is imposed, this references the calculated variable rate above.
Estimated Annual Customer Bill - Laguna	\$ 10,174	
<i>Annual Customer Bill at Current Retail Rate</i>	<i>\$ 3,162</i>	
RMA HOA - Clementia:		
Metered Usage (Cubic Feet) [2]	272,400	Amount currently unbilled
Calculated Retail Rate per Cubic Foot	\$ 0.0035	If a revised retail rate is imposed, this references the calculated variable rate above.
Estimated Annual Customer Bill - Clementia	\$ 964	
<i>Annual Customer Bill at Current Retail Rate</i>	<i>\$ 300</i>	Estimated annual bill if current usage was billed at current rate

Notes:

- | | | | |
|-----|--|------------|--|
| [1] | RMA HOA expected billed annual raw water usage (gallons) | 21,502,016 | derived from Laguna water pumped, Jan-Dec 2018 |
| | Conversion: Cubic Feet | 2,874,601 | |
| [2] | RMA HOA expected billed annual raw water usage (gallons) | 2,037,552 | derived from estimated annual Clementia water pumped, currently unbilled |
| | Conversion: Cubic Feet | 272,400 | |

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

Allocation of Fixed Assets to Source of Supply (Summary Level Analysis)

Fixed Asset Allocation [1]	2019	Allocation to System			Allocation to System	
		Other	Source of Supply	Rationale	Other	Source of Supply
Water Fund						
Treatment Facilities	\$ 22,731,228	100%	0%	all to domestic water system	\$ 22,731,228	\$ -
Sewer Disposal Facilities	212,309	100%	0%	all to domestic water system	212,309	-
Water Transmission & Distr.	7,333,004	100%	0%	all to domestic / assumes pumps are recorded here	7,333,004	-
Unit 6 Station B Meter	6,399	100%	0%	all to domestic water system	6,399	-
Capital Water Supply Studies	546,608	0%	100%	all to source	-	546,608
Flood Inundation Study 1997	76,028	100%	0%	all to domestic water system	76,028	-
FA Work in Progress	415,741	98%	2%	as all other allocations	408,388	7,353
FA Clearing	72,937	98%	2%	as all other allocations	71,647	1,290
Land	13,640	98%	2%	as all other allocations	13,399	241
District Vehicles	252,455	98%	2%	as all other allocations	247,990	4,465
District Equipment	314,853	98%	2%	as all other allocations	309,284	5,569
Master Technology Plan 2005	3,501	98%	2%	as all other allocations	3,439	62
Integrated Water Master Plan 2005	110,261	98%	2%	as all other allocations	108,310	1,950
Parks, GIS, Gate Improvements	7,601	98%	2%	as all other allocations	7,466	134
District Telemetry Building	2,723	98%	2%	as all other allocations	2,675	48
Subtotal	\$ 32,099,287	98%	2%	as line items above	\$31,531,566	\$ 567,721
Total	\$ 32,099,287	98%	2%	as line items above	\$31,531,566	\$ 567,721

Notes:

[1] District data file: 2018-06-30 Fixed Assets.xlsx.

ATTACHMENT B

ATTACHMENT B

Summary Packet of Study Outcomes

RANCHO MURIETA
COMMUNITY SERVICES DISTRICT



FINANCE COMMITTEE | MAY 5, 2020

RAW WATER RATE DEVELOPMENT

Discussion of Draft Findings

ClearSource Financial Consulting

TERRY MADSEN | PRINCIPAL CONSULTANT
tmadsen@clearsourcefinancial.com | 831.288.0608
www.clearsourcefinancial.com

A decorative graphic on the left side of the slide consists of a dark blue triangle pointing right, a light blue triangle pointing left, and a horizontal orange line. The text is centered on the white background to the right of these shapes.

FUNDAMENTALS OF RATEMAKING



GUIDING PRINCIPLES (1 OF 2)

- ➔ The provision of **raw water is embedded in all retail water service and accompanying rates** at the District
 - Ideally, this unit cost would be found directly in the rate analysis supporting existing retail rates
- ➔ Raw water users are a **distinct class of customer** within the total retail system
 - Raw water customers should not pay for District services not attributable (directly or indirectly) to their acquisition of raw water
 - Raw water customers should **pay for raw supply costs commensurate with the same costs potable water users bear** as part of their retail rates



GUIDING PRINCIPLES (2 OF 2)

- ➔ Source of supply is provided through an **integrated supply system**: all sources of total supply work in harmony to provide for total demands of the District's customers
- ➔ Raw water rates are a part of the District's schedule of water rates and fees and subject to **Proposition 218** procedures to establish and implement or change
- ➔ Rate analysis should follow widely **accepted industry standards** documented in AWWA-M1 and used in peer agencies in California



PROP 218 EXPECTATIONS FOR WATER RATE DEVELOPMENT

Revenues from the Rate:

- ➔ May not exceed the funds required to provide the service
- ➔ May not be used for any purpose other than that for which the fee is imposed

The Amount of the Rate:

- ➔ Must not exceed the proportional cost of service attributable to the user

The Rate May Not be Imposed:

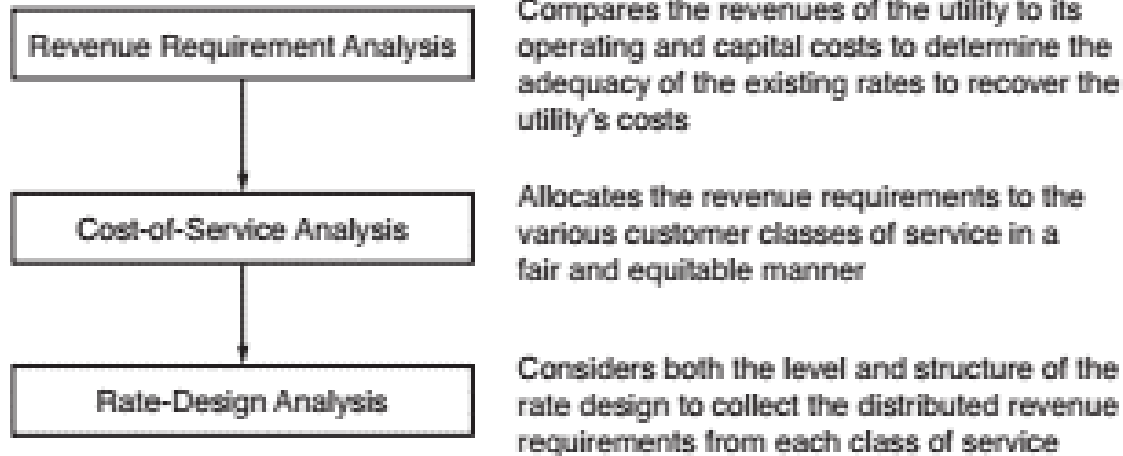
- ➔ If the service is not used or immediately available to the user
- ➔ For general services available to the public in substantially the same manner as the specific fee-payer

The entire system of water rates should be internally consistent to avoid Prop 218 vulnerabilities.



INDUSTRY-ACCEPTED APPROACH TO WATER RATE DEVELOPMENT

OVERVIEW OF COST-BASED WATER UTILITY RATE MAKING



Excerpt from AWWA-M1 regarding rate analysis process



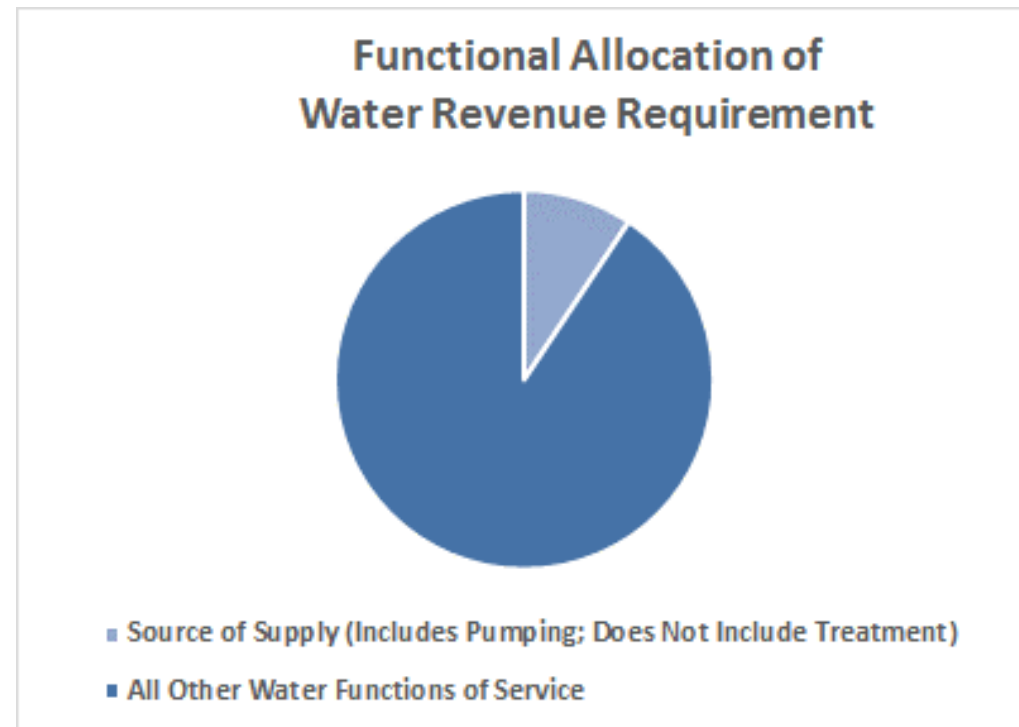
ANALYSIS DETAIL

*Snapshots follow. Refer to separate worksheets
for extended detail*



COST OF SERVICE BASIS

- ➔ For all water customers, raw source of supply represents **9.3% of total cost** of water service at RMCS D
 - All direct costs coded to “Source of Supply,” including charged labor and purchased power but excluding treatment
 - An allocated share of District indirect costs
 - An allocated share of estimated capital reinvestment to account for reasonable reserve funding



Refer to separate worksheets for line-item detail of functional allocation



RATE REVENUE REQUIREMENT

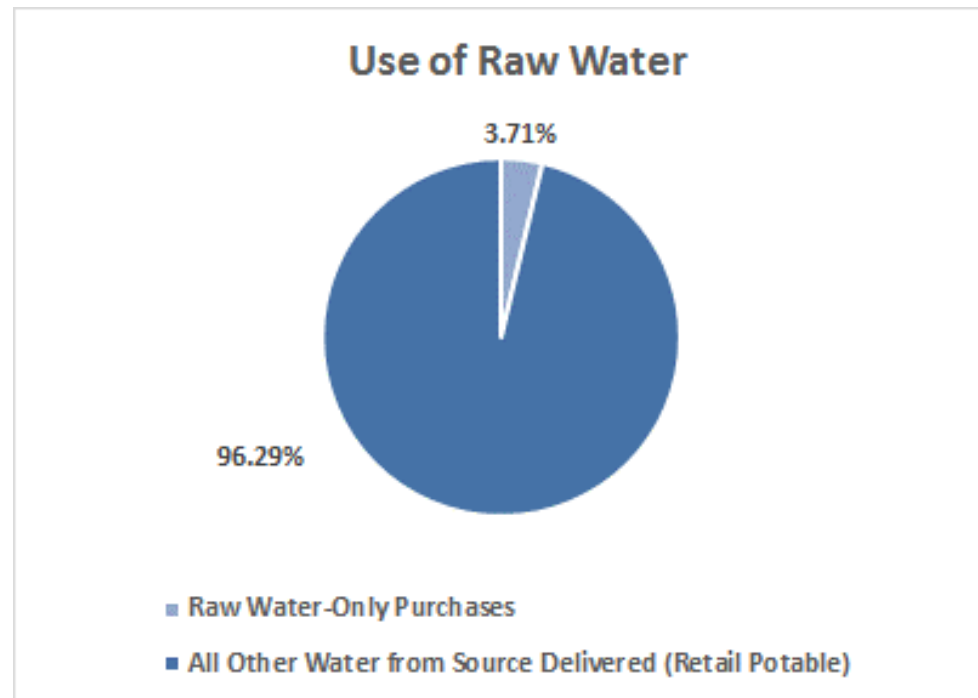
- ➔ Identify an **annual rate revenue requirement** for the water utility at RMCS D
 - This recreates how existing retail rates would be established for **full cost recovery**
- ➔ The raw water highlight is for **all raw water**: the source for potable water and the amount delivered separately to raw water-only users

Estimated Annual Rate Revenue Requirement	Total System	Raw Water Only
Raw Water Operating Expense		
Administration	\$1,090,559	\$ 127,459
Source of Supply	190,725	158,390
Transmission	473,765	-
Treatment	644,939	-
Subtotal: Operating Expense	\$2,399,988	\$ 285,849
Raw Water Capital Funding		
Direct Rate Funding of CIP Projects	-	-
Reserve Funding for System Renewal & Replacement	822,408	14,545
Subtotal: Capital Funding	\$ 822,408	\$ 14,545
Raw Water Debt Obligations		
Debt Service	\$ -	\$ -
Additions to Meet Coverage Obligation	-	-
Subtotal: Debt Service	\$ -	\$ -
Raw Water Fiscal Management		
Planned Additions to Operating Cash Reserve	\$ -	\$ -
Planned Rate Levelization / Management	-	-
Subtotal: Fiscal Management	\$ -	\$ -
RATE REVENUE REQUIREMENT	\$3,222,396	\$ 300,394



ANNUAL DEMAND

- ➔ Total water pumped:
 - 84,873,582 cubic feet (three-year average annual)
- ➔ Amount delivered for raw water use only:
 - 2,874,601 cubic feet (RMA HOA Laguna)
 - 272,400 cubic feet (RMA HOA Clementia)
 - Less than 4% of total water pumped
- ➔ Allocated to utility customers in proportion to annual demand, raw water-only users currently known would share **\$11,138 of total annual cost** (Depending on District goals for a future raw water-only class, the allocation can be expressed in a more complicated manner.)





RESULTING UNIT COST OF RAW WATER SERVICE

- ➔ Cost per unit sold:
 - **\$0.0035 per cf**
(\$0.35 per CCF)
- ➔ Assumed to be embedded in **retail rates**
- ➔ Applied in the stand-alone **raw water rates**
- ➔ Can be immediately applied if new raw water users are identified and would be revised over time with rates



Rancho Murieta Community Services District

Monthly Billing Rates
Effective 07/01/2019 ~ 06/30/2020
Per property type

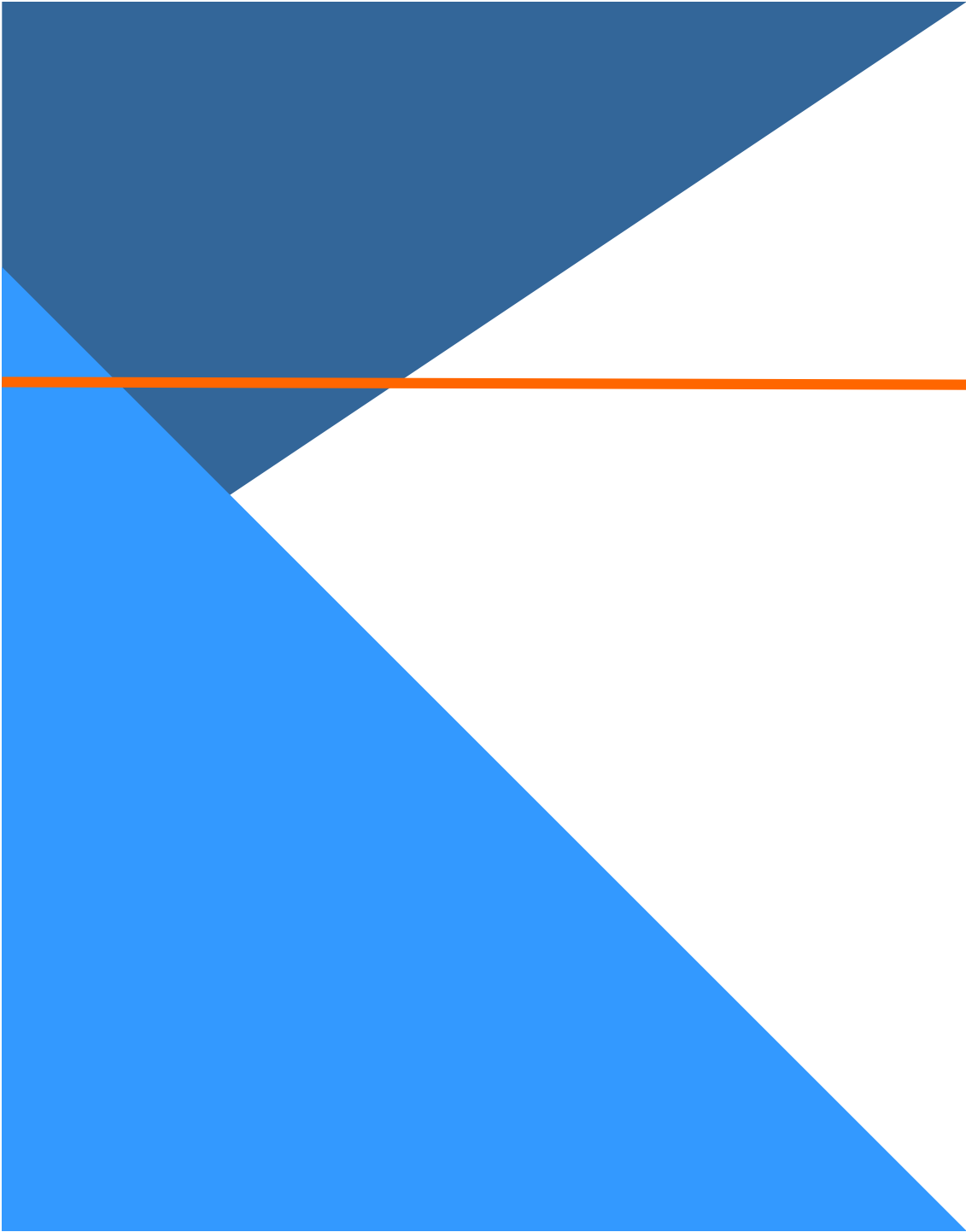
Residential Monthly Rates	
Water base	\$ 45.72
Water variable usage per cubic foot	\$ 0.0191
Water Treatment Plant Debt Service	\$ 6.00
Sewer	\$ 49.53
Drainage Tax	\$ 5.22
Security	\$ 29.73

Murieta Village Monthly Rates	
Water base	\$ 45.72
Water variable usage per cubic foot	\$ 0.0191
Water Treatment Plant Debt Service	\$ 6.00
Sewer	\$ 49.53
Drainage Tax	\$ 3.49
Security	\$ 7.17

Villa Monthly Rates	
Water base	\$ 45.72
Water variable usage per cubic foot	\$ 0.0191
Water Treatment Plant Debt Service	\$ 6.00
Sewer	\$ 49.53
Drainage Tax	\$ 3.49
Security	\$ 29.73

Murieta Gardens II Monthly Rates	
Water base	\$ 45.72
Potable Water variable usage per cubic foot	\$ 0.0191
Non-Potable Water variable usage per cubic foot	\$ 0.0191
Sewer	\$ 49.53
Drainage Tax	\$ 5.22
Security	7.17

Raw Water Rates	
Variable usage per cubic foot	\$0.0035



OUTCOMES



RAW WATER RATE OPTIONS

- ➔ Configure the unit cost of service into the **structure of rates** desired by RMCD and feasible to impose
 - **Variable** only: a cost per unit consumed, billed at the time of metered usage
 - **Fixed, plus variable**: a flat monthly cost, billed regardless of usage, plus a variable cost per unit consumed at the time of usage
- ➔ Address any demand management or seasonal issues with direct raw water use within the community
 - Does the timing of raw water use or its peaking strain the overall utility system?
 - A tiered rate (e.g., seasonal) would address either/both cost or behavioral issues associated with **peak uses**



EXAMPLE RAW WATER RATE STRUCTURES

➔ Variable raw water rates are:

- Simple
- Non-controversial from the customer perspective (pay-as-you-go)
- Not risky to the District given small scale of current sales compared to total water deliveries (i.e., does not overly compromise financial stability of the whole utility)
- Does not account for readiness to serve
- Can the District stop raw water at its discretion?

Rate & Customer Information	Variable Rate	Fixed Plus Variable Rates
Base per meter equivalent	--	\$15.00
Variable per cubic foot	\$0.0035	\$0.0034
Customer Data Billed:		
Meter Equivalents	0	2
Annual Usage	3,147,001	3,147,001
Annual Revenue	\$11,138	\$11,138

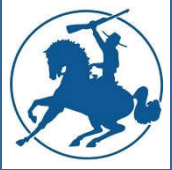
Example fixed-plus-variable for discussion; fixed/variable split can be modified



RECOMMENDATIONS AND NEXT STEPS

- ➔ Consider **ramification to existing users** and the feasibility of applying a change in cost burden
- ➔ **Revise analysis based on any additional input from Finance Committee** or staff working group
- ➔ Receive final consultant report
- ➔ Schedule work session with Board of Directors to enable policy discussion and stakeholder engagement, as desired
- ➔ Proceed with Prop 218 process when a preferred approach is identified and when other retail rates may be modified and noticed

**RANCHO MURIETA
COMMUNITY SERVICES DISTRICT**



RAW WATER RATE DEVELOPMENT

DISCUSSION & QUESTIONS

ClearSource Financial Consulting

TERRY MADSEN | PRINCIPAL CONSULTANT
tmadsen@clearsourcefinancial.com | 831.288.0608
www.clearsourcefinancial.com