



## RANCHO MURIETA COMMUNITY SERVICES DISTRICT

15160 Jackson Road, Rancho Murieta, CA 95683  
Office - 916-354-3700 \* Fax - 916-354-2082

### IMPROVEMENTS COMMITTEE

*(Directors Les Clark and Randy Jenco)*

Special Meeting  
October 8, 2019 at 8:00 a.m.

All persons present at District meetings will place their cellular devices in silent and/or vibrate mode (no ringing of any kind). During meetings, these devices will be used only for emergency purposes and, if used, the party called/calling will exit the meeting room for conversation. Other electronic and internet enabled devices are to be used in the "silent" mode. Under no circumstances will recording devices or problems associated with them be permitted to interrupt or delay District meetings.

### AGENDA

1. **Call to Order**
2. **Comments from the Public**
3. **Review Monthly Updates**
  - 📌 Development
4. **Discussion - Fencing & buoys around aeration system at Chesbro**
5. **14704 Guadalupe Drive (Zieour) Drainage Concern**
6. **Discussion - Midge Fly treatment history**
7. **Review Proposal for Water & Recycled Water Rate Study**
8. **Director and Staff Comments/Suggestions *[no action]***
9. **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 72 hours prior to a regular 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.*

Note: This agenda is posted pursuant to the provisions of the Government Code commencing at Section 54950. The date of this posting is October 4, 2019. Posting locations are: 1) District Office; 2) Post Office; 3) Rancho Murieta Association; 4) Murieta Village Association.

# MEMORANDUM

Date: October 4, 2019  
To: Improvements Committee  
From: Paul Siebensohn, Director of Field Operations  
Subject: Monthly Project Updates

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## PROJECTS

### Development

#### The Retreats East and North

No new update.

#### **The Murieta Gardens (MG)**

##### The Murieta Gardens – Highway 16 Off-Site Improvements

Work has been done to install a post and cable fence on the south side of the Cosumnes Irrigation Association (CIA) ditch. A lot of grading work has been done just below the ditch where various commercial lots are being developed. The CIA ditch is still leaking water from the diversion box into Murieta Gardens Lot 4, all seen in the photo below.



*Photo of Cosumnes Irrigation Association diversion box next to Country Store with water leaking out from it and running into drainage with arrow indicating point of leak.*



*Photo from Cosumnes Irrigation Association diversion box next looking towards BelAir store being constructed*



*Closeup view of visible point of leak from CIA diversion box*

Developer representative John Sullivan provided handouts at our September Board meeting which seems to make an assertion that the new 42 inch Cosumnes Irrigation Association pipe that was installed, as part of the Murieta Gardens project, was tested appropriately and does not leak. With the information provided by the developer and the District, Coastland does not see anything that warrants the District's acceptance of the pipeline installation, let alone the issue of the leaking diversion box being addressed. The concern is the possible liability that would be on the District with any water that enters the lots south of CIA ditch, as the District is responsible for operation and maintenance of the CIA Ditch per a 1987 agreement which makes the District responsible, despite being a 1/3 owner in the CIA.

As previously noted, I recommended at a developer meeting that the District does not accept the CIA ditch portion of this project, but that the developer which is also the 2/3 owner of the CIA ditch, solely accept it and any future maintenance of it. We have yet to hear a response saying they would be willing to accept it.

#### MG - Murieta Marketplace

The drainage detention basin revision work is continuing, shown below.



#### MG-Lot 4&5

Coastland has reviewed and signed off on the plans for this lot. The plans now include a French drain system near the CIA diversion box, tied into the drainage system there. Grading work for the lot has begun.

#### MG -Lot 10 (PDF Office)

Coastland has reviewed the plans submitted and provided comments back to the project engineer.

#### The Murieta Marketplace – Infrastructure

Punchlist items that were moved to this project from the Murieta Gardens II subdivision to allow it to be approved, are still outstanding. Lot D, which is a landscaping lot that extends north and south along the east side of Murieta Drive, was allowed to be put in service, but still does not meet the District's requirement of having a pressure reducing valve installed; work to build a retaining wall around a sewer manhole is outstanding.

#### The Murieta Gardens II – (78 lot) Subdivision

The home developer, K Hovnanian Home, has been busy working on building new homes and requesting inspections for water, sewer, and recycled water installations. An issue arose with lot 77 not having water, which appears to be due to the contractor having left the corporation stop off at the water main (valve which supplies a homes water at the point of connection to the water main). The home builder will be working with the developer to resolve their issue.

#### Rancho Murieta North – Development Project

Coastland is still waiting on Sacramento County's review to avoid duplicate reviews for drainage, with the issue continuing that Sacramento County has not begun their review as they are saying their fee has still not been received from the developer. Coastland is still in review of sewer and water plans.

#### FAA Business Park

The project is in its second round of comments with Sacramento County. They hope to begin work soon.

## MEMORANDUM

Date: September 26, 2019  
To: Improvements Committee  
From: Paul Siebensohn, Director of Field Operations  
Subject: Discuss buoy and fencing protection of Chesbro aeration system

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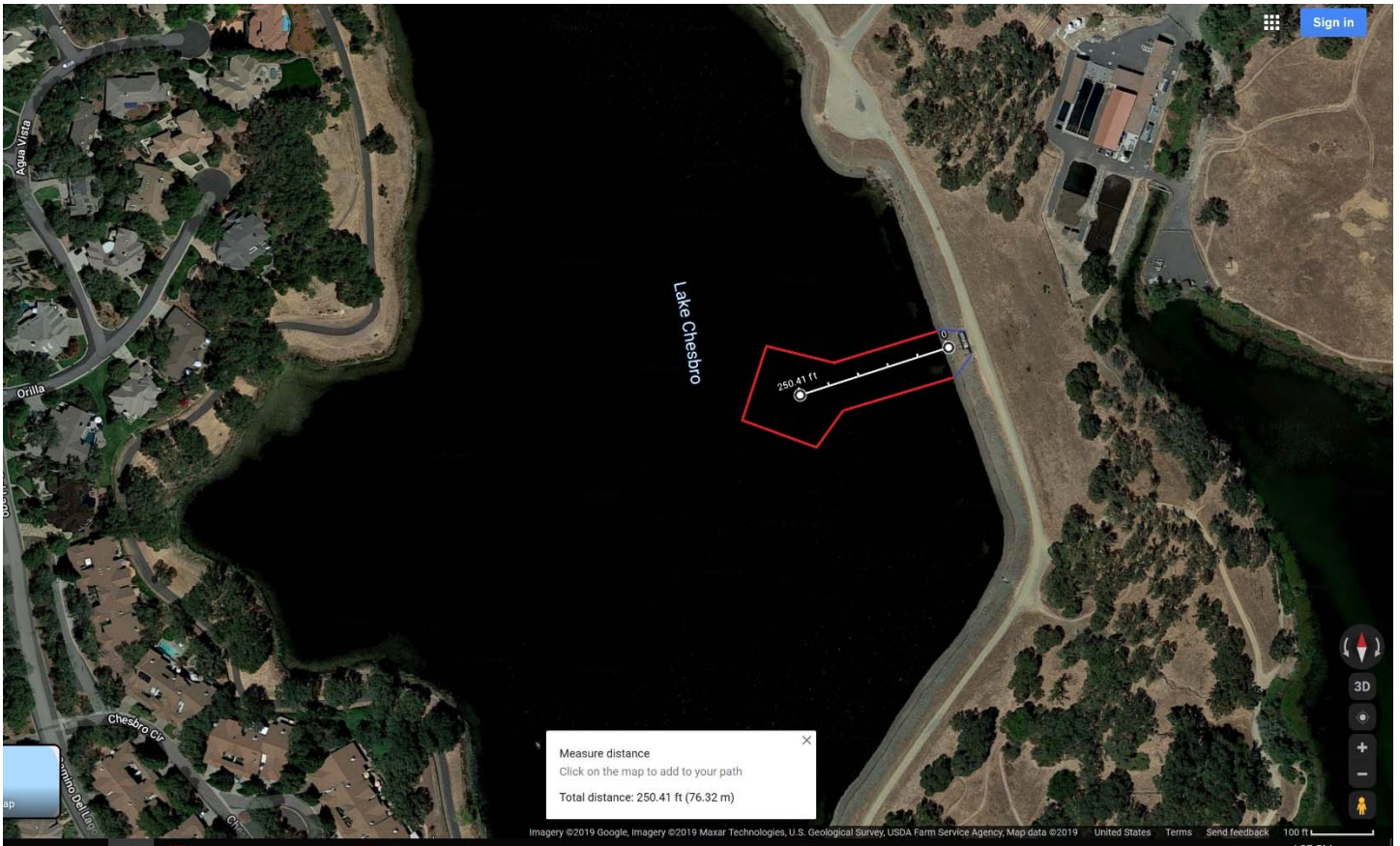
### DISCUSSION

We found that some of our existing aeration lines in the Chesbro reservoir had been damaged and were not providing efficient aeration around the water plant's intake. The aeration systems operation is critical in prevention of iron and manganese issues in the water treatment plant process. It's believed some of the damage may have occurred from fishermen snagging the aeration lines with fishing hooks and trying to pull the hooks free, ripping the rubber lines. An example of the damage sustained is shown in the photo below.



These aeration lines are specially weighted lines to keep from floating, which are relatively expensive. Due to damage sustained on the aeration lines around the Chesbro reservoir intake which feeds the Water Plant, it is being recommended that we protect the lines to prevent future damage. This simple protection would be to place buoys around the area where the aeration lines are at and some additional fencing along the shoreline where the aeration station currently exists. At this point the proposed buoy lines would be placed as shown in the drawing below. We are looking in to using line buoys that would be placed at 20 foot intervals, using approximately 38 buoys similar to the type shown to the right, strung on yellow rope. The buoy line placement would be held in place by cement blocks and rope.





I have reached out to the Rancho Murieta Association's General Manager and Maintenance Manager to inquire if they believe this would be an issue. The initial response was no, but to take our proposal to their maintenance committee for their review. Their maintenance committee meets the first of each month, so I should be able to report back in time for our committee. I may also need to discuss this with the Architectural Review committee at the RMA as well before proceeding.

## MEMORANDUM

Date: 9/30/19 update to 5/10/19 update from March 26, 2019 memo  
To: Improvements Committee  
From: Paul Siebensohn, Director of Field Operations  
Subject: David Zieour drainage; Lot 562, 14704 Guadalupe Dr.

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### DISCUSSION

The information provided herein is in regard to Mr. Zieour's information provided to the Board at the September 2019 Board meeting. This information is attached.

The issue he brings up is that his property, Lot 562, has experienced flooding. The flooding occurs if there's a blockage, or an excessive rain event, that overwhelms the 24" drainage pipe that channelizes flow from above his property to below it. Due to the natural slope of the area, excess waters run to his property. In addition to the natural slope of the area, there are landscape improvements between his lot and his neighbor's lot where an overland drainage would typically be found within the easements if one were to exist.

We empathize greatly with Mr. Zieour about his issue and acknowledge that verbally he has conveyed that he is seeking to have the District work to create an overland drainage through his property. However, the District does not make improvements to private property. The support is as follows from the District Board adopted STORM DRAINAGE AND FLOOD CONTROL MASTER PLAN:

#### *DIVISION OF PUBLIC & PRIVATE RESPONSIBILITIES:*

*One of the problems faced by a public agency which provides drainage and flood control services is the determination of the limit of public responsibilities in the provision of service to private lands. Since each drainage purveyor has had to struggle with this problem, a rather standard understanding of the limit of public responsibility has developed.*

*Drainage law has evolved over time to allow the owner of a higher parcel to use his property in a reasonable manner and to discharge runoff from his lands onto an owner of a lower parcel. In essence, the higher land has an "easement" over the lower land for drainage.*

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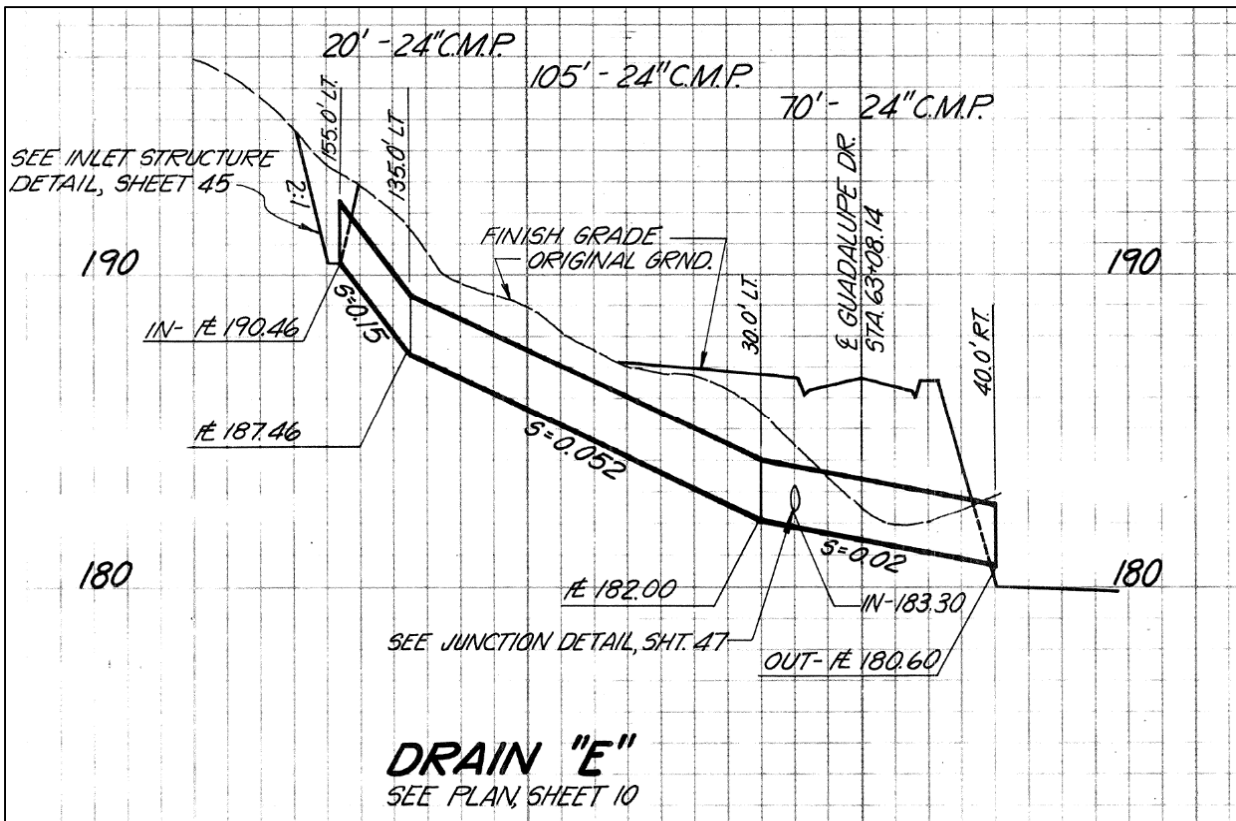
4. *The private party be responsible for drainage across private parcels and common areas to the point of discharge into a drainage channel or public drainage pipeline.*
5. *The private party be responsible for maintenance within the floodplain of natural channels and streams.*

Also, there is no evidence showing that he has made any improvements to accommodate common ground drainage through and off of his property.

### Investigation Information

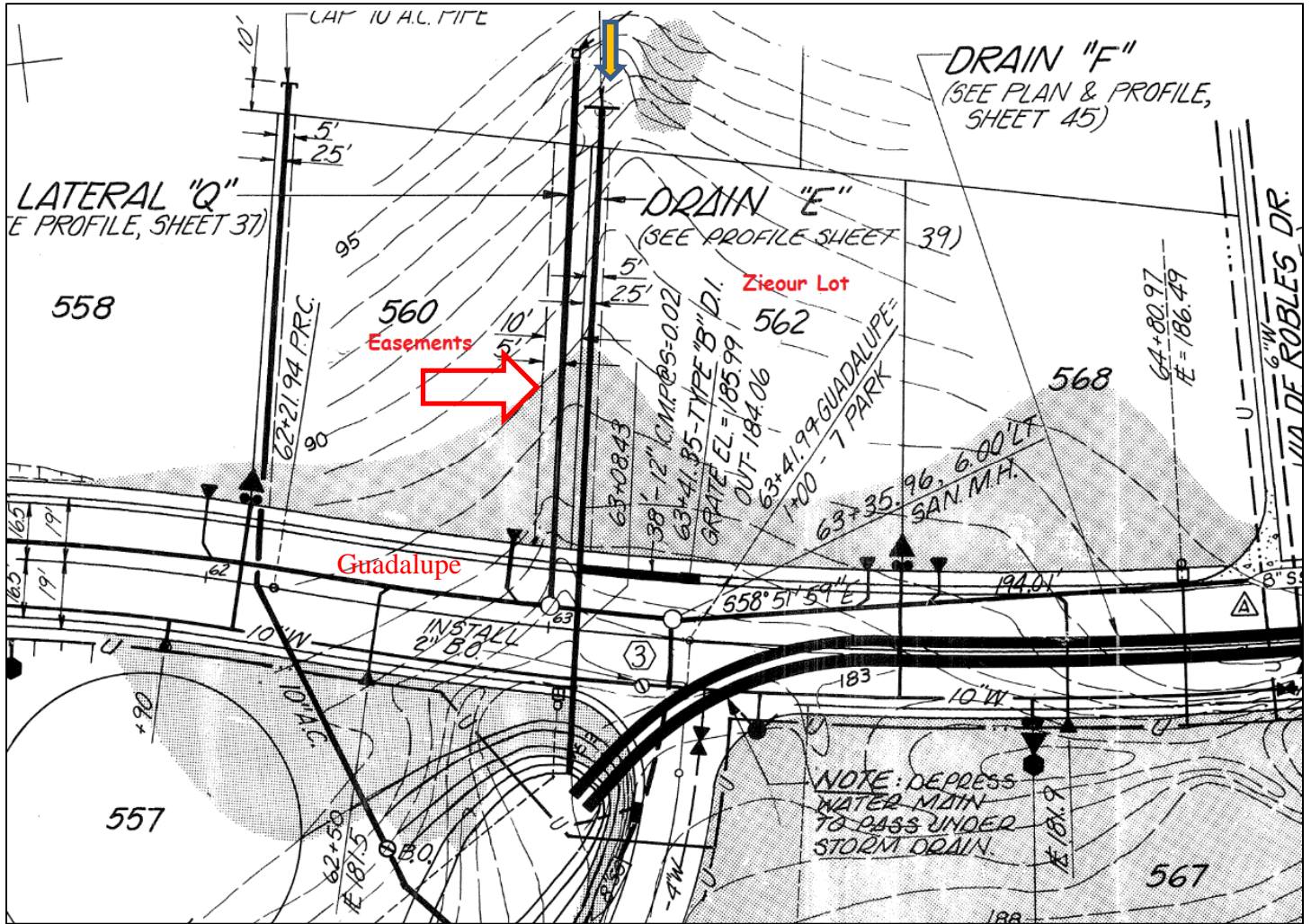
No landscaping plan is available for his lot 562, despite the trees, fencing and landscaping within the easement, which is understandable as the area was developed before the District existed and RMA had established their architectural review committee. Neighboring lot 560 does have a landscaping plan which has a review noting "no large rocks, trees, shrubs in utility easement" and shows easements on either side of the lot. Despite this, large trees and rocks are now present on both lots. The landscaping and root mass from the redwood trees

planted on each lot adjacent to the drainage line raises the land area above the original grade as shown on plans, DRAIN "E" below, obstructing a potential for overland flow between the lots.



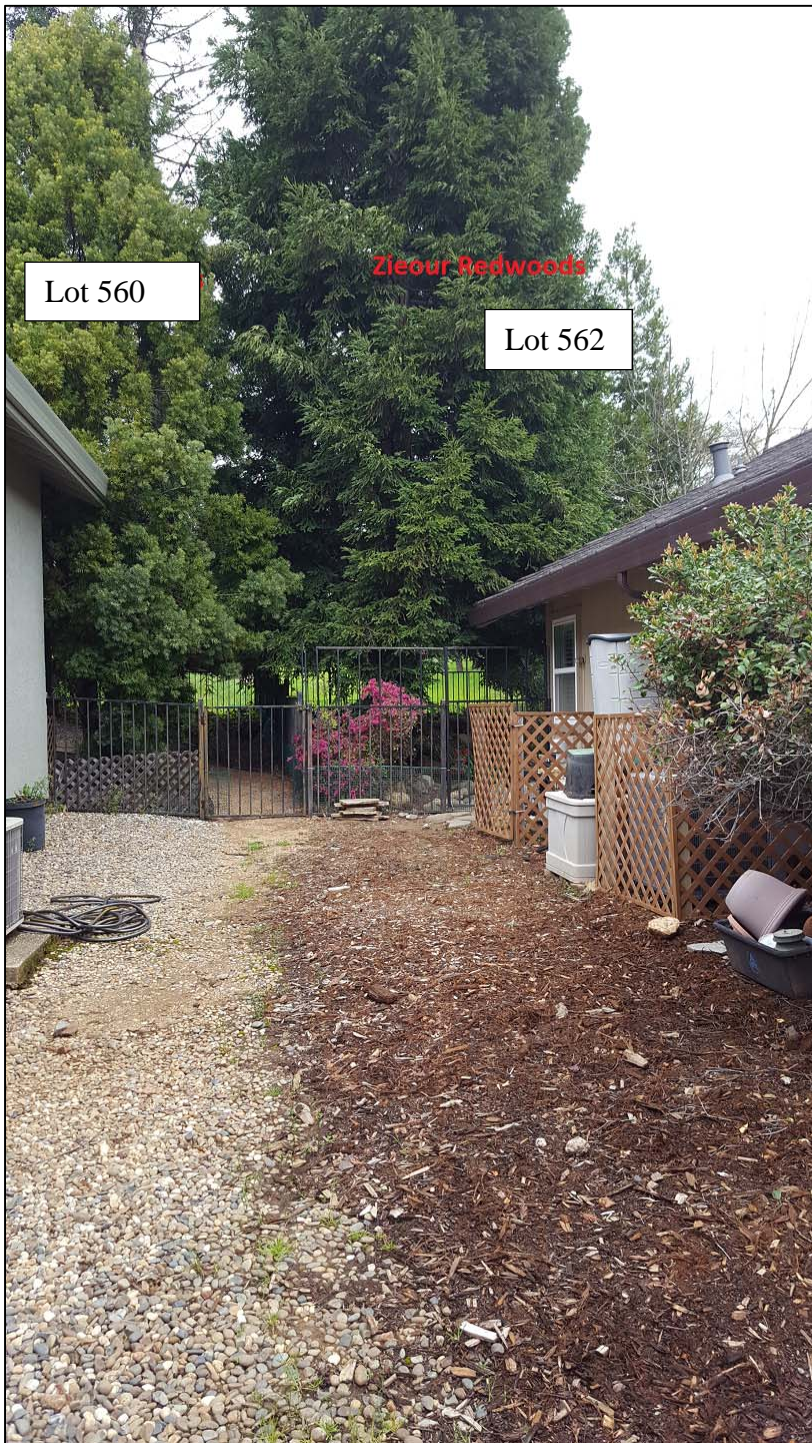


\*Note original grade of cover above drain-pipe vs what currently exists as shown in previous photos, approximately 1 foot per plan sheet and now there is approximately over 2 feet of cover. Each square is 1 foot.





View from street; red arrow indicating direction of 24" drainage pipe flow which is underground



Lot 560

Zieour Redwoods

Lot 562

View between Zieour Lot 562 (right) and Lot 560 (left)



Closer view looking uphill between lots with fencing within easement



View looking down between Zieour Lot 562 (left) and Lot 560 (right); red arrow indicating path of drainage pipe and ideally where overland flow path should probably be.

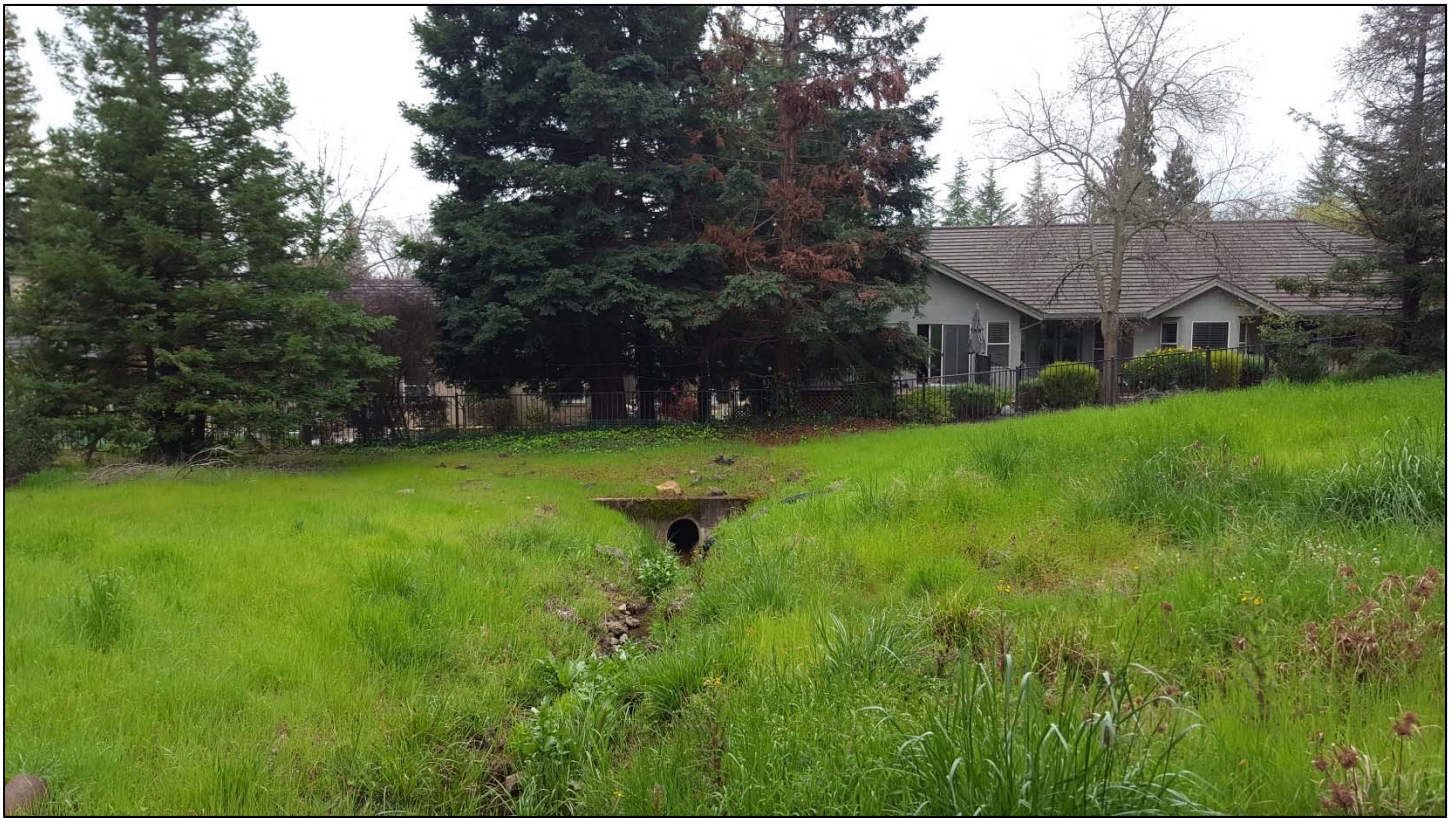


Photo looking downstream towards drainage pipe opening



Photo marked up with flow path, natural slope, and area above pipe headwall



Photo of fencing in easement and trees near it, around 6 feet from center of fenceline.



Up close photo of pipe entrance

**From Previous Discussions**

From my understanding, the original claim he filled in 2011 resulted in an award to him from either the District, RMA, or some combination from both. The flooding from this incident was the result of a large log section that had been cut and stacked by RMA next to the drainage ditch which then washed down into the culvert pipe during a heavy rainfall event. (see photos and write up below)

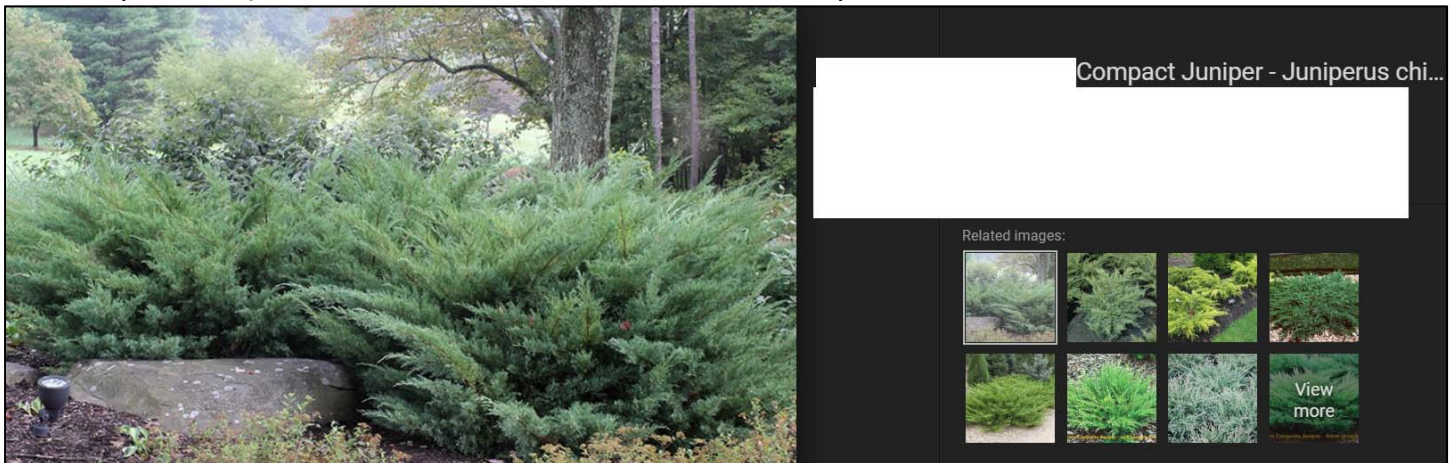
Since that claim, the District has been diligent in checking this specific drainage before every heavy forecasted rain event to make sure that it is clear. Staff also checks the outfall of the drainage culvert that passes by his home that discharges across the street from him. Last year they excavated and hauled away a lot of rock and soil from near the outlet of the culvert pipe. Again, this year on April 1, 2019 staff removed more area near the outlet which had redwood roots, soil and rock and hauled it away.

My understanding is that subsequent claims he has filed have been denied as the drainage system has performed as designed. It has been seen that the homeowner had made no improvements or actions to accommodate drainage flows to or within property to channelize drainage flows from the rear of the property to the front of the property since the original claim.

Plans and photographs were reviewed of this drainage at the District's Improvement's committee on April 2, 2019. Director Clark commented on the drainage and sewer easements that existed and the landscaping over them. He also discussed that due to the slope of the culvert pipe there would be no hydraulic backup in the pipe from the downstream outlet, to which Laurie Loaiza of Coastland Engineering concurred.

After requesting and receiving a landscape plan from the RMA for neighboring lot 560, it could be seen on the landscape plan that it was noted that "no large trees, large rocks, shrubs or structures of any kind in the utility easement (s)" is noted. Currently on Mr. Zieour's lot and their neighbors' lot there is a raised amount of soil and roots vs what the original profile slope of the plan drawing shows and several very large Redwood trees present. Where the drainage culvert pipe is routed there are very large trees planted nearly over the top.

The approved landscape plan also noted that the plantings would be for *Juiperus compacta* (photo below of what they look like), not the Coastal Redwoods that are currently there.



## BACKGROUND

First recorded issue experienced which resulted in a claim.

### Inspection Report for Callout on Sunday 3/27/2011:

*David Zieour and his wife at 14704 Guadalupe came home Saturday evening 3/26/2011 between 5 and 5:30 to find the back sections of their home had flooded. They had been away for two weeks. That night he called RMA for assistance as he believed it to be common ground drainage and was afraid the ditch might flood again. He called RMA again in the morning and they came out to check it out and found the culvert pipe in the picture below had been plugged with a section of log*



and some rocks. Jeff Whitehead on call for Utility staff was called out by South Gate. Jeff called James Colas to respond. At the same time Rod Hart of RMA called our Chief Operator. Our Chief Operator called me. Utility staff and I were out assessing what occurred. I talked to Mr. and Mrs. Zieour and told them that I was there to document and assess what occurred on behalf of the District. My assessment is that the section of log may have been pushed into the drainage as the high water line doesn't appear to have reached where the cut logs are, however; they may have washed in. It was hard to tell exactly what happened. A claim was filed and handled by insurance company. Service Orders #30109 & 30102



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A second claim was filed at another point due to flooding once again. This time the claim was solely handled by the District's insurance carrier. Staff provided rain gauge data and inspection reports. I believe the claim was denied as the culvert pipe was clear and the drainage performed as designed, the rainfall was just excessively beyond design capacity and the homeowners had limited improvements to handle their properties drainage and common ground drainage onto and through it.

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In regard to the Trinidad drainage he showed in photos, which had a backup due to a garbage can getting into the drainage channel there, this does not affect the drainage channel by his house as it is far downstream from his home. That area is far below the area shown in the photos below.



Outlet pipe from Zieour drainage



View looking up channel towards outlet pipes



In conclusion, the District, its attorney, the Improvement Committee and its claim investigators have evaluated this drainage and have determined that it is functioning as designed. It would seem the homeowner needs to "... be responsible for drainage across private parcels and common areas to the point of discharge into a drainage channel or public drainage pipeline..." as noted in the Master Plan.

# Exhibit 1

**BARTKIEWICZ, KRONICK & SHANAHAN**

RICHARD F. SHANAHAN  
ALAN L. LILLY  
RYANS. BEZERRA  
JOSHUA M. HOROWITZ  
JENNIFER T. BUCKMAN  
ANDREW J. RAMOS  
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*lel/red*  
PAUL M. BARTKIEWICZ  
STEPHEN A. KRONICK

June 14, 2019

Mr. David Zieour  
14704 Guadalupe Drive  
Rancho Murieta, CA 95683

Re: Rancho Murieta Community Services District  
Drainage Issue for 14704 Guadalupe Drive

Dear Mr. Zieour:

My firm represents Rancho Murieta Community Services District. I understand from the District that you requested the District provide an explanation regarding the denial of your claim for property damage that occurred in March 2018. I have reviewed this matter with District staff and the District has asked me to provide you this response.

**Factual Background**

The following describes the facts as I currently understand them.

The District maintains a system of drainage facilities within the Rancho Murieta community. That system includes a twenty-four-inch drainpipe with an inlet north of your property that moves water to a drainage channel south of Guadalupe Drive. The drainpipe is located within a drainage easement that is located on or about your western property line. That easement includes the right for the District to operate and maintain the drainpipe and to channelize excess drainage flows over land within approximately the same alignment as the drainpipe.

Currently, the area on your western property line includes several large trees and other objects that impede north-south drainage within the drainage easement. This is inconsistent with the landscape plan to which the easement is subject, which prohibits "large rocks, trees, [and] shrubs" within the easement area.

On March 22, 2018, the Rancho Murieta area experienced an unusually high rainfall event. A local weather station shows that nearly 1.5 inches of rain fell over a fraction of an hour with a peak rate of 3.5 inches per hour. During this time, many District drainage facilities experienced flows that exceeded their design capacity. With respect to your property, District staff have reviewed the available facts and concluded that flows moving downhill north of your property overwhelmed the design capacity of the drainpipe inlet that is north of your property. District staff has found no evidence of excessive obstruction in or near the drainpipe's outlets and inlets. The overwhelming flow resulted in excess flow draining into an overland channel along the drainpipe's alignment. Within that channel, trees and other objects that have been located within the easement impeded the flow's downhill movement and likely resulted in water pooling on your property.

There was another flooding incident at your property in March 2011. In that instance, cut logs obstructed the drainpipe's inlet, preventing flow from entering the drainpipe as designed. That situation was different than the March 2018 flooding, because, as mentioned above, District staff are not aware of any evidence that a similar blockage problem occurred in March 2018.

### Discussion

Based on our legal evaluation, we concluded that the District is not liable for any March 2018 property damage because there was no legal causation between the District's drainage facilities and any property damage you experienced. There appear to be at least two intervening causes which superseded the District's drainage facilities as the legal cause of any damage to your property.

First, the District's drainage facilities performed as designed, but the storm on March 22, 2018 exceeded the drainpipe inlet's design capacity. In *Biron v. City of Redding* (2014) 225 Cal.App.4th 1264, that California Court of Appeal held that the City of Redding had no liability for property damage caused by storm flooding that exceeded the design capacity of the City's storm drainage system:

We agree that plaintiffs failed to prove the storm drainage system was a substantial cause of their damage because the system did not fail, it was simply overwhelmed by the amount of water the storm deposited into the system.

[... ]

In the present case, the public improvement did operate perfectly, but the storm exceeded the design capacity. The trial court found that the storm event on February 23, 2009, "overwhelmed the natural watercourse ... and overwhelmed the storm drain infrastructure ....." This caused surface water to back up onto the adjacent road, Railroad Avenue, caused the storm drain inlet on plaintiffs' property to surcharge, and caused surface water to find the lowest path downstream via Court Street, another adjacent road. It found that City's storm drain pipes were operating free of any obstructions. It found that the storm drain system did not fail, and that it performed as designed on a 10-year storm design. However, the system was overwhelmed with water because the storm was consistent with a 100-year storm, rather than a 10-year storm.

The trial court found that plaintiffs did not prove the storm drain system created a situation or a risk that would not otherwise have been present, nor did they prove that the storm drain system exposed their property to a risk of flooding that did not otherwise exist. The court found plaintiff s' argument to be that the storm drain system simply did not do enough to protect their property.

*Belair* accurately predicted the facts of this case, i.e., the project operated perfectly but the storm exceeded the project's design capacity, and concluded that under such

facts the extraordinary storm would be a superseding cause, cutting off the public entity's liability for inverse condemnation.

(*Biron u. City of Redding* (2014) 225 Cal.App.4th 1264, 1275-1276.)

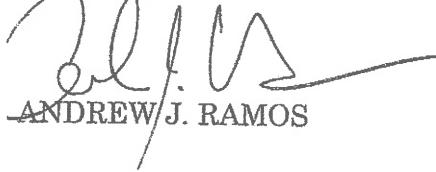
Like in *Biron*, the District's drainage facilities functioned as intended but the drainpipe inlet north of your property was overwhelmed by extraordinary flows. As a result, the District has no liability because an extraordinary storm like the one that occurred on March 28, 2018 constitutes an intervening cause that cuts off any potentially liability by the District for flood damage.

Wrong date

Second, obstructions placed by private property owners within the drainage easement likely impeded drainage flow and caused water to pool on your property. As discussed above, the drainage easement is intended to be clear of trees, rocks and other obstructions so excess drainage can flow overland through the easement to the street gutter on Guadalupe. However, in this instance, trees and other obstructions placed by private property owners likely impeded flow and caused pooling on your property. Therefore, the obstructions within the drainage easement across your western property line also cuts off any potential liability by the District in this matter.

For these reasons, the District is not liable for any property damage that may have resulted from pooled water on your property. The District hopes this response satisfies your request for an explanation regarding its denial of your 2018 claim.

Sincerely,



ANDREW J. RAMOS

# Exhibit 2



**PLAT OF**  
**RANCHO MURIETA UNIT NO. 2**  
 A PORTION OF SECTIONS 33 AND 34, T.8N., R.8E., M.D.M.  
 COUNTY OF SACRAMENTO, CALIFORNIA  
 JANUARY 1978  
 SCALE: 1"=50'

SHEET 6 OF 17 SHEETS

**NOTES:**

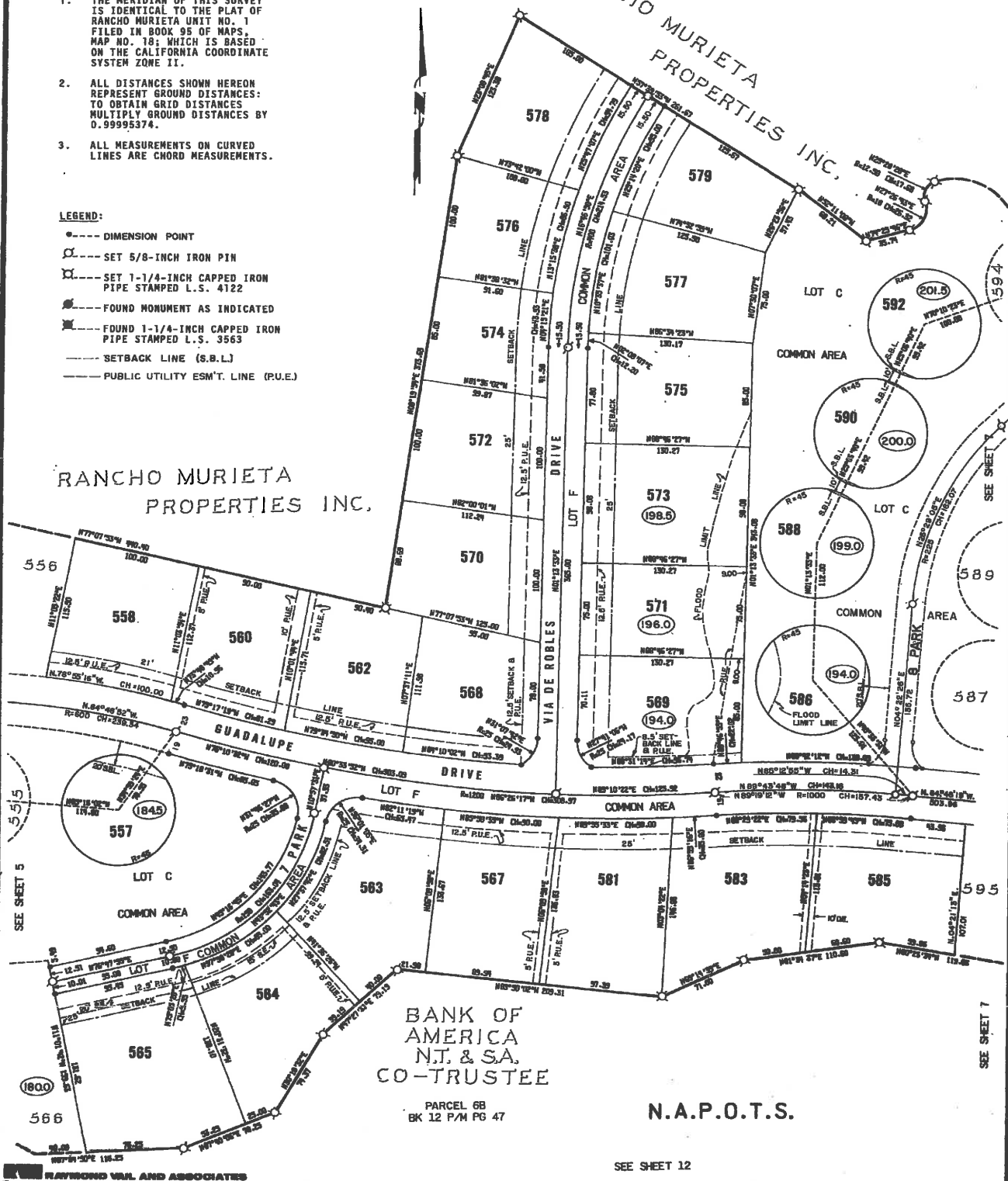
1. THE MERIDIAN OF THIS SURVEY IS IDENTICAL TO THE PLAT OF RANCHO MURIETA UNIT NO. 1 FILED IN BOOK 95 OF MAPS, MAP NO. 18; WHICH IS BASED ON THE CALIFORNIA COORDINATE SYSTEM ZONE II.
2. ALL DISTANCES SHOWN HEREON REPRESENT GROUND DISTANCES; TO OBTAIN GRID DISTANCES MULTIPLY GROUND DISTANCES BY 0.99995374.
3. ALL MEASUREMENTS ON CURVED LINES ARE CHORD MEASUREMENTS.

**LEGEND:**

- DIMENSION POINT
- ⊙--- SET 5/8-INCH IRON PIN
- ⊠--- SET 1-1/4-INCH CAPPED IRON PIPE STAMPED L.S. 4122
- ⊞--- FOUND MONUMENT AS INDICATED
- ⊞--- FOUND 1-1/4-INCH CAPPED IRON PIPE STAMPED L.S. 3563
- SETBACK LINE (S.B.L.)
- PUBLIC UTILITY ESM'T. LINE (P.U.E.)

RANCHO MURIETA  
 PROPERTIES INC.

RANCHO MURIETA  
 PROPERTIES INC.



BANK OF  
 AMERICA  
 N.T. & SA.  
 CO-TRUSTEE

PARCEL 6B  
 BK 12 P/M PG 47

N.A.P.O.T.S.

RAYMOND VAIL AND ASSOCIATES

SEE SHEET 12

121/8-E

Common Area

Storm Drain

Water enters here

Tree

560

88.69

90.00

90.40

X

X

X



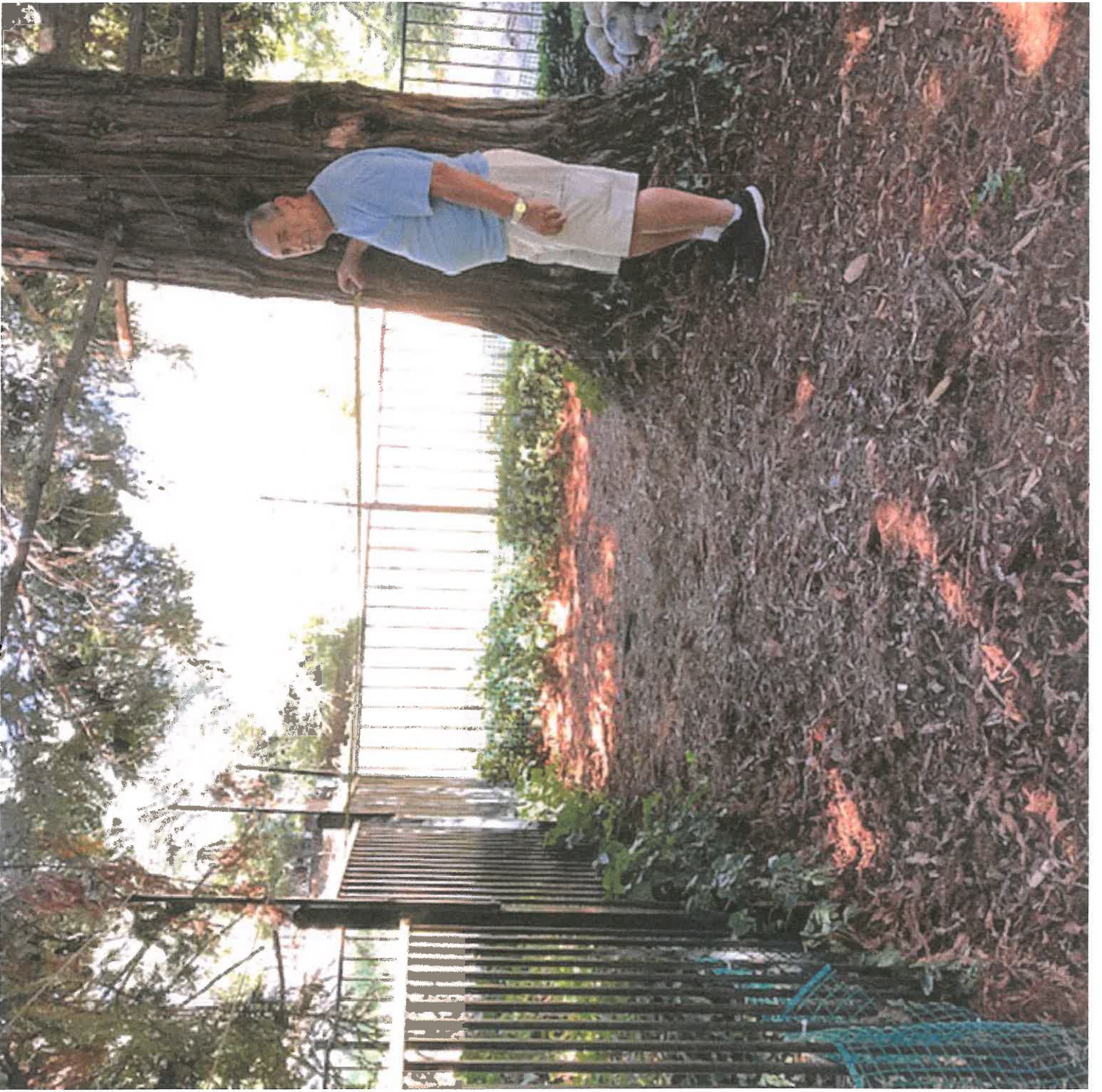
5' P.U.E.

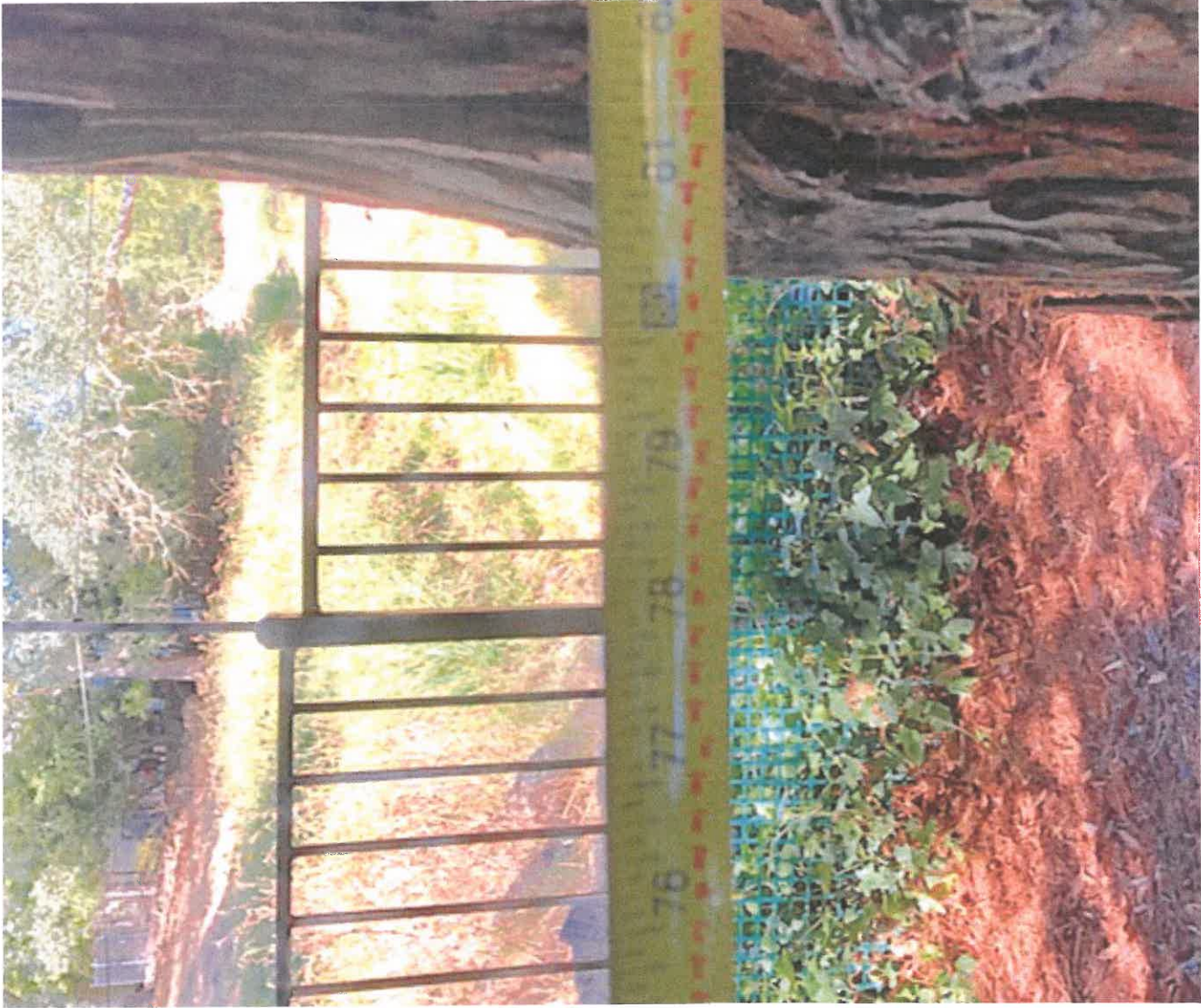
10' P.U.E.

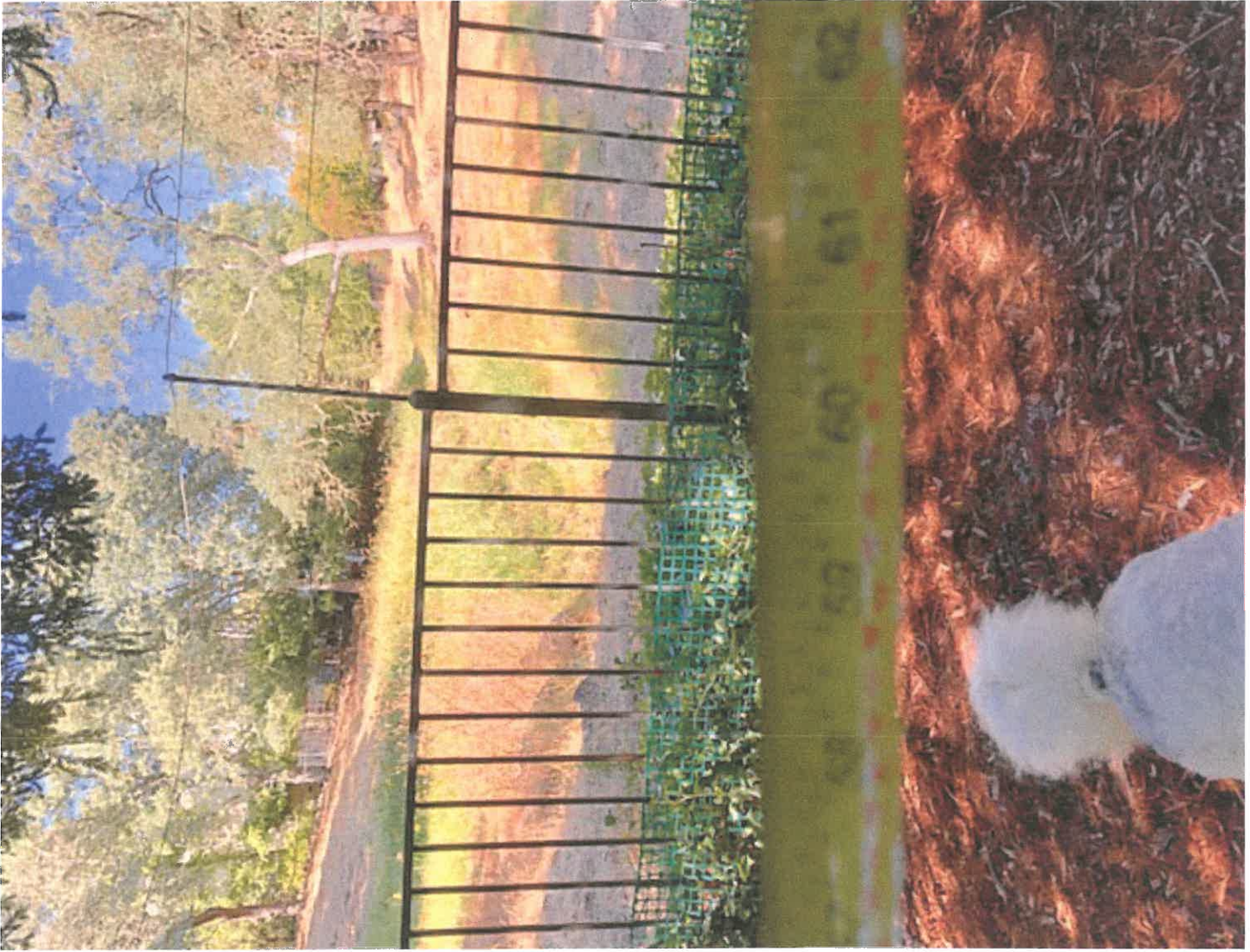
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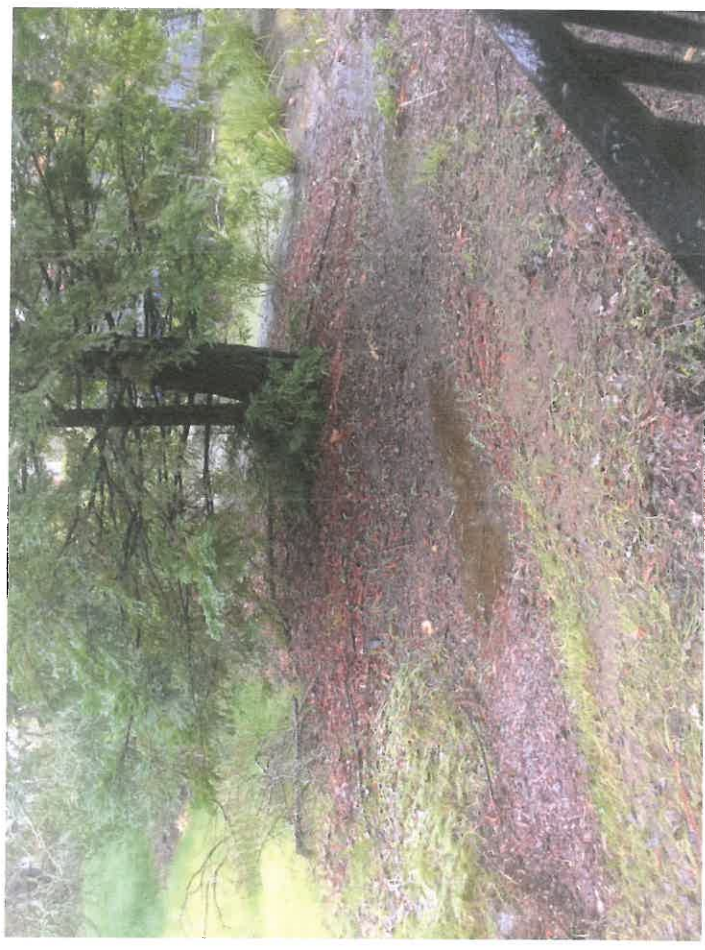
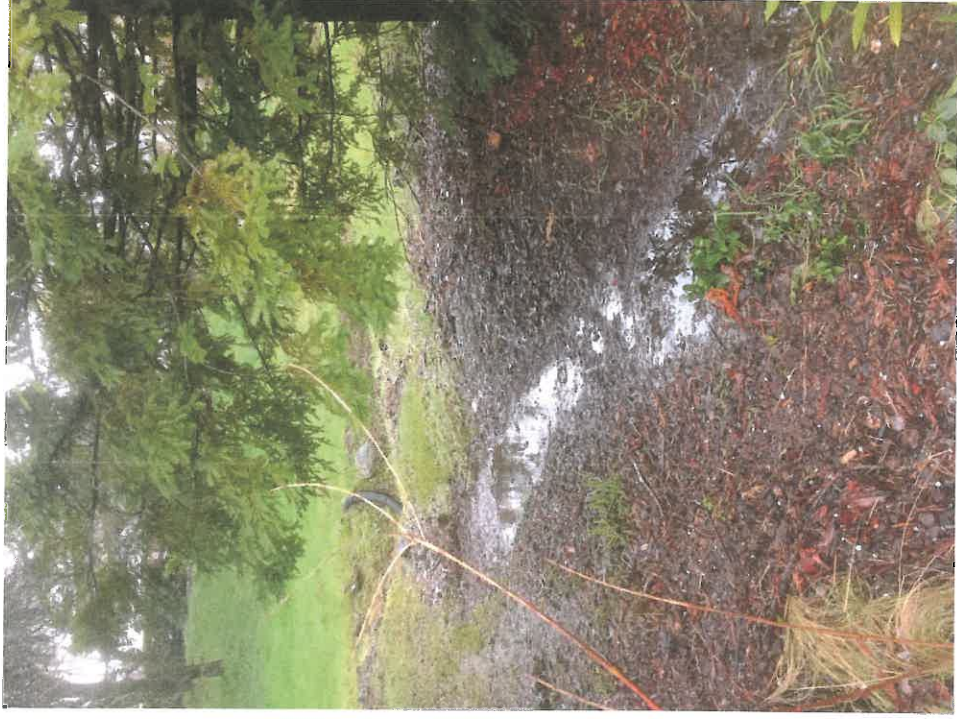


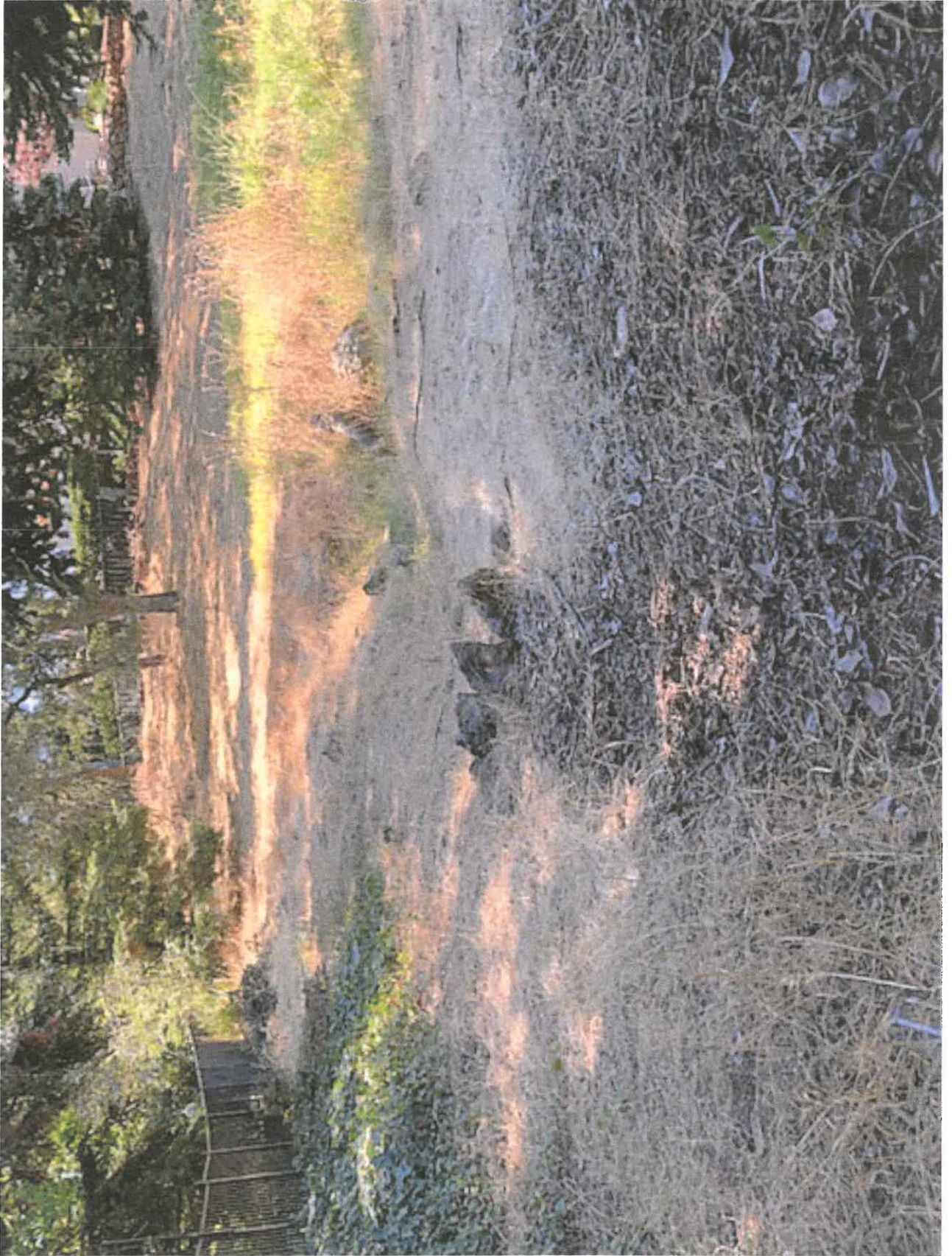




# Exhibit 3

# Flood path March 22, 2018









# Exhibit 4

David Zieour  
14704 Guadalupe Drive  
Rancho Mureita, Ca 95683  
September 18, 2019

Board of Directors  
Rancho Murieta Community Service District  
P.O. Box 1050  
Rancho Murieta, CA 95683

Re: Letter from Bartkiewicz, Kronick & Shanahan  
Drainage Issue for 14704 Guadalupe Drive

Dear: Board Members

I received a letter describing the reason for the denial of my damage claim of March 2018. It also cuts off any potential liability by the District of overflow water from the 24" storm drain behind my property. I strongly disagree with facts presented. I experienced a flood in March 2011 & 2018 from this drain that made a path downward to the middle of my property. The overflow water never entered the P.U.E. area on my property in either event. It is impossible for water to flow south uphill to the P.U.E. area because of the downward natural eastward slope of the land in common area. This path was shown to the District in pictures of both events.

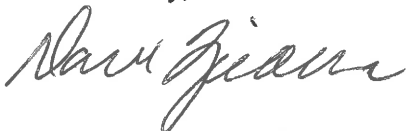
I have asked the District verbally and in written form on several occasions to redirect this path between the houses where the P.U.E area resides. I am again requesting the District to change the land configuration that will redirect the potential overflow of water from this drain to the P.U.E. area.

The District is negligent in the fact that this path is known and presents an unsafe condition to my family and property. Potential overflow from this drain, for any reason, will result in flooding to my property as in previous events.

If the District fails to act I will bring litigation against the District for negligence and refusing to correct this known unsafe condition. I have contacted an attorney that assures me that there is case law that favors my unique situation. I have engaged a civil engineer that assessed the infrastructure problem and supports my position. I also plan to send pictures and provide the story of why I have to sandbag my house in Rancho Murieta to the local TV channels and newspaper.

Please notify me if I can provide additional information or assist in anyway.

Sincerely,



# MEMORANDUM

Date: October 4, 2019  
 To: Improvements Committee  
 From: Paul Siebensohn, Director of Field Operations  
 Subject: Approve Proposal & Engineering services for Recycled and Raw Water Rate Study

## RECOMMENDED ACTION

Approve proposal to ClearSource Financial Consulting Inc., with fees in an amount not-to-exceed \$18,750. Funding is to come from 50:50 from Water and Sewer – consulting operations funds. Approve Coastland Engineering for general engineering services related to this task of supporting the rate study in an amount of \$7,210.

## BACKGROUND

Formal rate studies are required for the District to support the purpose for a Recycled Water rate which has not yet been established and Untreated Water rate updates the untreated water we supply. The Consultant will be following established guidelines for determining the rates, supported with information that District staff supplies to them. Simply, rates are being created to recoup costs that the District are and will be incurring, now and into the future for supplying the services and products of Recycled Water and Untreated Water.

ClearSource Financial Consulting was chosen by the District Engineer as an established and highly reputable company that has a focus on this service. The scope of work Clearsource presented is to take phased steps, within a 120 day timeframe, for completion of the rate studies to be ready for Board proposal, Proposition 218 noticing and then adoption. Once the studies are adopted, an Ordinance will need to be created to amend the Water Code to update the Untreated Water rate and Sewer Code for the Recycled Water Rate.



Project Element and Major Task	ClearSource Labor			Total Project	
	Proj. Mgr. Principal	Senior Cons.	Senior Cons.	Professional Labor	Consulting Fee
	Madrea	Johson	Schroeder		
<b>Professional Hourly Rates: \$150 \$150 \$150</b>					
1   Study Initiation Meeting	1	0	0	1	\$ 150
2   Data Collection/Validation	2	8	8	18	\$ 2,700
3   Revenue Requirement Forecast	8	8	16	32	\$ 4,800
4   Cost of Service Analysis	8	16	0	24	\$ 3,600
5   Rate Design	4	12	0	16	\$ 2,400
6   Meetings/Presentations/Prop 218 Support	4	8	4	16	\$ 2,400
7   Reports and Deliverable Tools	2	8	8	18	\$ 2,700
<b>Grand Total Not to Exceed Fee for All Elements</b>	<b>29</b>	<b>60</b>	<b>36</b>	<b>125</b>	<b>\$ 18,750</b>

Their complete proposal is attached.

**RANCHO MURIETA  
COMMUNITY SERVICES  
DISTRICT**

**AUGUST 23, 2019**

**PROPOSAL TO PERFORM CONSULTING SERVICES**

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# **Raw Water & Recycled Water Rate Study**

**ClearSource** Financial Consulting

**TERRY MADSEN | PRINCIPAL CONSULTANT**

tmadsen@clearsourcefinancial.com | 831.288.0608

7960 B Soquel Drive, Suite 363 | Aptos, California 95003

[www.clearsourcefinancial.com](http://www.clearsourcefinancial.com)

## PROPOSAL TOPICS

- 1.1 Transmittal Letter
- 2.1 Experience and Qualifications
- 3.1 Scope of Services
- 4.1 Fee Proposal

August 23, 2019

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

Attn: Mark Martin, General Manager  
15160 Jackson Road  
Rancho Murieta, California 95683

**Proposal for a Raw Water and Recycled Water Rate Study**

Dear Mr. Martin and Other Members of the Selection Team:

Thank you for the opportunity to provide cost of service, cost recovery, and rate consulting for the Rancho Murieta Community Services District (RMCS D, District). ClearSource is well-qualified, available, and equipped to complete the scope of work envisioned by the District. We bring an **open mind for change** and exhibit the **energy to do the heavy lifting it takes for a fresh look** on the subject.

We commit to RMCS D to provide premier service, on time, and within budget:

PREMIER SERVICE	ON TIME	WITHIN BUDGET
We routinely demonstrate care about the details and the rightful influence of local conditions. We do the hard work to achieve modern and meaningful outcomes that reflect the way our clients serve their communities today.	Study outcomes and reporting will be ready for the Department’s use <b>120 days</b> from project commencement.	We will finish the scope of services without change orders, which is our standard practice. We do not ask our clients to bear the risk in estimating what it takes to do this work thoroughly and with successful enactment of results.

I am the President of ClearSource Financial Consulting, authorized to negotiate and bind ClearSource contractually. I have read and will comply with all terms and conditions of the RFP without exception. My signature obligates ClearSource to the terms of this proposal and confirms that this proposal shall remain valid for a period of 90 calendar days from the date of this submittal.

Sincerely,



**TERRY MADSEN, PRESIDENT | CLEARSOURCE FINANCIAL CONSULTING**

COMPANY NAME: ClearSource Financial Consulting  
CONTACT NAME: Terry Madsen, President and Principal Consultant  
PHONE NUMBER: 831.288.0608  
MAILING ADDRESS: 7960 B Soquel Drive, Suite 363, Aptos, CA 95003  
EMAIL ADDRESS: tmadsen@clearsourcefinancial.com  
WEB: www.clearsourcefinancial.com

# EXPERIENCE & QUALIFICATIONS

## COMPANY BACKGROUND

### ClearSource History

ClearSource Financial Consulting is a privately owned California-based boutique consulting firm intentionally sized and structured to focus on a **highly tailored, high quality study experience for our clients**. ClearSource is staffed by a five-person team of seasoned individuals with decades of combined experience in local government financial analysis. We are particularly focused on equitable forms of cost allocation and cost recovery within the challenges and constraints of the ever-evolving California statutory and legal environment, informed respectfully and strategically by the voter driven principles embedded in Propositions 218 and 26.

Our firm is centered on ClearSource founder and President, Terry Madsen, who will lead the study from start-to-finish. **For over 17 years,**



**Terry has provided financial consulting services exclusively to local government agencies.** In October 2011, he founded ClearSource, a firm dedicated to providing local government agencies with

premier financial consulting services:

- Energy and enthusiasm to dive deep into the details
- Willingness to do the heavy lifting necessary to implement modernization and lasting change
- Commitment to on-time delivery and not-to-exceed consulting fees

ClearSource Financial Consulting is a 100% privately owned registered California Corporation headquartered in Aptos, California.

### ClearSource Service Profile

ClearSource provides services to California municipal agencies, consulting on topics focused on **revenue management through cost of service-based resources**, including the following common areas of study and consulting for a wide cross-section of governmental services and funds:

- User and regulatory fee studies
- Utility rate and capacity charge studies
- Master fee schedule updates
- Comparative/market analysis
- Cost allocation plans
- Internal service fund rate studies
- Cost sharing

Our primary focus is in revenue streams linked to cost of service principles, equity, and local-government control. Throughout these areas of expertise, we often work in harmony with internal and external stakeholders to achieve successful implementation of the necessary solutions.

As with every study of this type, the successful completion of this project at RMCS D will require **positive, professional relationships with District staff**, contract service providers, stakeholders, and the Board and/or subcommittees. ClearSource clientele can attest to our ability to successfully navigate timing, competing values, and other challenges that arise when completing large scale projects.

During his career, **Terry Madsen has been awarded for his integrity, client service, dedication, and perseverance.** His treatment of internal staff, and respect for the challenges they face and the results they require in order to successfully accomplish their goals and objectives, results in working relationships that span multiple years and projects.



# EXPERIENCE & QUALIFICATIONS

## REFERENCES FOR COMPARABLE PROJECTS

ClearSource presents the following selection of cost of service and cost recovery references to the Rancho Murieta Community Services District. These references attest to our abilities in:

- Working within the immediate region and elsewhere in California for agencies of different size and organization.
- Establishing user rates and charges based on cost of service principles, industry standards, and statutory framework

- Delivering “whole system” financial consulting, where cost recovery products are in harmony with agency plans, goals, policies, and other forms of cost recovery.
- Working collaboratively and positively with agency staff from different perspectives, including leadership, finance, and public works/engineering.

Additional references are available upon request.

### City of Wheatland, California

**CONTACT:**

Susan Mahoney  
**Finance Director**  
Phone: 530.633.2761  
Email: smahoney@wheatland.ca.gov

### City of Gustine, California

**CONTACT:**

Lakhwinder Deol  
**Finance Director**  
Phone: 209.854.6471  
Email: ldeol@cityofgustine.com

### City of Roseville, California

**CONTACT:**

Dennis Kauffman  
**Chief Financial Officer**  
Phone: 916.774.5313  
Email: dkauffman@roseville.ca.us

### City of Long Beach, California

**CONTACT:**

Joshua Hickman  
**Program Manager, Public Works**  
Phone: 562.570.5714  
Email: Joshua.Hickman@longbeach.gov

# EXPERIENCE & QUALIFICATIONS

## CONSULTING TEAM

### Project Team Organization

This project will be led by Terry Madsen. He will be the District's primary contact, oversee quality assurance of all analysis and outcomes, and be the face for onsite interaction with District staff, leadership, and public procedures.

Karyn Johnson will lead the technical analysis and provide project management support. Analytical and strategic support will be provided by senior-level professionals: Jeanette Hahn, David Schroeder, and Carolyn Jones. Their experience includes more than 50 years of direct support to local government agencies.

Figure 1 illustrates the consultant lines of reporting for the District's project.

FIGURE 1 | PROJECT TEAM ORGANIZATION



Consultant project roles is as follows:

- **Project Manager** | Primary contact for the District, direction of analysis, onsite interaction with District staff and leadership, and face for public procedures.
- **Principal Consultant** | Implementation of analytical direction, targeted analysis, troubleshooting, and quality assurance.
- **Technical Lead** | Foundational analysis, subject matter expertise and targeted

analytical modules, strategic sounding board, and quality control interaction.

- **Senior Consultant** | Data analysis, modeling of analytical iterations, data input, data structuring, and research

### Team Experience and Qualifications

All consultant hours dedicated to RSRPD for this project will all be performed by staff two or more decades into their careers serving public agencies on costs of service, cost recovery, and municipal budgeting. Brief biographies for these project team members begin in the next section.

### Continuity of Service

As an intentionally structured small firm that believes our size is integral to the way we provide **personalized and high quality service to our client communities**, we are nonetheless asked by agencies about our plans for ensuring continuity of service if a team member faces personal emergency disruptive to the project. In fact, this is essential to our business and reputation. In addition to our collegiality and cross-discipline synergy, this is one of the key reasons **our staff is comprised of seasoned professionals** in this area of expertise.

Three of our five consultants are each two or more decades into consulting careers rich with successful project management, direct project performance, and accomplished public engagement for successful implementation of outcomes. For the Rancho Murieta Community Services District, in the unlikely event our proposed project manager Terry Madsen became unable to complete these services, fellow team member **Karyn Johnson** will step into his place, able to perform at equal level and achievement to Terry.

# EXPERIENCE & QUALIFICATIONS

## PROFESSIONAL BIOGRAPHIES

### Terry Madsen

#### PROJECT MANAGER / PRINCIPAL CONSULTANT

Terry Madsen is the President and Principal Consultant of ClearSource. For 16 years, he has provided financial consulting services to local government agencies.

Prior to founding ClearSource in October 2011, Terry was employed by a competing California firm, NBS (2001 to 2011). Terry's depth of knowledge includes numerous service areas:

- ➔ Water and wastewater rate studies
- ➔ User fee studies
- ➔ Indirect cost allocation studies
- ➔ Internal service fund rate studies
- ➔ Special financing district administration

Terry has managed numerous cost of service studies during his career. In the past year alone, he supported utility rate studies, cost allocation studies, and user fee studies for California agencies, including but not limited to, Azusa, Escalon, Gustine, Laguna Woods, La Quinta, Larkspur, Palos Verdes Estates, Rancho Mirage, San Leandro, Torrance, Ventura, and Wheatland.

Terry's experience in performing rate and fee studies includes all phases of the work, from project initiation to completion and presentation of final findings.

Terry is a member of the California Society of Municipal Finance Officers. He holds a B.S. in Business Administration with a Finance Concentration and an Economics Minor from Cal Poly, San Luis Obispo, and an MBA with an Entrepreneurship Concentration from California State University, San Bernardino.

### Karyn Johnson

#### TECHNICAL LEAD / SENIOR CONSULTANT

Karyn Johnson is the Utility Rates and Finance Technical Lead for ClearSource. Her rate consulting experience spans over 25 years serving municipal clients of diverse size and situation. Prior to joining ClearSource in 2017, Karyn was an owner-principal at FCS Group, specializing in all aspects of utility rates and fees:

- ➔ Policy development
- ➔ Strategic financial planning analysis
- ➔ Equitable cost allocation and effective rate structure design
- ➔ Capacity charge nexus analysis/justification

During her career, Karyn has performed several hundred utility financial/rate studies for public agencies throughout the Western United States and abroad. She is articulate and agile when working within the legal framework of rate and charge-setting across these regions.

Karyn is serving as the technical lead on water and sewer rate studies for Wheatland and Gustine, California and, in the past year, has also supported user fee studies for Monte Sereno and Palos Verdes Estates, California.

Karyn holds a B.S. in Business Management with a Finance Concentration from Franklin University, Columbus, Ohio, and an MBA with a Finance Concentration from Pepperdine University, California.

### David Schroeder

#### SENIOR CONSULTANT

David Schroeder is a Senior Consultant for ClearSource Financial Consulting. He has served the public sector for more than 15 years,

# EXPERIENCE & QUALIFICATIONS

focusing on recovery of municipal service costs, particularly within the varied structures of California special financing districts used by cities, counties, and special purpose districts across the state.

David's technical expertise is centered on large-scale and complex database analysis on multiple platforms, geographic information systems and science (GIS), and auditing of records and systems. Project areas in which David applies these skills for public sector clients have included:

- Special financing district administration, formation, annexation, auditing, and continuing disclosure reporting.
- Advanced GIS, including design and analysis to support district formation, annexation, Proposition 218 procedures, rate studies, and development impact fee analysis.
- Solutions generation for complex issues facing municipal clients, including fund close-outs, independent auditing of special financing districts, design and administration of refund programs, and data-driven public outreach.

David's expertise has supported a variety of public services including: lighting and landscaping, public safety, public facilities and maintenance services, and other municipal activities spanning general and special benefit. He is conversant in and has trained client agencies on GIS, including systems such as ESRI ArcGIS and the creation and usage of GIS web applications on the platform.

In the past year as a consultant with ClearSource, David has supported cost of service, cost allocation, and fee studies for the following California agencies: the Cities of Lincoln, La Quinta, Lake Forest, Oakdale, Campbell, Ventura, Elk Grove, and Huntington Beach; Kern County, and Sacramento Regional Transit.

David earned a Bachelor of Science in Business Administration, concentrating in Accounting Information Systems, from California State University San Bernardino. He is also certified from the University of West Florida's Graduate Geographic Information Science program.

# SCOPE OF SERVICES

## PROJECT UNDERSTANDING

### Objectives

The Rancho Murieta Community Services District is initiating a **Raw Water and Recycled Water Rate Study**, which is intended to:

- ➔ Establish a set of policies and guidelines to provide financial stability including: cash reserves, infrastructure replacement funding, and debt coverage / management.
- ➔ Develop forward-looking rate strategies that will allow the District to meet its current and future operating needs, capital costs, and financial policy goals, while minimizing rates to the degree practical.
- ➔ Assess the equity of cost recovery for all types of users/classes.
- ➔ Develop a fair and equitable schedule of rates that follow appropriate standards, regulations and guidelines and reflect best industry practices.
- ➔ Produce rate recommendations for adoption following a thoughtful, well-documented and defensible plan.

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## WORK PLAN

ClearSource presents the following step-by-step work plan to complete the Raw Water and Recycled Water Rate Study envisioned by the Rancho Murieta Community Services District.

### Task 1 | Study Initiation

Prepare for, attend, and facilitate an onsite meeting with District staff to initiate the project. The purpose of this meeting is to generate common understanding of objectives, known issues that must be addressed by study end, participant roles, schedule, key milestones, and data collection and development procedures.

### Task 2 | Data Collection/Validation

Provide a data request list identifying financial, operational, and customer data pertinent to the study. Review, analyze, and validate information as necessary for use in formulating the technical analyses.

### Task 3 | Revenue Requirement Forecast

Develop a five to ten-year revenue requirement forecast to determine rate revenue needed to fund the capital program, operating and maintenance costs, and fiscal policy achievement:

#### TASK 3.A | CRITICAL ASSUMPTIONS

Develop critical inputs and assumptions for forecasting revenues and expenditures to include: customer growth, cost inflation, and debt financing terms.

#### TASK 3.B | FINANCIAL POLICIES REVIEW

Conduct a financial policy evaluation to assess existing practices which should be maintained and explore alternative practices that might further District goals in funding utility obligations. We will begin with a high-level historical fiscal health review to use as a baseline for policy development. Policies will address:

# SCOPE OF SERVICES

- Cash reserves for working capital, capital contingencies, and emergencies
- Infrastructure replacement funding
- Debt coverage and debt to equity ratios

We will evaluate the need for each reserve or policy, the basis for any minimum reserve targets, and the financial impacts for establishing any new or revised policies.

## TASK 3.C | CAPITAL FUNDING STRATEGY

Review annual capital projects and associated costs and escalate those costs to year of anticipated construction. Design a capital funding strategy intended to feasibly execute the capital program with relatively level rate impacts. Evaluate an appropriate combination of resources from cash reserves, capital-related fees, capital contributions from rates, debt, and potential outside sources. We will structure the capital funding analysis to allow for alternative priority and scheduling of projects to evaluate rate changes under different scenarios.

## TASK 3.D | OPERATING FORECAST

Forecast operating and maintenance costs over the study period. Historical expenditures and the current budget will form the baseline for this forecast. Incorporate any additional O&M expenses for known or anticipated changes in operational requirements such as additional staffing, deferred maintenance, and impacts of future regulations and standards. Economic factors will be applied for cost escalation and customer growth and demand assumptions.

## TASK 3.E | RATE ADJUSTMENT STRATEGY

Integrate selected financial policies, existing debt service, capital funding impacts, and the operating forecast to develop an operating cash flow over the study period. Compare projected requirements against projected revenue under existing rates to determine annual adjustments needed for financial sustainability. Rate strategies will be developed that provide level

rate impacts over the study period to the degree practical. Sensitivity analyses will be performed to assess the impact of alternative capital funding strategies and other input parameters.

## Task 4 | Cost of Service Analysis

Conduct the technical analyses necessary to provide a rational basis for allocating system costs, assigning cost shares to customer classes, and recommending rate structures consistent with generally accepted cost-of-service methods, District pricing goals, and Proposition 218 requirements:

### TASK 4.A | CUSTOMER DATA ANALYSIS

Develop a profile of the existing customer base by reconciling historical customer billing system data with actual reported data. The purpose of this exercise is to calibrate customer statistics so that they generate the correct amount of revenue when the corresponding rate structure is applied, and to determine if current class groupings are reasonable. The calibrated statistics will be adjusted for projected customer growth and demand to form the basis for allocating costs to customer classes and designing rates.

### TASK 4.B | CUSTOMER CLASS ALLOCATION

Determine appropriate cost allocation factors and assign system assets and revenue requirements to the functions of service. The functionalized costs will be allocated to customer classes using the customer base profile developed in Task 5.A. We will summarize the resulting cost of service by customer class and compare to existing revenue recovery to determine potential shifts between classes.

## Task 5 | Rate Design

Evaluate performance of the existing rate structure, and develop alternative structures that might better address long-term utility

# SCOPE OF SERVICES

needs and customer concerns. The benefits of any proposed modifications will be weighed against the financial impacts on ratepayers, and the District's ability to continue funding operations:

## **TASK 5.A | RATE STRUCTURE EVALUATION**

Evaluate the existing rate structure as a baseline for comparing potential alternatives. Advantages and disadvantages of alternative rate structures will be discussed at the kick off meeting and further vetted following the cost of service analysis.

## **TASK 5.B | RATE CALCULATIONS**

Design alternative rate schedules by customer class that incorporate proposed rate revenue increases and cost of service findings. Evaluate and demonstrate the ability of the proposed rates to generate the projected and required revenues by testing rates against customer demands. All rate structure options will:

- Meet requirements of Proposition 218
- Promote rate sufficiency and stability
- Consider billing system capabilities
- Foster ease of administration and understanding by the ratepayers

## **TASK 5.C | CUSTOMER BILL CALCULATIONS**

Calculate the bills for each customer, and on average by customer class. Resulting customer bills will be compared to existing customer bills, and illustrated in graphical format for transparency and ease of understanding.

## **Task 6 | Meetings, Presentations, and Prop 218 Support**

To facilitate active engagement and collaboration with District participants, we propose the following events:

## **TASK 6.A | DISTRICT STAFF INTERACTION**

In addition to the kick-off event, we will confer with District staff through conference calls and onsite visits as needed. We envision three (3) site visits to review interim study findings at major milestones.

## **TASK 6.B | BOARD MEETINGS**

Prepare materials and participate in two (2) Board meetings to present interim findings and obtain input for study completion.

## **TASK 6.C | PROPOSITION 218 SUPPORT/ PUBLIC HEARING**

Assist District staff in preparing Proposition 218 Noticing Requirements to include crafting of notices and public outreach materials. The District will provide all copies and mailing services. Attend one (1) Public Hearing where rates are considered for adoption.

## **Task 7 | Reports and Deliverable Tools**

Provide the formal documentation of the work and outcomes of the study, as well as delivery of the tools developed throughout the study for the District's ownership and future use:

### **TASK 7.A | DRAFT REPORT**

Prepare a draft report summarizing assumptions, findings, and initial rate recommendations (electronic copies in Microsoft Word and PDF format).

### **TASK 7.B | FINAL REPORT AND RATE MODEL DELIVERABLE**

Incorporate any changes from Board direction and comments and prepare the Final Report. The report will include a summary and "frequently asked questions" for posting on the District's website (five bound copies, plus electronic copies in Microsoft Word and PDF).

Upon issuance of the final report, we will deliver the Microsoft Excel rate model.

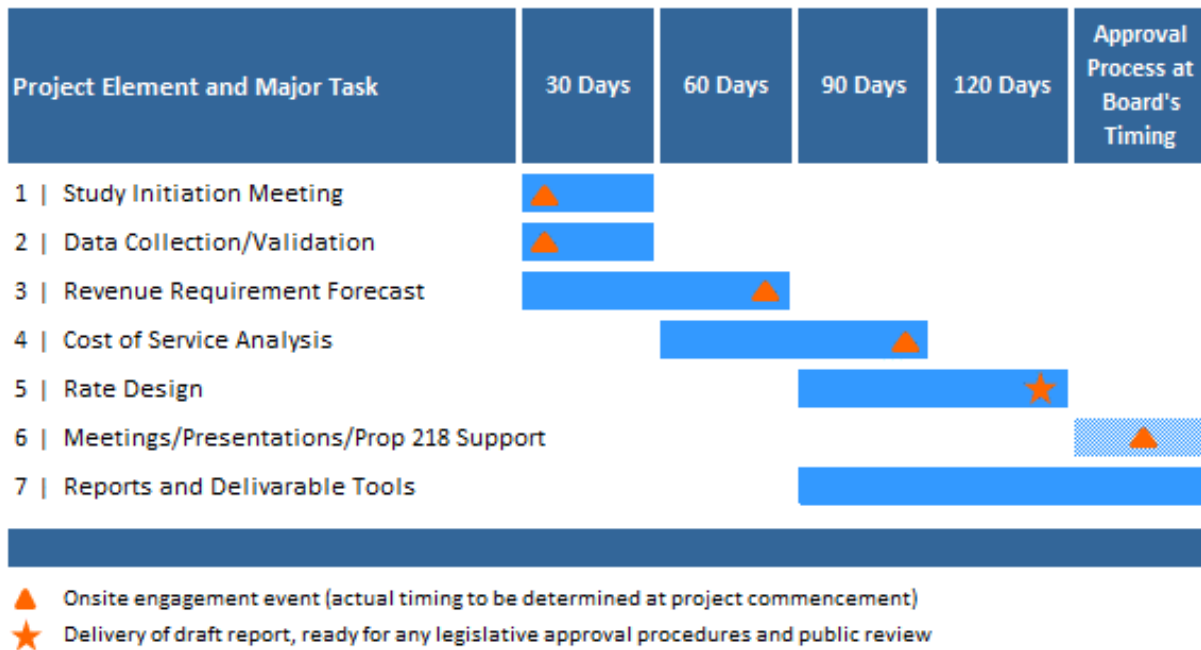
# SCOPE OF SERVICES

## PROJECT SCHEDULE

ClearSource forecasts to **deliver reporting from this study 120 days from project commencement**. These reporting documents will enable final presentation, final edits based on Board of Directors review and input, and public procedure thereafter along the District’s timeline and legislative priorities.

Figure 3 illustrates the estimated time for completion of our previously described work plan tasks, timing of deliverables, and a sample timeline for implementation procedures.

FIGURE 3 | ESTIMATED PROJECT TIMELINE





# FEE PROPOSAL

## CONSULTING FEE

### Maximum Not to Exceed Price

For the complete Raw Water and Recycled Water Rate Study, ClearSource presents the following fee:

➔ **Total Project: \$18,750**

This total fee is based on ClearSource’s review of publicly accessible District documents, noting the breadth of potential financial structure and rate components that may fall under review in this effort.

This fee includes all direct and indirect costs associated with our professional labor, as well as applicable direct expenses for the project.

### Components of the Maximum Price

Figure 4 illustrates the detail behind our presented maximum price for the project. This includes labor time paired with hourly rates and expenses by task described in the ClearSource work plan.

### Manner of Payment

ClearSource will issue monthly progress reports to the District. Accompanying invoices will be based on hours recorded to the project, with final invoice not submitted until work is completed as scoped in our work plan. Total invoices will not exceed the maximum price presented here.

FIGURE 4 | PROJECT FEE DETAIL

Project Element and Major Task	ClearSource Labor			Total Project	
	Proj. Mgr. Principal	Senior Cons.	Senior Cons.	Professional Labor	Consulting Fee
	Madsen	Johnson	Schroeder		
Professional Hourly Rates:					
	\$150	\$150	\$150		
1   Study Initiation Meeting	1	0	0	1	\$ 150
2   Data Collection/Validation	2	8	8	18	\$ 2,700
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<b>Grand Total Not to Exceed Fee for All Elements</b>	<b>29</b>	<b>60</b>	<b>36</b>	<b>125</b>	<b>\$ 18,750</b>