

WALNUT VALLEY WATER DISTRICT
271 South Brea Canyon Road
Walnut, California 91789

SPECIAL BOARD MEETING
THURSDAY, MARCH 21, 2013 – 4:00 P.M.
AGENDA

NOTE: To comply with the Americans with Disabilities Act, if you need special assistance to participate in any Board meeting, please contact the General Manager's office at least 48 hours prior to a Board meeting to inform the District of your needs and to determine if accommodation is feasible.

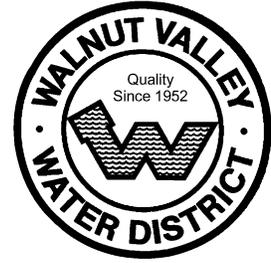
Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance, to take action on any item.

Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review during regular business hours at the District office, located at 271 S. Brea Canyon Road, Walnut, California.

1. Flag Salute
2. Roll Call: Ms. Carrera_____ Mr. Ebenkamp_____ Mr. Hilden_____ Ms. Kwong_____ Dr. Wu_____
3. Public Comment_____President Hilden
The Presiding Officer may impose reasonable limitations on public comments to assure an orderly and timely meeting.
 - A. **Agenda Items** - Any person desiring to address the Board of Directors on any Agenda item may do so at the time the item is considered on the Agenda by requesting the privilege of doing so at this time and stating the Agenda item to be addressed. At the time the item is discussed, those requesting to speak will be called to do so.
 - B. **Non-Agenda Items** - At this time the public shall have an opportunity to comment on any non-agenda item relevant to the jurisdiction of the District. Reasonable time limits on each topic and on each speaker are imposed in accordance with Board policy.
4. Update: PBWA Water Revenue Bonds, 2013 Series A (Walnut Valley Water District)
 - A. Discussion
 - B. Action Taken
5. Discussion of the District's Rate Study Process
 - A. Discussion
 - B. Action Taken
6. Authorize the General Manager to Select a Consultant and Execute a Rate Study Contract
 - A. Discussion
 - B. Action Taken

Adjournment

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
DATE: March 21, 2013
SUBJECT: Rate Study Process

Action/Discussion

Fiscal Impact

Resolution

Information Only

Recommendation

The following is for Board review.

Background

In February 2010 the Board approved a Compressive Rate Study that resulted in significant changes to the District's rate structure and covered rates for a five year period: fiscal year 2009-10 through fiscal year 2013-14. As the end of that period approaches, staff has begun the process of conducting a new Comprehensive Rate Study covering the next five-year period beginning with fiscal year 2014-15. In October 2012, the Board authorized the General Manager to solicit bids from qualified rate consultants to assist in the development of a new rate structure. As a result, a Request for Proposals (RFP) was prepared and sent to five (5) qualified firms last month.

The goal of the RFP is to recommend updates to the District's rates that will meet cost and revenue requirements for the following five years. Based on the scope of work outlined in the RFP, the rate study will be segregated into two distinct phases. Phase I addresses the development of Rate Setting Principles and the application of those Principles as the basis for assisting the Board in selecting an appropriate rate structure. Phase II involves conducting a comprehensive rate study to develop actual rates based on the structure selected in Phase I.

Phase I – Development of Rate Setting Principles and Selection of Fundamental Rate Design

1. The consultant shall conduct a series of workshops with the Board to determine the main objectives and goals of the District that should guide that selection of an appropriate rate structure and the actual rate setting process in Phase II.
2. Based on the identified goals and objectives, the consultant shall work with staff and the Board to develop Rate Setting Principles that will be formally adopted by the Board, and become the basis for selecting an appropriate rate structure.
3. Based on the adopted Rate Setting Principles, the consultant shall work with staff and the Board to evaluate and recommend a rate structure that best meets the Rate Setting Principles.

Phase II – Completion of a Comprehensive Rate Study

1. Based on the Fundamental Rate Design selected, Consultant shall prepare a comprehensive rate study, including the projection of rates covering a 5-year period.

2. The rate structure must be based on cost of service principles, meet projected revenue requirements, including establishing and funding appropriate reserve fund balances and meeting annual coverage requirements.
3. The structure must be consistent with industry practice for utility rate making and must comply with all legal requirements of the State of California, particularly Prop 218.
4. The recommended rate structure shall result in no decrease in stability of the revenue stream, as compared to the current structure.
5. Consideration of MWD and TVMWD's current and future rate increases should be evaluated for any rate proposal.
6. Any proposed rate structure must take into consideration the District's automated billing system capabilities.
7. Review related water conservation BMP's, similar guidelines, and practices and future trends for their possible bearing on any new or proposed rate structure.
8. Provide an easy-to-use electronic rate model, based on the rate structure selected, in Microsoft Excel for the District to use in future rate setting.

Study Elements

In developing rate structure recommendations for the District Board to consider, the comprehensive rate study and the study report shall include the following elements and analysis:

1. Assess the current rate structure. The current structure should be used as a baseline for comparing recommended changes.
2. The Rate Study Report should summarize the rate structure alternatives evaluated and how the recommended alternative best meets the established Rate Setting Principles.
3. Evaluate the financial impacts on ratepayer monthly bills of the recommended rate structure alternative.
4. Review existing water customer classifications for appropriateness.
5. Assess the interaction between the water conservation elements of the recommended rate structure and their impacts on the ability to fund water operations and provide a plan for meeting revenue stability objectives.
6. The study shall document the benefits and justifications for the final recommended structure, including consideration of Rate Setting Principles, and the impacts to ratepayers or classes of ratepayers. Provide results from the analysis to support the final findings and recommendations.
7. Include information necessary to assist with customer education when presenting the chosen rate structure to the public. This information should provide an understanding of the needs of the District and the reasons for changes in the rate structure.
8. Collect information and provide a survey of the rates and fees charged by five (5) other comparable water purveyors.
9. Evaluate and recommend appropriate changes for other District fees and charges.

General Timeline

1. Adoption of Final Report and delivery of Rate Model completed before the end of June 2014.
2. Development and mailing of Proposition 218 Notice completed before the end of July 2014.
3. Public hearing and adoption of rates completed before the end of September 2014, for implementation of new rates effective January 1, 2015.

Proposal Evaluation

The following evaluation factors will be used for the evaluation and selection of the Consultant. The order of the listed criteria is not indicative of priority or importance.

1. Organizational Qualifications:

- a) Consultants' and any sub consultants' specialized experience, which demonstrates competence to perform the required services.
- b) References, which demonstrate the experience of Consultant and any sub consultants with complex projects. References should be relevant to the required services.
- c) Staffing capability to handle additional work in view of the Consultant's current workload.
- d) Consultant's experience in similar projects, including similar projects awarded within the last five years.

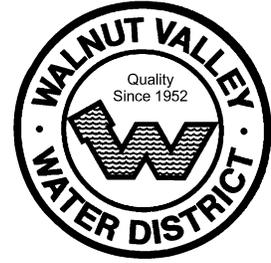
2. Team Qualifications:

- a) Description of personnel functions with names of key staff and sub-consultants resumes, showing qualifications, training, experience, education, and licenses of the key personnel who will be assigned to this project.

3. Approach, including but not limited to:

- a) Consultant's method and process of accomplishing goals and objectives, description of intended Scope of Work with expected outcomes, and outline of activities to provide the required services.
- b) The completeness and competence of the answers Consultant gives in the Scope of Work sections and subsections and its proven ability to accurately prepare the documents required.
- c) Understanding of the nature and extent of the Scope of Work, requirements of the Agreement, and the specific outline of work to be performed.
- d) Discussion of constraints, problems, and issues that should be anticipated during contract performance and suggestions as to approaches to resolving foreseeable problems.
- e) Project schedule and timeline, which shows project flow and includes start and end dates, schedule of activities, and projected outcomes. The schedule should be detailed enough to include staff selection and start dates.
- f) Project Budget

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
DATE: March 21, 2013
SUBJECT: Authorize the General Manager to Select a Consultant and Execute a Rate Study Contract

Action/Discussion

Fiscal Impact

Resolution

Information Only

Recommendation

That the Board authorize:

- 1) The General Manager to select and execute a contract in a not-to-exceed amount (based on the proposals received) with a qualified consultant to complete a comprehensive rate study (as outlined in the Request for Proposals); and
- 2) Authorize the appropriation from the General Fund.

Background

In October 2012, the Board authorized the General Manager to solicit bids from qualified rate consultants to assist in the development of a new rate structure. The Request for Proposals (RFP) were prepared and sent to five qualified firms.

The deadline noted in the RFP for receipt of the proposals was Thursday, March 21, 2013, 2:00 p.m.

Accordingly, the names of the firms that responded and the amounts proposed for their work will be presented for Board review at the workshop.