



Salinas Valley Basin

Groundwater Sustainability Agency

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BUDGET AND FINANCE COMMITTEE

Primary Directors Alejo, Brennan, Lipe, McHatten, and Secondo

REGULAR MEETING AGENDA

Thursday, April 5, 2018, 10 a.m.

Monterey County Government Center, Saffron Room

1441 Schilling Place, Salinas, CA 93901

Roll Call

- 1. Review the February 2018 financial reports and recommend approval to the Board of Directors.**
- 2. Consider recommending approval of agreement with Hansford Economic Consulting for operations funding options and rate setting services, and consider budget transfers to pay for the agreement.**
- 3. Review future Budget and Finance Committee agenda items**

Adjourn

MEETING ACCOMMODATION

Disability-related modification or accommodation, including auxiliary aids or services, may be requested by any person with a disability who requires modification or accommodation in order to participate in the meeting. Requests should be referred to the Clerk to the Board at camela@svbgsa.org or at 831-471-7519 as soon as possible but by no later than 5 p.m. two business days prior to the meeting. Hearing impaired or TTY/TDD text telephone users may contact the Agency by dialing 711 for the California Relay Service (CRS) or by telephoning any other service providers' CRS telephone number.

AGENDA POSTING

The meeting agenda was posted on March 30, 2018 in the City Hall Rotunda, 200 Lincoln Avenue, Salinas, CA and Monterey County Government Center, 1441 Schilling Place, Salinas, CA.



BUDGET AND FINANCE COMMITTEE STAFF REPORT

MEETING DATE: April 5, 2018

AGENDA ITEM: 1

SUBJECT: Receive February 2018 Financial Reports

RECOMMENDATION:

It is recommended that the Budget and Finance Committee review the February 2018 financial reports and recommend approval to the Board of Directors.

BACKGROUND:

Section 10.2 of the Joint Exercise of Powers Agreement forming the Salinas Valley Basin Groundwater Sustainability Agency ("Agency") states "The Agency shall maintain strict accountability of all funds and report all receipts and disbursements of the agency on no less than a quarterly basis." Reports are being presented monthly.

DISCUSSION:

Attached are the following financial statements for the Agency thru February 28, 2018:

- Statement of Revenue & Expense - Budget vs. Actual – shows revenues exceeding expenditures by \$938,962.
- Balance Sheet – shows \$971,095 in cash
- Payment & Disbursement Report – shows detail of deposits and disbursements for the month of February with a net decrease of \$38,239.

FISCAL IMPACT:

None.

ATTACHMENT(S):

Financial Statements as stated above

PREPARED BY:

Roberto Moreno, RGS Senior Advisor

Salinas Valley Basin Groundwater Sustainability Agency Balance Sheet

As of February 28, 2018

Accrual Basis
Feb 28, 18

ASSETS

Current Assets

Checking/Savings

100100 · Rabobank Checking 5,996

100200 · Rabobank Money Market 165,099

100300 · CalTrust Medium Term Funds 800,000

Total Checking/Savings 971,095

Total Current Assets 971,095

TOTAL ASSETS 971,095

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

200000 · Accounts Payable 32,131

Total Accounts Payable 32,131

Total Current Liabilities 32,131

Total Liabilities 32,131

Equity

Net Income 938,964

Total Equity 938,964

TOTAL LIABILITIES & EQUITY 971,095

Salinas Valley Basin Groundwater Sustainability Agency
Statement of Revenue and Expense Budget vs. Actual
 July 2017 through February 2018

11:16 AM
 03/28/2018
 Accrual Basis

	<u>Feb '18</u>	<u>Jul '17 - Feb 18</u>	<u>Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
440000 · Member Contributions		1,145,000	1,145,000	100%
Total Income		<u>1,145,000</u>	<u>1,145,000</u>	<u>100%</u>
Expense				
520000 · Administrative Services	31,996	139,639	255,500	55%
530000 · Groundwater Sustainability Plan			424,006	0%
530500 · Legal Services		5,013	60,000	8%
540100 · Agency Financing Plan			85,000	0%
540200 · Facilitation Services			40,000	0%
540300 · Grant Writing / Lobbying		27,720	62,000	45%
540400 · Outside Specialty Legal Svcs				0%
540500 · Communications Consultant			20,000	0%
550200 · Conferences / Training	85	1,203	12,500	10%
550300 · Dues and Subscriptions		300	3,000	10%
550600 · Insurance Premium		2,219	2,300	96%
550700 · Legal Notices & Ads			3,000	0%
550800 · Office Supplies		295	2,500	12%
550900 · Postage and Delivery		3	1,000	0%
551000 · Printing and Reproduction	310	3,062	6,000	51%
551100 · Office Rent	250	1,050	10,000	11%
551200 · Technology	264	2,020	3,500	58%
551220 · Website Upgrade			5,000	0%
551250 · Agenda Management Software			3,600	0%
551300 · Travel Expense	85	85	10,000	1%
551400 · Bank Service Charges	31	90	300	30%
551500 · Recruitments		9,551	10,000	96%
551800 · Meals and Meeting Expenses		50	2,500	2%
551810 · Mileage Reimbursement		148	1,000	15%
551900 · Board Stipends	2,070	13,689	22,500	61%
Total Expense	<u>35,091</u>	<u>206,137</u>	<u>1,045,206</u>	<u>20%</u>
Net Ordinary Income	-35,091	938,863	99,794	941%
Other Income/Expense				0%
Other Income				0%
702000 · Interest Income	22	99	200	50%
Total Other Income	<u>22</u>	<u>99</u>	<u>200</u>	<u>50%</u>
Net Other Income	<u>22</u>	<u>99</u>	<u>200</u>	<u>50%</u>
Net Income	<u><u>-35,069</u></u>	<u><u>938,962</u></u>	<u><u>99,994</u></u>	<u><u>939%</u></u>

Salinas Valley Basin Groundwater Sustainability Agency
Payment & Disbursement Report
February 2018

11:02 AM
03/28/2018
Accrual Basis

	<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Amount</u>
Feb 18						
	Bill Pmt -Check	02/09/2018	1044	Adam Secondo	SVBGSA Board Director Stipend January 2018	-200.00
	Bill Pmt -Check	02/09/2018	1045	Brenda Granillo	SVBGSA Board Director Stipend January 2018	-100.00
	Bill Pmt -Check	02/09/2018	1046	Colby Pereira	SVBGSA Board Director Stipend January 2018	-200.00
	Bill Pmt -Check	02/09/2018	1047	County of Monterey	February SVBGSA Rent- 1441 Schilling Place, South Building, 1st Floor, Salinas, CA	-250.00
	Bill Pmt -Check	02/09/2018	1048	Janet Brennan	SVBGSA Board Director Stipend January 2018	-242.13
	Bill Pmt -Check	02/09/2018	1049	Joe Gunter	SVBGSA Board Director Stipend January 2018	-200.00
	Bill Pmt -Check	02/09/2018	1050	Luis A. Alejo	SVBGSA Board Director Stipend January 2018	-200.00
	Bill Pmt -Check	02/09/2018	1051	Michael McHatten	SVBGSA Board Director Stipend January 2018	-382.89
	Bill Pmt -Check	02/09/2018	1052	Office of the County Counsel of Monterey	Legal services for SVBGSA dates 12/01/2017 to 12/31/2017	-1,392.55
	Bill Pmt -Check	02/09/2018	1053	Ronald J. Stefani	SVBGSA Board Director Stipend January 2018	-221.80
	Journal	02/16/2018			Service Charge	-30.55
	Bill Pmt -Check	02/26/2018	1054	Adam Secondo	SVBGSA Board Stipend	-300.00
	Bill Pmt -Check	02/26/2018	1055	Brenda Granillo	SVBGSA Board Stipend	-100.00
	Bill Pmt -Check	02/26/2018	1056	Colby Pereira	SVBGSA Board Stipend	-200.00
	Bill Pmt -Check	02/26/2018	1057	County of Monterey	March SVBGSA Rent- 1441 Schilling Place, South Building, 1st Floor, Salinas, CA	-250.00
	Bill Pmt -Check	02/26/2018	1058	Janet Brennan	SVBGSA Board Stipend	-361.37
	Bill Pmt -Check	02/26/2018	1059	Joe Gunter	SVBGSA Board Stipend	-200.00
	Bill Pmt -Check	02/26/2018	1060	Luis A. Alejo	SVBGSA Board Stipend	-300.00
	Bill Pmt -Check	02/26/2018	1061	Michael McHatten	SVBGSA Board Stipend	-387.21
	Bill Pmt -Check	02/26/2018	1062	Regional Government Servies	Contact services for the month of January 2018	-32,161.75
	Bill Pmt -Check	02/26/2018	1063	Ronald J. Stefani	SVBGSA Board Stipend	-221.80
	Bill Pmt -Check	02/26/2018	1064	U.S. Bank - CalCard		-358.83
	Journal	02/28/2018			Interest	21.84
						<u>-38,239.04</u>
Feb 18						



BUDGET AND FINANCE COMMITTEE STAFF REPORT

MEETING DATE: April 5, 2018

AGENDA ITEM: 2

SUBJECT: Approve Agreement with Hansford Economic Consulting (HEC) for Operations Funding Options Analysis and Rate Setting Services

RECOMMENDATION:

It is recommended that the Budget and Finance Committee review the Agreement with Hansford Economic Consulting (HEC) for Operations Funding Options Analysis and Rate Setting Services and recommend approval to the Board of Directors.

BACKGROUND:

The SVBGSA Joint Powers Agreement provides funding from member contributions through June 30, 2019. If the GSA does not develop a funding mechanism for subsequent fiscal years, the GSA is dissolved and the State will step in to manage the basin.

In order to develop a funding mechanism to pay for operational costs beyond June 30, 2019 the GSA issued an RFQ for a consultant to develop options for the funding methodology that will be used. The RFQ sought a consultant to analyze the viability of fees, taxes or assessments for funding operations and capital improvements as well as developing the methodology for any new rates. On February 28, four consultants were interviewed by a panel consisting of Board member Adam Secondo, Agency Counsel Les Girard, General Manager Gary Petersen and RGS Senior Advisor Roberto Moreno.

On March 8, 2018 the Board selected Hansford Economic Consulting (HEC) and directed staff to negotiate an agreement with a full scope of work.

DISCUSSION:

Attached is the negotiated agreement including scope of services and estimated budget for the services to provide Operations Funding Options and Rate Setting Services.

Essential elements of the agreement are as follows:

- Presentation to the Board on potential funding mechanisms with recommended options
- Fee calculations to be completed by November 2018
- Presentation to the Board on recommended fee structure and impacts
- Ten (10) outreach meetings to present the proposed fees to stakeholders explaining why the fee is needed and how they will be impacted
- Communication through various medias to explain new GSA fees

- Implementation by March 2019

The budget for the proposed scope of services, if a regulatory fee is selected to generate the needed revenue, is \$97,000. If a different revenue mechanism is selected which is subject to Proposition 218's voting requirements, the budget would increase to \$140,000 due to necessary additional services to comply with legal requirements. In addition to the consultant fees to be paid to HEC, there is an estimated \$12,000 in direct cost for printing, mailing, translating, and interpreting services, which the SVBGSA would pay for directly with no mark-up. Since the services are provided on a time and material basis with a not-to-exceed amount, staff will work diligently with consultant to keep costs below the agreed-upon maximum amount.

It is anticipated that the Fee Consultant and GSP Consultant will be working together on messaging so that a consistent and similar message is presented from both consultants with no duplication of effort.

FISCAL IMPACT:

The agreement is for a not-to-exceed amount of \$97,000 for a regulatory fee or \$140,000 for a funding mechanism subject to Proposition 218. The current budget has \$85,000 budgeted for this service. A budget transfer of \$12,000 from Facilitation Services (budgeted at \$40,000) is needed to execute the agreement. Thus far no Facilitation Services have been used this fiscal year.

An additional \$12,000 transfer from the Facilitation Services account is needed to a new account for Other Professional Services to pay for interpreting, printing and mailing services.

If the Board should decide on other than a regulatory fee, an additional \$43,000 will need to be transferred from another account at that time.

ATTACHMENT(S):

Agreement with HEC and Resolution

PREPARED BY:

Roberto Moreno, RGS Senior Advisor

**Before the Board of Directors of the
Salinas Valley Basin Sustainable Groundwater Management Agency**

Resolution No. 2018-)
Resolution authorizing an agreement with)
Hansford Economic Consulting for the)
provision of Operations Funding Options)
Analysis and Rate Setting Services

WHEREAS, the Salinas Valley Basin Groundwater Sustainability Agency (“Agency”) is funded through June 30, 2019 by contributions from member agencies; and

WHEREAS, the Agency needs to develop a funding mechanism to pay for operational costs beyond June 30, 2019; and

WHEREAS, a Request for Qualifications was prepared and distributed to acquire the services of an organization to provide Operations Funding Options and Rate Setting Services; and

WHEREAS, four responses were received to the RFQ, and a panel that included Agency Board Members and Agency staff was convened to conduct interviews; and

WHEREAS, the panel unanimously agreed that staff should request board authorization to negotiate a scope of work and an agreement with Hansford Economic Consulting (HEC) to provide the requested services; and

WHEREAS, the Agency Board authorized negotiations with HEC at a regular board meeting held on March 8, 2018; and

WHEREAS, an agreement and scope of work has been successfully negotiated with HEC in an amount not to exceed \$97,000, attached hereto as Exhibit A; NOW, THEREFORE,

BE IT RESOLVED, by the Board of Directors of the Salinas Valley Basin Groundwater Sustainability Agency as follows:

1. The above recitals are true and correct.
2. The Chair of the Board of Directors is hereby authorized and directed to execute for and on behalf of the Agency the agreement with Hansford Economic Consulting for Operations Funding Options Analysis and Rate Setting Services attached hereto as Exhibit A.
3. The General Manager is hereby authorized and directed to take such other and further actions to implement the intent and purposes of this resolution.
4. A Budget Transfer to pay for these services is authorized as follows:
\$24,000 from the Facilitation Services account (\$40,000 budget not used)
\$12,000 into the Agency Financing Plan account to pay for the agreement
\$12,000 into the Other Professional Services Account to pay for direct outside costs

PASSED AND ADOPTED on this 12th day of April 2018 by the following vote, to-wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

I, Ann Camel, Clerk of the Board of Directors of the Salinas Valley Basin Groundwater Sustainability Agency, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Directors duly made and entered in the minutes thereof

Dated:

Ann Camel, Clerk of the Board of Directors of the Salinas Valley Basin
Groundwater Sustainability Agency,
County of Monterey, State of California

SALINAS VALLEY BASIN GROUND WATER SUSTAINABILITY AGENCY
AGREEMENT FOR PROFESSIONAL SERVICES

This Professional Services Agreement (“Agreement”) is made by and between the Salinas Valley Basin Groundwater Sustainability Agency, a Joint Powers Authority of the State of California (hereinafter “GSA”) and: **Henderson Economic Consulting** (hereinafter “CONTRACTOR”).

In consideration of the mutual covenants and conditions set forth in this Agreement, the parties agree as follows:

1. **SERVICES TO BE PROVIDED.** The GSA hereby engages CONTRACTOR to perform, and CONTRACTOR hereby agrees to perform, the services described in **Exhibit A** in conformity with the terms of this Agreement. The services are generally described as follows:

Provide Fee/Tax/Assessment Analysis and Rate Setting Services _____

2. **PAYMENTS BY GSA.** GSA shall pay the CONTRACTOR in accordance with the payment provisions set forth in **Exhibit A**, subject to the limitations set forth in this Agreement. The total amount payable by GSA to CONTRACTOR under this Agreement shall not exceed the sum of **\$97,000**.

3. **TERM OF AGREEMENT.** The term of this Agreement is from **April 12, 2018 to April 31, 2019** unless sooner terminated pursuant to the terms of this Agreement. This Agreement is of no force or effect until signed by both CONTRACTOR and GSA and with GSA signing last, and CONTRACTOR may not commence work before GSA signs this Agreement.

4. **ADDITIONAL PROVISIONS/EXHIBITS.** The following attached exhibits are incorporated herein by reference and constitute a part of this Agreement:

Exhibit A Scope of Services/Payment Provisions

5. **PERFORMANCE STANDARDS.**

5.01. CONTRACTOR warrants that CONTRACTOR and CONTRACTOR’s agents, employees, and subcontractors performing services under this Agreement are specially trained, experienced, competent, and appropriately licensed to perform the work and deliver the services required under this Agreement and are not employees of the GSA, or immediate family of an employee of the GSA.

5.02. CONTRACTOR, its agents, employees, and subcontractors shall perform all work in a safe and skillful manner and in compliance with all applicable laws and regulations. All work performed under this Agreement that is required by law to be performed or supervised by licensed personnel shall be performed in accordance with such licensing requirements.

5.03. CONTRACTOR shall furnish, at its own expense, all materials, equipment, and personnel necessary to carry out the terms of this Agreement, except as otherwise specified in this Agreement. CONTRACTOR shall not use GSA premises, property (including equipment, instruments, or supplies) or personnel for any purpose other than in the performance of its obligations under this Agreement.

6. PAYMENT CONDITIONS.

6.01. CONTRACTOR shall submit to the Contract Administrator an invoice on a form acceptable to GSA. If not otherwise specified, the CONTRACTOR may submit such invoice periodically or at the completion of services, but in any event, not later than 30 days after completion of services. The invoice shall set forth the amounts claimed by CONTRACTOR for the previous period, together with an itemized basis for the amounts claimed, and such other information pertinent to the invoice as the GSA may require. The Contract Administrator or his or her designee shall certify the invoice; either in the requested amount or in such other amount as the GSA approves in conformity with this Agreement, and shall promptly submit such invoice to the GSA Auditor-Controller for payment. The GSA Auditor-Controller shall pay the amount certified within 30 days of receiving the certified invoice.

6.02. CONTRACTOR shall not receive reimbursement for travel expenses unless set forth in this Agreement.

7. TERMINATION.

7.01. During the term of this Agreement, the GSA may terminate the Agreement for any reason by giving written notice of termination to the CONTRACTOR at least thirty (30) days prior to the effective date of termination. Such notice shall set forth the effective date of termination. In the event of such termination, the amount payable under this Agreement shall be reduced in proportion to the services provided prior to the date of termination.

7.02. The GSA may cancel and terminate this Agreement for good cause effective immediately upon written notice to CONTRACTOR. "Good cause" includes the failure of CONTRACTOR to perform the required services at the time and in the manner provided under this Agreement. If GSA terminates this Agreement for good cause, the GSA may be relieved of the payment of any consideration to CONTRACTOR, and the GSA may proceed with the work in any manner, which GSA deems proper. The cost to the GSA shall be deducted from any sum due the CONTRACTOR under this Agreement.

8. INDEMNIFICATION. CONTRACTOR shall indemnify, defend, and hold harmless the GSA, its officers, agents, and employees, from and against any and all claims, liabilities, and losses whatsoever (including damages to property and injuries to or death of persons, court costs, and reasonable attorneys' fees) occurring or resulting to any and all persons, firms or corporations furnishing or supplying work, services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims, liabilities, and losses occurring or resulting to any person, firm, or corporation for damage, injury, or death arising out of or connected with the CONTRACTOR's performance of this Agreement, unless such claims, liabilities, or losses arise out of the sole negligence or willful misconduct of the GSA. "CONTRACTOR's performance" includes CONTRACTOR's action or inaction and the action or inaction of CONTRACTOR's officers, employees, agents and subcontractors.

9.0 INSURANCE.

9.01 Evidence of Coverage:

Prior to commencement of this Agreement, the Contractor shall provide a "Certificate of Insurance" certifying that coverage as required herein has been obtained. Individual endorsements executed by the insurance carrier shall accompany the certificate. In addition the Contractor upon request shall provide a certified copy of the policy or policies.

This verification of coverage shall be sent to the GSA's, Contracts/Purchasing Department, unless otherwise directed. The Contractor shall not receive a "Notice to Proceed" with the work under this Agreement until it has obtained all insurance required and such, insurance has been approved by the GSA. This approval of insurance shall neither relieve nor decrease the liability of the Contractor.

9.02 Qualifying Insurers:

All coverage's, except surety, shall be issued by companies which hold a current policy holder's alphabetic and financial size category rating of not less than A- VII, according to the current Best's Key Rating Guide or a company of equal financial stability that is approved by the GSA's Purchasing Manager.

9.03 Insurance Coverage Requirements:

Without limiting CONTRACTOR's duty to indemnify, CONTRACTOR shall maintain in effect throughout the term of this Agreement a policy or policies of insurance with the following minimum limits of liability:

Commercial general liability insurance, including but not limited to premises and operations, including coverage for Bodily Injury and Property Damage, Personal Injury, Contractual Liability, Broadform Property Damage, Independent Contractors, Products and Completed Operations, with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence.

Exemption/Modification (Justification attached; subject to approval).

Business automobile liability insurance, covering all motor vehicles, including owned, leased, non-owned, and hired vehicles, used in providing services under this Agreement, with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence.

Exemption/Modification (Justification attached; subject to approval).

Workers' Compensation Insurance, if CONTRACTOR employs others in the performance of this Agreement, in accordance with California Labor Code section 3700 and with Employer's Liability limits not less than \$1,000,000 each person, \$1,000,000 each accident and \$1,000,000 each disease.

Exemption/Modification (Justification attached; subject to approval).

Professional liability insurance, if required for the professional services being provided, (e.g., those persons authorized by a license to engage in a business or profession regulated by the California Business and Professions Code), in the amount of not less than \$1,000,000 per claim and \$2,000,000 in the aggregate, to cover liability for malpractice or errors or omissions made in the course of rendering professional services. If professional liability insurance is written on a “claims-made” basis rather than an occurrence basis, the CONTRACTOR shall, upon the expiration or earlier termination of this Agreement, obtain extended reporting coverage (“tail coverage”) with the same liability limits. Any such tail coverage shall continue for at least three years following the expiration or earlier termination of this Agreement.

Exemption/Modification (Justification attached; subject to approval).

9.04 Other Insurance Requirements.

All insurance required by this Agreement shall be with a company acceptable to the GSA and issued and executed by an admitted insurer authorized to transact Insurance business in the State of California. Unless otherwise specified by this Agreement, all such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required herein shall continue in effect for a period of three years following the date CONTRACTOR completes its performance of services under this Agreement.

Each liability policy shall provide that the GSA shall be given notice in writing at least thirty days in advance of any endorsed reduction in coverage or limit, cancellation, or intended non-renewal thereof. Each policy shall provide coverage for Contractor and additional insureds with respect to claims arising from each subcontractor, if any, performing work under this Agreement, or be accompanied by a certificate of insurance from each subcontractor showing each subcontractor has identical insurance coverage to the above requirements.

Commercial general liability and automobile liability policies shall provide an endorsement naming the GSA, its officers, agents, and employees as Additional Insureds with respect to liability arising out of the CONTRACTOR’S work, including ongoing and completed operations, and shall further provide that such insurance is primary insurance to any insurance or self-insurance maintained by the GSA and that the insurance of the Additional Insureds shall not be called upon to contribute to a loss covered by the CONTRACTOR’S insurance. The required endorsement form for Commercial General Liability Additional Insured is ISO Form CG 20 10 11-85 or CG 20 10 10 01 in tandem with CG 20 37 10 01 (2000). The required endorsement form for Automobile Additional Insured endorsement is ISO Form CA 20 48 02 99.

Prior to the execution of this Agreement by the GSA, CONTRACTOR shall file certificates of insurance with the GSA’s contract administrator and GSA’s Contracts/Purchasing Division, showing that the CONTRACTOR has in effect the insurance required by this Agreement. The CONTRACTOR shall file a new or amended certificate of insurance within five calendar days after any change is made in any insurance policy, which would alter the information on the certificate then on file. Acceptance or approval of insurance shall in no way modify or change the indemnification clause in this Agreement, which shall continue in full force and effect.

CONTRACTOR shall at all times during the term of this Agreement maintain in force the insurance coverage required under this Agreement and shall send, without demand by GSA, annual certificates to GSA's Contract Administrator and GSA's Contracts/Purchasing Division. If the certificate is not received by the expiration date, GSA shall notify CONTRACTOR and CONTRACTOR shall have five calendar days to send in the certificate, evidencing no lapse in coverage during the interim. Failure by CONTRACTOR to maintain such insurance is a default of this Agreement, which entitles GSA, at its sole discretion, to terminate this Agreement immediately.

10. RECORDS AND CONFIDENTIALITY.

- 10.01 Confidentiality. CONTRACTOR and its officers, employees, agents, and subcontractors shall comply with any and all federal, state, and local laws, which provide for the confidentiality of records and other information. CONTRACTOR shall not disclose any confidential records or other confidential information received from the GSA or prepared in connection with the performance of this Agreement, unless GSA specifically permits CONTRACTOR to disclose such records or information. CONTRACTOR shall promptly transmit to GSA any and all requests for disclosure of any such confidential records or information. CONTRACTOR shall not use any confidential information gained by CONTRACTOR in the performance of this Agreement except for the sole purpose of carrying out CONTRACTOR's obligations under this Agreement.
- 10.02 GSA Records. When this Agreement expires or terminates, CONTRACTOR shall return to GSA any GSA records which CONTRACTOR used or received from GSA to perform services under this Agreement.
- 10.03 Maintenance of Records. CONTRACTOR shall prepare, maintain, and preserve all reports and records that may be required by federal, state, and GSA rules and regulations related to services performed under this Agreement. CONTRACTOR shall maintain such records for a period of at least three years after receipt of final payment under this Agreement. If any litigation, claim, negotiation, audit exception, or other action relating to this Agreement is pending at the end of the three year period, then CONTRACTOR shall retain said records until such action is resolved.
- 10.04 Access to and Audit of Records. The GSA shall have the right to examine, monitor and audit all records, documents, conditions, and activities of the CONTRACTOR and its subcontractors related to services provided under this Agreement. Pursuant to Government Code section 8546.7, if this Agreement involves the expenditure of public funds in excess of \$10,000, the parties to this Agreement may be subject, at the request of the GSA or as part of any audit of the GSA, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Agreement for a period of three years after final payment under the Agreement.
- 10.05 Royalties and Inventions. GSA shall have a royalty-free, exclusive and irrevocable license to reproduce, publish, and use, and authorize others to do so, all original computer programs, writings, sound recordings, pictorial reproductions, drawings, and other works of similar nature produced in the course of or under this Agreement. CONTRACTOR shall not publish any such material without the prior written approval of GSA.

11. **NON-DISCRIMINATION.** During the performance of this Agreement, CONTRACTOR, and its subcontractors, shall not unlawfully discriminate against any person because of race, religious creed, color, sex, national origin, ancestry, physical disability, mental disability, medical condition, marital status, age (over 40), or sexual orientation, either in CONTRACTOR’s employment practices or in the furnishing of services to recipients. CONTRACTOR shall ensure that the evaluation and treatment of its employees and applicants for employment and all persons receiving and requesting services are free of such discrimination. CONTRACTOR and any subcontractor shall, in the performance of this Agreement, fully comply with all federal, state, and local laws and regulations, which prohibit discrimination. The provision of services primarily or exclusively to such target population as may be designated in this Agreement shall not be deemed to be prohibited discrimination.
12. **COMPLIANCE WITH TERMS OF STATE OR FEDERAL GRANT.** If this Agreement has been or will be funded with monies received by the GSA pursuant to a contract with the state or federal government in which the GSA is the grantee, CONTRACTOR will comply with all the provisions of said contract, to the extent applicable to CONTRACTOR as a subgrantee under said contract, and said provisions shall be deemed a part of this Agreement, as though fully set forth herein. Upon request, GSA will deliver a copy of said contract to CONTRACTOR, at no cost to CONTRACTOR.
13. **INDEPENDENT CONTRACTOR.** In the performance of work, duties, and obligations under this Agreement, CONTRACTOR is at all times acting and performing as an independent contractor and not as an employee of the GSA. No offer or obligation of permanent employment with the GSA or particular GSA department or agency is intended in any manner, and CONTRACTOR shall not become entitled by virtue of this Agreement to receive from GSA any form of employee benefits including but not limited to sick leave, vacation, retirement benefits, workers’ compensation coverage, insurance or disability benefits. CONTRACTOR shall be solely liable for and obligated to pay directly all applicable taxes, including federal and state income taxes and social security, arising out of CONTRACTOR’s performance of this Agreement. In connection therewith, CONTRACTOR shall defend, indemnify, and hold GSA harmless from any and all liability, which GSA may incur because of CONTRACTOR’s failure to pay such taxes.
14. **NOTICES.** Notices required under this Agreement shall be delivered personally or by first-class, postage pre-paid mail to the GSA and CONTRACTOR’S contract administrators at the addresses listed below:

FOR GSA:	FOR CONTRACTOR:
<hr/> Gary Petersen, General Manager <hr/> Name and Title	<hr/> Catherine Hansford, Principal <hr/> Name and Title
<hr/> P.O. Box 1350 Carmel Valley, CA 93924 <hr/> Address	<hr/> P.O. Box 10384 Truckee, CA 96162 <hr/> Address
<hr/> (831) 682-2592 <hr/> Phone	<hr/> (530) 412-3676 <hr/> Phone

15. MISCELLANEOUS PROVISIONS.

- 15.01 Conflict of Interest. CONTRACTOR represents that it presently has no interest and agrees not to acquire any interest during the term of this Agreement, which would directly or indirectly conflict in any manner or to any degree with the full and complete performance of the professional services required to be rendered under this Agreement.
- 15.02 Amendment. This Agreement may be amended or modified only by an instrument in writing signed by the GSA and the CONTRACTOR.
- 15.03 Waiver. Any waiver of any terms and conditions of this Agreement must be in writing and signed by the GSA and the CONTRACTOR. A waiver of any of the terms and conditions of this Agreement shall not be construed as a waiver of any other terms or conditions in this Agreement.
- 15.04 Contractor. The term "CONTRACTOR" as used in this Agreement includes CONTRACTOR's officers, agents, and employees acting on CONTRACTOR's behalf in the performance of this Agreement.
- 15.05 Disputes. CONTRACTOR shall continue to perform under this Agreement during any dispute.
- 15.06 Assignment and Subcontracting. The CONTRACTOR shall not assign, sell, or otherwise transfer its interest or obligations in this Agreement without the prior written consent of the GSA. None of the services covered by this Agreement shall be subcontracted without the prior written approval of the GSA. Notwithstanding any such subcontract, CONTRACTOR shall continue to be liable for the performance of all requirements of this Agreement.
- 15.07 Successors and Assigns. This Agreement and the rights, privileges, duties, and obligations of the GSA and CONTRACTOR under this Agreement, to the extent assignable or delegable, shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, and heirs.
- 15.08 Compliance with Applicable Law. The parties shall comply with all applicable federal, state, and local laws and regulations in performing this Agreement.
- 15.09 Headings. The headings are for convenience only and shall not be used to interpret the terms of this Agreement.
- 15.10 Time is of the Essence. Time is of the essence in each and all of the provisions of this Agreement.
- 15.11 Governing Law. This Agreement shall be governed by and interpreted under the laws of the State of California.
- 15.12 Non-exclusive Agreement. This Agreement is non-exclusive and both GSA and CONTRACTOR expressly reserve the right to contract with other entities for the same or similar services.

- 15.13 Construction of Agreement. The GSA and CONTRACTOR agree that each party has fully participated in the review and revision of this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendment to this Agreement.
- 15.14 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.
- 15.15 Authority. Any individual executing this Agreement on behalf of the GSA or the CONTRACTOR represents and warrants hereby that he or she has the requisite authority to enter into this Agreement on behalf of such party and bind the party to the terms and conditions of this Agreement.
- 15.16 Integration. This Agreement, including the exhibits, represent the entire Agreement between the GSA and the CONTRACTOR with respect to the subject matter of this Agreement and shall supersede all prior negotiations, representations, or agreements, either written or oral, between the GSA and the CONTRACTOR as of the effective date of this Agreement, which is the date that the GSA signs the Agreement.
- 15.17 Interpretation of Conflicting Provisions. In the event of any conflict or inconsistency between the provisions of this Agreement and the Provisions of any exhibit or other attachment to this Agreement, the provisions of this Agreement shall prevail and control.

This space left blank intentionally

IN WITNESS WHEREOF, GSA and CONTRACTOR have executed this Agreement as of the day and year written below.

**SALINAS VALLEY BASIN
GROUNDWATER
SUSTAINABILITY AGENCY**

By: _____
General Manager
Date: _____
April 12, 2018

By: _____
GSA Board Chair
Date: _____
April 12, 2018

Approved
as to Form¹
By: _____
GSA Counsel
Date: _____
April 12, 2018

CONTRACTOR

Hansford Economic Consulting
Contractor's Business Name*

By: _____
(Signature of Chair, President, or
Vice-President)*

Catherine Hansford, Principal
Name and Title

Date: _____
April 12, 2018

Agreement Number: _____.

*INSTRUCTIONS: If CONTRACTOR is a corporation, including limited liability and non-profit corporations, the full legal name of the corporation shall be set forth above together with the signatures of two specified officers. If CONTRACTOR is a partnership, the name of the partnership shall be set forth above together with the signature of a partner who has authority to execute this Agreement on behalf of the partnership. If CONTRACTOR is contracting in an individual capacity, the individual shall set forth the name of the business, if any, and shall personally sign the Agreement.

¹Approval by GSA Counsel is required

Scope of Services

Task A – Operations Funding

Two tracks forward are provided for in the scope of services. Under Track A, which we propose the Board authorize in the initial scope of services, the Board moves forward with a fee program that is adopted under Article XIII C, Proposition 26. If it is determined to be most prudent to move forward with a fee program that is adopted under Article XIII D, Proposition 218, Track B would be added to the scope of services and the authorized budget amended accordingly.

Task 1: Data Gathering and Project Management

Subtask 1.1: Project Management

This subtask includes time for the project manager to manage, track, and report on progress every month. Specifically, it entails providing direction to other staff, review of work status/progress, invoicing/ budget tracking, and coordination with the SVBGSA general manager. Communications with SVBGSA staff and JHPR will primarily be by telephone or screen share video conferencing.

The work plan will be adjusted as needed to meet any potential changing project dynamics. Project management also includes collaborating with other communication and facilitation consultants hired by the SVBGSA.

Deliverables:

- *Monthly summary progress reports with invoice*

Subtask 1.2: Orientation and Policy Review

Orientation includes a 2-day visit to the SVBGSA service territory and meetings with SVBGSA staff, other GSA consultants, introductory meetings with stakeholders and the Board. Topics that will be addressed during this visit include, but are not limited to:

- ✓ Structure and function of the SVBGSA
- ✓ Physical and political landscape of the service territory
- ✓ Short and long-term goals
- ✓ Multi-year projection of expenses
- ✓ Financial goals for revenue sufficiency
- ✓ Development of funding stream options
- ✓ Methods of revenue collection

Policy review includes the key factors driving the need for the work, including: regulatory requirements, groundwater supply and groundwater use pattern changes, current and forecast land uses, and so forth.

Pursuant to the Sustainable Groundwater Management Act (SGMA), regulatory fees and groundwater management fees can be imposed by groundwater sustainability agencies. More importantly, although the SGMA provides for two new fees, SVBGSA is a Joint Power Authority (JPA), and is not restricted to the fees available to them by the SGMA. JPAs have access to, but are not limited to, the following;

- ✓ Tax exempt debt-financing
- ✓ State and Federal low-interest loan and grant programs
- ✓ Land-secured funding mechanisms, potentially for both operations and maintenance as well as infrastructure (Enhanced Infrastructure Financing Districts, Mello-Roos Districts, and Assessment Districts for example)
- ✓ Can impose various fees not categorized as taxes
- ✓ May be supported by member agency contributions from discretionary funds (if not a special district)

Once consensus is reached on the best funding mechanism(s), HEC will perform necessary accompanying fee or user charge calculations, cost-of-service studies or nexus studies, as applicable, and, with the assistance of JHPR, guide SVBGSA through the adoption and implementation process.

Deliverables:

- *Presentation to the SVBGSA Board on potential funding mechanisms*
- *Memorandum with summary of the acceptability, legality, administrative ease and enforcement ability of each mechanism, and Board input/direction on how to proceed*

Subtask 1.3: Data Collection / Information Needs List

Data collection under this task includes collection of information by both the consultant and the SVBGSA members. Preliminary data needs include:

- ✓ Contact information for all JPA members
- ✓ JPA formation documents
- ✓ Background materials prepared for formation of JPA and funding of first two fiscal years
- ✓ List of all groundwater users and number of wells
- ✓ Pumping data and/or estimates of groundwater extraction by user
- ✓ Crop production reports (acreage, type)
- ✓ Water management plans covering the basin
- ✓ Already-developed SVBGSA annual costs
- ✓ Known revenue sources (if any)
- ✓ Estimated costs of completing the GSP by January 2022
- ✓ Growth and land use assumptions
- ✓ GIS parcel data

Deliverables:

- *List of data and information needs*
- *Distribution of list, and coordination of data collection with responsible entities such as the Monterey County Water Agency*

Task 2: Operating Expenses Projection and Fee Structure Evaluation

Subtask 2.1: Projected Operating Budget

HEC will create the estimated annual budget for SVBGSA using the data and information supplied by member agencies, plus other estimated costs developed by HEC. In time, the SVBGSA operating budget will comprise operating expenses, capital project costs (new infrastructure), debt service, and collection for reserves. The initial operating budget will not include any capital project costs.

Operation and maintenance expenses will be developed using base year financial assumptions for SVBGSA, known future new costs, and historical financial data from each of the member agencies; costs may be projected using historical annual percentage increases of member agencies, or some other index, such as a construction or consumer price index. HEC will evaluate the data and make a recommendation on cost projection methodology for different types of expenses. Projected annual costs may also include other non-operating cost considerations, such as an operating reserve and repayment of loans.

A cash flow will be presented to ensure sufficiency of funding for at least the next ten years, demonstrating adequate debt service coverage and reserve levels are met. Minimum reserve levels will be recommended. The cash flow projection will measure debt service capacity.

Deliverables:

- *Tables supporting the operating budget development*

Subtask 2.2: Case Studies and Fee Comparison

HEC will review fees/assessments/taxes of other California Groundwater Sustainability Agencies, and the Monterey County Water Resources Agency. Published current fees by other California GSAs will be researched and compiled for comparison purposes. This will be done to learn of successes and hurdles, advantages and disadvantages of different funding mechanisms, and potential legal challenges.

In addition to this review and research, HEC will research fee structures of other Joint Power Authorities for creative funding mechanism ideas applicability to SVBGSA.

Deliverables:

- *Memorandum of findings of research*

Subtask 2.3: Fee Structure Evaluation

Based on Board input and feedback under subtask 1.2, data sufficiency as evaluated under subtask 1.3, and the findings of subtask 2.2, HEC will provide the Board an evaluation of the advantages and disadvantages of considered funding mechanisms and fee structures. Considerable time will be

spent in this task evaluating the effect of potential different fee structures on developed policy objectives, including water conservation, the impacts to different groundwater users, and economic competitiveness with areas not subject to GSA fees.

Funding mechanisms to be evaluated include:

- Rates and charges including groundwater extraction fees (see next paragraph)
- User fees including regulatory fees (also see next paragraph) and penalties for non-compliance
- Special taxes
- Assessments
- Debt (repaid by any of the above instruments)
- General taxes (for a non-water agency)
- Connection fees and development impact fees pursuant to CA C66000 and CA 66013 (for new development only)

Operations Funding

Regulatory fees can be imposed before a Groundwater Sustainability Plan (GSP) is adopted (California Water Code (CWC) § 10730). Regulatory fees may include but are not limited to: permit fees and fees on groundwater extraction or other regulated activity, and to fund the costs of a groundwater sustainability program. Funds can be used to cover the costs of preparation, adoption, and amendment of a GSP, and investigations, inspections, compliance assistance, enforcement, and program administration, including prudent reserve. Domestic use groundwater extractors of two acre-feet or less per year are exempt unless the GSA has regulated the users pursuant to Part 2.47 of the CWC. A regulatory fee would be adopted pursuant to Propositions 4 and 26. The collecting Agency may adopt a resolution requesting collection of the fees in the same manner as ad valorem taxes.

Capital Projects Funding

Once an agency adopts a GSP, CWC § 10730.2 stipulates that a GSA may impose fees on the extraction of groundwater from the basin to fund the costs of groundwater management, including: administration, operation, and maintenance, including a prudent reserve; acquisition of lands or other property, facilities, and services; supply, production, treatment, or distribution of water; and other activities necessary or convenient to implement the plan. Fees adopted under this section of the CA Code are subject to Proposition 218 requirements as indicated in CWC § 10730.1.

Deliverables:

- *Memorandum with funding mechanism options for long-term operations and facilities improvement and maintenance; recommended fee structure for funding of immediate regulatory-related expenses.*

Task 3: Fee Calculations and Report

Subtask 3.1.A: Track A – Regulatory Fee Calculations and Report

This task includes the fee calculations and presentation of draft fees to the SVBGSA Board. Once the operating budget has been projected (task 2.1), the net expenses that are to be funded by the new fees is allocated to user groups based on a reasonable relationship between the customer and service they receive.

A report will be prepared that demonstrates the reasonable relationship between the cost of the service and the fees to be imposed. The report will be provided in electronic copy only. HEC will prepare an administrative draft report, a public review draft report, and a final report.

Deliverables:

- *Administrative Draft, Public Review Draft, and Final Reports (Electronic)*
- *Presentation to SVBGSA Board*

Subtask 3.1.B: Track B – Proposition 218 Fee Calculations and Report

It is most likely that the new fees will be regulatory fees adopted pursuant to Proposition 26. If, however, it is decided that the fee/assessments/special taxes should be adopted pursuant to Proposition 218 due to legal interpretations and/or direction from the Board, and/or to fund certain activities not considered regulatory activities, the level of work effort will increase.

If a rate, assessment, or special tax is proposed, a cost of service analysis for the property-related charge will be prepared based on cost classification and groundwater usage characteristics. The cost of service analysis leads to a calculation of user rates or assessments such that SVBGSA is adequately funded for existing and projected future costs, and that the rates, assessments, or special taxes are based on the demand for service or special benefit received by each customer type as required by Proposition 218.

Task 4: Outreach and Stakeholder Input

Subtask 4.1: Research and Strategic Plan

J Harrison Public Relations (JHPR) recommends taking a grassroots approach to educate, build trust and garner understanding about why a new fee, or fees, may be imposed. Fees to plan for and regulate groundwater storage is an abstract concept and many may not understand why they are responsible to pay fees for this effort. Laying the framework while analyzing fee scenarios will be critical for public understanding. Public involvement and transparency will be the key to limiting vocal opposition and, hopefully, garnering public support. JHPR will work closely with the Advisory Committee to identify specific stakeholders, interest groups and the community-at-large and how to best involve and communicate with them.

Background/Stakeholder Interviews – JHPR will review materials and reports compiled during the SVBGSA formation. The background will be used as a roadmap for consistency and for understanding about the issues or topics that arose during the SVBGSA formation. JHPR will hold up to 10 interviews via phone with key members of the SVBGSA, Advisory Committee and other identified constituents to obtain information needed to develop a strategic plan for public involvement. JHPR will arrange and conduct the interviews, with the assistance of the SVBGSA staff and Advisory Committee.

Strategic Plan – JHPR, using the information garnered from the background/stakeholder interviews as a guide, will create a strategic plan that will outline recommended messaging, materials, outlets and other pertinent details. The plan will serve as the roadmap for moving forward in the outreach process. The goal will be to identify effective tactics to educate fee payers about the proposed fee structure and options.

Deliverables:

- *Strategic Plan*
- *Timeline*

Subtask 4.2: Develop Key Outreach Materials

Key Messages – The first step prior to developing outreach materials will be to develop key messages. The key messages will convey the importance of the SVBGSA and its need to be a self-sustaining agency, fee structure process and public outreach initiatives. Key messages will be woven into outreach materials, fact sheets, website, media materials and other outreach materials.

Frequently Asked Questions – An FAQ document will be a key resource for public education. Elements will include who, what and why about the SVBGSA, its current plan, fee structure process, types of fee structures and other pertinent information. The document will be placed on the website and be distributed at meetings or other public opportunities.

Direct Mail Notification/Database – A simple, concise newsletter will be developed to introduce the fee study, the reason for a new funding source, outline opportunities for public involvement and where to find additional information. If known, public workshop dates and locations will be included. Additional mailers, either newsletters or postcards, will be used to provide fee study updates, public workshop announcements and other information identified over the course of the project. JHPR will obtain any databases made available through the SVBGSA Board and maintain and update the databases throughout the project.

Website Sub-page – JHPR will work with the SVBGSA’s website host to establish a sub-page specifically about the fee study and process. All project materials, public workshop summaries and reports will be accessible through this web page. A comment form and request to receive email updates will also be included.

Deliverables:

- *Key Messages*
- *FAQ Document*
- *Newsletters and Postcards (up to 5)*
- *Website Sub-page*
- *Spanish translation services of written materials as identified*

Subtask 4.3: Public Outreach Workshops and Stakeholder Meetings

Public Outreach Workshops – Public outreach workshops will be held to inform and involve stakeholders and community-at-large. Clear goals and objectives will be identified by the project team and materials created to assist in achieving those goals. The workshops will be structured to maximize the public’s ability to ask questions, comment on proposed fee structures and view maps, charts and fee data.

The scope assumes one meeting during the fee study process in 4 project locations: Salinas, Soledad, King City and Paso Robles.

Stakeholder Meetings - JHPR will identify the need and type of stakeholder outreach after research and as part of the strategic plan. Outreach may include one-on-one or small group meetings with key influencers; recruiting a spokesperson advocate to reach out to key community influencers; and attendance at community events (farmer markets, weekly events). Another opportunity for outreach may be a partnership or opportunity to speak at standing community/business forum meetings.

Deliverables:

- *Public Outreach Workshops (4)*
 - *Applicable handouts*
 - *Facilitation*
 - *Professional Spanish Translator*
 - *Optional – Video feed of workshops to post to website*
- *Stakeholder Meetings (up to 10), completed during the 10 trips*

Task 4.4 Media Relations

Coordination with the media will provide another layer of outreach that will reach the community at large. Traditional media including news releases and calendar announcements will be used to disseminate information about the rate study, public outreach workshop details and dates, and other project information as needed. JHPR also recommends public service announcements (PSAs) recorded in English and Spanish. PSAs will be provided to local radio stations as available.

Additional media relations may include reporter briefings, an Op Ed piece written by a third party, and possibly a series of letters to the editor. Op Ed and Letters to the Editor writers may be from the Nature Conservancy, Salinas Valley Water Coalition, Farm Bureau, Land Watch, local and state political representatives or other community influencers who have a vested interest in the development of the fee structure.

Deliverables*:

- *News releases (up to 4)*
- *Calendar announcements (2)*
- *PSAs (2-3)*
- *Op Ed/Letters to the Editor*
- *Translation services for Spanish-language outlets*

**Quantity and type of media outreach may be modified in the strategic plan.*

Task 5: Implementation Assistance

Subtask 5.1.A: Track A – Regulatory Fee Implementation

In addition to the outreach outlined in Task 4, assistance under this task includes help with drafting staff reports, ordinances and/or resolutions, and helping staff answer technical questions up to the date new fees are in place. Note, another item with implementation, is that agencies with groundwater users that are regulated by the California Public Utilities Commission (CPUC) are required to notify the CPUC before imposing a fee under either CWC § 10730 or 10730.2.

Deliverables:

- *Assist with staff reports, drafting of ordinances, and other as needed.*

Subtask 5.1.B: Track B – Proposition 218 Implementation

If fees/taxes/assessments are adopted through a Proposition 218 process, there are considerable additional implementation steps to be taken. Under assessment proceedings, an engineer's report must be prepared, a public hearing notice and ballots must be mailed, collected and tallied; additional workshops would be advisable to garner the necessary ballots in favor of the assessments (51% of weighted votes in favor). If fees are adopted as property-related fees under majority protest procedure, a public hearing notice must be mailed to all affected property owners. If a special tax is proposed, ballots must be mailed and sufficient votes garnered (66% in favor). If any of these avenues are pursued in addition to regulatory fees, there will be additional costs incurred. For example, below are additional steps for adopting assessments.

Prop 218 Notice, Ballot Package Development and Ballot Proceeding Support

JHPR will develop a multi-purpose packet that notifies the public about the proposed assessment, explains the ballot process, provides a voting ballot and return instructions. All contents will be written in English and Spanish.

Prop 218 Notice – The notice will be developed in accordance with Prop 218 requirements and contain background information, proposed assessment rate, protest procedures, public meeting date, public hearing date and ballot return deadline. The notice will be distributed in conjunction with the ballot packet.

Ballot Packet – A ballot packet will be developed and distributed to affected parcels within the assessment boundaries. The packet will include a ballot, voting information guide and postage paid return envelope.

Public Hearing – JHPR will work with SVBGSA to coordinate a public hearing to be held at the end of the 45-day noticing period. Ballots will be collected and tallied.

Ballot Result Notification – JHPR will create and distribute a media alert announcing the ballot results and other details pertaining to the result.

Deliverables:

- *Prop 218 Notice*
- *Ballot packet (information guide, ballot, envelopes)*
- *Public Hearing – includes all logistics, materials, rentals as needed*
- *Media Alert*

Task 6: Meetings

Subtask 6.1.A: Track A – Meetings

Under Track A, HEC anticipates ten trips to Monterey County will be necessary. The following ten meetings are included in the budget under this task:

- 3 Board meetings
- 3 Advisory Committee meetings
- 4 Public Outreach/Stakeholder meetings

In the event that more than one meeting can be accomplished in one trip to save on travel costs, this will be organized.

Subtask 6.1.B: Track B – Meetings

Under Track B, additional education and outreach will be necessary to garner sufficient support for the charges. Four additional outreach meetings are included in the event fees, assessments or special taxes are pursued to fund SVBGSA.

Task B – Capital Projects Funding

A future task, that may occur concurrent with or immediately upon adoption of the Groundwater Sustainability Plan, is development of a financing strategy for capital projects improvements and maintenance. Task B provides for moving forward with development of that strategy and helping the SVBGSA assemble a team of consultants to put capital financing mechanisms in place.

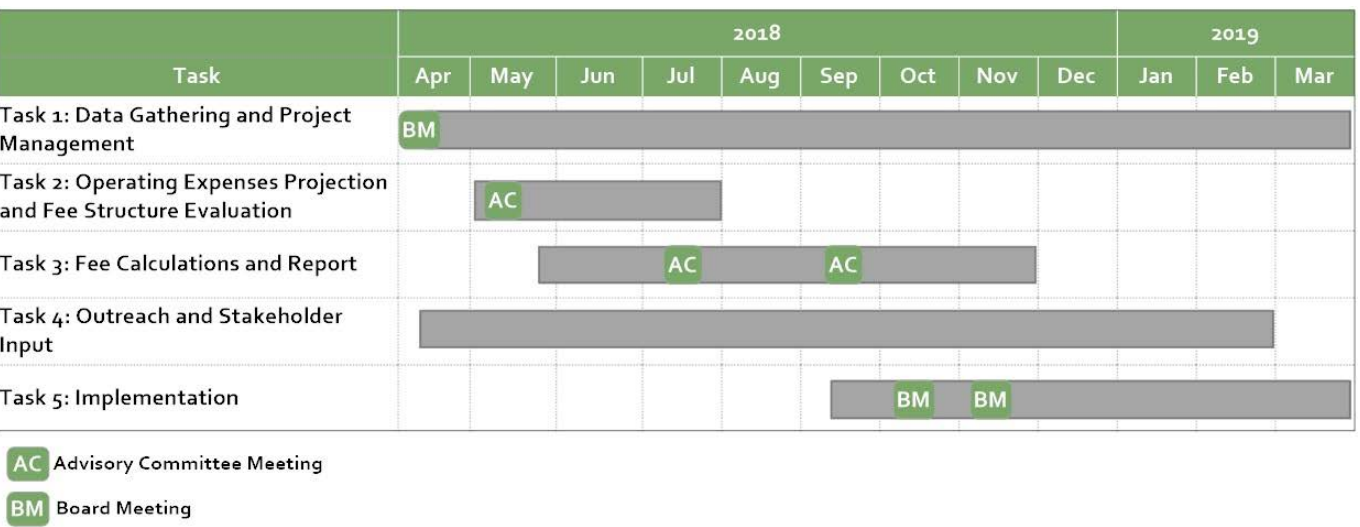
If a capital improvement plan (CIP) is developed, HEC will present a financing strategy to ensure the facilities are completed in a timely fashion, while minimizing the impact to users. HEC's Excel models can evaluate the impact of funding the CIPs by priority/tier and assess various pay-as-you-go or debt funding scenarios. If any costs are attributable to future customers, HEC will allocate costs of the CIP between existing and future customers.

HEC does not recommend the Board approve Task B at this point in time; however, a preliminary cost estimate has been provided for it in the budget. If/when the Board wishes to move forward with Task B, HEC will provide a more detailed scope with a more refined budget estimate.

Schedule

Figure 1 depicts the estimated schedule for tasks described in the proposed scope of services. For a new fee structure to be in place by April 2019, the final report needs to be complete by the end of October, 2018.

Figure 1
Estimated Schedule



Budget

The estimated budget that would be authorized in the initial scope of services is for **Task A Track A** only, for a **total of \$97,000**. Direct costs to be paid by SVBGSA are estimated to cost \$12,000, bringing the total estimated cost to \$109,000.

If **Track B** is authorized by the Board, the estimated budget would be augmented by \$43,000 to a **total of \$140,000**. Direct costs to be paid by SVBGSA are estimated to cost \$15,000, bringing the total estimated cost to \$167,000 under Track B.

Table 1 on the following page shows the estimate of costs by subtask under Track A and Track B.

Cost Estimate Assumptions

- Data is provided in functional format and does not require any special manipulations.
- The cost estimate includes ten trips to Monterey County as outlined in Task 6.1.A. If more trips are requested, the estimated cost per additional trip is \$3,920. The cost estimate is detailed in **Table 2**. The estimated cost per trip includes preparation time. Contingency will be used if available, otherwise the additional trips would be in addition to the authorized budget.
- If any costs are incurred that are specific to work performed for SVBGSA (direct costs), these will be billed at cost. HEC never marks up direct costs or subconsultant costs. The only direct costs included in the estimated costs are travel-related. HEC bills mileage reimbursement at the current Federal mileage reimbursement rate, and parking, printing, and meals only when travelling for meetings. Direct costs are included in the per additional trip cost.
- Direct costs associated with outreach are not included. These costs will be passed directly through to SVBGSA to pay the vendor. Direct outreach costs associated with Track A and Track B are estimated in **Table 3**; they include printing direct mail pieces, translation and printing of an FAQ sheet, noticing in four newspapers, and materials and incidentals for public workshops under Track A, and ballot printing / return postage, translation services, and noticing in four newspapers under Track B.
- Billing rates are for first 12 months of contract. Rates may be increased thereafter.
- Deliverables will only be provided in electronic format.

HEC prepares monthly invoices with a brief description of services performed in the period, as well as percent of budget utilized, that are due on receipt. HEC bills on a time and materials basis. HEC only bills for the work completed up to the authorized budget amount; however, HEC reserves the right to move budget between tasks, should one task be completed under the estimated amount, and another task be completed over the estimated amount.

If additional work is requested that is beyond the authorized scope of services, HEC will request authorization for increased budget. No work beyond that expressly included in the authorized scope of services and budget will be conducted without prior authorization.

**Table 1
Estimated Budget**

Task/Item Description <i>Hourly Billing Rates</i>	Principal \$170	Sr. Advisor \$150	Outreach Specialist \$120	Sr. Analyst \$110	Associate /Analyst \$95	Support \$75	Estimated Total
TASK A --- Operations Funding							
TRACK A							
1 Data Gathering and Project Management							
1.1 Project Management	24		12			6	\$5,970
1.2 Orientation and Policy Review	12		6				\$2,760
1.3 Data Collection/Information Needs List	4		4		4		\$1,540
2 Operating Expenses Projection and Fee Structure Evaluation							
2.1 Projected Operating Budget	15	2					\$2,850
2.2 Case Studies and Fee Comparison	5				20		\$2,750
2.3 Funding Mechanism Options	12	2			12		\$3,480
3 Fee Calculations and Report							
3.1.A Regulatory Fee Calculations and Report	26	4		40		12	\$10,320
4 Outreach and Stakeholder Input							
4.1 Research and Strategic Plan	2		40				\$5,140
4.2 Develop Key Outreach Materials	4		30				\$4,280
4.3 Public Outreach Workshops and Stakeholder Meetings	6		26				\$4,140
4.4 Media Relations			20				\$2,400
5 Implementation							
5.1.A Regulatory Fee Implementation	10		4		10		\$3,130
6 Meetings							
6.1.A Ten Meetings (see Table 2 for per meeting cost estimate), includes Direct Costs for Travel							\$39,200
Total Cost Estimate						A	\$87,960
Contingency approximately 10%						B	\$9,040
TOTAL PROPOSED BUDGET TASK A (TRACK A)	AUTHORIZED IN INITIAL SCOPE					C = A+B	\$97,000
Estimated Direct Costs to be Paid by SVBGSA (no markup)						D	\$12,000
TOTAL ESTIMATED COSTS TASK A (TRACK A)						E = C+D	\$109,000
TRACK B (Augmented Budget for Fees Adopted Pursuant to Proposition 218)							
NOT AUTHORIZED IN INITIAL SCOPE							
3.1.B Proposition 218 Fee Calculations and Report	38			40			\$10,860
5.1.B Proposition 218 Fee Implementation	36		40		20		\$12,820
6.1.B Four Additional Meetings, includes Direct Costs for Travel							\$15,680
Augmented Budget Estimated						F	\$39,360
Contingency approximately 10%						G	\$3,640
TOTAL PROPOSED BUDGET TASK A (TRACK B)						H = F+G	\$43,000
Estimated Direct Costs to be Paid by SVBGSA (no markup)						I	\$15,000
TOTAL ESTIMATED ADDITIONAL COSTS TASK A (TRACK B)						J = H+I	\$58,000
TOTAL ESTIMATED BUDGET TASK A TRACK B	NOT AUTHORIZED IN INITIAL SCOPE					K = C+H	\$140,000
TOTAL ESTIMATED COST UNDER TASK A TRACK B	NOT AUTHORIZED IN INITIAL SCOPE					L = E+J	\$167,000
TASK B --- Capital Projects Funding							
NOT AUTHORIZED IN INITIAL SCOPE							
To Be Determined - Preliminary Estimate (rounded)	100	6	60	75	40	15	\$40,000

Table 2
Estimated Cost per Trip

Per Trip Costs	Hansford	Rollins	Total
Labor		<i>hours</i>	
Preparation	4.0	4.0	8.0
Travel (one-way)	4.5	3.5	8.0
Meeting	2.0	2.0	4.0
Total Time (Hours)	10.5	9.5	20.0
Billing Rate per Hour	\$170	\$120	
Estimated Labor Cost per Trip	\$1,785	\$1,140	\$2,925
Direct Expenses			
Travel (mileage)	\$50	\$220	\$270
Flight	\$325	\$0	\$325
Lodging	\$150	\$150	\$300
Meals, miscellaneous	\$50	\$50	\$100
Estimated Direct Cost per Trip	\$575	\$420	\$995
Est. Total Cost per Trip	\$2,360	\$1,560	\$3,920

Table 3
Estimate of Direct Costs Excluded from Budget

Outreach Direct Cost Item	Estimated Cost	Estimated Tax	Estimated Total
Fact Sheet/FAQ		TRACK A	
Printing	\$200	\$18	\$218
Translation	\$48	\$0	\$48
Subtotal	\$248	\$18	\$266
Direct Mail Notification (5 mailings)/Database Mgmt			
Translation (\$.12/word/750-1,000 words per piece)	\$960	\$0	\$960
Printing based on 1500 addresses (x5)	\$4,800	\$420	\$5,220
Subtotal	\$5,760	\$420	\$6,180
Website Page (development/updates)	\$0	\$0	\$0
Public Workshops (4)			
Handouts/Boards (4)	\$800	\$0	\$800
Provide interpreter and equipment (\$650x4 workshops)	\$2,600	\$0	\$2,600
Refreshments/incidentals (4)	\$400	\$0	\$400
Subtotal	\$3,800	\$0	\$3,800
Public Noticing			
Public Notice x 4 newspapers	\$1,400	\$0	\$1,400
Print Translation Service	\$250	\$0	\$250
Subtotal	\$1,650	\$0	\$1,650
ESTIMATED TOTAL TRACK A	\$11,458	\$438	\$11,896
Direct Pieces Mailing and Postage		TRACK B	
1,500 pieces x 5 mailings/bulk rate first class (\$.435) [1]	\$5,220	\$0	\$5,220
Subtotal	\$5,220	\$0	\$5,220
Proposition 218 Public Outreach			
Translation at workshop and hearing	\$1,300	\$0	\$1,300
Subtotal	\$1,300	\$0	\$1,300
Proposition 218 Outreach Materials			
Printing Ballot Notification (1,500)	\$4,800	\$420	\$5,220
Postage Ballot Notification (1,500) and return postage	\$948	\$0	\$948
Public Notice x 4 newspapers	\$1,400	\$0	\$1,400
Print Translation Service	\$250	\$0	\$250
Subtotal	\$7,398	\$420	\$7,818
ESTIMATED TOTAL TRACK B	\$13,918	\$420	\$14,338

[1] Additional (more than 1,500 mailings) will be charged per piece and at postage rate.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

03/14/2018

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.

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PRODUCER Sierra Insurance Associates, Inc. Truckee Tahoe Insurance Svcs 12242 Business Park Dr#1 Truckee CA 96161	CONTACT NAME: Melissa Sharpe PHONE (A/C, No, Ext): (530) 550-0123 E-MAIL ADDRESS: melissa@sierrainsurance.com	FAX (A/C, No): (530) 550-0102
	INSURER(S) AFFORDING COVERAGE	
INSURED CATHERINE HANSFORD PO BOX 10384 TRUCKEE CA 96162-0384	INSURER A: AMCO	NAIC # 19100
	INSURER B: Nationwide Mutual	23787
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES

CERTIFICATE NUMBER: CL1831400928

REVISION NUMBER:

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INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY		Y	PPA0025743479	08/07/2017	08/07/2018	COMBINED SINGLE LIMIT (Ea accident) \$ 500,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ Air Bag Disc \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$		Y	PA3017891790	08/07/2017	08/07/2018	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$
	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				<input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Certificate Holder is named as Additional Insured for General Liability as Contractual Provisions require.

CERTIFICATE HOLDER**CANCELLATION**

SALINAS VALLEY BASIN GROUND WATER SUSTAINABILITY
 C/O City Clerk, City of Salina
 200 Lincoln Avenue
 SALINAS CA 93901

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

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PRODUCER Sierra Insurance Associates, Inc. Truckee Tahoe Insurance Svcs. 12242 Business Park Drive #1 Truckee CA 96161	CONTACT NAME: Jessica Palmer PHONE (A/C, No, Ext): (530) 550-0123 E-MAIL ADDRESS: jessica@sierrainsurance.com	FAX (A/C, No): (530) 550-0102
	INSURER(S) AFFORDING COVERAGE	
INSURED Catherine Hansford dba Hansford Economic Consulting Po Box 10384 Truckee CA 96162	INSURER A: Sentinel Insurance Company LTD	11000
	INSURER B: Sequoia Insurance Co	22985
	INSURER C: Markel American Insurance Co.	28932
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES

CERTIFICATE NUMBER: 17 ALL

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 GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:			57SBABH1303	10/25/2017	10/25/2018	EACH OCCURRENCE	\$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 1,000,000
							MED EXP (Any one person)	\$ 10,000
							PERSONAL & ADV INJURY	\$ 1,000,000
							GENERAL AGGREGATE	\$ 2,000,000
							PRODUCTS - COMP/OP AGG	\$ 2,000,000
							Non-owned	\$ 1,000,000
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			57SBABH1303	10/25/2017	10/25/2018	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
							BODILY INJURY (Per person)	\$
							BODILY INJURY (Per accident)	\$
							PROPERTY DAMAGE (Per accident)	\$
								\$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 10,000			57SBABH1303	10/25/2017	10/25/2018	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	QWC1050210	11/03/2017	11/03/2018	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER	
							E.L. EACH ACCIDENT	\$ 1,000,000
							E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	\$ 1,000,000
C	Professional Liability/Errors & Omission			MG848659	07/07/2017	07/07/2018	Aggregate	\$2,000,000
							Occurrence	\$2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

GSA, its officers, agents and employees are named as Additional Insured per the attached endorsement.

CERTIFICATE HOLDER**CANCELLATION**

SALINAS VALLEY BASIN GROUD WATER SUSTAINABILITY C/O City
 200 Lincoln Avenue

Salinas

CA 93901

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

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HANSFORD

ECONOMIC CONSULTING

Qualifications to Provide

Fee/Tax/Assessment Analysis and
Rate Setting Services



Salinas Valley Basin
Groundwater Sustainability Agency

Submitted:
February 15, 2018

HEC No. 180272

February 15, 2018

Mr. Gary Petersen
SVBGSA General Manager
C/O City Clerk, City of Salinas
200 Lincoln Avenue
Salinas, CA 93901

Subject: Qualifications for GSA Fee/Tax/Assessment Analysis and Rate Setting Services

Dear Mr. Petersen:

Hansford Economic Consulting (HEC) is pleased to submit our qualifications for the aforementioned services.

Understanding of Work: The SVBGSA needs to establish revenue sources to fund its ongoing operations and capital improvements projects to the benefit of all its member agencies and stakeholders in fulfillment of the Sustainable Groundwater Management Act. The first task is to help SVBGSA establish a stable revenue stream to fund its annual operations, as current funding sources will be exhausted by June 2019. Per California WC 10730.2, regulatory fees are one option. SVBGSA is looking for insightful and achievable funding ideas that are legally defensible to raise the necessary revenues; whether this be through taxation, fees that are not considered taxes, rates, user charges or assessments, or other funding mechanisms.

Our Unique Qualifications: HEC staff have been helping California municipalities set fees and rates pursuant to Propositions 4, 218, and 26 since 1997 and have been working on groundwater sustainability issues in Nevada for more than 15 years. Many areas of Nevada face the same types of issues that the Salinas Valley does: interface of urban water needs and agriculture, over-appropriated hydrographic basins, poor groundwater quality, and disparities in ability to pay for actions to ensure a sustainable water supply. HEC's practical knowledge learned in Nevada and years of municipal finance consulting in California provide us with a unique skill set to assist the SVBGSA. Our enclosed qualifications demonstrate our ability to craft a financing plan that accommodates the diversity, but one common goal, of the SVBGSA stakeholders.

We look forward to hearing from you. Please direct all correspondence to catherine@hansfordecon.com, or call me at (530) 412-3676.

Sincerely,



Catherine R. Hansford
Principal

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1. Qualifications

Hansford Economic Consulting

Hansford Economic Consulting (HEC) provides planning, economic, and financial services for public and private clients in the Western United States. The company, founded in 2005, is owned and managed by Catherine Hansford, an applied economist with more than 20 years of experience. HEC clients include regional agencies, counties and cities, special districts, non-profits, private entities, and homeowner associations.

HEC's services include:

- **Water Utilities Resource and Financial Plans**
- Infrastructure Networks Analysis
- Agency Governance, Mergers & Organization
- Economic Development & Business Impact Analysis
- Public Facilities and Services Financing Plans
- Fee Nexus Studies
- Fiscal Impact Studies

Our high-quality work products span a breadth of land and water resource related topics that touch our human communities and environments. HEC endorses progressive and adaptive planning, understanding that plans are useful only if they are comprehensive, relevant to the specific local conditions, and lead to implementation.

HEC synthesizes ideas with data to produce deliverables that exceed client expectations. Our approach is especially desirable when working on sensitive community issues with a divergent customer base and/or the interests of multiple stakeholders. HEC works with clients to find the best solutions for their own unique circumstances by listening to and collaborating with them; this is what sets HEC apart from our competition. HEC appreciates the challenge of balancing equity, feasibility, and public acceptance goals when approaching utility rates and fees. HEC will strive to help the SVBGSA to oversee its mandated responsibilities to the groundwater basin and to meet all regulatory requirements with defensible charges.

Water rates are a sensitive topic and our approach is especially desirable when working on divisive community issues with a divergent customer base and/or the interests of multiple stakeholders. Our water rate models have withstood the scrutiny of California's rate-setting laws, which are very rigorous for cost of service demonstration, and rate design. We have helped agencies set rates during California's historic drought, and have on-the-ground experience with running water conservation programs and groundwater sustainability programs.

J.Harrison Public Relations

HEC includes J.Harrison Public Relations (JHPR) as a subconsultant and valuable member of the Project Team. HEC believes strongly in proactively seeking public support for the implementation of rates and fees, especially for a new agency. JHPR is a public outreach firm that will provide an important role in providing the strategy for taking any new fee(s) to stakeholders. Public outreach will be critical for successful implementation of new funding sources.

JHPR specializes in public outreach and education campaigns for municipal projects. JHPR’s services include public outreach under requirements of Prop 218 and CEQA; public notification about construction, pipeline projects, and traffic impacts; education campaigns for the general public and businesses about water conservation, FOG, and pollution prevention; and provision of oversight, guidance, and planning support to engineering firms, financing and environmental specialists, and public agencies working on municipal projects. The JHPR team has more than 40 years of combined experience, particularly in Northern California, to engage the public, create goodwill, and help keep capital projects on track and on task. The JHPR team has won local and national awards for many projects including the City of Auburn’s Healthy Auburn Waters Campaign.

Examples of Effective Outreach

Donner Summit PUD	Reclamation District 2140
<ul style="list-style-type: none"> • Met with critics one-on-one and started the dialog 	<ul style="list-style-type: none"> • Researched reasons for first attempt failure
<ul style="list-style-type: none"> • Gained insight to concerns and provided opportunity to validate and address concerns 	<ul style="list-style-type: none"> • Turned adversaries into advocates • Tackled language barrier head on
<ul style="list-style-type: none"> • Highlighted accomplishments, provided a shared respect for success 	<ul style="list-style-type: none"> • Provided opportunities for engagement appropriate for demographics

Key HEC Strengths

- More than 20 years of experience in municipal finance, planning, and economic services
- Specialization in water utilities public finance
- Completed rate studies in California, Nevada, and Oregon for communities of various sizes
- Assisted with formation of special districts for financing water-related projects
- Conducted user fee studies
- Conducted development impact and connection fee studies
- Developed budgets for new and for proposed agencies
- Regional planning project experience
- Work with financial advisors, bond counsel, engineers, planners

HEC Services

Water Utilities Resource and Financial Plans

HEC has a long history of providing utilities resource and financial plans, including: water and wastewater demand analysis projections; income surveys; water, wastewater, recycled water, flood and storm water utility rate and fee studies; and assistance with state and federal low-interest loan and grant program applications. HEC has provided rate setting advisory services to more than 40 public agencies. We have modeled many different types of utility rate structures, calculated many different types of fees and special taxes, and assisted agencies with creation of special districts as funding mechanisms. We frequently work for agricultural-based communities.

Table 1 demonstrates HEC’s experience in modeling different water rate structures.

Table 1
Rate Structures Modeled by HEC

WATER	WASTEWATER
Per Lot (by size) Per Unit	Per EDU - flow only Per EDU - flow and strength
Base Charge by Water Meter Size plus Flow Charge:	Strength of Wastewater accounted for in Cost Allocation:
Uniform use charge	Residential per unit, Commercial by flow only
Different use charge by customer type	Residential per unit, Commercial by account and flow
Tiered use charges	
Seasonal water charges	Residential per unit, Commercial base by meter size plus flow
Tiered seasonal water charges	
Drought surcharges	
Wholesale rates	Residential and Commercial by unit/account and winter avg. water use
Raw water charges	
Interruptible service rates	
Additional Charges (may be shown separately on bill)	Commercial Wastewater Strength
Fire suppression charges	Low, medium, high
Pressure zone charges	By customer type or groupings of customers
Meter replacement charges	
System rehabilitation charges	

Table 2 on the following page lists some of HEC’s clients and water-related projects worked on in the past ten years.

Table 2
HEC Water Utility Clients

Washoe County	Groundwater and Domestic Well Mitigation Program Funding Spanish Springs Wastewater Connection Fee Analysis Financial and Functional Analysis of Water Service to the South Truckee Meadows General Improvement District
Eureka County	Economic and Financial Analysis of a GID for retirement of water rights in an over-appropriated basin
City of St. Helena	Water and Wastewater Rate Studies
City of Live Oak	Water and Wastewater Rate and Fee Studies, and User Fee Study
City of Ashland	Potable and Raw Water Cost of Service Study, Transportation, Storm Drain, and Wastewater Fee Studies
City of Waterford	Water Rate and Connection Fee Study
City of Livingston	Water, Wastewater and Solid Waste Rate Studies
City of Escalon	Water and Wastewater Rate and Capacity Fee Studies
City of Turlock	Water Rate and Recycled Water Pricing Studies
City of Riverbank	Wastewater Rates and Fees Study
City of Colusa	Wastewater Revenue Program
City of Newman	Water and Wastewater Rate Studies
City of Fernley	Water and Wastewater Rate and Fee Studies
Woodbridge Sanitary District	Wastewater Rate Study
South Placer MUD	Wastewater Rates and Capacity Fees Study
Donner Summit PUD	Water and Wastewater Cost of Service Studies, Connection Fee Study, Formation of CFD for New Wastewater Treatment Plant
Truckee Meadows Water Authority	Retail and Wholesale Water Rates Study Financial Due Diligence for Consolidation Water Conservation Interlocal agreements Water Resource and Conservation Plans
California State Parks, Tahoe Regional Planning Agency and the US Army Corps of Engineers	Economic Analysis for Restoration of the Upper Truckee River
Economic Analysis for Restoration of the Upper Truckee River	Financing Chapter of the Regional Water Management Plan 2017 Update
City of Lincoln	Asset Valuation and Replacement Analysis for Public Works Utilities
Carson City	Marlette Water System Merger Financial Analysis
Squaw Valley PSD	Water and Wastewater Financial Projections
Rancho Murieta CSD	Security and Drainage Fees Update
Western Regional Water Commission	Impact of Water-Related Fees on Development
Heather Glen CSD	Rate Analysis for Consolidation with PCWA

In addition to utility rate and fee-setting services, HEC has agency governance, organization, and funding experience that is described below.

Agency Governance, Mergers, and Organization

HEC has partnered with agencies to analyze organizational changes and strategies to better help the organization meet its goals and objectives. Structural, financial, functional, and strategic analyses are used, singularly or in combination, to provide key information to an organization's decision makers and stakeholders. Examples of projects include:

- ✓ *Truckee Meadows Regional Planning Agency* - Regional Governance Models Report
- ✓ *Spring Creek Homeowners Association* – Governance Alternatives and Feasibility Analysis

Public Facilities and Services Financing Plans

HEC develops financing strategies for public facilities and services. Available financing options specific to an entity may include different types of bonds, or fees, or assessments. Our financing plans consider debt limits and other restrictions that may be in place for local governments. Examples of projects include:

- ✓ *Placer County* – Financing and Operations Funding Plan for Royal Gorge
- ✓ *Placer County* - Urban Services Plans for Placer Vineyards and Bickford Ranch

Fee Nexus Studies

HEC conducts studies which show the linkage between a new development and the need for affordable housing, transit, public facilities, or other community resources. The study shows the legal nexus that justifies the fees in support of the resource. Examples of projects include:

- ✓ *City of Williams* – Flood Hazard Reduction Fee
- ✓ *City of West Sacramento* – Flood In-Lieu Fee Update Report

Economic Development and Business Impact Analysis

HEC has a history of assisting communities with development, redevelopment and revitalization issues. Thorough analysis of historical background and present conditions, along with an economic outlook, and potential opportunities, gives citizens and community leadership ideas regarding the economic impact of a given situation. Strategic planning can also be employed to achieve community goals. Examples of projects include:

- ✓ *Placer County* – North Tahoe Redevelopment Area Market Study
- ✓ *Tahoe Regional Planning Agency* – Regional Plan Update EIR Economic Impacts

Fiscal Impact Studies

HEC provides projections of the local governmental costs and revenues generated by a new development or change in policy. Changes in tax revenues, demand for services, and infrastructure costs determine whether the estimated costs incurred are balanced with an increase in revenues. Examples of projects include:

- ✓ *Truckee Meadows Regional Planning Agency* – Fiscal Equity Analysis for Services Funding
- ✓ *Northstar Community Services District* – Tax Sharing Agreement Analysis with Placer County

Infrastructure Networks Analysis

HEC provides comprehensive infrastructure networks analysis, including demand analysis, identification of areas with excess/constrained capacity, potential problems that arise from capacity issues, and examination of potential scenarios. Examples of projects include:

- ✓ *Truckee Meadows Regional Planning Agency* - Capacity Constraints in Regional Infrastructure Networks Report
- ✓ *City of Sacramento* - Benefit Cost Analysis for TIGER funding of the Sacramento Valley Station

Regional Planning Experience

HEC has years of regional planning experience, primarily in Nevada, which has been ahead of California in groundwater management. Agencies we have worked with on regional issues include the Truckee Meadows Water Authority, Western Regional Water Commission, Truckee Meadows Regional Planning Agency, Tahoe Regional Planning Agency, Southern Nevada Strong, and Sacramento Area Council of Governments Blueprint.

Feasibility of New Agency or Consolidated Agency Analysis

- **Revenue and Expense Forecasts**
 - Diamond Valley Groundwater Management Program
 - South Truckee Meadows Groundwater Mitigation Programs
 - Squaw Valley Public Services District
 - Truckee Tahoe Airport Authority
 - Truckee Donner Recreation and Parks District
- **Joint Agency Cost Share**
 - City of Coos Bay and Charleston Sanitary District
 - Donner Summit PUD and Sierra County Water Agency
 - Truckee Meadows Regional Planning Agency
 - Washoe County and South Truckee Meadows GID
 - South Placer MUD and City of Roseville
- **Special District Formation**
 - North Natomas, Sacramento
 - Donner Summit PUD
 - Spring Creek
 - Sun Valley
 - South Truckee Meadows

Notable Accomplishments

- In 2003, Catherine was selected as Chair of the Advisory Committee for the Regional Water Planning Commission in Washoe County, Nevada.
- HEC assisted the Donner Summit Public Utility District (DSPUD) secure the first California Clean Water State Revolving Fund (CWSRF) planning loan to finance the significant planning costs associated with their wastewater treatment plant upgrade project in July 2010. Also, for the for the same project, HEC helped DSPUD obtain the first refinancing of debt in the State through the California CWSRF. The completion of the project has led to the first snow making from recycled water in California at the Soda Springs Ski Resort. In 2017, HEC helped the District obtain \$3.5 million loan forgiveness.
- In 2013, HEC conducted a unique analysis on the feasibility of a special district to retire water rights in the Diamond Valley Basin to rectify over-appropriation of groundwater. The analysis was the first of its kind in the State of Nevada and has been used by the State Engineer in consideration of actions for the hydrographic basin.
- In 2013 and again in 2017, Catherine Hansford gave a 3-hour class on water rate and fee setting for the Nevada Rural Water Association. The class was held at the Truckee Meadows Community College and video-broadcast to colleges throughout the state of Nevada.
- In 2017, HEC was asked to contribute to the first ever issue of 'The Water Spot', a joint publication of the Nevada Water Resources Association and the Water Environment Association. The article was featured in the centerfold of the magazine.

Quality Assurance

HEC has earned a reputation for being open-minded, patient, thorough, and excellent at communications with decision makers. Catherine Hansford has first-hand experience of working at a water utility and understands the process necessary for adopting updated rates and charges.

In addition to utility rate consulting, HEC has spearheaded strategic planning efforts to help agencies and communities define their goals and set achievable action items. These skills help with rate-setting, which is often a very difficult topic for decision makers. Here are some things our clients say about HEC:

"Hansford Economic Consulting has helped take our Regional Water Plan to a higher level. Catherine's specialized knowledge in the utility field has been invaluable in collecting and analyzing cost and financing data from various sources in our community. Her firm's work is thorough, accurate, and well presented; it's executed with the highest level of professionalism. I would not hesitate to highly recommend Hansford Economic Consulting to any of my colleagues."

Jim Smitherman, Program Manager, **Western Regional Water Commission**

"The process, preparation, research and final execution for our project was highly complex, hyper-political, and required aspirational thinking. We needed a firm that could bring the right combination of analytical prowess, professionalism and broad-based economic development experience that could unite various community interests around a common purpose. We got this and more from Hansford Economic Consulting."

Jessie Bahr, President, **Spring Creek Owners Association**

"I was extremely impressed with Catherine Hansford and her team. We contracted with HEC to perform a water and wastewater rate study. St. Helena was significantly underfunded in both our water and wastewater enterprise funds. We knew from the onset that that upcoming rate increases would need to be significant to cover costs. We also knew that rate increases would be difficult and contentious in our community.

One of Catherine's most impressive attributes is her breadth of knowledge. Although numerous people opposed the rate increase, Catherine's thorough review and reporting on the City's needs and expenses helped everyone understand the need for the increase.

Not only does she possess an in-depth knowledge of the legal requirements impacting utility rates, such as Proposition 218 and the San Juan Capistrano case, but she is equally knowledgeable about the influence of capital costs on rates, equitability in rate setting, and how affordability will impact rates and our City's ability to secure financing. Catherine's knowledge, combined with her calm and professional demeanor, made her the perfect match for our community. Ultimately, City Council passed the rates in a 5-0 vote. I strongly recommend Catherine, it was truly a pleasure to work with her."

Jennifer Tuell, Water Conservation Program Manager, **City of St. Helena**

HEC will complete work in a timely fashion and exceed expectations in presenting the findings and recommendations to the public and elected officials. Our letters of recommendation (**Appendix A**) speak to HEC's ability to follow through on this statement.

Relevant Experience

The following four HEC projects, two joint HEC and JHPR projects, and three JHPR projects demonstrate our qualifications to perform the requested services. A description of each project along with client contact information are provided.

Appendix B includes a couple of newspaper articles about HEC's work on groundwater management issues in Eureka County and feasibility of new government funding sources in Spring Creek.

Diamond Valley GID Financial Model Feasibility Analysis for Eureka County

Contact: Jake Tibbitts, Natural Resources Manager
(775) 237-6010 natresmgr@eurekanv.org

Relevance to SVBGSA: *Revenue and expenditure forecasts for new agency, determination of feasible revenue sources, groundwater management funding, agriculture-based community and urban interface*

In March 2013, the Eureka County Board of Commissioners approved a contract with HEC to conduct a financial feasibility analysis of creation of a Diamond Valley GID, a new special district, to create a locally-owned water management program to fund retirement of water rights with the goal of enhancing the sustainability of hydrographic Basin 153's water resources. HEC presented the results of the analysis in June 2013.

Financial feasibility of a GID to retire water rights in Diamond Valley is subject to acceptability of the timeframe to complete the program, assured funding commitments to the program, the prices paid to farmers to purchase their water rights and the farmers' willingness to participate in the program.

The analysis found that the cost to form and operate a Diamond Valley GID to retire water rights would be high, and greater than local acceptability thresholds. Water rights retirement and/or set aside water management strategies would benefit those farmers compensated for loss of their water rights. In addition, the strategies would benefit the aquifer and remaining irrigating farmers by stabilizing water levels such that farming can continue in perpetuity; however, a water retirement program in the valley would not benefit other residents of the County unless the land that is stripped of its water rights is put to other high-value economic use.

Following this work, HEC had a second contract with the County to prepare different financial models of a co-operative program that would not be formed under a GID.

Governance Alternatives Feasibility Analysis for the Spring Creek Association

Contact: Jessie Bahr, President
(775) 753-6295jessiebahr@springcreeknv.org

Relevance to SVBGSA: *Revenue and expenditure forecasts for new agency, determination of feasible revenue sources, public workshops*

The Spring Creek community is located in unincorporated Elko County, just southeast of the City of Elko. It is comprised of 5,420 lots. The Spring Creek Association (SCA) is responsible for maintaining 140 miles of roads and several large-scale amenities. The Association was concerned that due to the significant expense of maintaining roads and amenities infrastructure, necessary improvements were being deferred. SCA residents wanted to know if a different form of local government would better serve their community in light of the long-term financial and policy issues that they face as a

community. The SCA also wanted to a high-level feasibility analysis of taking ownership of the privately-owned water and wastewater systems.

SCA hired HEC to perform a governance alternatives analysis and financial feasibility report late 2016. HEC created a financial model to analyze the revenue sources and cost impacts of several potential new entities, including: a district for maintenance of roads, single-service and multiservice general improvement districts, and a town. Utilizing SCA financial documents, Nevada Revised Statutes, and Nevada Department of Taxation information, HEC projected the revenue requirements and the fee and tax structures and amounts necessary to support each form of government. The applicability, constraints and limitations of each option were explained.

The findings of the analysis were formally presented to SCA leadership and over 200 residents in June of 2017. HEC work is on-going as SCA leadership recently asked HEC to explore the feasibility of a contract city or district, as well as annexation to the City of Elko.

South Truckee Meadows Groundwater Mitigation Program Funding

Contact: Mark Foree, General Manager for the Truckee Meadows Water Authority
(775) 834-8002.....mforee@tmwa.com

Relevance to SVBGSAs: *Revenue and expenditure forecasts for new program, determination of feasible revenue sources, groundwater management funding, connection fees*

In 2004, when Catherine was an employee at Truckee Meadows Water Authority (TMWA), a Groundwater Task Force was established for purposes of recommending a Groundwater Mitigation Program for domestic well owners impacted by municipal well pumping in the southern portion of the County. Catherine modeled the mitigation program using information on costs to re-drill or replace an existing well, number of potential well failures, administrative costs of the program, and other factors. The mitigation program covered an area with approximately 8,500 domestic wells and 100 municipal wells. As a result of the Task Force efforts, a mitigation program was established with one-time reimbursements to property owners based on an established formula.

In 2012, HEC was engaged to evaluate the financial exposure to TMWA from the planned merger with Washoe County Department of Water Resources and to calculate new fees upon consolidation. Catherine's role in the due diligence process was time sensitive, due to both the expiration dates of various developer agreements that Washoe County held and the application of Nevada's development impact fee law (Nevada Revised Statutes 278b), which is more rigorous than California's AB1600. The County faced potential large financial exposure for reimbursement of fees that had been collected for capital facilities that had been planned for new growth, but which were no longer needed because of unrealized growth. One of Catherine's tasks was to quantify the exposure according to the consolidation schedule put forth by TMWA and the County. As a result of

this timely analysis, \$18 million of financial exposure was removed from TMWA prior to consolidation.

Water Rate and Fee Study for the City of Waterford

Contact: Tim Ogden, City Manager
(209) 874-2328 x103togden@cityofwaterford.org

Relevance to SVBGS: *New utility multi-year revenue and expenditure estimates, cost of service study under various capital improvement funding scenarios, compliance with Proposition 218 for utility rates, compliance with CA Code 66000 for development impact fees*

The City of Waterford purchased both the Waterford and Hickman water systems from the City of Modesto in 2015 and adopted Modesto's water rate schedule until a water rate study could be completed. Both water systems were suffering from significant structural deficiencies and insufficient revenues to fund the systems. Substantial capital improvement projects were needed to fix these structural deficiencies based on the findings of the City's 2016 Water Master Plan.

The City of Waterford engaged HEC in 2016 to perform a water rate study for both the Waterford and Hickman systems. Initial results were presented to the City Council in July 2016. HEC calculated separate water rates for the two systems. The calculated rate increases were much more significant to one system than another. As a result, consolidation of the water systems was evaluated. The City engineer provided a capital improvement plan for consolidating the water systems which HEC used to create a rate structure applicable to both systems. The consolidation financing plan for the City includes loans from the Drinking Water State Revolving Fund. HEC supported the City with the Proposition 218 process and new rates were adopted at a public hearing in November 2016. New water facility development impact fees were also adopted concurrently.

Water and Wastewater Cost of Service and Rate Study for the City of Live Oak Joint with JHPR

Contact: Jim Goodwin, City Manager
(530) 695-2112.....citymgr@liveoakcity.org

Relevance to SVBGS: *Cost of service study, compliance with Proposition 218 for utility rates, compliance with CA Code 66013 for connection fees, compliance with Propositions 4 and 26 for fees that are not taxes, agriculture-based community, coordination with JHPR on tri-lingual public outreach and education, mailing of public hearing notices*

In 2016, the City engaged HEC to prepare a water and wastewater rate study and to update its connection, capacity, and user fees. HEC held five study sessions with City Council to thoroughly review fund finances, craft new rate structures, receive public input, and discuss findings and recommendations of the cost of service analyses. HEC researched and modeled a potential low-income assistance program, and made edits to the municipal code in support of the new rate structures. A public information evening was set up for the public to ask questions in a more

informal setting. Although insufficient public protests were submitted during the Proposition 218 process, City Council decided to postpone adoption of water and wastewater rates until March 2018.

As part of the scope, HEC updated the City's connection and capacity fees. The connection and capacity fees were calculated so that they would be collected on the same basis (per unit or per building square foot) as the City's other development impact fees. HEC also prepared updated user fees (such as meter tampering, disconnect/reconnect, late notice fees and so forth) as part of the municipal code update accompanying the water and wastewater rate study.

The City and HEC worked with JHPR on messaging, a community information evening, and the design and content of the Proposition 218 notice. JHPR worked with the City and County Assessor to compile the database of affected properties to send notices, and coordinated mailing of the notices with the mail house.

Public Outreach Services for Donner Summit Public Utility District Joint with HEC

Contact: Tom Skjelstad, General Manager
(530) 426-3456 tskelstad@dspud.com

Relevance to SVBGSA: *Cost of service study, coordination with JHPR on public outreach and education, special tax consultant services and ballot process to form a Community Facilities District*

Donner Summit Public Utility District (DSPUD) engaged HEC, who conducted the cost of service and rate studies for water and wastewater, and JHPR, at the beginning of a contentious project to upgrade its wastewater treatment plant. Under JHPR counsel, the district began a series of one-on-one meetings with community groups, key individuals, and regional environmental groups which were previously antagonistic toward the project. It was critical to first establish a personal connection with stakeholders and gatekeepers. This was followed by numerous education efforts including engagement through public meetings, social channels, and direct mail. Ultimately, the project secured its funding and received overwhelming community support and positive recognition by the Regional Water Quality Control Board.

HEC assisted DSPUD to form a community facilities district for capital and ongoing costs associated with the wastewater system. HEC provided special tax consultant services. JHPR assisted with mailing of ballots; HEC and legal counsel tallied the votes.

Reclamation District 2140 (RD 2140)

Contact: Lee Ann Grigsby, District President
(530) 321-1525 grigsbyleeann@gmail.com

Relevance to SVBGSA: *Compliance with Proposition 218, ballot process for implementation of assessments, bi-lingual public outreach and education*

Reclamation District 2140 is a special district located in Hamilton City, CA that was initially formed to garner support for building a new levee system in Hamilton City. Construction for the levee was granted by the U.S. Army Corp of Engineers under the condition that RD 2140 serve as the legal entity under contract with the Corp to fund the yearly operations and maintenance (O&M) of the new levee. To secure O&M funding, RD 2140 proposed an O&M assessment to be levied on property owners within the district's boundaries. The first attempt to pass the assessment failed. JHPR was hired to take over the public outreach effort and educate the public prior to another attempt to pass the assessment. After six months of bi-lingual education and grassroots public outreach, the ballot initiative was held again and this time passed with a "yes" vote in favor of the O&M assessment, which ultimately resulted in securing final construction of the levee by the U.S. Army Corp of Engineers.

Public Outreach for the NID Regional Water Supply Project

Contact: Gary King, Engineering Manager
(530) 273-6185 ext. 260 king@nidwater.com

Relevance to SVBGS: *Rural-urban interface issue, outreach and consensus building*

The Nevada Irrigation District (NID) began a public education campaign in 2007 to inform residents within its existing service area that it sought to build a water treatment plant to provide treated water to residents in the Lincoln area who previously did not have service through NID. The project involved building an extensive and long water transmission pipeline and building a water treatment plant. The project was highly controversial due to impacts on sensitive habitats, overlapping service areas, potential for personal property impacts, disruptions due to construction, and associated environmental impacts. JHPR worked on public outreach from the project onset, managing direct mail, advertising, and public meetings to educate affected citizens and stakeholder groups.

Public Outreach in Support of Rate Increases for San Andreas Sanitary District

Contact: Hugh Logan
(209) 754-3281 logansasd@comcast.net

Relevance to SVBGS: *Cost of service study, new utility rate structure, public outreach and education, compliance with Proposition 218, mailing of public hearing notice*

San Andreas Sanitary District (SASD) retained JHPR to educate and inform residential and commercial customers about changes in its wastewater rates. While residential rates were facing a standard increase, all commercial accounts were going to be charged according to a new rate system based on flow and strength demands placed on the wastewater system. The new commercial categories and rate structure were communicated through direct mailers prior to the Proposition 218 notification. JHPR initiated the Proposition 218 process and the new rates were adopted with little protest voiced.

2. Project Team

The Project Team roles are shown below. Resumes follow.

NAME	ROLE	QUALIFICATIONS
 Catherine Hansford	PROJECT MANAGER <i>HEC point of contact</i> <i>Oversee all staff</i> <i>Run meetings</i> <i>Present to Board</i>	<ul style="list-style-type: none"> • Municipal finance (special taxes, assessments, fees, rates, bond-financing) experience • Water resources planner • Regional planning and groundwater sustainability experience
 Zach Gustafson	FINANCIAL MODELER <i>Financial model</i> <i>Budget forecast</i> <i>Cost of service</i>	<ul style="list-style-type: none"> • New agency budget forecast experience • Utility rate modeling experience • Cost of Service determination • Fees and charges determination
 Debbie Daniel	RESEARCHER <i>Primary data collection</i>	<ul style="list-style-type: none"> • US Census and other data compilation • Conducted numerous surveys • GIS mapping and database builder
 Schaelene Rollins	BALLOT AND PROTEST MEASURES SPECIALIST <i>Public communications</i> <i>Arrange public workshops</i>	<ul style="list-style-type: none"> • Experienced in polling, surveying, ballot measures, protest votes • Consensus-building skills
 Jennifer Harrison	OUTREACH AND EDUCATION STRATEGIST <i>Provide strategy/direction for education materials</i>	<ul style="list-style-type: none"> • Coordinated hundreds of educational campaigns • Advanced credential in public relations
 Tom Skjelstad	SENIOR ADVISOR <i>Strategy and advice as needed</i>	<ul style="list-style-type: none"> • More than 30 years managing water utility systems • Practical experience implementing financing mechanisms

Utility Rate Studies • Municipal Finance • Water Resources Planning • Economic Analysis

Catherine is a practitioner of financial, economic, and resource sciences. As a professional for more than 20 years, Catherine has built a reputation for creative problem solving, excellent speaking skills and written products. Catherine combines her powerful analytical skills with the invaluable ability to take complex topics, distill them into key components, and deliver relevant information in a clear and concise manner. She is particularly sensitive to the public process required to address most municipal finance issues; her presentations are crafted so that public finance decisions are understood, even if constituents do not favor them.

“Catherine is a rare combination of powerful analytical skills with an extraordinary ability to assess the big picture.”

Lori Williams, TMWA,
Former General
Manager

EXPERIENCE

Catherine has worked in both the public and private sectors over the course of her career. In the public sector, Catherine worked as a senior planner for the Truckee Meadows Water Authority (TMWA), performing management analyst functions such as cost-benefit analysis, managing interlocal agreements, performing rate and fee studies, and working with stakeholders. Catherine served as liaison/chair between TMWA and various customer groups. These included a Rate Making Review Committee and Landscape Subcommittee. Catherine served as the Chair of the Advisory Committee on Conservation for the Washoe County Regional Water Planning Commission from 2003 through 2005.

In the private sector, Catherine worked for Economic and Planning Systems (Sacramento office) helping clients with municipal bond sales, financing plans, special district formation, user fee studies, fiscal studies, and nexus fee studies. At ECO:LOGIC Engineering (now Stantec), Catherine specialized in water utilities public financing. Since 2005 Catherine has been the owner and principal of HEC, engaging in municipal planning and finance issues.

EDUCATION

Master of Science, Agricultural Economics, University of Nevada, Reno
Bachelor of Science, Rural and Environmental Economics, University of Newcastle-upon-Tyne, UK

CAREER

Hansford Economic Consulting	Principal	Truckee, CA
ECO:LOGIC Engineering	Senior Economist	Rocklin, CA
Truckee Meadows Water Authority	Senior Water Planner	Reno, NV
Economic and Planning Systems	Senior Associate	Sacramento, CA

PRESENTATIONS

1. Stormwater Rate Calculation in Nevada, *April 2018 Nevada Water Environment Association Annual Conference*
2. Western US Water Issues, *March 2018 Women In Economics, University of Nevada Reno*
3. Funding for Flood Facilities, *September 2017 Nevada Water Resources Association Fall Event*
4. Financial Management: Understand your Cost Structure, Customer Cost-Share Responsibilities and Funding Options, *3-Hour Videoconference class for the Nevada Rural Water Association, November 2013 and March 2017*
5. Successful Strategic Planning Starts with Understanding Your Financial Position and Engaging A Wide Range of Stakeholders, *March 2014 Nevada Rural Water Association Conference*
6. The Cost of Rectifying Over-Appropriation of Groundwater in Diamond Valley, *February 2014 Nevada Water Resources Association Conference*
7. Rate Setting Fundamentals: Math or Art? *February 2013 Nevada Rural Water Association Conference*
8. A Misunderstood Relationship: Economic Vitality and Environmental Improvement in the Tahoe Basin, *May 2012 Tahoe Science Conference*
9. What is a Reasonable Water Rate? *February 2011 Nevada Water Resources Association Conference*
10. Finding Funding for Energy Efficiency Projects, *April 2010 California Rural Water Association Conference*
11. Projecting Population and Employment: A Platform for Projecting Water Purveyor Demands in an Urban Area, *February 2003 Nevada Water Resources Association Conference*
12. Water Conservation Recommendations from a Consumer Outreach Group, *October 2002 AWWA Cal-Nev Section Conference*

SELECT PROJECTS

Tahoe Regional Planning Agency, CA State Parks and US Army Corps of Engineers - Economic Analysis for Restoration of the Upper Truckee River

Western Regional Water Commission – Financing Chapter of the Regional Water Management Plan

City of Live Oak – Water and Wastewater Rate and Fee Study

Northstar CSD – Property Tax Sharing Agreement for Services with Placer County

City of Waterford – Water Rate and Fee Study

City of Ashland – Potable and Raw Water Cost of Service and Rate Study

Donner Summit Public Utility District – Special Tax Consulting services for formation of Community Facilities District No. 1

City of Williams – Flood Hazard Reduction Fee

Utility Rate Studies • Financial Analysis • Capital Funding Strategy • Economic Analysis

EXPERIENCE

Since joining HEC, Zach has primarily been modeling water and wastewater rates and assisting clients with applications for State and Federal funding for water and wastewater capital improvement projects. Zach works with the client to determine the ideal strategy to accomplish funding goals. This work requires coordination with the agency, agency consultants, and funding program staff; continual monitoring of application status, advocating for the agency to keep the project(s) moving forward, and frequent meetings. Zach also provides in-depth research and data analysis using various sources of economic information, such as the US Census. Through webinars and conferences, Zach continues to educate himself in the fields of economics and finance.

“Zach’s in-depth analysis, along with his flexibility and responsiveness to the City’s requests, was very helpful throughout the rate study process. It was a pleasure working with Zach and HEC.”

Jim Goodwin, City of Live Oak, City Manager

EDUCATION

Bachelor of Arts, Marketing, Bentley University, Waltham, MA
International Finance, Marketing, and History, Bond University, Queensland, Australia

CAREER

Hansford Economic Consulting	Senior Analyst	Truckee, CA
Upper Playground	Operations Manager	Tahoe City, CA
Ebben Zall Group	Public Relations Intern	Needham, MA
SwervePoint	Marketing Intern	Danvers, MA

SELECT PROJECTS

City of Live Oak – Water and Wastewater Rate and Fee Study
City of St. Helena – Water and Wastewater Rate and Fee Study
Sierraville Public Utility District – DWSRF and USDA Funding Applications
Sierra County Water Works #1 – DWSRF and USDA Funding Applications
City of Ashland – Storm Drain and Traffic Fee Studies
City of Waterford – Water Rate and Fee Study
City of Newman – Wastewater Rate Study
City of Winters – AB1600 Development Impact Fee Program Update
City of Williams – AB1600 Development Impact Fees and User Charges
San Joaquin County – Jobs to Housing Review
Washoe County – Spanish Springs Wastewater Connection Fee
Carson City – Financial Analysis of the Marlette Water System

Utility Rate Studies • Financial Analysis • Surveys • Data Analysis

EXPERIENCE

Debbie is a Technical Associate at HEC, providing support on a wide range of projects. Her responsibilities consist of research, data aggregation, analysis, presentations, reports, and client communications. She uses her prior ten years of experience in managing projects from start to finish to ensure timely completion of work and client satisfaction. Her previous work experience includes federal and state grant and cost compliance, local government finance and administration, and research and data analysis. Debbie uses her passion for knowledge to gather crucial information to support sound decision-making.

Debbie has built a reputation for producing high quality work, enthusiasm for project collaboration, and ability to communicate effectively via verbal and written exchanges and reports. Debbie continues to educate herself on the utilities industry, particularly water and wastewater rate studies, capital funding opportunities and economics.

EDUCATION

Masters of Public Administration, University of Oregon, Eugene, OR
Bachelor of Arts, Anthropology, University of Vermont, Burlington, VT

CAREER

Hansford Economic Consulting	Technical Associate	Truckee, CA
FreshTracks Communications	Associate	Truckee, CA
Nevada County Public Health	Senior Administrative Analyst	Truckee, CA
Nevada County HHS	Administrative Services Officer	Nevada City, CA
U.S Dept. HHS Administration for Children & Families	Financial Operations Specialist	San Francisco, CA

SELECT PROJECTS

Truckee Tahoe Airport District - Economic Impact Study
Mountain Housing Council – Development Fee Comparison Study
ArrowCreek – Strategic Plan SWOT Analysis
Nevada County – Truckee Clinic Cost Analysis and Fee Study
Dignity Health – Economic Impact of Hospital to Western Nevada County
Nevada County – Immunization Program Fee Study
Placer County – Sheridan Income Survey for CDBG

Tom Skjelstad

Senior Advisor

Water Systems Management • Fee and Rate Implementation

EXPERIENCE

Tom has spent his career working in water and wastewater, with more than 30 years managing utility districts in California. Tom is currently general manager of the Donner Summit Public Utility District. Tom offers a unique regulatory perspective and thoughts on advantages and disadvantages of certain funding mechanisms from somebody who has had to raise new revenues and implement new programs.

EDUCATION

University of California, Davis Extension Management

CAREER

Hansford Economic Consulting	Senior Advisor	Truckee, CA
Donner Summit PUD	General Manager	Soda Springs, CA
Alpine Springs CWD	General Manager	Alpine Meadows, CA
Dewante and Stowell	Construction Manage	Sacramento, CA

SELECT PROJECTS

Tom has provided advisory services on the following HEC projects:

City of St. Helena - Water and Wastewater Rate Studies

City of Coos Bay and Charleston Sanitary District - Wastewater Treatment Plant Cost Share Analysis and Rate-Setting Services

Town of Floriston - Water Rates

Woodbridge Sanitary District - Rates Update

City of Live Oak - Utility Rates and User Charges Study

Mountain Housing Council – Development Fee Comparison Study



Jennifer Harrison, APR

315 Leidesdorff Street • Folsom, CA 95630 • c:916.716.0636 • jennifer@JHarrisonPR.com

HIGHLIGHTS

- 25 years of experience in public relations, marketing and public outreach
- Specialize in public education and issue management concerning water/wastewater projects and other public works issues and programs
- Skilled at message design and developing programs to enhance visibility and modify public perceptions
- Adept at networking and creating goodwill with media gatekeepers, stakeholder groups and the general public
- Winner of two national awards for the City of Auburn, Healthy Auburn Waters campaign
- Nationally recognized as the top PR Firm of the Year in the education technology industry

CONSULTING HISTORY

Principal, J Harrison Public Relations Group, May 2001-present JHarrisonPR.com, [@JHarrisonPR](https://www.facebook.com/JHarrisonPR)

Manage public relations and public outreach/education campaigns for companies and government agencies with many successes in placing stories in trade publications, on television news and in newspapers.

- Wire services, direct mail, email, social media (Twitter, Facebook, blogs, ings, YouTube and more), advertising, advertorials, SEO, direct mail, networking, features and video/radio news releases
- Strategic planning, writing, branding, creative design
- Community/stakeholder relations, public meeting management and public outreach

Current Clients: RD2140, San Andreas PUD, Turnitin, Hero K12, ORIGO Education, intelliVOL, Nepris, The College Board, City of Auburn, Donner Summit PUD, Nevada Irrigation District, PRO BONO: Friends of NICU

PREVIOUS EMPLOYMENT

Product Marketing Manager, PowerSchool, a Division of Apple Computer

May 2001 – December 2001

Developed marketing and public relations campaign for PowerSchool as an Apple product and addressed a critical perception issue: present PowerSchool as cross-platform (Apple vs. PC).

- Managed transition of web sites and developed web strategy
- Managed media inquiries during acquisition process
- Transitioned messages and media contacts to Apple's public relations department while still serving as primary PowerSchool spokesperson and media contact

Public Relations Manager, PowerSchool (prior to acquisition by Apple)

April 2000 – May 2001

Created visibility for PowerSchool's software for the K-12 market via articles, awards, presentations, media pitches, sponsorships, web strategy, trade shows, celebrity endorsement and special events.

- First point of contact for media inquiries, award juries and product evaluation teams
- Arranged media interviews for company executives and coached them with Q&A's, key messages and strategic positioning
- Wrote and issued news releases and pitched stories that were picked up by key trade publications, major market newspapers and Web-based news sources

- Submitted the entries that won five major awards including The Association of Educational Publishers – Distinguished Achievement Award

Vice President and Program Director, TechEd Institute of Multisensory Learning

Community College Foundation, May 1998 – April 2000

Established and managed a mobile technology training program for K-12 educators and community college instructors. Provided visionary leadership and represented the Institute and Community College Foundation in public meetings, on committees, with industry sponsors and media. Managed all Institute communications, public relations, operations, personnel, facilities, technology, finance, contracts and sponsorship.

Program Manager, Marketing and Communications

Community College Foundation, June 1997 – May 1998

Managed new business marketing and public relations for multiple Foundation programs. Responsible for research, planning, development and implementation of marketing plans. Designed brochures, planned advertising campaigns, developed website content, and managed internal and external communications. Directed the bid process for several key government and private contracts.

- Successful proposal submissions generated \$15 million in new business

Program Specialist, Internship Services of California

Community College Foundation, August 1995 – June 1997

Developed marketing strategies for student employment opportunities in private industry. Responsibilities included new program development, strategic planning and promotion. Managed and produced advertising, direct mail and trade show campaigns. Made sales presentations to potential clients and served as client representative and account manager.

- Diversified client base and improved customer satisfaction

Communications Specialist

CA Foundation for Agriculture in the Classroom, January 1989 – August 1995

Generated publicity through press releases, advertisements and stories. Served as key media contact, lead trainer and Foundation spokesperson for public outreach. Designed brochures and other communication publications. Managed direct mail campaigns (resulting in 10,000 subscribers) and developed a relational database system to track clients and potential clients.

EDUCATION

- Master of Arts, Communication Studies, California State University at Sacramento, December 1997. Major study areas: public affairs and issue management.
- Bachelor of Science, Animal Science, University of California at Davis, June 1988. Major study areas: genetics and reproductive physiology.
- Accredited in Public Relations, Universal Accreditation Board, December 2007.
- Certificate, Group Facilitation Methods, Institute of Cultural Affairs, July 2003.

RECENT AWARDS

- 2016 PR Firm/Publicist of the Year, EdTechDigest Awards
- 2015 AVIA Communicator Awards – two awards of distinction
- 2015 SPRA Cappie Awards – Gold award and two silver awards
- 2014 and 2015 PR Firm/Publicist, Finalist, EdTechDigest Awards
- 2014 SPRA Cappie Awards – Gold award and two silver awards
- 2010 Platinum MarCom Awards Winner, ProBono Public Relations Campaign
- 2010 Gold MarCom Awards Winner, News Release
- 2009 Platinum MarCom Awards Winner, External Communications Program
- Presenter, 2009 California Water Environment Association Conference

SUMMARY

20 years of work with government agencies in outreach campaigns that effectively communicate and engage the public. Experienced in gauging public sentiment through polling, surveying and general research. Broad experience in managing public outreach programs for informational and educational purposes or for more formal outreach efforts such as those required under CEQA or for rate increase hearings and workshops.

PROFESSIONAL EXPERIENCE

J Harrison PR, *Freelance Consultant, 2011-current*

- Implement public outreach program elements including strategic planning, stakeholder outreach, media relations, material development, public workshops and event planning.
- Conduct public outreach and notification as required under Prop 218 and public noticing for CEQA projects.
- Provide research strategy and execution.
- Write media materials and facilitate coverage/placement.
- Write copy for program materials: newsletters, brochures, flyers, bill inserts, advertisements; coordinate design and printing of materials.
- Write and post social media content.
- Develop website content.

Crocker & Crocker Communications, *Client Services Manager (part time/contract) 2004-2015; Account Supervisor - 1997-2000*

- Fostered professional relationships with clients ensuring expectations were being exceeded in terms of services provided and program objectives achieved.
- Developed and implemented strategic public outreach plans for local government agencies.
- Facilitated implementation of public outreach program elements including media relations, material development, workshop and special event planning.
- Developed and executed media relations programs and corresponding activities.
- Planned workshops to educate the public and garner support for community based projects.
- Designed and conducted public opinion research surveys and interpreted results.
- Wrote copy for program materials: Facebook postings, advertisements, newsletters, brochures, flyers, bill inserts, etc.

- Supervised production of public outreach materials from design through printing and distribution.

Dairy Council of California, *Communications Manager – 2002-2004*

- Planned and executed a multi-faceted communications program encompassing the needs of dairy farmers and the Council.
- Relayed information to the general public about the health benefits of dairy products through media, journal articles and education programs.
- Worked in tandem with the marketing manager to write web site copy and marketing materials.
- Provided crisis communications as needed.
- Supervised public relations activities conducted by outside consultants; reviewed and edited press materials.

Rogers & Associates, *Onsite Media Specialist – 2000-2002*

California Dept. of Health Services, Tobacco Education Media Campaign

- Facilitated communication among tobacco control stakeholders and media contractors to implement strategic communication at the grassroots level about tobacco-related issues.
- Supervised public relations activities including radio promotions and radio, video and news releases conducted by outside consultants.
- Tracked media budgets, media placement and traffic schedules by media market.
- Evaluated creative executions based on strategy, factual information and political sensitivities.
- Served as media liaison to Office of Public Affairs on tobacco-related issues.

SKILLS AND AFFILIATIONS

- Proficient in Apple and Microsoft environments
- Proficient in social media applications
- Focus Group Facilitation
- Featured Presenter and Lecturer, National Anti-Tobacco Education Media Summits (Atlanta, Chicago, Lake Tahoe, New Orleans, Clearwater Beach, Scottsdale and Kansas City)
- President (current) Fundraising VP (past) – Carl Sundahl Elementary School PTA
- Acquisitions – Carl Sundahl Elementary School Foundation Annual Dinner and Auction
- Past VP and Treasurer – Sacramento Public Relations Association

EDUCATION

1. California State University, Chico-Bachelor of Arts, English 1994
2. California State University, Chico-Technical Writing Certificate Program 1994

3. Fee Schedule

HEC prepares monthly invoices with a brief description of services performed in the period, as well as percent of budget utilized, that are due on receipt. HEC bills on a time and materials basis. Staff would be billed per their current hourly billing rate. HEC only bills for the work completed up to the authorized budget amount; however, HEC reserves the right to move budget between tasks, should one task be completed under the estimated amount, and another task be completed over the estimated amount. If additional work is requested that is beyond the authorized scope of services, HEC will request authorization for increased budget. No work beyond that expressly included in the authorized scope of services and budget will be conducted without prior authorization.

If any costs are incurred that are specific to work performed for SVBGSA (direct costs), these will be billed at cost. HEC never marks up direct costs or subconsultant costs. It is anticipated that direct costs could include mileage reimbursement at the current Federal mileage reimbursement rate, parking, printing, meals when travelling for meetings, and mail and postage costs.

HEC Billing Rates *

Staff	Position	Rate per Hour
Catherine Hansford	Principal	\$170
Tom Skjelstad	Senior Advisor	\$150
Zach Gustafson	Senior Analyst	\$110
Debbie Daniel	Technical Associate	\$95
	Clerical / Analyst	\$75 - \$105

J.Harrison PR Billing Rates *

Jennifer Harrison	\$120 / hr
Schaelene Rollins	\$120 / hr

*Billing rates for first 12 months of contract. Rates may be increased thereafter.

4. Conflicts

HEC does not need to obtain conflict waivers from any existing clients in preparation of this Study.

If conflicts arise between member agencies and/or other GSAs we have a Project Team that is experienced in finding strategies to move forward. One of the advantages of this Project Team is facilitation experience. Both Jennifer and Schaelene bring significant skills to the table to help navigate potential conflicts. Catherine has worked on several regional planning projects that had to overcome inter-agency conflicts such as the Tahoe Regional Planning Agency and the Truckee Meadows Regional Planning Agency.

5. References

Client	Contact	Address
City of Live Oak	Jim Goodwin, City Manager (530) 695-2112 <i>citymgr@liveoakcity.org</i>	City Hall 9955 Live Oak Blvd. Live Oak, CA 95953
City of Newman	Lewis Humphries, Finance Director (209) 862-3725 <i>lhumphries@cityofnewman.com</i>	Newman City Hall 938 Fresno Street Newman, CA 95360
City of Waterford	Tim Ogden, City Manager (now City Manager of Manteca) (209) 456-8050 <i>togden@mantecagov.com</i>	City Hall 1001 W. Center St. Manteca, CA 95337

6. Proposed Scope of Services and Schedule

SVBGSA is requesting fee analysis and rate setting services to seek guidance on potential funding mechanisms, and for assistance in implementing funding revenue stream(s).

Pursuant to the Sustainable Groundwater Management Act (SGMA), regulatory fees and groundwater management fees can be imposed by groundwater sustainability agencies. More importantly, although the SGMA provides for two new fees, SVBGSA is a Joint Power Authority (JPA), and should certainly not be restricted to the fees available to them by the SGMA. JPAs have access to, but are not limited to, the following;

- Tax exempt debt-financing
- State and Federal low-interest loan and grant programs
- Land-secured funding mechanisms, potentially for both operations and maintenance as well as infrastructure (infrastructure financing districts, Mello-Roos Districts, and Assessment Districts for example)
- Can impose various fees not categorized as taxes (per Proposition 26)
- May be supported by member agency contributions from discretionary funds (if not a special district)

Our role is to cover the menu of potential funding mechanisms and evaluate each given the acceptability, legality, administrative ease and enforcement ability of each mechanism. Once consensus is reached on the best funding mechanism(s), HEC will perform necessary accompanying fee or user charge calculations, cost-of-service studies or nexus studies, as applicable, and, with the assistance of JHPR, guide SVBGSA through the adoption and implementation process.

Catherine Hansford, Principal, will serve as Project Manager. Zach Gustafson, Senior Analyst, will be responsible for the rate and fee financial modeling under Catherine's guidance. Debbie Daniel will be responsible for researching other agency fee and rate structures, as well as providing quality control, and Tom Skjelstad, contract employee will provide strategy and policy advice. JHPR will provide public outreach and communication services, including mailing of public hearing notices and ballots.

Proposed Scope of Services

Task 1.1: Project Management

This sub-task includes time for the project manager to manage, track, and report on progress every month. Specifically, it entails providing direction to other staff, review of work status/progress, invoicing/ budget tracking, and coordination with the SVBGSA general manager.

We anticipate at least 5 meetings in Salinas; in addition, there will be several conference call meetings with staff as the Study progresses, some of which may be conducted via screen share video conferencing (via UberConference).

Task 1.2: Orientation and Policy Review

Orientation includes a kickoff meeting with the general manager and other invited stakeholders, as determined by the member agencies. Topics to be reviewed at orientation include, but are not limited to:

- Structure and function of the SVBGSA
- Short and long-term goals
- Potential modification to the scope of services
- Multi-year projection of expenses (likely under different cost scenarios)
- Financial goals for revenue sufficiency
- Development of funding stream options
- Methods of revenue collection

Policy review includes the key factors driving the need for the work, including: regulatory requirements, groundwater supply and groundwater use pattern changes, policies, and so forth.

Task 1.3: Data Collection / Information Needs List

Data collection under this task includes collection of information by both the consultant and the SVBGSA members. Preliminary data needs include:

- Contact information for all JPA members
- JPA formation documents
- Background materials prepared for formation of JPA and funding of first two fiscal years
- List of all groundwater users and number of wells
- Pumping data and/or estimates of groundwater extraction by user
- Crop production reports (acreage, type)
- Water management plans covering the basin
- Already-developed SVBGSA annual costs
- Known revenue sources (if any)
- Estimated costs of completing the GSP by January 2022
- Growth assumptions
- GIS parcel data

Task 1.4: Projected Operating Budget

HEC will create the estimated annual budget for SVBGSA using information supplied by member agencies in Task 1.3, plus other estimated costs. Operating budgets comprise operating expenses, capital improvement costs (new infrastructure), debt service, and possibly reserve/emergency funds.

Operation and maintenance expenses will be developed using base year financial assumptions for SVBGSA, known future new costs, and historical financial data from each of the member agencies; costs may be projected using historical annual percentage increases, or some other index, such as a consumer price index; projection methodology will be discussed with stakeholders. Projected

annual costs may also include other non-operating cost considerations, such as an operating reserve.

If a capital improvement plan (CIP) is developed, HEC will present a financing strategy to ensure the facilities are completed in a timely fashion, while minimizing the impact to users. HEC's Excel models can evaluate the impact of funding the CIPs by priority/tier and assess various pay-as-you-go or debt funding scenarios. If any costs are attributable to future customers, HEC will allocate costs of the CIP between existing and future customers.

A cash flow will be presented to ensure sufficiency of funding for at least the next five years, demonstrating adequate debt service coverage and reserve levels are met. Minimum reserve levels will be recommended. The cash flow projection will measure debt service capacity.

Task 2.1: Advisory Committee Input

Under this task, HEC would meet with the Advisory Committee to receive input and feedback on issues as the work program progresses. At this stage, it is difficult to say how often input would be sought, but we anticipate at least three meetings with the Advisory Committee, as member agency input is critical to developing funding strategies that are supported by all parties.

Task 3.1: Case Studies and Fee Comparison

The RFQ identifies the need for the consultant to review fees/assessments/taxes of other California Groundwater Sustainability Agencies, and the Monterey County Water Resources Agency. Published current fees by other California GSAs will be researched and compiled for comparison purposes. This will be done to learn of successes and hurdles, advantages and disadvantages of different funding mechanisms, and potential legal challenges.

In addition to this review and research, we suggest looking outside of GSAs and Water Utility agencies to other Joint Power Authorities for creative funding mechanisms. HEC would research other targeted funding mechanisms (case studies from other JPAs) under this task and look for applicability to SVBGSA.

Task 3.2: Funding Mechanism Options

HEC will present advantages and disadvantages of a range of funding mechanisms available to JPAs and GSAs. Considerable time will be spent in this task evaluating the effect of potential different funding mechanisms on developed policy objectives, including water conservation, the impacts to different groundwater users, and economic competitiveness with areas not subject to GSA fees. Examples of funding options to be explored:

- Rates and charges including groundwater extraction fees (see next paragraph)
- User fees including regulatory fees (also see next paragraph) and penalties for non-compliance
- Special taxes
- Assessments
- Debt (repaid by any of the above instruments)
- Discretionary revenues and general taxes (for a non-water agency)

- Connection fees and development impact fees pursuant to CA C66000 and CA 66013 (for new development only)

Regulatory fees can be imposed before a Groundwater Sustainability Plan (GSP) is adopted (California Water Code (CWC) § 10730). Regulatory fees may include, but are not limited to: permit fees and fees on groundwater extraction or other regulated activity, and to fund the costs of a groundwater sustainability program. Funds can be used to cover the costs of preparation, adoption, and amendment of a GSP, and investigations, inspections, compliance assistance, enforcement, and program administration, including prudent reserve. De minimis extractors (a person who extracts, for domestic purposes, two acre-feet or less per year), are exempt unless the GSA has regulated the users pursuant to Part 2.47 of the CWC. The collecting Agency may adopt a resolution requesting collection of the fees in the same manner as ad valorem taxes. The statute is silent as to whether these fees are subject to Proposition 218. We will work with legal counsel on best direction; however, we do not believe these are taxes under the seven exemptions provided for by Proposition 26.

Once an agency adopts a GSP, or if an agency has a groundwater management plan adopted prior to January 1, 2015, CWC § 10730.2 stipulates that a GSA may impose fees on the extraction of groundwater from the basin to fund the costs of groundwater management, including: administration, operation, and maintenance, including a prudent reserve; acquisition of lands or other property, facilities, and services; supply, production, treatment, or distribution of water; and other activities necessary or convenient to implement the plan. Fees adopted under this section of the CA Code are subject to Proposition 218 requirements as indicated in CWC § 10730.1. Agencies with groundwater users that are regulated by the California Public Utilities Commission (CPUC) are required to notify the CPUC before imposing a fee under either CWC § 10730 or 10730.2.

Special Considerations when Considering Revenue Mechanism Options

For Property-related Fees: Key decisions including the Big Horn Decision (2006), Paland v. Brooktrails CSD (2009), Griffith v. Pajaro Valley Water Management Agency (2013), San Juan Capistrano (2015), and Newhall County Water District v. Castaic Lake Water Agency (2016), among others.

For Regulatory Fees: Proposition 4 (1979) and Proposition 26 (2010).

Task 4.1: Fee Calculations and Cost of Service (if necessary for Proposition 218)

This task includes the fee calculations and presentation of draft fees to the SVBGSB Board. Once the projected revenue requirement is established, it is allocated to user groups based on reasonable relationship between the customer and service they receive. The appropriate document will be prepared, depending on the type of fee or funding mechanism being proposed. If a rate study is being prepared, a cost of service analysis will be prepared based on cost classification and groundwater usage characteristics. The cost of service analysis leads to a calculation of user rates for the Agency such that it is adequately funded for existing and projected future costs, and that the rates are based on the demand for service by each customer type as required by Proposition 218.

Task 5.1: General Outreach

At this point, we do not know exactly what outreach services will be needed; however, we know that outreach will be needed to explain why a new fee(s) are to be imposed. JHPR will assist by developing materials with SVBGSA and HEC, and distributing materials to the affected parties. The svbgsa.org website will be used as a channel for providing information about the new fee(s) – reasons for the fee(s), timeline and opportunities for public input; additionally, it is likely that a direct mail piece explaining the need for a new funding source and the process going forward will be created. ***We understand from Gina Bartlett that a stakeholder database is already well developed and that there is good organization in place, particularly with the Advisory Committee, to accommodate strong, effective outreach efforts.***

JHPR may help develop key messages to educate affected parties on the Groundwater Sustainability Plan. Services could extend to holding interactive public workshops to provide history, purpose and future intent of the SVBGSA.

Task 5.2: Proposition 218 Required Outreach (Optional – Future Work)

While the initial funding source is to develop the GSP, pay for ongoing operations, and possibly reimburse member agencies for initial contributions, it is possible that in the future, rates and/or assessments, which require extensive knowledge by the consultant team, will be proposed.

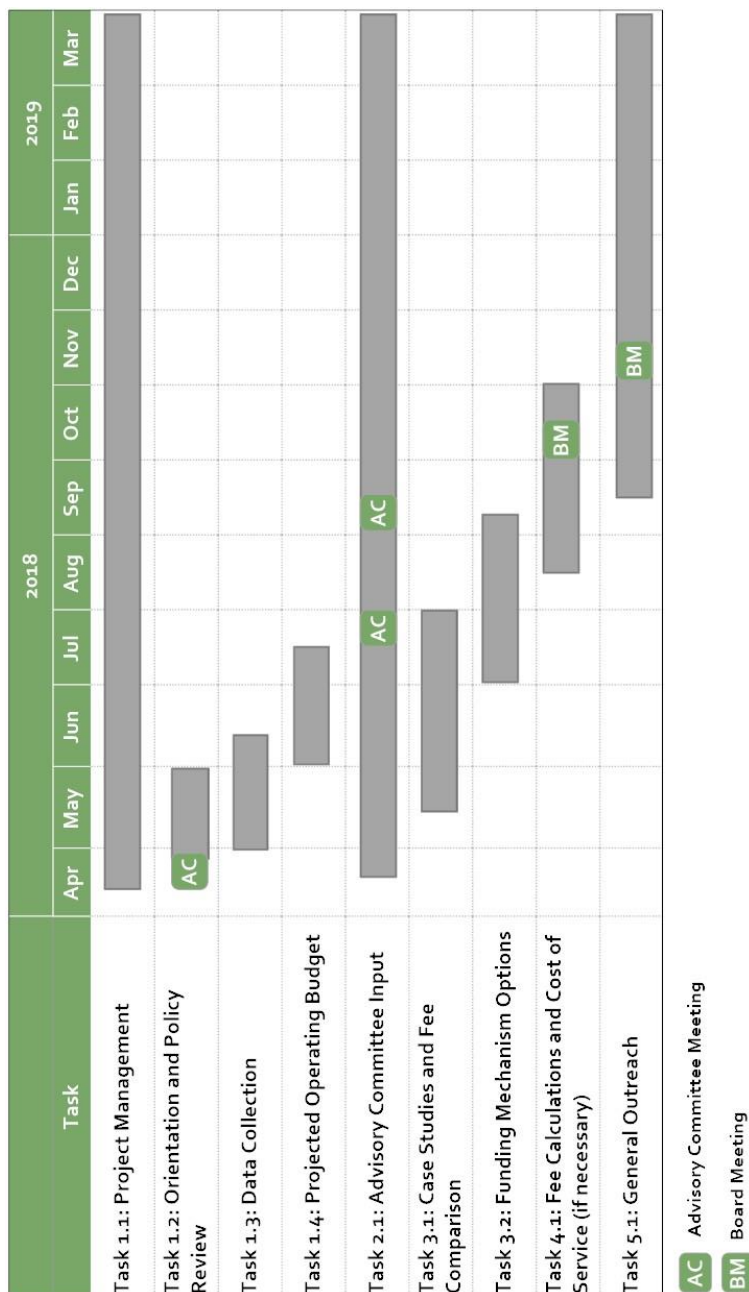
If SVBGSA proceeds with a fee structure that is property-related and pursuant to the protest procedure specified in Article XIII D, JHPR will assist the SVBGSA member agencies with implementing the required outreach tasks within the desired timeframe. Outreach efforts include required and suggested additional outreach:

- Produce a public notice following Proposition 218 guidelines including explanation for the proposed fees/rates and how to submit comments.
- Produce and post an advertisement in the local paper announcing the proposed fees/rates, public hearing information and how to provide comments.
- Hold a public workshop, provide an opportunity to receive comments and answer questions. Providing an open forum of communication before a vote to adopt new fees/rates often proves beneficial in reducing or eliminating written protests altogether.
- Write and distribute media materials (releases, advisories, calendar alerts) to online and print media outlets including community sites with details about the project, workshops, public hearing and how to provide comments.
- Establish website and social media presence as applicable to the process of educating and informing impacted ratepayers.
- Conduct the public hearing in accordance with Proposition 218.

Schedule

A six-month timeframe (April to October 2018) to provide the Board with recommendations is sufficient, particularly if a regulatory fee under WC California WC 10730.2 is chosen. Fees under this water code would be adopted pursuant to Proposition 26 requirements, which are not onerous and do not require voter approval. **Figure 1** depicts a preliminary schedule for tasks described in the proposed scope of services.

Figure 1
Preliminary Schedule



APPENDIX A
LETTERS OF RECOMMENDATION

WESTERN REGIONAL WATER COMMISSION

NORTHERN NEVADA WATER PLANNING COMMISSION

P.O. Box 11130, Reno, NV 89520 · Tel: (775) 954-4665 · Fax: (775) 328-3699

September 8, 2017

RE: Hansford Economic Consulting Recommendation

To Whom It May Concern:

I first became acquainted with Catherine Hansford about 15 years ago while she was working as a Resource Economist at the Truckee Meadows Water Authority (TMWA) in Reno, Nevada. During her time at TMWA Catherine chaired a subcommittee of the Water Planning Commission for which I am the Program Manager. My job is to provide and oversee staff services to the Western Regional Water Commission and its advisory panel, the Northern Nevada Water Planning Commission. I am also responsible for developing and maintaining a Regional Water Management Plan covering water resources water supply, wastewater, drainage and flood management for the greater Reno-Sparks area in southern Washoe County, Nevada.

While Catherine was at TMWA, I was impressed with her as a professional. She presented herself extremely well, was well organized, diligent, hard-working and always prepared for meetings. Catherine had wonderful interpersonal skills and worked effectively at inter-agency and regional planning levels. Her research and analytical skills were top-notch, as was the quality of her work products.

I was fortunate to retain Hansford Economic Consulting (HEC) in 2015 to rewrite a chapter in the most recent update of the Regional Water Management Plan. HEC met with publicly-owned water-related service providers within the planning area to understand major capital improvement needs over the 20-year planning horizon and to document the rate- and fee-setting practices of each service provider. HEC conducted an asset replacement analysis to indicate the amount of revenue that should be collected in rates for existing infrastructure (excluding growth). HEC then examined the costs of new infrastructure to serve future users by location, determined average costs per service and applied these to accepted population/employment projections. The result is a concise summary of the costs associated with planned and recommended major water-related facility improvements based on 5-year capital improvement program data, and long-term cost estimates. The final product was delivered on time and within budget.

I highly recommend HEC for your water-related fee analysis and rate setting service needs. I believe the HEC professionals have the experience and possess the knowledge and skills to deliver an outstanding product.

Please feel free to contact me at jsmitherman@washoecounty.us, or at the above telephone number, with any questions or for additional information.

Sincerely,


Jim Smitherman

Water Resources Program Manager

Jessie Bahr, Spring Creek Association
401 Fairway Blvd.
Spring Creek, NV 89815

Hansford Economic Consulting
PO Box 10384
Truckee, CA 96162

Dear Hansford Economic Consulting:

I am writing to express our gratitude to Hansford Economic Consulting and the stellar reports they have provided for our community.

A governance alternatives analysis and feasibility report was commissioned by the SCA in August 2016 to provide residents with good information to help chart a course in light of the long-term financial and policy issues that we face as a community. In addition to analyzing governance structures for the provision of roads and amenities, Hansford Economic Consulting was asked to consider, at a higher level of observation, provision of water and wastewater services to the community. The provision of water and wastewater by Spring Creek Utilities (SCU) is considered costly, and not always in the best interests of the community, by an increasing number of residents in the Association.

The Governance Alternatives Analysis Report offered the SCA and Board of Directors a solid foundation of knowledge in assessing the characteristics of different forms of government. The findings contained in this Report helped to stimulate thought and engage SCA residents in deciding what form of government best serves our current and future needs.

The process, preparation, research and final execution for this project was highly complex, hyper-political and requires aspirational thinking. We needed a firm that could bring the right combination of analytical prowess, professionalism and broad-based economic development experience that could unite various community interests around a common purpose. We got this and more from Hansford Economic Consulting.

Hansford Economic Consulting was able to quickly integrate into our unique community and determine the factors that would help sustain our economic viability while embracing our culture and history. Their ability to communicate and set meetings with community members, stakeholders, business owners and town and county officials was invaluable. We would highly recommend Hansford Economic Consulting for any community looking for an Economic Development, Water, or Governance planning partner.

Sincerely,



Jessie Bahr, President, Spring Creek Association

APPENDIX B

HANSFORD ECONOMIC CONSULTING IN THE PRESS

Workshop held for Groundwater Management Plan

JULY 2, 2015 BY EUREKA SENTINEL

Water users in Diamond Valley kicked off efforts to develop a Groundwater Management Plan for the groundwater basin at two workshops sponsored by the Eureka County Conservation District on April 23 and June 11, 2015. The workshops, held at the Eureka Board of County Commission Chambers and Eureka Opera House, respectively, were facilitated by Steve Lewis of the University of Nevada Cooperative Extension Services. Steve is well-known for his ability to help groups reach consensus with challenging issues. He is intimately familiar with water issues in Eureka County, having previously served as the Extension Service's Agent in Charge in Eureka County from 1984 to 1990.

The June 11 session included an appearance by Professor Mike Young of the University of Adelaide, Australia where he holds a Research Chair in Water and Environmental Policy. He was a founding Executive Director of its Environmental Institute, is a fellow of the Academy of Social Sciences in Australia, and is a Distinguished Fellow of the Australian Agricultural and Resources Economics Study. As the Whitiam and Malcolm Fraser Chair in Australian Studies at Harvard University, Professor Young was instrumental in fashioning a "blueprint for a western water initiative." He was influential in the development and implementation of changes in water policy to combat the worst drought in Australia's history between the years 2003 to 2012. As luck would have it, Professor Young was in Nevada to meet with representatives of Governor Sandoval to discuss a range of water issues. He had heard about Diamond Valley's water problems and was interested in gaining a better appreciation of them, so Jake Tibbitts, Eureka County's Natural Resource Manager, and Eureka County Commission Chairman J.J. Goicoechea invited him to the workshop. Upon completion presentation highlighting the Australian experience, the attendees of the June 11 session drew him into the conversation to help categorize the basic elements of a plan to manage water resources in Diamond Valley.

The need for a Groundwater Management Plan is a result of massive over-appropriation of Diamond Valley's groundwater resources under the oversight of the office of the Nevada State Engineer. More than 50 years ago predecessors to the current State Engineer approved applications for permits to appropriate groundwater totaling more than 180,000 acre-feet per year (an acre-foot is equal to approximately 326,000 gallons of water) in a basin that is estimated to safely yield only about 30,000 acre-feet per year (also referred to as the Perennial Yield). There are currently more than 130,000 acre-feet of groundwater rights on the books in Diamond Valley, more than four times the Perennial Yield. For decades, groundwater consumption in the Valley has been more than double the amount the resource can sustain indefinitely and groundwater has essentially been mined.

Since groundwater exploitation in the basin began in the 1960s and accelerated into the 1970s, water levels in the basin's aquifer have declined by more than 100 feet in the center of southern Diamond Valley where agricultural pumping is concentrated. This drawdown has resulted in wide-spread declines that now extend well beyond the area of concentrated agricultural pumping and have affected or eliminated the flow of springs in northern Diamond Valley. Well owners and water rights holders are engaged in a "race to the bottom of the aquifer" as pumps are lowered and wells deepened to respond to the declining water levels.

The current State Engineer Jason King inherited the problem from his predecessors. He has made two formal presentations to the water users in Diamond Valley – the most recent in February 2014 – where he strongly urged stakeholders to take the initiative to come up with community-based solutions to the overdraft problem. He has also held numerous meetings with County officials and staff, individuals and groups all of whom welcome the opportunity to work toward an equitable resolution. If the community cannot help the State Engineer resolve the matter, the State Engineer has no option but to curtail pumping solely on the basis of priority, which could result in a 60 percent reduction in current irrigation use. In Diamond Valley, any groundwater right with a priority junior to May 18, 1960 is in jeopardy of being curtailed. The State Engineer also has the authority to regulate pumping from domestic wells. His records show only two domestic wells in Diamond Valley have a priority date that is senior to May 18, 1960.

This community-based approach to addressing water resource management was made possible through legislation sponsored by State Senator Pete Goicoechea when he was a member of the State Assembly. His legislation was conceived specifically to address areas like Diamond Valley where groundwater is being mined and water levels are steadily declining. Such areas would be designated Critical Management Areas (CMAs) either through petition from water right holders or unilaterally by the State Engineer. The process allows flexibility on behalf of the State Engineer over a 10-year period to implement a Groundwater Management Plan developed by the water users. However, if a plan cannot be successfully implemented within the statutory period, the State Engineer would be forced to curtail pumping on the basis of priority. Presently, only Diamond Valley and the Pahrump area are actively moving toward declaration as CMAs, but there are two dozen additional basins waiting in the wings to be designated as such. The important points to remember are: the Groundwater Management Plan is developed by the water users; once the State Engineer approves the Plan, it guides how water is used in the basin.

The two workshops sponsored by the Conservation District are the latest in a series of steps taken by Diamond Valley water users to come to grips with the problem. To date, the Diamond Natural Resources Protection and Conservation Association (DNRPCA) sponsored two economic analyses by Hansford Economic Consulting that were funded by grants from the Eureka Board of County Commissioners to examine the economics of groundwater management strategies. The Eureka County Conservation District engaged Steve Walker of Walker and Associates to conduct two workshops in Eureka to poll residents as to their concerns, the issues and possible solutions. Steve also

privately interviewed a number of water users in Diamond Valley for their input. More recently, the Eureka County Conservation District circulated a questionnaire to all residents in Diamond Valley with valid post office boxes to poll the valley residents – irrigators, ranchers, domestic well users, Devils Gate GID water users, Eureka Town water users, and mining interests – regarding whether or not they backed designation of the basin as a Critical Management Area. Approximately 75 percent of the poll respondents favored such a designation. It is expected that the State Engineer will designate Diamond Valley as a CMA in the near future.

Since there are no CMAs currently on the books in Nevada there are a lot of questions how the whole process is expected to work, who will be in charge, how will the process be financed, how will it be enforced, etc. – in summary, the governance. To quote Jason King, “We are building the airplane and flying it at the same time.” Many stakeholders have voiced an opinion that we need to know how the whole process might work before we can work out the specific actions that might be taken to address the overdraft problem.

The April 23 workshop focused on the governance of a CMA. Steve Lewis led discussions that included:

- Crafting a vision of Diamond Valley agriculture and other water users,
- A review of the events and actions leading up to today,
- Identifying the parameters under which a Plan must operate,
- Describing the duties and characteristics of an ideal governance body,
- How to get more water users involved in the process, and
- Developing a timeline for completing a Groundwater Management Plan.

A committee was formed to consolidate the ideas put forth in the workshop into a format that can be distributed to all water users in Diamond Valley. The summary, prepared by Denise Moyle, Craig Benson and Jake Tibbitts, was circulated at the June 11th meeting at which time a vision statement for Diamond Valley’s water plan was drafted. It states:

“Diamond Valley and southern Eureka County are prosperous and economically stable by all means including education and diversification. We are a community that is united, fair and forward thinking about our water usage in order to ensure stability for ourselves now and our future generations.”

Discussion then migrated to the goals of a Groundwater Management Plan. The primary goals were identified as

- Balance discharge with recharge to stop the overdraft and help stabilize groundwater levels,
- Maintain the economy of the basin, and
- Avoid unmitigated curtailment of water rights

From there, the conversation flowed to how these goals might be achieved. Topics included:

- What might a governing board look like?
- What powers would a governing board have?
- How will the amount of water available for use each year be determined and how might it be distributed for maximum benefit?
- The importance of accurately measuring how much water is being pumped and monitoring water levels.
- Will a management plan allow water not used in one year to carry over to later years?

Professor Young was enlisted to describe how the Australian experience might be used to formulate management schemes appropriate to Diamond Valley and a number of ideas were bantered about. He stressed that at this early stage, the plan does not need to be perfect and that it should be expected to evolve. The immediate objective should be to develop a “high-level strategic plan” and to identify individuals who can serve as “champions” to guide the plan through to its end. In the end, Professor Young stated he was impressed with the group’s accomplishments to date and the level of involvement by the community.

A workshop to further flesh out the high-level strategic plan was scheduled for Thursday July 16, 2015. It will be moderated by Steve Walker who facilitated the initial sessions sponsored by the Eureka County Conservation District. Professor Young volunteered to attend the workshop and the attendees expressed a desire for State Engineer Jason King to attend. Attendees were invited to each bring at least two new people with them; in particular, residents who own domestic wells and residents who get their water supply from the Eureka Town Water System and the Devils Gate GID Water System because these groups have not been well represented at the previous two workshops.

FILED UNDER: [NEWS](#), [TOP STORIES](#) STAGGED WITH: [DIAMOND VALLEY](#), [EUREKA COUNTY CONSERVATION DISTRICT](#)

Spring Creek homeowners lean toward status quo

TONI R. MILANO tmilano@elkodaily.com

Jun 17, 2017



Junior Economist Elysia Ulrich of Hansford Economic Consulting answers questions from the audience as Spring Creek Association directors Jim Jefferies, Joshua Park, Paddy Legarza, Pat Plaster and President Jessie Bahr look on.

ELKO – Nearly 200 people filed into Spring Creek Elementary School gym to learn more about Spring Creek Association’s future options – with some coming away from the meeting willing to keep the association intact.

Residents received a copy of a feasibility study by Hansford Economic Consulting that examined other forms of government and their estimated costs, presented by Junior Economist Elysia Ulrich and Analyst Zach Gustafson with HEC.

Among the findings presented, the study revealed that no other revenue sources were found under any of the potential governance scenarios, which surprised Ulrich.

“This surprised me just as much, or maybe more, than it surprised you, because we really tried to find different sources of revenue,” said Ulrich, explaining that no additional state or county money is available to help pay for road costs and amenities maintenance.

Another key finding from the study was that the cost of other forms of government involving the SCA, which included a district for maintaining roads (DMR), a roads-only general improvement district (GID), a multi-service GID, or turning Spring Creek into an unincorporated town, could increase costs to property owners.

One impact of adopting a new governance would be how residents would be charged for their fees, with the Association and DMR charging everyone equally and the GID and unincorporated town options collecting property taxes based on assessed value, Ulrich explained.

HEC’s report also analyzed the dues levied by the SCA for roads and amenities, comparing them with HOAs that provide similar services and amenities, and found the fees to be comparatively low, especially for golf course.

The goal of HEC’s presentation was to give “the key components” so that property owners would hear what they needed to know and what was important to them, explained Ulrich.

After the presentation, Ulrich and SCA President Jessie Bahr fielded questions from the audience, with Bahr providing background into some of ongoing issues within the Association.

Paul Pettit, a resident for 27 years in the Vista Grande Tract 200 section, believed that nothing needed to be changed at the conclusion of the meeting.

“If it was up to me, I wouldn’t change it,” Pettit said. “I’d leave it the homeowners association. I think that’s a workable path of governance and all it takes is involved citizens and good leadership.”

Marina Hills resident Patrick Linstruth came to the same conclusion.

“I think the best option is to stay as an Association, based on what I read in the report and what they said tonight,” Linstruth said, adding that while the Association has improved, his biggest concern was the water.

“I think most people want out of the Association because of water,” Linstruth continued. “I think the roads could be better, but they’re not bad.”

Christine Pruessing, a 10-year resident of Vista Grande, felt that becoming “a town is going to cost us too much money.”

“There’s too many unknowns,” especially with a break (between) the mobile section and the rest (of the Association),” Pruessing said.

Tom Hanum of Marina Hills, a lifelong resident of Spring Creek, saw no long-term benefit to overhauling the SCA into another entity.

“I don’t see any advantages without losing control of our own destiny,” said Hanum.

Jake Reed of Marina Hills agreed with Hanum that the Association should stay the way it is, adding that Bahr “has put a new life into the Association.”

Director Joshua Park, who attended the meeting, felt that the study was “money well spent.”

“I think a study like this shows that the assessments are in line with what people are receiving,” said Park. “In fact, they’re probably getting value for it.”

However, the countdown is getting closer to 2033, when the Association is set to expire, and a decision will have to be made on Spring Creek’s future, added Park.

“I think in the coming months and years, we’ve got a lot to think about. We need to be planning for the future, one way or another.”



**BUDGET AND FINANCE COMMITTEE
STAFF REPORT**

MEETING DATE: April 5, 2018
AGENDA ITEM: 3
SUBJECT: Future Budget & Finance Committee Agenda Items

Following is a list of items tentatively scheduled for future meetings.

MAY 3, 2018

Consider Approval of Purchasing Policies
Consider Approval of GSA Financial Policies
Consider Approval of RGS Agreement for FY 2018-19
Receive Preliminary Budget for FY 2018-19

JUNE 7, 2018

Consider Approval of FY 2018-19 Budget