

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

33129 Cole Grade Road
Pauma Valley, CA 92061
PHONE: (760) 742-1909 FAX: (760) 742-1588

NOTICE OF SPECIAL MEETING

DATE: Thursday, May 4th, 2023
TIME: 2:00 PM – **Open Session**
VENUE: Pauma Valley Country Club, Business Center & Library
15835 Pauma Valley Drive, Pauma Valley, CA 92061

Pauma Valley Community Services District Mission

“The mission of the Pauma Valley Community Services District is to protect the public health and environment of its community by providing effective wastewater management and stormwater drainage control, life safety assistance, security services, and exceptional customer care.”

AGENDA

1. **Call to Order**
2. **Pledge of Allegiance**
3. **Roll Call**
4. **Public Comment Period**

Any person may address the Board at this time upon any subject not identified on this Agenda, but within the jurisdiction of the district; however, State law precludes the Board from taking action on or engaging in extended deliberations concerning items of business which are not on the agenda. Any matter not on the agenda that requires action will be referred to staff for a report and action at a subsequent Board meeting. As to matters on the agenda, an opportunity will be given to address the Board when the matter is considered. Please note, individuals have a limit of three (3) minutes to make comments and will have the opportunity when called upon by the presiding officer.

-- ACTION ITEMS --

5. Long Term Financial Plan and Cost of Service Analysis – General Manager Eric Steinlicht

The board will vote on selecting a facilitator to develop and provide a Long-Term Financial Plan as well as Cost of Service Analysis for the District.

Staff Recommendation:

Authorize the General Manager to approve Mr. Jeff Armstrong’s proposal to develop and provide a Financial Long-Term Plan as well as Cost of Service Analysis.

6. Strategic Planning Facilitation Services – General Manager Eric Steinlicht

The board will vote on selecting a facilitator to develop and provide a Strategic Plan for the District.

Staff Recommendation:

Authorize the General Manager to approve Mr. Jeff Armstrong’s proposal to develop and provide a Strategic Plan.

-- CLOSED SESSION --

7. The Board of Directors Will Meet in a Closed Session to Discuss:

- A. CONFERENCE WITH LEGAL COUNSEL—
Potential/Threatened/Anticipated Litigation
Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(b) (One (1) Matter)

- B. CONFERENCE WITH LEGAL COUNSEL—
Potential/Threatened/Anticipated Litigation
Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(b) (One (1) Matter)

8. Open Session

- A. Reportable Action from closed session.

9. Adjournment

In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted on the District’s website as well as the main lobby of the District’s Administrative Office no less than 72 hours prior to the meeting date and time listed above. All public records relating to each agenda item, including any public records distributed less than 72 hours, will be made available at the office of the District Secretary, 33129 Cole Grade Road, Pauma Valley, California.

To request a disability-related modification or accommodation regarding agendas or attendance, contact Marissa Fehling, Administrative Assistant, at marissa.fehling@paumavalleycsd.ca.gov at least 48 hours before the meeting.

PAUMA VALLEY COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS

Item: 5

Date: May 4th, 2023

From: Eric Steinlicht, General Manager

Issue: **Long Term Financial Plan and Cost of Service Analysis**

STAFF RECOMMENDS THE BOARD OF DIRECTORS:

1. Authorize the General Manager to approve Mr. Jeff Armstrong’s proposal to provide a Strategic/Financial Long-Term Plan and Cost of Service Analysis.

BACKGROUND

Pauma Valley Community Services District (PVCSD) was founded in 1961 under the Community Service District Law (Division 2 of Title 6) to provide sanitary sewer and security service to its residents. The mission of PVCSD is to protect the public health and environment of its community by providing effective wastewater management and stormwater drainage control, life safety assistance, security services, and exceptional customer care. PVCSD’s primary source of revenue are the fees associated for sanitary sewer and security services which includes approximately 400 service connections, 3 wastewater pump stations, and 8.3 miles of wastewater collection system pipelines. PVCSD’s annual operating budget is approximately \$1,500,000.

Best management practices require Pauma Valley Community Services District (PVCSD) to conduct a Cost of Service Analysis every five years to ensure the District’s finances are appropriately matched with the level of expense required to meet our mission. The last cost of services study was informally conducted in 2021 and established the current rate structure. Former General Manager, Bobby Graziano developed a table for newly proposed rates whereas Office Manager, Amber Watkins completed a seminar with Best, Best and Krieger for the prop 218 portion of the cost of service analysis. Based upon this however, two rate increases were not implemented in tandem with this in-house study. In addition, with changes based upon inflation, the costs of goods and services continually increasing, the information has since been outdated.

DISCUSSION

The cost of service analysis objective is to establish rates at a sufficient level to fund annual operations, maintenance, and security expenses as well as the necessary capital infrastructure that are cost-based and proportional to customers.

Three qualified proposals have been compiled for the purpose of this discussion:

1. Hansford Economic Consulting LLC (HEC)
2. NBS
3. Mr. Jeff Armstrong

HEC proposes to provide the District a Cost-of-Service Analysis at \$34,600. Their proposal would also include an analysis of the security and patrol services that PVCSD offers its customers. NBS proposes to provide a Cost-of-Services Analysis for \$41,700 and is limited to only wastewater. Mr. Jeff Armstrong, former interim General Manager for PVCSD, has proposed to include a Cost-of-Service Analysis for \$15,000 that includes a long-term financial plan. Mr. Jeff Armstrong has an in-depth understanding of the District and is also offering to train the current General Manager on how to best utilize or otherwise adjust the plans he delivers.

FISCAL IMPACT

The Fiscal impact of proceeding with one of these services range from \$15,000 to \$41,000.

THEREFORE, STAFF RECOMMENDS THE BOARD OF DIRECTORS:

1. Authorize the General Manager to approve Mr. Jeff Armstrong’s proposal to provide a Strategic/Financial Long-Term Plan and Cost of Service Analysis.

Attachments

1. Current Rate Structure for PVCSD
2. Priorly Proposed Cost-of-Service Analysis (Conducted by In-House Former Management)
3. HEC Proposal
4. NBS Proposal
5. Mr. Jeff Armstrong’s Proposal

Prepared by: Eric Steinlicht, General Manager

Approved by: Eric Steinlicht, General Manager

Rates & Fees

The following is a list of current rates and fees charged for the various services or penalties for PVCSD.

PVCSD Fees	
Service	Fee
Sewer Service Fee	\$90.00
Security Gate Fee	\$100.00
Security Patrol Fee	\$114.00
Vacant Lot/Sewer Availability Fee	\$12.00
Delinquent Penalty	10% of monthly charge
Late Fee	.50% of unpaid balance + delinquent penalty
Foreign Check Processing Fee	\$7.00
NSF/ Returned Check Charge	\$50.00
RFID Transponder Tag	\$25.00
New Mailbox Kiosk keys/lock	\$50.00 made payable to Postmaster; \$75 made payable to PVCSD
New Sewer Connection	\$7,733 within current grid system; \$12,956 outside current grid system
Gate Runner Penalty Fee	Tiered Scale (warning/\$100/\$300)
Gate Damage Penalty Fee	Tiered Scale (warning/\$100/\$300)

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

NOTICE OF PUBLIC HEARING

BEFORE THE PAUMA VALLEY COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS TO CONSIDER THE ADOPTION OF AN ORDINANCE AUTHORIZING INCREASES TO THE RATE FOR SEWER SERVICE CHARGES

NOTICE IS HEREBY GIVEN that a public hearing will be held before the Board of Directors (“Board of Directors”) of the Pauma Valley Community Services District (“District”) on June 28, 2021 at 10:00 a.m., or as soon thereafter as the matter can be heard, at 33129 Cole Grade Road, Pauma Valley, CA 92061. District meetings are currently closed to the public, but members of the public may attend via virtual teleconference (meeting access information posted at www.paumavalleycsd.com). Should the District determine to allow members of the public to attend the hearing in person, information will be provided on the agenda for the public hearing. At the public hearing, the Board of Directors will consider the adoption of an ordinance authorizing increases to the rate for the District’s Sewer Service Charges.

PROPOSED RATE INCREASES TO SEWER SERVICE CHARGES

The rate for the District’s Sewer Service Charges has not been increased since July 2014. In order to fund increases in the costs of operations and maintenance of the sewer system and the capital infrastructure improvements needed to repair, replace, and update the District’s sewer system, the District has determined that it is necessary to increase the rate for its Sewer Service Charges. The Sewer Service Charges imposed on each parcel of property within the District are determined on the basis of the number of equivalent dwelling units (“EDUs”) assigned to such parcels. The number of EDUs assigned to a parcel is determined on the basis of its land use and the estimated amount or type of sewage generated (“customer classification”). One EDU is equivalent to a wastewater flow of 250 gallons per day and constituent levels of 300 parts per million of biochemical oxygen demand. The Sewer Service Charges are calculated to proportionately allocate the cost of providing sewer service to each property owner on a parcel basis. The rate of the Sewer Service Charges is proposed to be increased to \$92.40 per EDU. The number of EDUs assigned to each customer classification are set forth in the attached Exhibit A. If adopted, the ordinance will authorize the proposed rate increase to be in effect for sewer service beginning on July 1, 2021.

Because the District anticipates that there will be additional increases in the costs of providing sewer service in the future, the ordinance will also authorize the District to impose an annual adjustment to the rate for its Sewer Service Charges. Such annual adjustments may be imposed for a five-year period, beginning July 1, 2021, and each July 1 thereafter through and including July 1, 2025. The proposed rate increases shall be in accordance with the table below.

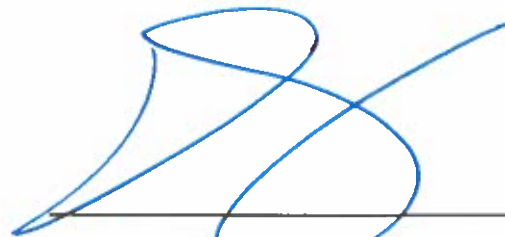
Current Rate	Effective Date	July 1, 2021	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
\$88	Maximum Rate	\$92.40	\$97.02	\$101.87	\$106.96	\$112.31

PUBLIC HEARING AND PROTESTS

Any property owner may submit a written protest to the proposed rates increases to the District's Sewer Service Charges; provided, however, only one protest will be counted per identified parcel. Any written protest must: (1) state that the identified property owner is in opposition to the proposed rate increase to the Sewer Service Charges; (2) provide the location of the identified parcel (by assessor's parcel number or street address); and (3) include the printed name and signature of the property owner submitting the protest. Written protests may be submitted by mail, e-mail, or in person to the District Clerk at 33129 Cole Grade Road, Pauma Valley, CA 92061, provided they are received prior to the conclusion of the public comment portion of the Public Hearing. Please identify on the front of the envelope for any protest or in the subject line of the e-mail; Attn: Public Hearing on Rate Increases. E-mails should be sent to pvcassistant@gmail.com. Protests submitted via e-mail must include an image of the signature of the property owner submitting the protest, including by scan or photograph.

The Board of Directors will hear and consider all written and oral protests to the proposed rate increases at the Public Hearing. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest. Upon conclusion of the Public Hearing, the Board of Directors will consider adoption of an ordinance authorizing the rate increases to the District's Sewer Service Charges as described herein. If written protests against the proposed rate increases to the Sewer Service Charges as outlined above are not present by a majority of property owners of the identified parcels upon which the rates are proposed to be imposed, the Board of Directors will be authorized to impose the respective rate increases and to increase the rates in future years as discussed above. If adopted, the proposed rate increase to Sewer Service Charges will be in effect for sewer service beginning July 1, 2021. The rates may also be increased annually as described herein beginning July 1, 2022, and each July 1 thereafter through and including July 1, 2025. Prior to implementing any such price adjustment, however, the District must provide written notice of the increase to property owners not less than 30 days prior to the effective date of the increase.

For further details regarding the bases and reasons for the proposed rate increases to the District's Sewer Service Charges, or for any questions you may have regarding your customer classification or the proposed Sewer Service Charges to be imposed on your parcel, please contact the District Office at (760)742-1909.



Pauma Valley Community Services District

EXHIBIT A

Customer Classification	EDU's	Proposed Sewer Service Charges
<u>Single Family Residence</u>	1.0	\$92.40
Apartment house and duplex:		
(1) A 1 bedroom unit	1.0	\$92.40
(2) A 2 bedroom unit	1.0	\$92.40
(3) A 3 bedroom unit	1.0	\$92.40
(4) Thereafter each additional bedroom unit shall equal an additional	.25	\$92.40 + \$23.10 for each additional bedroom
<u>Condominiums:</u>		
Each individual unit	1.0	\$92.40
Hotels, motels, auto courts:		
(1) Per living unit without kitchen	.50	\$46.20
(2) Per living unit with kitchen	1.0	\$92.40
Churches, theaters and auditoriums		\$138.60
Per each unit of seating capacity (a unit being 150 persons or any fraction thereof)	1.50	
Restaurants		
(1) No seating	2.50	\$231
(2) Less than 80 seats per each unit of 7 Seats or fraction thereof	1.00 ¹	\$92.40
(3) More <u>than</u> 80 seats per each unit of 7seats or fraction thereof	1.00 ¹	\$92.40
Automobile service stations		
(1) Not more than 4 gasoline pumps	2.00	\$184.40
(2) More than 4 gasoline pumps	3.00	\$277.20
Self service laundries		
Per each washer	.75 ¹	\$69.30
Mobile home and trailer parks		
Per each trailer space:		
Mobile home	1.00 ²	\$92.40
Trailer court	.75	\$69.30

² Based upon the volume of water consumption and-quality of discharge, an additional service charge may be assessed in accordance with this Article.

Any accessory facilities such as laundry, dining, recreational area, residence, etc , shall be considered separately in addition to trailer, spaces as per the Ordinance

Recreational vehicle park:		
Per each space, occupied or not	.75	\$69.30
Vacant lots within subdivision containing a developed system of sewer mains	.50	\$46.20
<hr/>		
Stores, offices, small industrial and business establishments not listed above	1.0	\$92.40
First unit ³	1.0	\$92.40
Each additional unit	.75	\$69.30
Schools ⁴		
Elementary Schools		
For each 60 pupils or fraction thereof	1.00	\$92.40
Junior High Schools		
For each 50 pupils or fraction thereof	1.00	\$92.40
High Schools		
For each 30 pupils or fraction thereof	1.00	\$92.40

³ For the purposes of this Customer Classification a Unit shall be described as:

(1) Any individual office, store or small industrial establishment with private sanitary fixtures and gross floor area not exceeding 1,000 square feet; or

⁴ (2) With 1,000 square feet of gross floor area in buildings with public sanitary fixtures only.

Note: The number of pupils shall be based on the average daily attendance of pupils at the school during the preceding fiscal year computed in accordance with the Education Code of the State of California; provided, however, where the school has had no attendance during the preceding fiscal year, the Manager shall estimate the average daily attendance for the fiscal year for which the fee is to be paid and compute the fee based on such estimate.

February 23, 2023

Mr. Eric Steinlicht
Pauma Valley Community Services District

Letter sent via email

Subject: Wastewater Rates and Security Patrol and Gates Special Taxes Study; HEC #230403

Dear Eric:

Thank you for the opportunity to submit a proposal to update the Pauma Valley Community Services District (hereafter 'District' or 'PVCSD') wastewater rates and to calculate security patrol and gates special taxes.

HEC and its Principal, Catherine Hansford, bring more than 20 years of experience in municipal finance with specialization in the water industry. With a proven track record of completed projects and references listed herein, HEC offers the necessary skill set for successful, straightforward execution of the Study. HEC has provided professional services to many small cities and special districts in California. We work with staff, engineers, bond counsel, planners, public outreach and legal professionals routinely to determine the best solutions to unique circumstances. The majority of HEC's clients are small communities. Our qualifications are provided in **Exhibit A**.

Proposed Scope of Services

Task 1: Project Management and Meetings

This task includes time for Catherine Hansford to manage, track, and report on project progress every month. It entails review of work status/progress, invoicing/determination of remaining budget, and coordination with District staff. Up to four (4) public meetings are also included under this task. Meetings include two (2) virtual meetings with the District Board of Directors (Board) to present a) initial findings and b) answer questions at the public hearing, and two in-person meetings (anticipated to be presentation of the draft report and findings to the Board and a public workshop).

Task 2: Data Collection and Analysis

HEC will provide a list of data needs to the District and will collect other information and data pertinent to the rate and special taxes study. Once the data has been collected, HEC will thoroughly review the financial health of the District, examining revenue and cost information for all operations, maintenance, administration, general expenses, short and long-term liabilities, as well as capital and reserve expenditures. The financial review will establish the historical and current financial health of the District under the current rate and taxes structures, generally describe components of annual revenues, and characterize expenses.

HEC will summarize the wastewater capital improvement plan (CIP) as provided by the District and will present a financing strategy to ensure the facilities are completed in a timely fashion, while minimizing the impact to rate-payers. Assumptions in the financial model including rate of growth and number of EDUs as well as projection methodology of expenses will be discussed with staff. Operation and maintenance expenses may be projected using historical annual percentage increases, or some other index, such as a consumer price index. Expense item categories, such as utility costs and labor costs, services and supplies costs, permits and lab costs, will be projected independently.

The projected revenue requirement may also include other non-operating cost considerations, such as an operating reserve, rate stabilization fund, short-lived asset reserve, or additional funds to meet debt service coverage requirements. Non-operating revenues, such as interest revenue, late charges and other miscellaneous revenue sources, will be included as credits in the analysis so that the revenue requirement is not over-estimated.

A cash flow will be presented to ensure sufficiency of funding for the next five years, demonstrating adequate debt service coverage and reserve levels are met.

Task 3: Wastewater Rate Analysis

Once the projected revenue requirement is established, it is allocated to customers based on the number of EDUs they have been assigned. HEC will model the number of EDUs provided by the District for each customer.

The current rate structure will be assessed for alignment with current District goals and objectives and fit with customer usage patterns. Alternative rate structures may be discussed with the Board. HEC will model up to one alternative rate structure if this is desired by the Board.

The cost-of-service analysis leads to the calculation of user rates for wastewater so that the system is adequately funded for existing and projected future costs and that the rates are based on the best estimate of system use by each customer. HEC will provide guidance and advice to District staff to ensure the proposed rate structure complies with Proposition 218 and all related laws, and that rates are implemented within the District's desired timeframe.

Task 4: Wastewater Cost-of-Service Report

HEC will prepare a report that includes the methodology used, detailed calculations of rates, findings, and recommendations. The report will demonstrate cost of service and proportionality requirements such that the District shows compliance with Proposition 218. Following edits and changes to the draft report, HEC will prepare a final report before the public hearing.

Task 5: Wastewater Rates Implementation

HEC will assist the District with implementing proposed rates. Technical assistance includes helping District staff, particularly with staff reports, changes to ordinances, and providing help to staff responsible for implementing rate changes with technical questions.

HEC will work with District staff to draft the public hearing notice. The notice will specify the basis of the fee, the reason for the fee, the customer's right to protest the fee, and the date/time/location of

the public hearing. Since wastewater fees are property-related fees, not assessments, they do not require a ballot. Only property owners of record must receive notification of property-related fee increases; however, tenants or property owners may protest the fee. Only one protest per property can be counted. This task does not include mailing public hearing notices or counting protests, which would be conducted by District staff.

Task 6: Security Patrol and Gates Special Taxes Calculations

Pauma Valley residents voted in favor of the District charging special taxes to fund security patrol and gates in 2011. Under this task, HEC will examine the adequacy of the special taxes at their current level to provide for the current costs of patrol and gate services, and anticipated costs of the services for the next five years. If the analysis shows that the special taxes are insufficient to continue providing these services at the level of service desired by residents, then the special taxes will need to be raised.

Increasing special taxes requires at least two-thirds registered voter approval. HEC will calculate the special taxes and include the findings of the analysis in a technical memorandum. The District can present any changes to the special taxes to voters at the next election opportunity.

Estimated Budget and Schedule

The proposed not-to-exceed budget of \$34,600 for the scope of services described above is based on HEC's 2023 hourly billing rates as follows: Principal \$200 per hour, Associate \$145 per hour, and clerical/administrative work \$90 per hour. These rates will be held through 2023 and are subject to change January 1, 2024. If any non-staff costs are incurred that are specific to work performed for the District (direct costs), these will be billed at cost. Direct costs could include mileage reimbursement and other travel-related costs, printing, videoconference hosting fees, meals when traveling for meetings, and mail and postage costs. The estimated budget includes these assumptions:

- Two in-person meetings with travel to Southern California. If all meetings are conducted virtually, the budget can be reduced commensurately, or the estimated costs can be reserved for contingency.
- Proposition 218 public notice creation (content and design) is included in the budget but printing and mailing of the notices is excluded.

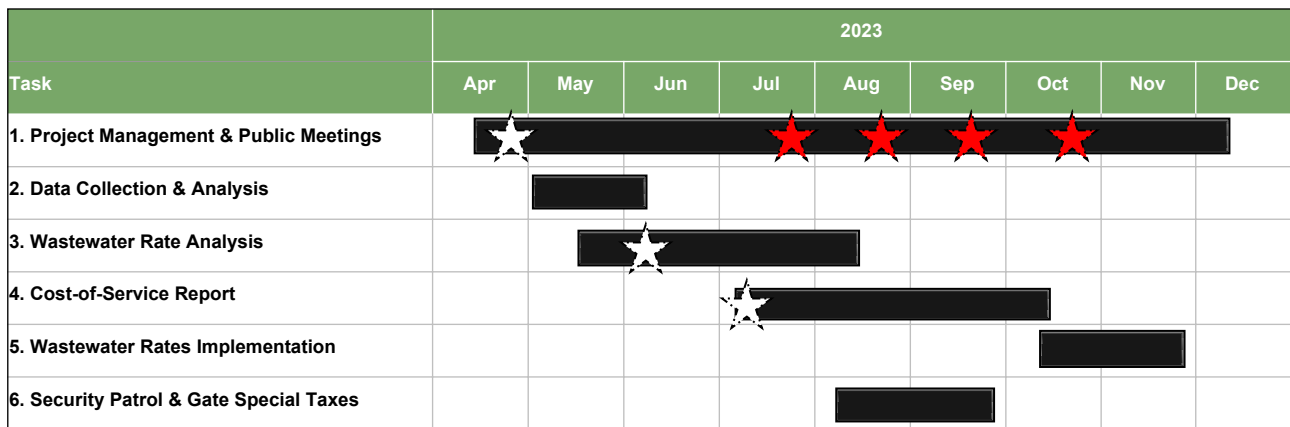
The estimated cost includes an allowance by task as shown in **Table 1**; however, HEC retains the right to move budget between tasks as needed. HEC charges for services on a cost not-to-exceed basis; therefore, you will only be billed for the work completed up to the authorized budget amount. If additional work is requested that is beyond the original scope of services, or if work efforts are greater than anticipated in development of the budget, HEC will request authorization for additional budget.



Table 1
Estimated Budget

Task/Item Description <i>Hourly Billing Rates</i>	HEC			Total Estimated Cost
	Hansford \$200	Analyst \$145	Admin \$90	
1 Project Management & Public Meetings	26	0	12	\$6,280
2 Data Collection & Analysis	14	8	0	\$3,960
3 Wastewater Rate Analysis	30	10	0	\$7,450
4 Cost-of-Service Report	20	8	10	\$6,060
5 Wastewater Rates Implementation	12	10	4	\$4,210
6 Security Patrol & Gates Special Taxes	18	10	0	\$5,050
Subtotal Staff Costs	120	46	26	\$33,010
Direct Costs				\$1,590
Total Cost Estimate				\$34,600

HEC reserves the right to move budget between tasks as necessary to complete the Project.

HEC is able to begin work on this project mid-April, 2023. Rate studies typically take 6 to 8 months to complete. The graph below shows the approximate timeframe for each task in order to have revised wastewater rates implemented January 1, 2024.



 Staff meeting  Public meeting

We look forward to having the opportunity to discuss our proposal further. You can reach Catherine at (530) 412-3676 or catherine@hansfordecon.com with any questions about this proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Hansford". The signature is written in a cursive style with a large initial "C" and a stylized "Hansford".

Catherine R. Hansford, Principal
HANSFORD ECONOMIC CONSULTING LLC

EXHIBIT A

HEC QUALIFICATIONS AND EXPERIENCE

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, Liberty
Utilities Energy
Efficiency 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, primarily in the water industry.

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 and Publications

Funding Groundwater Management Programs, How Fees were established for Two New Agencies tasked with Groundwater Sustainability, *2021 Nevada Water Resources Association Conference*

Water Rights for Sale: Know what you're Selling or Buying, *2020 Schroeder Law Offices Webinars*

Utility Financial Planning: Facility Funding Options and Different Types of Fees, *3-Hour Videoconference class for the Nevada Rural Water Association, 2019*

Stormwater Rate Calculation, *2018 Tri-State Seminar, Las Vegas*

Western US Water Issues, *2018 Women In Economics, University of Nevada Reno*

Funding for Flood Facilities, *2017 Nevada Water Resources Association Fall Event*

Financial Management: Understand your Cost Structure, Customer Cost-Share Responsibilities and Funding Options, *3-Hour Videoconference class, Nevada Rural Water Association (multiple times)*

Successful Strategic Planning Starts with Understanding Your Financial Position and Engaging a Wide Range of Stakeholders, *2014 Nevada Rural Water Association Conference*

The Cost of Rectifying Over-Appropriation of Groundwater in Diamond Valley, *2014 Nevada Water Resources Association Conference*

Rate Setting Fundamentals: Math or Art? *2013 Nevada Rural Water Association Conference*

A Misunderstood Relationship: Economic Vitality and Environmental Improvement in the Tahoe Basin, *2012 Tahoe Science Conference*

What is a Reasonable Water Rate? *2011 Nevada Water Resources Association Conference*

Projecting Population and Employment: A Platform for Projecting Water Purveyor Demands in an Urban Area, *2003 Nevada Water Resources Association Conference*

Water Conservation Recommendations from a Consumer Outreach Group, *2002 AWWA Cal-Nev Section Conference*

"Setting and Assessing the Impact of Water-Related Development Fees", The Water Spot, First Joint issue of the Nevada Water Environment Association and Nevada Water Resources Association, Winter 2017.

References

Client	Contact	Study
American Valley Community Services District	Katie Nunn, Business Manager (530) 283-0836 <i>katie@americanvalleycsd.com</i>	Water and Wastewater Rates and Fees Study (2022)
Gold Mountain Community Services District	Rich McLaughlin, Treasurer (619) 248-1048 <i>rich.mclaughlingmcsd@gmail.com</i>	Water and Wastewater Rates Study (2022)
Midway Heights County Water District	Jason Tiffany, General Manager (530) 878-8096 <i>admin@mhcwd.org</i>	Potable and Raw Water Rates and Fees Study (2020)
Georgetown Divide Public Utility District	Adam Brown, Water Resources Manager (530) 333-4356 ext. 110 <i>abrown@gd-pud.org</i>	Wastewater Rates and Fees Study (2019)
Northstar Community Services District	Mike Staudenmayer, General Manager (530) 562-1505 <i>mikes@northstarcsd.org</i>	Property Tax Analysis for Fire Service to Proposed Annexed Properties (2016)

About HEC

Hansford Economic Consulting LLC (HEC), self-member LLC, 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 25 years of experience. HEC clients include regional agencies, counties and cities, special districts, non-profits, private entities, and homeowner associations.

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. Our approach is especially desirable when working on sensitive community issues with a divergent customer base and/or the interests of multiple stakeholders. HEC appreciates the challenge of balancing equity, feasibility, and public acceptance goals when approaching fee studies.

HEC is committed to a positive experience with an outcome that provides concrete steps forward; we strive to offer solutions that are legally grounded and follow best practices.

Rate and Fee Studies Experience

California

- ❖ *Linden County Water District – Water and Wastewater Rate Study*
- ❖ *Lockeford Community Services District – Water Rate Study*
- ❖ *Calaveras Public Utility District – Connection and Capacity Fees Study*
- ❖ *Sierraville Public Utility District – Water Rate Study*
- ❖ *Sierra County Waterworks District #1 – Water Rate Study*
- ❖ *Heather Glen Community Services District – Water System Consolidation Feasibility*
- ❖ *City of Newman – Water and Wastewater Rate Studies*
- ❖ *City of Livingston - Water, Wastewater and Solid Waste Rate Studies*
- ❖ *Salinas Valley Basin Groundwater Sustainability Agency – Sustainability Fee Study and Implementation*
- ❖ *Merced Irrigation Urban Groundwater Sustainability Agency – Sustainability Fee Study and Implementation*
- ❖ *Bishop Paiute Tribe – Water and Wastewater Rates Study*
- ❖ *Midway Heights County Water District – Potable and Raw Water Rates Study and Strategic Plan*
- ❖ *Heather Glen Community Services District – Water Rate and Consolidation Feasibility Studies*
- ❖ *American Valley Community Services District – Water and Wastewater Rates, Connection Fees, and Administrative Fees Study*
- ❖ *Gold Mountain Community Services District – Water and Wastewater Rates, Connection Fees, and Administrative Fees Study*
- ❖ *Woodbridge Sanitary District – Wastewater Rate Studies*
- ❖ *South Placer Municipal Utility District - Wastewater Rates and Capacity Fees Study*
- ❖ *Donner Summit Public Utility District - Wastewater System Upgrades Financing Plan and Cost of Service Study, Water Rate Study, Special Tax Analysis, and Wastewater Capacity Fees Study*
- ❖ *Alpine County – Effluent Management and Pricing Study*
- ❖ *Georgetown Divide Public Utilities District – Wastewater Rates, Connection Fees, and Administrative Fees Study*
- ❖ *Amador Water Agency – Wastewater Capacity Fees Study*
- ❖ *City of Live Oak – Water and Sewer Rate Studies*
- ❖ *City of Waterford – Water Rate 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 Recycled Water Pricing Studies*
- ❖ *City of Colusa - Wastewater Revenue Program*
- ❖ *City of Newman - Water and Sewer Rate Studies*
- ❖ *City of Williams – AB1600 Nexus Study and City User Fees Update*
- ❖ *City of Winters – Development Impact Fees Nexus Study*
- ❖ *City of West Sacramento – Affordable Housing In-Lieu Fee Analysis*
- ❖ *Placer County – East and West County Affordable Housing Fee Nexus Studies*
- ❖ *Mountain Housing Council – Analysis of Development Impact Fees in the Tahoe region*
- ❖ *Spring Creek Homeowners Association –Water and Wastewater Rates Expert Analysis*
- ❖ *City of Williams – Development Impact Fees and User Fees Study*

- ❖ *City of Winters* – Citywide Development Impact Fees and Drainage Impact Fees Update Studies
- ❖ *City of Sacramento* – Development Impact Fees Review, Best Practices
- ❖ *Mountain Housing Council* – Comparison of Regional Development Fees
- ❖ *City of West Sacramento* – Flood In-lieu Fee Study Update
- ❖ *Placer County* – East and West County Affordable Housing Fee Nexus Studies
- ❖ *Squaw Valley PSD* – Water and Wastewater Public Services Financial Analysis
- ❖ *Rancho Murieta Community Services District* – Security and Drainage Fees (Special Taxes) Study
- ❖ *Yuba County* – East Linda Specific Plan Nexus Study (roads and parks fees)
- ❖ *City of West Sacramento* – Affordable Housing In-Lieu Fee Analysis
- ❖ *Sierra County Fire District* – Fire Impact Fee Study
- ❖ *Western Regional Water Commission* – Impact of Water-Related Fees on Development

Nevada

- ❖ *Truckee Meadows Water Authority* - Water Resource Plan, Water Conservation Plan, ET Controller Pilot Study, Residential Water Demand Study, Retail and Wholesale Rates Study
- ❖ *City of Fernley* – Water and Sewer Rate Studies
- ❖ *Minden-Gardnerville Sanitation District* – Rates, Capacity Charges and Administrative Fees Study
- ❖ *Washoe County* – Spanish Springs Wastewater Connection Fee Analysis
- ❖ *Wingfield Springs HOA* – Recycled Water Feasibility Study
- ❖ *Eureka County* – Water and Sewer Rates and Consolidation Feasibility Study
- ❖ *Carson City* – Cost Efficiencies Identification in the Marlette Water System
- ❖ *Carson City* – Analysis of special district formation to fund roads improvements

Oregon

- ❖ *City of Ashland* – Water, Wastewater, Storm Water and Transportation Rate and Fee Studies
- ❖ *City of Phoenix* – Water, Transportation and Parks Rate and Fee Studies
- ❖ *City of Talent* – Water, Transportation and Parks Rate and Fee Studies
- ❖ *City of Phoenix* – Water Rates and Capacity Fees Analysis
- ❖ *Charlotte Ann Water District* – Pricing Impacts of Dissolution
- ❖ *City of Coos Bay* – New Interlocal Agreement with Charleston Sanitary District for Wastewater Treatment and Disposal
- ❖ *Talent-Ashland-Phoenix Water System* – New Interlocal Agreement for Management of the TAP System, and Funding Plan for the Master Plan



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March 9, 2023

Eric Steinlicht
General Manager
Pauma Valley Community Services District
33129 Cole Grade Road
Pauma Valley, CA 92061

Subject: Wastewater Rate Study Scope and Fees

Dear Mr. Steinlicht,

Below are our Scope of Services and Fees related to Wastewater Rate Study for the Pauma Valley Community Services District (“District”). The scope of services includes the rate study and implementation process. A scope and fee for tax roll billing services can be developed once the rate structure is determined.

Scope of Services

TASK 1. KICKOFF MEETING AND DATA COLLECTION

NBS will hold a kick-off meeting with District staff at the beginning of the study. The kick-off meeting will be used to review and discuss the data from the billing/accounting system and data requirements in general and review study objectives, tasks, and schedule. The data the District will need to provide includes customer account information, such as:

- Customer billing information that includes customer class, equivalent dwelling units, quantity billed, customer type for commercial/industrial customers (Excel file preferred).
- Financial data typically reported in financial statements.
- Capital Improvement and/or Master Plans (CIP projects by name, cost, and timing).

TASK 2. FINANCIAL PLAN

NBS will prepare a detailed financial plan for the wastewater utility that includes revenues, expenditures, reserves, debt coverage ratios, capital improvement costs, repair and replacement costs and net revenue requirements. Task deliverables will include:

- Financial projection model that will serve as a financial “roadmap” for the wastewater utility.
- Summary of current and projected net revenue requirements.
- Update reserve fund policies and targets potentially including reserves for operations, rate stabilization, repair and replacement, debt service and capital projects.
- Projected year-end reserve fund levels.
- Calculated debt service coverage ratios.
- Three alternatives (i.e., annual rate increases) that meet projected net revenue requirements.
- Funding sources (cash vs. debt) for capital improvements.

The financial plans will lay the groundwork for the cost-of-service and rate design analysis addressed in Tasks 3 and 4. The following are subtasks to the Financial Plan:

Projected Revenues and Expenditures – Using a cash-basis reflecting the District’s system of accounts, NBS will prepare a projection of revenues, expenses, and increases in rate revenue needed to meet all obligations. This will provide District with a financial planning tool to plan for rate adjustments to address operating and maintenance costs, infrastructure improvements, asset replacement and maintaining appropriate reserve fund levels. The District’s projected customer growth rates from master plan documents and planned cost inflation factors will be incorporated in this analysis.

Evaluate Reserve Fund Sufficiency – NBS will evaluate the sufficiency of existing reserve funds, target reserves, reserve fund policies, and related issues such as meeting debt service coverage ratios and other rate covenants. We will provide recommendations for reserve fund targets that are tailored to the District’s specific needs such as operating, capital rehabilitation/replacement, rate stabilization and catastrophes, etc. We will develop a phased-in approach to funding reserves to minimize the impact to ratepayers.

Review Capital Improvement Program Funding – NBS understands the District’s need for significant improvements to the wastewater treatment plant facilities and we will evaluate the timing, costs, and available reserves needed to fund all projects and the level of rate increases this involves and collaborate with District staff to develop a well-conceived funding approach. NBS will incorporate District plans for infrastructure improvements, and asset replacement plans into the financial plan. We will evaluate the timing, costs, and available reserves used to fund various projects. We will work with District staff to develop a well-conceived approach to funding these capital needs, which may include an appropriate balance between debt-funded and cash-funded projects. The recommended solution will provide an appropriate balance between funding from rates, system development fees and, if necessary, the use of outside financing. NBS will develop up to three scenarios to fund the capital improvement program for modeling and comparison purposes.

TASK 3. COST OF SERVICE ANALYSIS

Using the net revenue requirements developed in Task 2, NBS will equitably allocate costs to individual customer classes based on cost-of-service principles that comply with Prop 218. NBS will also review and incorporate the historical usage and strength characteristics by customer class, including changes related to Covid-19 impacts, and determine how best to project future usage and strength. This will require working with the treatment plant data for the District’s plant and the customer base.

NBS will evaluate cost allocations of various cost components to each customer class. The main components of the wastewater cost-of-service analysis are:

Functionalization/Classification of Expenses – Functionalizing the expenses means arranging costs into basic categories, such as flow (volume), strength (BOD or COD and TSS), and customer related costs. With the District’s customer billing data, we will develop the customer usage statistics and allocation factors that will be used to assign costs to each customer class.

Allocation of Costs to Customer Classes – These costs are then allocated to individual customer classes based on allocation factors specific to each cost classification, thereby producing fixed and variable

revenue requirements for each customer class. These allocations will be used for the actual rate calculations.

TASK 4. RATE DESIGN ANALYSIS

NBS will work with District staff to review the current rate structure and evaluate whether there are alternatives that better meet the District’s broader rate design goals and objectives. As noted above, the available rate design alternatives will need to be further evaluated once additional information on how each of the two treatment plants were originally funded and what outstanding financial obligations remain for various groups of sewer customers in the District.

NBS will provide up to three wastewater rate structure alternatives for the District’s consideration, which will include the District’s existing rate structures and two alternatives. An evaluation of the pros and cons of each rate structure alternative will be included in this analysis. The following are subtasks to the Rate Design Analysis:

Develop Rate Design Recommendations – Wastewater rates will be developed based on the cost-of-service analyses, and we will include a discussion of the relative merits (pros and cons) of the current rate structure and the new alternatives. Evaluating the District’s desired rate complexity and resulting customer bills will be essential components of this process.

Criteria for Improving the Rate Design – When evaluating rate design, revenue sufficiency and financial resiliency are critical considerations. NBS’ general approach is to avoid significant **under-collection** of rate revenue, which is the worst-case scenario from a financial perspective. Other criteria for evaluating rate structures include:

- Ease of understanding the rate structure by customers.
- How costs allocated to fixed and volumetric rates affect revenue stability.
- How water conservation is reflected in the analysis.
- The amount of revenue that should be collected within each tier.
- Impacts on customer monthly bills.
- How treatment plant costs are allocated to customers.
- Differences, if any, in collection system and general overhead and administrative costs and how they are allocated to various sewer customers.
- Changes due to drought, conservation efforts, and COVID-19 over the last several years that may affect rates on a going-forward basis.
- The amount of revenue collected from fixed and variable charges (which can significantly impact customer bills).

The rate structure alternatives selected will ultimately provide the basis for comparing monthly customer bills under both the current and new rate structures. However, all rate structures will be “revenue neutral” because they will all collect the same amount of revenue, both in total and within each customer class.

Calculate Fixed and Volumetric Charges – Ideally, fixed charges should be used to cover fixed costs; however, due to the emphasis on using pricing signals to encourage conservation, this is rarely the case. As a result, many agencies have struggled with revenue stability during times of uncertain demands. Fixed

charges will reflect the number of accounts, types of customers and flow/strength factors. In contrast, volumetric rates should cover variable costs and should be allocated in proportion to usage. Determining the best combination of fixed and variable charges is also influenced by other factors, such as revenue stability, conservation, ease of understanding, and ease of administration. NBS will strive for an appropriate balance between fixed and variable charges.

Comparison of Customer Bills – In order to compare various financial plan and rate alternatives, we will prepare rate tables and bill comparisons for various customer classes to illustrate how the rate adjustments will affect customer bills. It is important to note that all rate structure alternatives will be “revenue neutral”: they all collect the same amount of revenue within each customer class. Basic customer bill comparisons will include:

- Impacts on customer bills for low-, average-, and high-strength customers.
- Impacts on single-family customer bills for low-, medium-, and high-consumption customers.
- Comparisons of customer bills based on the treatment plant cost allocation methodologies used.

TASK 5. REGIONAL BILL COMPARISON

NBS will compare current and proposed wastewater rates to ten neighboring communities to see how the District’s rates compare to other nearby water retailers. The results of this comparison will be presented in the rate study report and in public presentations. The comparisons will provide District staff and District Council with a basis to compare the cost of delivering water service to customers in the region.

TASK 6. PREPARE ELECTRONIC RATE MODEL

NBS will develop the Excel-based rate model for use by District staff (users not limited) once the study is complete. The model will be custom-built to the District’s specific needs and will have the functionality to update revenue and expenses, prepare what-if scenarios, and determine annually if the proposed rate increase is needed, or if it can be modified or delayed. The model will have a dashboard where assumptions can be modified and will flow through to the rate alternative results, and a documentation tab that explains each tab and the interrelationships of each tab.

In addition, the model will address include adjustable inflation factors and other variables and will graphically display charts and figures to communicate outcomes and recommendations. We will review the model with staff during the development of the rate study to make sure it meets the District’s requirements and preferences.

A training session can be provided with the District’s Project Manager at the conclusion of the study. The goal of this session will be to review all tabs in the model and to provide sufficient information for the District to accept the model and have the ability to use it going forward.

TASK 7. PREPARE RATE STUDY REPORT

NBS will prepare a draft study report that include proposed rates for the next five to ten years, depending on the District’s preference for the timeframe. An executive summary and introduction will present the purpose of the report and results of the study. Tables, graphs, and charts will be used as appropriate, but the emphasis will be on providing a clear, concise and understandable report that will provide the District with a thorough administrative record. Key assumptions, methodologies, and factors affecting the

development of proposed rates will be highlighted with charts and graphs when helpful. However, more technical aspects of the study, particularly the tables documenting the calculations and sources of data, will be separately provided in technical appendices.

NBS will provide an electronic file in Microsoft Word format of the draft report for the District's review and comment. Once we have received the District's comments¹, we will incorporate those comments into a final report.

TASK 8. MEETINGS AND PRESENTATIONS

NBS plans to provide support to the District in public meetings to support the new rate adoption process. We will also plan to meet with District staff to review study results and recommendations throughout the project. The following meetings and presentations are anticipated for this study:

Meetings with District Staff – NBS proposes to hold progress meetings with District staff via conference call or web meeting format. These meetings will be used to review initial work products and gain input from Staff on the direction of the study. Prior to the public meetings, we also expect to have regular phone conversations with District staff to discuss how the study is proceeding, solicit input from Staff, and to review and discuss the study's initial results and work products. In addition, NBS will work with District Staff to discuss and understand talking points while continuously providing guidance on how to manage questions for community members to ensure a clear and transparent message.

Other Public Workshops/Presentations – NBS rate study staff, will provide one (1) public workshops². The rate team will prepare a PowerPoint presentation for these meetings, which will include visual aids, graphics, charts and additional worksheets or handouts. In these presentations, NBS will present study results, recommendations, receive input and guidance on the direction of the study and answer questions. Our team will work with District Staff to create an agenda and develop a presentation that allow for a clear and insightful workshop. NBS will also present at up to two (2) District Board Meetings related to the consideration of approval of the sewer rates.

TASK 9. NOTICE OF PUBLIC HEARING MAILING

NBS will create a mailing list using the most recent County Assessor secured roll data available, combining that with the District's customer database. Duplicates will be removed to create a comprehensive mailing list. NBS will also draft the Notice to property owners subject to the proposed Fee. Final form of the Notice will be reviewed and approved by legal counsel and District staff.

NBS will work with District staff to answer any questions that come up and guide you through the adoption process. The key technical tasks will be to prepare a draft and final Prop 218 Notice and provide the proposed rate tables included in the notices. NBS will work with District staff to review the draft and final notice prior to public release. The District should have legal counsel review all notices for legal compliance with the provisions of Prop 218, such as wording related to pass-throughs.

¹ We assume District staff's comments will be in an electronic Microsoft Word file using track-changes mode.

² The number of meetings/presentations that NBS provides can be adjusted as necessary by District staff. We plan to discuss the number of meetings and plans for presentation at the kick-off meeting and adjust throughout the process as needed.

TYPICAL PROJECT SCHEDULE

The following is an overview of a proposed project schedule. We will discuss a detailed schedule at the kickoff meeting, along with the expected timing for individual tasks.

Kickoff Meeting/ Data Collection	Analysis & Study	Prepare Draft Report	Review/ Edit Draft Report	Finalize Report	Implementation
3-4 weeks	6-8 weeks	2-3 weeks	2-3 weeks	2 weeks	2-3 months

Staffing

The following individuals will be working on these projects:

Name	Title/Function
RATE STUDIES FOR WATER & WASTEWATER RATES	
Allan Highstreet	Senior Review
Sara Mares	Director/Municipal Advisor
Jeremy Tamargo	Engineering Consultant/Project Manager
Jordan Taylor	Consultant/Utility Rate Consultant
Alice Bou	Consultant/Utility Rate Consultant

ALLAN HIGHSTREET, SENIOR REVIEW

Role and Responsibilities: Allan Highstreet will provide additional experience in sewer rate making and provide senior technical review on this project. He will be available as needed throughout the project to assist the project team with the analysis and technical issues as they arise.

Work Experience: Allan Highstreet has 41 years of experience in the water industry where he was a senior vice president managing water resource planning and development projects for Jacobs Engineering (previously CH2M Hill). Allan’s four decades of experience includes preparing water and sewer rate and capacity fee studies, and he provides invaluable experience to the NBS project team for this engagement. His academic background includes a BS in Agricultural Business and a MS in Agricultural Economics.

SARA MARES, REGISTERED MUNICIPAL ADVISOR

Roles and Responsibilities: Sara Mares is a Director with NBS and will be the Registered Municipal Advisor Representative for this project.

Work Experience: Sara Mares has more than 22 years of experience with NBS and is a Registered Municipal Advisor Representative. She has extensive experience with modeling and structuring revenue mechanisms that support debt issuance. Sara forms Special Financing Districts (SFDs), including Community Facilities Districts and 1913 Act Assessment Districts, which provide land secured financing for limited obligation bonds. She has also provided bond issuance disclosure related to revenue bonds, both stand-alone that are secured by utility rate revenue or as part of a pool bond structure. Sara also has more than 20 years of experience preparing and disseminating continuing disclosure annual reporting and listed event filings.

JEREMY TAMARGO, PROJECT MANAGER

Role and Responsibilities: Jeremy Tamargo will lead the work efforts as project manager. He will work closely with the District to review the overall approach, develop rate alternatives, and suggest creative solutions to consider. Jeremy will direct analytical efforts of the project team and monitor the schedule and delivery of work products to the District's satisfaction. He will be available for meetings with District staff and public presentations for this project.

Work Experience: Jeremy Tamargo is a professional engineer licensed in the State of Oregon and has an application in technical review with the California Board for Professional Engineers, Land Surveyors, and Geologists for comity licensure in the State of California. He has extensive experience in both the public and private sectors in civil engineering design as well as preparing utility master plans for municipal agencies in both Oregon and Washington. In his role as Assistant City Engineer at City of Tigard, Jeremy managed the City's System Development Charge program for the Public Works Department, which was used to pay for the installation, construction, extension, and expansion of the City's water, sanitary, sewer, stormwater, park and transportation systems. A member of the American Society of Civil Engineers, he is solutions-oriented and has a passion for focusing on excellence and sustainability on every project. Jeremy has a Master of Science in Environmental Engineering from Syracuse University and a Bachelor of Science in Civil Engineering from University of Notre Dame.

Fees

Sewer Rate Study

Sewer Rate Study	\$37,700
Estimated Expenses	\$1,500
Total	\$39,200

Pauma Valley Community Services District - Proposal for Sewer Rate Cost of Service Study					
Study Tasks	Consultant Labor (Hours)				Grand Totals
	Wastewater Rate Study			Total Consultant Labor (Hrs.)	Consultant Costs (\$)
	Senior Review ¹ (Highstreet)	Engineering Review (Tamargo)	Consultant (Taylor/Bou)		
<i>Hourly Rates</i>	<i>\$250</i>	<i>\$200</i>	<i>\$175</i>		
Wastewater Rate Cost of Service Study					
Task 1 – Kickoff Meeting and Data Collection	1.0	2.0	6.0	9.0	\$ 1,700
Task 2 – Financial Plan	1.0	6.0	24.0	31.0	5,650
Task 3 – Cost of Service Analysis	2.0	8.0	35.0	45.0	8,225
Task 4 – Rate Design Analysis	2.0	8.0	40.0	50.0	9,100
Task 5 – Regional Bill Comparison	0.0	2.0	8.0	10.0	1,800
Task 6 – Prepare Electronic Rate Model	0.0	0.0	6.0	6.0	1,050
Task 7 – Prepare Rate Study Report	2.0	4.0	16.0	22.0	4,100
Task 8 – Meetings and Presentations	2.0	4.0	10.0	16.0	3,050
Task 9 – Notice of Public Hearing Mailing ²	0.0	2.0	15.0	17.0	3,025
Expenses (Travel to Meetings)					1,500
Grand Total: Wastewater Rate Cost of Service Study	10.0	36.0	160.0	206.0	\$ 39,200
Optional Site Visits and Presentations					
Labor Cost Per Visit/Presentation					2,000
Travel Expenses per Visit/Presentation(not to exceed)					500
Total: Per Optional Visit/Presentation					\$ 2,500

1. If time is required for municipal advisor services (Sara Mares), senior review hours would be utilized.
 2. Does not include expenses for printing and mailing, which will be charged as direct expenses with no markups.

TERMS

Services will be invoiced monthly. Expenses will be itemized and included in the next regular invoice. Fees for all other services will be invoiced upon completion of the task. If the project is prematurely terminated by either party, NBS shall receive payment for work completed. Payment shall be made within 30 days of submittal of an invoice. If payment is not received within 90 days, simple interest will begin to accrue at the rate of 1.5% per month. Either party can cancel consulting contract with 30 days' written notice.

EXPENSES

Customary out-of-pocket expenses will be billed to the District at actual cost to NBS. These expenses may include, but not be limited to, mailing fulfillment, postage, reproduction, travel, meals and various third-party charges for data, maps, and recording fees.

Please feel free to contact me if you have any questions or need further information.

Best regards,

**NBS Government Finance Group,
DBA NBS**



Sara Mares
Director

March 22, 2023

Eric Steinlicht, General Manager
Pauma Valley Community Services District
33129 Cole Grade Road
Pauma Valley, CA 92061

Proposal for Development of a Strategic Plan and Proposal for Development of a Long-Range Financial Plan Model/Rate Requirements.

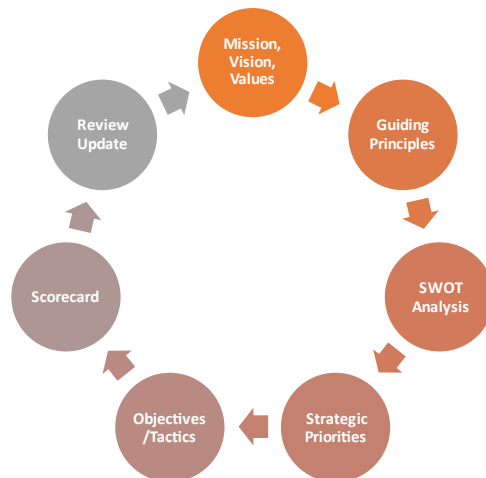
Mr. Steinlicht, I am pleased to submit this proposal to develop two plans for the Pauma Valley Community Services District (District). I have significant experience in both areas (Strategic Planning & Financial Planning) for a public agency. Also, based on what I learned during my brief time with the District I believe I can develop both plans efficiently and appropriately to help the future success of the District. I have outlined below my proposal; however, I am happy to discuss any questions you may have. Additionally, I am willing to complete either one of the plans individually or willing to do both.

DEVELOPMENT OF A STRATEGIC PLAN

A Strategic Plan is a long-term plan or a blueprint that provides an improved formulation and implementation of strategy for how an organization will achieve organizational goals, respond to current challenges, make the best of future opportunities, and for a public agency to best serve its customers. The plan also reaffirms the organizations mission, vision, values, and guiding principles. For Pauma Valley Community Services District (District) the plan serves as an essential link between the publicly elected Board’s role and the General Manager’s actions.

Briefly below I have outlined my proposal to facilitate the creation of the District’s Strategic Plan.

STRATEGIC PLANNING PROCESS



Scope of Work

Mission, Vision, Values: Review, update, create the Mission, Vision, Values for the District. This would be accomplished via a workshop with the Board.

Guiding Principles: The guiding principles are essentially commitment statements the District will adhere to in achieving its Mission. As a starting point utilizing the “Effective Utility Management” (EUM) framework a draft list of guiding principles would be presented for review, input, modification at the workshop with the Board.

SWOT Analysis: Identifying the District’s Strengths, Weaknesses, Opportunities, and Threats will be completed in the Board workshop. Prior to the Board workshop I will seek input from each Board Member on this and bring a consolidated list to the workshop for review and consideration. Upon finalization of this step the results will be utilized to create Strategic Priorities

Strategic Priorities: Strategic Priorities will be developed that will successfully advance the District into the future. These priorities will also be aligned with the Guiding Principles to ensure we are achieving our commitments.

Objectives/Tactics: An initial list of objectives/tactics will be developed to accomplish the Strategic Priorities. These will be actionable efforts for the General Manager to accomplish. Each effort when accomplished should further the District in achieving one or more Strategic Priorities. This list will be an ever-changing list that the General Manager can update and review with the Board on a periodic basis.

Scorecard: A scorecard will be developed that will allow for the tracking of the Objectives/Tactics identified. The scorecard will detail who is responsible for accomplishing the objective, anticipated completion date, and the on-going status. The scorecard will be used by the General Manager to monitor and report on the progress of the Strategic Plan initiatives.

Review/Update: It is Important to monitor progress on the initiatives in the Strategic plan and to adjust the plan when needed, however, the Strategic Plan is a longer-term forward-looking plan. The Mission, Vision, Values will not change regularly nor will the Guiding Principles. The initiatives will take time to complete and many may span multiple years. The General Manager should use the scorecard to keep the Board informed of progress. Updates to the overall Strategic Plan would not likely occur but every two or three years.

Approach/Timeline/Fee Schedule

Task	Week	Fee Schedule (\$10,000)
Meet with GM – Develop draft Mission, Vision, Values, and Guiding Principles.	Week 1-2	
Interview Board Members on this effort and also seek individual Board Member SWOT considerations.	Week 2-3	
Board workshop #1 – Review and provide direction on Mission, Vision, Values, Guiding Principles. Review and gain consensus on SWOT analysis.	Week 4	\$3,500

Meet with GM and review workshop results. Prepare Draft Strategic Plan, Draft Objectives/Tactics, and Draft Scorecard.	Week 4-5	
Board workshop #2 – Review Draft Strategic Plan, Draft Objectives/Tactics, and Draft Scorecard. Receive direction needed to complete.	Week 6	\$3,500
Complete Report	Week 7	
Present Final Report @ CSD Board Meeting	Week 8	\$3,000

Deliverables

I will prepare the Strategic Plan Document and Scorecard in a digital format for delivery to the District. This format will provide the General Manager the ability to utilize the Scorecard on an ongoing basis. Additionally, the Strategic Plan Document can be updated as necessary in future years.

Fee

For the Strategic Plan effort described above - \$10,000. Additional efforts or tasks by mutual agreement.

DEVELOPMENT OF A LONG-RANGE FINANCIAL PLAN MODEL/RATE REQUIREMENTS

A Financial Plan is critical to ensuring an organization has the financial resources needed to carry out its mission. For the District this is especially critical as infrastructure cost for maintaining and replacing wastewater collections and treatment facilities can be significant. Knowing what your operating costs and your long-term capital needs are allows you to set rates and charges at appropriate and equitable levels. For this District a reserve policy needs to be in place and furthermore, a plan to achieve the reserve policy goals needs to be implemented. Reserves play a key role for achieving the infrastructure requirements. The lack of having a sound financial plan (including reserves) in place can lead to insufficient funds to complete planned or emergency repairs, higher cost due to unplanned borrowing needs, and large spikes in rate increases.

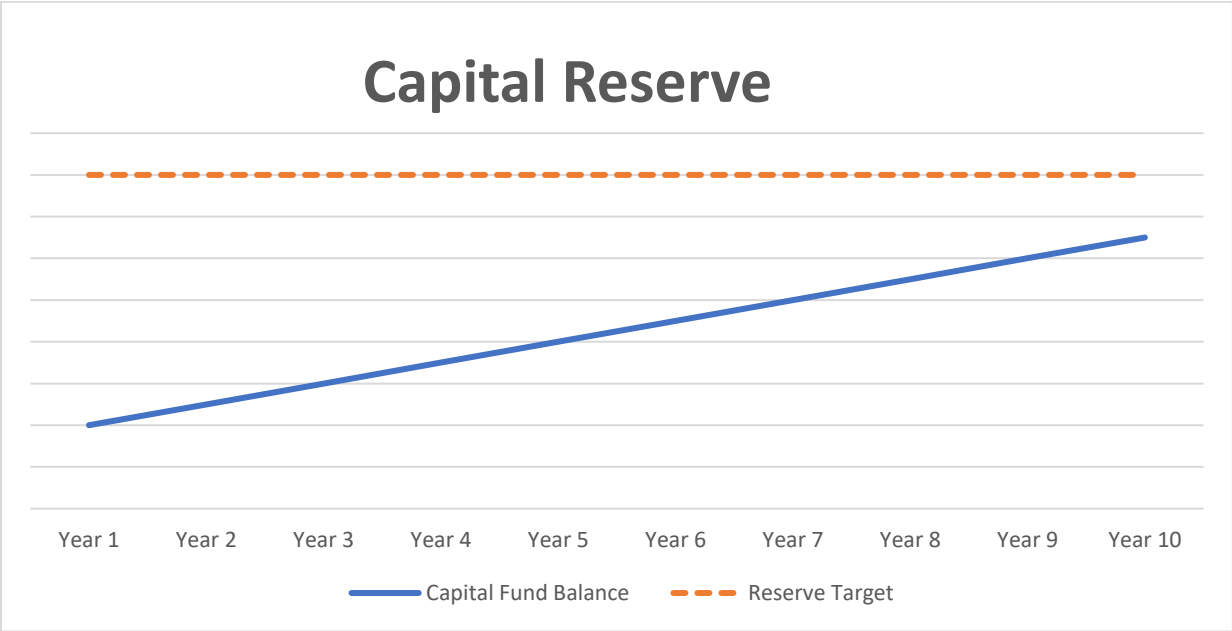
Below I have briefly outlined my proposal to facilitate the creation of the District’s Financial Plan and Rate Requirements.

Long-Range Financial Plan Model/Rate Requirements

I would propose developing an integrated Financial Plan Model looking out the next 10 years. The Model would include revenue and expenditure projections for both operating activities and capital activities. I would build in key assumptions as inputs to the Model that would allow the General Manager to utilize the Model to do what-if scenario planning by just changing these assumptions. The plan would further look at funding needs particularly on the capital side for major repair and replacement of assets. Finally, the plan would project rate requirements for each year.

Pauma Valley Community Services District										
Long-Range Financial Plan										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Revenues:										
Wastewater										
Gate										
Security										
Other										
Total Operating Revenues										
Operating Expenses:										
Wastewater										
Gate										
Security										
Other										
Total Operating Expenses										
Net Operating Income										
Non-Operating Revenues:										
Repair and Replacement Rev										
Grants Revenue										
Total										
Non-Operating Expenditures:										
Major Repair & Replacement										
New Capital										
Total										
Net Non-Operating Results										
Operating Requirements Rates										
Wastewater										
Security										
Gate										

Utilizing the results from the Long-Range Financial Plan, forecasted fund balances can be generated. This will allow for scenario planning via the Model to develop an approach to achieving reserve goals.



Approach/Timeline/Fee Schedule

Task	Week	Fee Schedule (\$15,000)
Meet with GM – Make data request/gather required information. Build initial Long-Range Financial Plan Model (LRFP).	Week 1-4	
Meet with GM – Review LRFP Model. Review results and recommendations regarding rate projections & reserve balances. Make adjustments based on GM feedback.	Week 5-6	\$7,500
Board workshop – Review LRFP Model and results with Board. Get Board feedback make adjustments. Complete LRFP Model.	Week 7-8	
Present Final Report @ CSD Board Meeting.	Week 9	
Deliver LRFP and provide model use training to GM.	Week 10	\$7,500

Deliverables

I will prepare the Long-Range Financial Plan Model in an excel spreadsheet format. Upon finalization of the Model I will deliver the file electronically and I will provide the GM with training on how to use the Model so that future updates can be accomplished internally.

Fee

For the Long-Range Financial Plan Model/Rate Requirements effort described above - \$15,000. Additional efforts or tasks by mutual agreement.

Please feel free to contact me if you would like to discuss anything regarding the proposal. Thanks for the consideration.

Jeff Armstrong

Jeff Armstrong

30378 Canyon Trail Court
 Menifee, CA 92584
 951-445-1215

PAUMA VALLEY COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS

Item: 6

Date: May 4th, 2023

From: Eric Steinlicht, General Manager

Issue: **Strategic Planning Facilitation Services**

STAFF RECOMMENDS THE BOARD OF DIRECTORS:

1. Authorize the General Manager to approve Mr. Jeff Armstrong’s proposal to develop and provide a Strategic Plan.

BACKGROUND

The Pauma Valley Community Services District (PVCSD) Board of Directors are in the early stages of developing a multi-year strategic plan. The future PVCSD Strategic Planning effort will establish the organizational mission, vision, core values, and strategic focus areas that will help prepare and guide PVCSD as it faces new opportunities and challenges over the coming years. To help with this strategic planning effort, the PVCSD Board of Directors would like to engage the services of an experienced strategic planning facilitator.

DISCUSSION

In January 2023, the PVCSD Board of Directors directed the General Manager to seek proposals for strategic planning facilitator services. PVCSD has received five proposals which are attached for your review. The five firms are:

1. **BHI Management Consulting**: BHI Management consulting proposes a five-to-ten-year Strategic Plan with two separate board workshops. These two board workshops would be spaced out anywhere between two to four months. Mr. Brent Ives, the facilitator who formed this company has an extensive background facilitating board workshops.
2. **Rauch Communication Consultants Incorporated**: Rauch Communication Consultants Incorporated (RCC) has over fifty years of successful development of strategic plans. RCC has significant strategic planning facilitation experience and has helped guide approximately 225 community service districts to date. In addition, RCC is directly involved with the California Special District Association (CSDA) Leadership Academy.
3. **Regional Government Services**: Regional Government Services (RGS) was recommended by CSDA. RGS is a Joint Powers Authority (JPA) that was founded in 2001 and began serving public agencies, special districts in 2002. To date, RGS has served over three hundred public agencies. RGS has an extensive network of professionals that have many years of experience in the public sector.

4. **Rhythm Systems:** Rhythm Systems (RS) appear to be geared towards the private sector more so than the public sector. However, RS can provide software that goes hand in hand with their Strategic Planning Facilitation. This software is a unique and innovative tool that can be utilized by staff to reorient objectives with the Strategic Plan created by RS. They have proven success with large private sector companies and have exponentially grown their financial position via their methodology. RS also offers a one-day custom planning session that focuses on organizational priorities for the year.
5. **Mr. Jeff Armstrong:** Mr. Jeff Armstrong, prior Interim General Manager for PVCSD, has offered to provide strategic planning facilitation services as well as a cost-of-service analysis. Mr. Armstrong is a proven leader with decades of public utility experience and has freely provided professional development coaching and organizational improvement advice to the current General Manager as PVCSD transitioned to new leadership.

FISCAL IMPACT

The estimated fiscal impact for securing a professional services agreement for strategic planning facilitation services ranges from \$10,000 to over \$30,000.

THEREFORE, STAFF RECOMMENDS THE BOARD OF DIRECTORS:

1. Authorize the General Manager to approve Mr. Jeff Armstrong's proposal to develop and provide a Strategic Plan.

Attachments

1. BHI Management Consulting Summary of Service
2. Rauch Communications Consultants Incorporated Proposal
3. RGS Cover Letter and Proposal
4. RS Proposal Slideshow Presentation
5. Mr. Jeff Armstrong's Proposal

Prepared by: Eric Steinlicht, General Manager

Approved by: Eric Steinlicht, General Manager

Brent Ives – BHI Management Consulting

Summary of Service

- ❖ usually cover 5-10 years to look at the Agency strategically (aimed, deliberate, linked, building upon one another), not tactically (moving project to project without any linkage, reactive, not proactive)
- ❖ involves two public, open Board workshops - One to clarify the Board's vision, one to share with them what it will take to get them there. Usually 2-4 month in between these workshops.
- ❖ getting ready for the first Board workshop, usually involves gathering and organizing input. Background and current working environment of the District. Staff input, individual Board member input, sometimes, public input meetings, input from strategic partners (water mutual?) and potentially others. ALL of this gets organized and presented to the Board at the first workshop.
- ❖ At the first workshop, the Board is guided to determine what areas are of sufficient priority to capture as part of the strategic plan. These areas are discussed, defined and properly captured as vision strategy of the Board.
- ❖ After the workshop, you, I and District staff put actions over the planning term (5-7-10? years) and dates to support their vision.
- ❖ At the next Board workshop we talk about the Vision and it's implementation....along with an examination of the support that will be needed to make the vision happen.
- ❖ After the second workshop, we have enough to publish an approval fraud that comes back to the Board for approval.
- ❖ The cost for this approach from me is plus-minus \$30K....plus expenses, etc. etc.

Hope this helps....see my background at www.bhiconsulting.com...see my book at Amazon, *52 Ways to be a Better Board*. See my weekly Board email based training at www.GoodBoardWork.com

Dynamic Public Outreach, Smart Strategic Planning

For local governments, special districts, and the engineering, environmental and law firms that support them.

DATE: 3-11-2023

NO OF PAGES: 17

TO: Eric Steinlicht, General Manager

FROM: Martin Rauch

Attached to this letter is a proposal, as requested, to facilitate the development of a strategic plan and succession plan with Pauma Valley Community Services District (PVCSD).

Using proprietary techniques that we honed through the successful development of strategic plans over nearly 50 years, Rauch Communication Consultants (RCC) will assist the District to consider where it stands today, evaluate past achievements, address an increasingly challenging future, consider new opportunities, and ultimately provide the direction that will allow it to proceed confidently into the future.

Ready to Hit the Ground Running

Here's why PVCSD would be well served by Rauch Communication Consultants:

In-Depth Planning Experience, across hundreds of planning workshops and decades of strategic plans, succession plans and other management actions over 50 years.

Local and Regional Experience, around California and across the State, including with many CSDs.

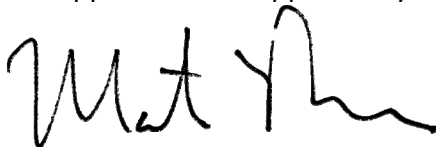
Organizational and Governance Experts. We have worked with over 225 Special Districts over the years. In addition, we are faculty for the California Special District Leadership Academy and regularly teach at statewide conferences on planning and governance issues.

We Know Special Districts; virtually all our clients are in special districts. We understand the industry, finance, governance, operations, LAFCO, and the typical issues faced by districts.

Practical and Accountable Work Plans that provide useful and actionable guidance.

Get-To-The-Point Approach. We have refined our approach to get maximum results quickly. We know you are busy, and we make every minute count.

We appreciate the opportunity to compete to work with you on this critical project.,



Martin Rauch
Senior Consultant

Project Understanding

Our initial understanding from discussions with staff is that the District is generally well run with a good board. However, like all public agencies, we are told that PVCSD faces challenges, such as: the sewer system is aging and requires substantial upgrades and replacements, updated communication and other technology is needed, there is a new manager just getting his bearings, and there is a complex relationship with Rancho Pauma Mutual.

In this environment, a facilitated Strategic Plan can be beneficial, even necessary, to proactively navigate upcoming challenges and identify opportunities that can be taken advantage of. In addition, Strategic Planning is a best practice that can further elevate the overall performance of MCMD.

THE OUTCOMES AND BENEFITS OF OUR PROPOSED STRATEGIC PLANNING PROCESS

We have found that our proposed facilitated strategic planning process provides the following benefits:

Excellent Introduction for Newer Board Members and to Build Consensus Around Priorities for the Entire Board. Our focus on a Board-centered workshop provides an ideal opportunity for both newer and longstanding directors to jointly consider all the key issues facing the District and engage with their fellow directors and staff, in-depth on these topics.

Help the District to Act Decisively and Proactively on Key Issues. In an era of rapid changes and ongoing challenges, Strategic Planning makes it possible to deal with all the key challenges proactively and in priority order. Strategic Planning provides an organized method for evaluating major programs, resolving challenges, and setting priorities far more effectively and comprehensively than in regular Board meetings or workshops.

Strengthen staff's appropriate role and authority to implement policy direction while the Board strengthens its policymaking role. Even in agencies with effective governance and management like MCMD, the strategic planning process reinforces and strengthens both the Board's ability to set clear policy direction and the staff's authority and flexibility to carry it out.

Frees the Manager or Board President from Facilitating Their Own Workshop. Professional facilitation allows the entire management team and Board to participate fully in the workshop. It also brings an outside perspective that can be helpful. The facilitator can also share and help integrate experiences gathered from many other Districts with similar issues and challenges.

Project Approach

Rauch Communication Consultants proposes to use a step-by-step, proven approach to strategic planning that has been adapted to meet the needs of PVCSD. It may be modified following step 1 to further customize it to meet the specific needs of the District and the situation.

1. COORDINATION, RESEARCH, INTERVIEWS AND PLANNING.

1A. Kickoff, Review Relevant Documents, Interviews, and Planning. The purpose of the initial kickoff conference call is to clarify expectations, participants, process, documents to review, desired outcomes, and any other open issues.

Initial analysis. This stage initiates analysis that depending on the situation may include the equivalent of a needs assessment, gap analysis, SWOT, and TOWS analysis, etc. that will be carried on through the first board workshop.

Confidential Interviews (by phone or Zoom). Experience has shown that one of the best tools for gaining early insight into key issues facing an organization at the start of a strategic planning process is one-on-one confidential interviews with key individuals. The confidential interview process gives the people who have the greatest influence on the organization a chance to candidly express their interests, concerns, and perspectives. Interviews provide the following benefits:

- Introduces the facilitator to the key participants, which helps the facilitator plan how to facilitate the specific involved players most effectively.
- Provides an arena for the facilitator to gather any sensitive information that people may feel uncomfortable bringing to the table. This allows the facilitator to ensure that all key issues are dealt with.
- Helps the interviewees to start thinking about strengths, weaknesses, opportunities, threats, and their own goals and priorities.

We are proposing to interview the five Board members and General Manager. These would be conducted by phone or Zoom. Additional interviews can be arranged, for example, with members of the Rancho Pauma Board or others if needed (extra scope).

2. WORKSHOPS TO GATHER INSIGHT REGARDING CRITICAL ISSUES AND PRIORITIES.

Following the steps above, the consultant will have a much deeper understanding of the District, Board, staff, community, and others. With the knowledge at hand, the consultant will determine if changes in the approach described here are recommended.

2A. Board Workshop #1 (onsite, in-person). The strategic planning workshops are the heart of the process. Our workshops are designed to engage all the participants, ensure everyone's perspective is voiced and heard, and obtain consensus on key issues rapidly and effectively. The workshop takes inputs from the interviews and research phase and uses a set of proprietary facilitated exercises designed to provide the equivalent of a needs analysis, SWOT, and gap analysis as well as the background understanding needed to set clear policy direction. Examples of topics likely to be covered include:

- Self-Assessment: Rating the District Today. To chart a path to the future, the District will need to identify where it stands today: what is working what is not working optimally, and how various aspects of the District are viewed by each participant.
- Identifying Strengths, Weaknesses, Opportunities, and Threats. Identifying the significant current and future issues that can impact the organization and the most promising opportunities to deal with those threats or make improvements.
- Identifying the Highest Priority Issues. The group discusses and identifies the most critical challenges or opportunities that the District must tackle if it is going to accomplish its mission.
- Developing Strategic Issues Areas. With the facilitator's assistance, the group will take all the information above and organize it into an initial set of strategic issue areas and priorities. These strategic issues will later be translated into goals and objectives. Workshop #1 normally runs from morning until roughly mid-afternoon or so.

Note: *These will be Brown Act meetings and the public is welcome. If members of the public attend, our recommendation is to provide them an opportunity to comment or ask questions at the beginning, middle, and end, thereby reserving the core workshop for the Board and management team and encouraging them to engage in the public workshop and survey, and during the final review meeting.*

2B. OPTIONAL: Public Engagement. It can be beneficial to hear from stakeholders about what they want in the strategic plan. There are several ways to engage the public. These include confidential interviews, surveys, small groups, departmental and/or all-hands workshops, and others. If this is desired, we could discuss the options and provide a supplementary proposal.

2C. OPTIONAL Board Workshop #2 (onsite, in-person). *We recommend the addition of a second half-day workshop as described below. The benefit of this additional workshop is to give the board time to articulate and come to a firmer consensus on key issues. It also makes possible the refinement of more accurate direction and priorities for staff to implement.*

Before the workshop, the consultant will take the detailed inputs from the first workshop and develop an initial list of goals and objectives which are reviewed and refined with staff in advance. At this workshop, the participants will undertake the following:

- **Review and edit as desired the Board level policy direction in their Goals, Objectives.** This is the core policy-level direction that will be acted upon by staff and is a critical step in the strategic planning process.
- **Evaluate and Consider Mission, Vision, and Values.** Through a series of exercises, the consultant will work with the participants to review the current Mission Statement. While rarely if ever updated, it is appropriate to review and consider potential refinements to the Mission statement. We would also use this time to develop a Vision statement and values statement. We especially recommend the development of a Vision statement as being a helpful addition to a strategic planning process.

If the District chooses not to add the second workshop described here, the content of this workshop can be completed by stretching the first workshop and through the consultant

working offline with staff. Relying on a single workshop to accomplish all of the Board's policy-level direction does work, although it is not as optimal as utilizing a second workshop.

3. IMPLEMENTATION PLANNING AND 'REALITY CHECK

3A. Develop a Three-Year Implementation Plan (Tactics), Budget, and Staffing. In order to properly evaluate the feasibility of the plan and later implement it, it is necessary to develop an implementation plan. In other words what initiatives or work must be implemented to achieve the goals, objectives, priorities, and expected outcomes? The level of detail varies by organization, but there should be enough detail to make it possible to reality check the plan and determine if the plan is doable in terms of monetary resources (budget), staff time and expertise, as well as sequencing. If any of the Board's goals, objectives, or priorities are not doable with current resources, it can then be brought to their attention so the board can consider adjustments to the plan or acquire additional resources (resource development).

The implementation plan provides accountability by providing basic timelines and naming someone responsible for the work.

This is primarily a staff-driven process with close support and guidance from the consultant. It should include the engagement of the management team or key senior staff.

4. DEVELOP A MONITORING AND OVERSIGHT PLAN, PREPARE THE PLAN FOR PRESENTATION TO THE BOARD, MAKE ANY FINAL EDITS, AND FINALIZE

The final plan will include a clear and understandable summary of goals and objectives that are prioritized in a way that can be readily understood and monitored.

4A. Monitoring and Oversight Plan. The consultant will work with staff to document a process for reporting on the Plan, board oversight, and monitoring of progress. This would include when and how the Plan will be updated and rolled forward so that there is always a multi-year guide to the future.

4B. Finalize and Approve (Via zoom). The consultant will present the final plan to the Board and public via zoom workshop. If there are any final comments, changes, or questions, the consultant will make final refinements, proof the document, and produce a final, approved copy.

DELIVERABLES

The final Strategic Plan would include the mission, vision, values goals, and objectives with outcomes and measures. In addition, the plan would summarize the current and expected challenges and opportunities facing the District identified in the process. There would be an implementation plan (tactics), including timing and someone named responsible for each strategic initiative as well as a plan for monitoring, and Board monitoring and oversight. The entire document would be written clearly, include professional graphic design, flow in a logical order, and integrate the findings, goals, and objectives in a seamless, easy-to-follow manner.

TIMING

Timing. We can be available to start at an agreed-upon date this summer.

Selected Examples of Our Experience

In our experience, Boards that identify concrete goals, priorities, and timelines are more successful in addressing issues. Here are some examples of our experience helping organizations carry out their mission.

Coachella Valley Mosquito and Vector Control District (CVMVCD). We have developed two strategic plans for CVMVCD. The plans included engagement with staff and union representatives with some participating in the interview and workshop process and all invited to participate through surveys and department-level discussions.

Orange County Mosquito and Vector Control District, staff level strategic plan. The District struggled to respond to record high numbers of residents contracting West Nile Virus, with numerous deaths resulting from the disease and never-before-experienced percentages of mosquitos carrying the virus. Worked with the management team and the entire staff to develop a plan to ensure a more rapid, flexible, and effective response at all levels in the future both in typical years and during crisis years.

California Special Districts Association, Strategic Plan. Rauch Communications was called in to assist this major statewide organization in preparing a Strategic Plan. The Plan was received enthusiastically by both Board and Staff, and implemented.

Association of California Water Agencies, Strategic Plan. ACWA is the oldest and largest statewide organization of water agencies in California, with a membership consisting of public agencies and numerous engineering, legal and financial organizations. Rauch Communication Consultants planned and conducted its Vision 2000 strategic planning process, which significantly altered the organization's structure and direction. The new Plan was developed with a comprehensive outreach program involving numerous coordination meetings and is considered a success.

Golden Empire Transit District. Rauch Communication Consultants worked closely with the Board and management staff of this Bakersfield agency to analyze district issues and concerns and then prepare a set of findings and recommendations to revitalize the agency, restore management credibility and rebuild staff morale and effectiveness.

Cordova Recreation and Park District. This District faced pressure to build new facilities, questions about appropriate levels of services, and also challenges in building support for funding new initiatives. There were also role and relationship issues between the manager and Board, as well as other issues. These issues were all resolved through a facilitated Direction setting process.

National Water Resources Association, Strategic Plan. This Washington-based national organization brings information about the federal policy to its membership and provides lobbying before Congress on their behalf. Rauch Communication Consultants planned and conducted the process leading to the development of their Strategic Plan.

San Joaquin River Exchange Contractors Water Association. This is the organization's first strategic Plan. It tackled the very complex issues facing the Contractors and helped them manage the recent drought more effectively than many of their other agricultural neighbors.

Rancho Murieta Community Services District. Worked closely with the Board of Directors and staff to create a new mission statement, vision, objectives, goals and set of action items as part of

the complete Strategic Plan for this Community Services District that provides sanitary, water, security, roads, and other services.

Costa Mesa Sanitary District. Worked closely with the Board of Directors and staff to create an initial strategic plan and annual updates. The most recent Strategic Plan led to a series of dramatic changes in direction that took several years to complete.

Kern County Water Agency. This agency supplies all the imported water in Kern County, a largely agricultural area that is now also experiencing a rapidly growing urban center. The Agency imports over one million-acre foot of water per year, making it a leader in California's water structure. Rauch Communication Consultants planned and conducted the development of its Strategic Plan, working closely with the Board, senior management, numerous member districts, and a major city and the county. Over 57 different agencies and key individuals were interviewed along the way. The Plan was unanimously adopted.

Novato Sanitary District. This agency had aging treatment facilities under regulatory mandates to make upgrades and a collection system with capacity and I&I problems. The consultant worked with the staff and the Board as they evaluated and undertook a major upgrade of their collection system and complete rebuild of their treatment plant and transition to operating the treatment under contract to a private corporation under intense public scrutiny. Rauch Communication Consultants also facilitated the development of a formal strategic plan and update and the Organization currently enjoys, extremely high service quality, low rates and customer satisfaction.

Santa Clara Valley Water District. This agency provides water supply and flood control services for a major portion of Silicon Valley. With an annual budget running in the hundreds of millions of dollars, it impacts numerous aspects of the area's economic, residential, and environmental aspects. Rauch Communication Consultants conducted the initial strategic planning workshops of the Board of Directors and senior management, which defined the district's future direction.

Las Virgenes Municipal Water District. Worked with the Board and staff to annually update and incrementally restructure the existing strategic plan and facilitate the annual development of updated action plans. Las Virgenes Municipal Water District provides both water and wastewater services, with wastewater issues predominating in the planning process: expanding recycled water use, maintaining a strong environmental focus, meeting NPDES challenges, and more.

Goleta Sanitary District. Facilitated an initial strategic plan and many annual updates for this sanitary district along the coast. Also, it provides ongoing support and facilitation to Staff and the Board of Directors in developing plans and responses to important events.

Castaic Lake Water Agency. This agency's Plan, covering the whole of a rapidly developing area in Los Angeles County, involves the development of a multi-phase resources plan. The Agency is a large water importer serving the area. Rauch Communication Consultants conducts the annual strategic planning retreats of the Board of Directors, and prompted development of the Plan.

Arvin Edison Water Storage District. This large and thriving agricultural District is well known for its complex, sophisticated and wide-ranging, In-lieu, banking, exchange and other water management programs that involve upwards of 400,000 acre-feet of water per year in some years. Despite their successes, as a result of strategic planning, they made a substantial structural reorganization, committing their General Manager 100% full time to only focusing on developing long-term future water supplies in response to perceived long-term threats. The rest of the management team was reconfigured to accommodate the changes.

Statement Of Qualifications and Experience

RAUCH COMMUNICATION CONSULTANTS, INC.

Rauch Communication Consultants Inc. has served the special district community for almost 50 years in California. During that time, we have worked with over 225 agencies throughout the state and with most of the leading organizations that deal with water resources and local agencies, such as CSDA, ACWA, CASA, and others. The great majority of our clients are water and wastewater agencies, but we have worked with individual agencies of every kind and size in most corners of the state.

Our firm offers three consulting specialties: assisting clients to develop strategic plans, implementing strategic public outreach programs, and consulting to resolve internal management issues. We conduct these services out of our office in, Campbell (San Jose), and through our affiliates in other cities around the state.

Our expertise in public involvement and outreach lends itself to effectively gathering public input. We are expert facilitators and have planned and facilitated hundreds of successful meetings and workshops over the years.

We completed the strategic Plan for the California Special District Association and dozens of special districts. We led ACWA's Vision 2000 strategic plan that significantly changed the structure and direction of the organization, as well as key strategic planning sessions for CASA during a time of organizational change. A selected list of clients for whom we have provided strategic planning services is given later in this proposal, along with brief client case studies and testimonials.

We have also served as speakers for conferences and seminars on strategic planning and public outreach for numerous District associations.

What Our Clients Say About RCC

"Two things surprised me when Martin led our Board members through strategic planning: The first was that he was an incredibly quick study in understanding the issues and the nuances of working through them. The second was how he got our Board to open up and freely discuss the issues. Not only was I surprised at how much he got them to talk and share, but the Board members were surprised at how like-minded they were at the end of the process." [Arvin Edison WSD](#)

"On behalf of the California Special Districts Association, I wanted to take a moment to thank you for the wonderful job you did at our 2007 Board Planning Session. You did your homework; found the common denominator and provided the Board and my executive staff with a positive outlook for the future of CSDA...We were all impressed and came away with a sense of positive change for the Association." [California Special Districts Association](#)

"It was one of the most productive series of meetings of this kind I have participated in professionally."

[Cucamonga County Water District](#)

"...a glowing recommendation for your ability to prepare a Strategic Plan."

[Squaw Valley Public Utilities District](#)

"Over the years, I have done many, many strategic plans and this one was impressive for how efficient the process was and it got to the point in a practical and useful way. Too often strategic plans just get put on a shelf until next year. This one has check points and useful targets and tasks regularly thru next year."

[Director Novato Sanitary District](#)

"Though your skilled mentoring and carefully executed annual planning sessions . . . this District has been able to rise from the depths of public unrest to a position of public trust. . . So much of what we have accomplished is credited to the tools that you have given us along the way."

[San Juan Water District](#)

"I wanted to give you thanks for your guidance in helping the Board members make decisions that resulted in a healthy working, and I believe, successful atmosphere here in our District...We have a Board and Management team who get along and support each other. Again, thank you for your capable knowledge and assistance..."

[Cordova Recreation and Park](#)

"Our Board was having a tough time communicating between ourselves, and unable to communicate with staff. The workshop you put together for us has given us a clear vision and made all the difference in the world."

[Three Valleys Municipal Water District](#)

"Thanks for your assistance with this long overdue process. Great workshop outcome. It went a long way to provide the current Board camaraderie and trust."

San Diego County Water District

"This strategic plan was impressive for how efficient the process was, and how it got to the point in a practical and useful way."

Novato Sanitary District

"Our Strategic Planning Workshop, which you facilitated . . . provided the Board with a greatly improved understanding of the many issues facing the District both now and in the future— which makes it possible for the Board to provide a more focused and clear policy direction to staff . . . Perhaps more importantly, your facilitated process helped our Board and Staff develop a consensus around a much larger, but still realistic vision of what our District needs to be in order to best serve our customers."

Cucamonga County Water District

"Rauch Communication Consultants has been working with our Board of directors and management team for the past ten years. They have facilitated annual strategic planning workshops that have helped us keep everyone focused on the critical priorities of our district. With RCC's help we have learned to address the major long-term issues, and develop effective action plans to deal with them. It has really made a difference!"

Truckee Donner Public Utility District

The Consultant Assigned to The Project

MARTIN RAUCH, President, Rauch Communication Consultants

Martin Rauch is President of Rauch Communications Consultants, a full service strategic planning and public outreach firm with main office near San Jose California that has served over 175 clients in California during the past 40 years.

The work will be carried out primarily by Martin Rauch. He brings to this task experience in group dynamics, developing consensus, Board and District strategic planning, and facilitation.

Martin conducts strategic planning sessions for the Boards and senior managers of client organizations. He also provides training in effective Board meetings, roles and relationships of Board members and managers and other related topics. He specializes in the preparation and facilitation of a wide variety of meetings. These complex events include focus groups, citizen's advisory committees, community presentations and public meetings.

Working out of RCC's San Jose Office, Martin also assists Board of Directors and senior managers, by tailoring public information projects that meet the special requirements of each client. For 15 years, he has provided strategic outreach support throughout the state.

Mr. Rauch has served as a speaker and seminar leader for the Association of California Water Agencies (ACWA), California Association of Sanitary Agencies (CASA), California Special Districts Association (CSDA) and others. He was a regular faculty member of the Special District Institute, is a regular speaker for CSDA, and is on the Board of the Special District Leadership Foundation. He is the principle author of the Special District Leadership Foundation certificate course on strategic planning, and has been invited as a speaker to other statewide associations.

Prior to his work for public agencies, he served for several years as a community organizer and educator for nonprofit organizations, organizing community groups and producing educational and information materials. He holds a Bachelor of Arts degree with High Honors from the University of California at Santa Barbara. Martin's formal training also includes completion of Business Mediation Training at UC Berkeley, as well as courses in Facilitating and Mediating Effective Agreements.

List Of Selected Clients

ASSOCIATIONS, JPAs, STATE, FEDERAL AND OTHERS

Association of California Water Agencies (ACWA)
 California Special Districts Association (CSDA)
 California Association of Sanitation Agencies (CASA)
 California Department of Water Resources
 Special Districts Institute
 California Sanitation Risk Management Authority
 California Association of Public Cemeteries
 Friant Water Authority
 WaterReuse Association
 California Mosquito and Vector Control Association
 American Desalting Association
 Association of Groundwater Agencies
 San Luis Delta-Mendota Water Authority
 San Joaquin River Exchange Contractors Water Authority
 North Bay Water Reuse Authority
 Faculty Association of Community Colleges
 National Water Resource Association
 Water Education Foundation
 Pacific Coast Association of Port Authorities

Sewer Authority Mid-Coastside
 Mission Research Corporation
 Stone Creek Company
 Suburban Water Systems
 Boyle Engineering
 Dokken Engineering
 El Solutions
 McCormick, Kidman, and Behrens
 Pennfield and Smith
 Redwine and Sherill
 White House Office of Policy Development
 National Water Resource Association
 North Bay Watershed Authority
 San Gabriel Valley Water Association
 San Gabriel Basin WQA
 Santa Barbara Special District Association
 Cachuma Operations Maintenance Board
 Cachuma Conservation Release Board
 California Sign Association

LOCAL GOVERNMENT AGENCIES

BUTTE COUNTY

Oroville-Wyandotte Irrigation District

CALAVERAS COUNTY

Calaveras County Water District

CONTRA COSTA COUNTY

Diablo Water District
 Contra Costa Water District
 Stege Sanitary District
 Dublin San Ramon Service District

EL DORADO COUNTY

South Lake Tahoe PUD

IMPERIAL COUNTY

Imperial Irrigation District

KERN COUNTY

Arvin Edison Water Storage District
 Indian Wells Valley Airport District
 Indian Wells Valley Water District
 Kern County Water Agency
 West Kern Water District
 North of the River Municipal Water District (Bakersfield)
 Oildale Mutual Water Company
 North Kern Water Storage District
 Golden Empire Transit District
 Terra Bella Irrigation District
 Friant Water Users Authority
 Cawelo Water District
 Arvin Community Services District
 North Bakersfield Recreation and Park District

Inyokern Community Services District
 Shafter Park and Recreation District

LASSEN COUNTY

Lassen Municipal Utility District

LOS ANGELES COUNTY

Los Angeles County Park and Rec
 Castaic Lake Water Agency
 Central Basin MWD
 Pico Water District
 Upper San Gabriel Valley MWD
 West Basin MWD
 San Gabriel Valley MWD
 Water Replenishment Dst. of So. Cal.
 San Gabriel County Water District
 Main San Gabriel Basin Watermaster
 California Domestic Water Company
 Pasadena Historical Museum
 Three Valleys MWD
 Newhall County Water District
 Las Virgenes Municipal Water District
 Conjunctive Use Working Group (?)
 Palmdale Water District
 City of Sierra Madre
 City of Arcadia
 City of El Monte
 City of La Puente
 East Pasadena Water Company
 Foothill Municipal Water District
 Valley County Water District

MARIN COUNTY

Las Gallinas Valley Sanitary District
 North Marin Water District
 Sausalito-Marin City Sanitation Dst.
 Tamalpais CSD
 Sanitary District #5 (Tiburon)
 Novato Sanitary District
 Ross Valley Sanitary District
 San Rafael Sanitation District
 City of San Rafael
 Central Marin Sanitary Agency
 County of Marin
 Novato Disposal Services, Inc.
 San Quentin Village and Murray Park

MERCED COUNTY

Central California Irrigation District

MONO COUNTY (and MADERA)

Mammoth Community Water District

MONTEREY COUNTY

Marina Coast Water District
 Monterey Peninsula Water Management District
 Monterey Regional Water Pollution Control Agency
 Pebble Beach CSD

NAPA COUNTY

Napa County
 Napa Sanitation District

NEVADA COUNTY

Northstar CSD
Truckee-Donner Public Utility District
Tahoe Truckee Unified School District

ORANGE COUNTY

Municipal Water District of Orange County
Mesa Consolidated Water District
Los Alamitos County Water District
South Coast Water District
Serrano Irrigation District
El Toro Water District
Orange County Water District
Costa Mesa Sanitary District
Capistrano Beach County Water District
Coastal Municipal Water District
Midway City Sanitary District
TriCities Municipal Water District
Yorba Linda Water District
Placentia Library District
Laguna Beach County Water District
Emerald Bay Service District
Moulton Niguel Water District
Orange County Vector Control

PLACER COUNTY

San Juan Water District
North Tahoe Public Utility District
Squaw Valley Public Services District

PLUMAS COUNTY

East Plumas Health Care District

RIVERSIDE COUNTY

Coachella Valley Mosquito & Vector Control District
Mission Springs Water District
29 Palms Municipal Water District
Rancho California Water District
South Mesa Water Company
Elsinore Valley MWD
Santa Rosa CSD
Beaumont Cherry Valley Water District
Santa Ana Watershed Project Authority
Desert Healthcare District

SACRAMENTO COUNTY

County of Sacramento Public Works Agcy.
Sacramento Regional County Sanitation District
Fair Oaks Water District
Arcade Water District
Sacramento Metropolitan Water Authority
Carmichael Water District
Rio Linda Water District

Northridge Water District
Rancho Murrieta Community Services District
Cordova Recreation and Park District

SAN BERNARDINO COUNTY

Big Bear Municipal Water District
Monte Vista Water District
Big Bear Airport District
Yucaipa Valley Water District
Bear Valley Community Hospital District
Bear Valley Community Services District
City of Big Bear Water and Power Department
Joshua Basin Water District
Inland Empire Utility Agency
East Valley Water District
Big Bear Area Regional Wastewater Agency
Victor Valley Water District
Cucamonga County Water District
San Antonio Water Company
Chino Basin Watermaster
ITI Desert Water District
San Bernardino Valley Water Conservation District
Big Bear City CSD
City of Big Bear Lake
Hi-Desert Water District
West San Bernardino County Water District

SAN DIEGO COUNTY

San Diego County Water Authority
Padre Dam Municipal Water District
Rincon del Diablo MWD
Vallecitos Water District
Helix Water District
Leucadia Wastewater District
North County Fire Protection District
Olivenhain Municipal Water District
Santa Fe Irrigation District
Otay Water District
Fallbrook Public Utility District
Rainbow Water District
Vista Irrigation District

SAN FRANCISCO COUNTY

Golden Gate Bridge, Highway, & Trans. District

SAN JOAQUIN COUNTY

Ripon Fire Department

SAN LUIS OBISPO

Templeton CSD
Port San Luis Harbor District
San Simeon CSD

Cambria Community Services District
Nipomo Community Services District

SAN MATEO COUNTY

East Palo Alto Sanitary District
San Mateo County Harbor District
Montara Water & Sanitation District
Sewer Authority Mid-Coastside

SANTA BARBARA COUNTY

City of Santa Barbara
Goleta Sanitary District
Montecito Sanitary District
Carpinteria Sanitary District
Santa Maria Public Airport District
Goleta Water District
Montecito Water District
Cachuma Project Authority
Goleta West Sanitary District
Mosquito and Vector Management District
Isla Vista Recreation and Park District
Lompoc Hospital District
Santa Barbara County Vector Control District
Carpinteria Valley Water District
Santa Ynez Community Services District
La Cumbre Mutual Water Company

SANTA CLARA

Santa Clara Valley Water District
West Valley Sanitation District

SANTA CRUZ COUNTY

Scotts Valley Water District
Pajaro Valley Water Management Agency (Watsonville)
Central Fire Protection District
Santa Cruz FPD
Soquel Creek Water District

SOLANO COUNTY

Rural North Vacaville Water District

SONOMA COUNTY**TULARE COUNTY**

Friant Water User Authority
Visalia Public Cemetery District

VENTURA COUNTY

Camrosa County Water District
Rancho Simi Rec. & Park District
Casitas Municipal Water District
Conejo Recreation and Park District
Ojai Valley Sanitary District
Calleguas Municipal Water District
Meiners Oak County Water District
Marina Coast Water District
Camarillo Health Care District

Examples Of Implementation Plans

EXAMPLE OF AN IMPLEMENTATION PLAN BUILT WITH THE GOALS AND OBJECTIVES

This example is designed to provide a clear indication of the work to be done, while tying it closely to the goals and objectives while avoiding an overload of detail.

Goal 2. GOVERNANCE AND HR: A Strong Culture Supports the Board and Staff Team That Grows in Skill, Teamwork, and Experience

Relevant Values: public health, financial stability, ethics, innovation, professionalism, environmental stewardship, collaboration, communication.

Strategic Challenge. Although the District has a strong, well-trained, and experienced staff and management team, the single-highest ranked area of emphasis identified in the workshop was *succession planning and staff development* to preserve and enhance institutional knowledge and capabilities. The District has developed a deeply ingrained culture of collaboration, internal development of staff, and good communication within and between most levels of the organization from the Board to the field. However, remote work and the stresses of COVID have diminished that sense of teamwork. Looking to the future, changes from COVID may impact employee expectations and workplace practices even more.

Strategic response. The highest HR priority in this plan is re-establish the strong team and internal communication that diminished during COVID. The second priority is to enhance succession planning and ensure backup of all critical positions. To achieve this, staff will undertake more detailed and robust identification of key people, skills, and institutional knowledge, develop written succession plans, and increased staff development and training. Finally, while many staff must work on-site to accomplish their jobs, there is a need for a long-term plan for remote work for some staff and even for the Board.

Therefore, we will focus on reinvigorating our strong team culture, building more robust succession and staff development, and adapting workplace practices over time.

The objectives and work plan projects (WP) below must be consistently carried out to achieve the goal above.

OBJECTIVE 2.1	Create a staff culture and a safe working environment to promote effective communication, collaboration, creativity, and employee satisfaction.
Action. 2.1.1	Develop and implement routine surveys to evaluate workplace culture and employee satisfaction to result in policies/initiatives that maintain and support a safe, healthy, and positive workplace. (HR Manager, 2022, Annually)
OBJECTIVE 2.2	Identify Key staff duties and have a trained backup person(s).
Action 2.2.1	Identify essential job duties, develop written or visual training protocols, and cross-train at least one staff member to carry out those essential duties. (HR Manager, 2024, Annually)
OBJECTIVE 2.3	Provide opportunities for employees looking to grow into promotions.
Action 2.3.1	Provide career planning and training for employees looking to support their professional and career development. (HR Manager, 2023)
OBJECTIVE 2.4	Establish conditions that ensure the Board of Trustees are engaged and productive and possess a deep understanding of the District.
Action 2.4.1	Revise the Trustee Manual and update the Trustee orientation process to develop a deeper understanding of District Policies and firsthand experience with the District's Integrated Vector Management Programs. (Clerk of the Board, 2023)

EXAMPLE OF A STAFF IMPLEMENTATION PLAN IN THE FORM OF A DETAILED WORK PLAN

Each implementation plan is customized to fit the needs of the client. The example below is just another approach to implementation planning in which the consultant works with staff to develop a detailed work plan that would demonstrate how it proposes to achieve the goals and objectives.

No.	P.	Action	Lead	Board	Status/Comments	Time
1.0.		GOAL 1—WATER SUPPLY: Develop and maintain a high-quality water supply that meets the needs of our community today and in the future.				
1.1.		Identify long-range water supply options.				
1.1.1	1	Participate in the evaluation of the proposed improvements and expansion of the water supply, treatment, distribution and storage systems to meet demands of proposed development. Verify proposed supply is adequate to meet proposed demands. ¶ Negotiate Development Agreement(s) to address conditions of service.	Mike ¶		Pete & Jesse Schedule-driven by developer(s) ¶	June 2011— Dec. 2013+ beyond ¶
1.1.2	1	Develop a Feasibility Study of water supply options and incorporate information on key study and implementation steps, including CEQA, funding, timelines, permits, TROA implications, costs and benefits, pros and cons, infrastructure needs, next steps and other pertinent information for all practical options. ¶ Specifically consider redundancy, maximizing water supply from within the watershed by accessing previously unavailable areas, imported options, optimizing internal resources through conservation, treatment, etc. Incorporate into an update of the Master Plan upon completion of improvements spurred by new development.	Jesse ¶		Mike ¶ Build on existing Sept. 2009 Study. ¶ (1.2.0)-(1.5.0)-(2.2.2) ¶	May 2012— Nov. 2013 ¶
1.1.3	2	Look for partnerships to enhance water supply options. Continue to collaborate with other agencies. Pursue funding opportunities for primary and redundant water supply projects, including the Truckee River Utility Corridor & Bike Trail Project (2.2.2).	Mike ¶		(2.2.2) ¶	July 2012— Dec. 2013+ beyond ¶
1.1.4	2	Communicate with the public effectively about the purposes, pros and cons of the various water supply options. Utilize the Communications Plan (3.2.1).	Mike ¶		3.2.1 ¶	Jan. 2013— Dec. 2013+ beyond ¶
1.2.		Complete Phase II of the Creek Aquifer Interaction Study.				
1.2.1	1	Procure funding and complete Phase II—Creek Aquifer Interaction Study. The project will quantify the impact of groundwater pumping on flows in Squaw Creek and provide information on developing and implementing different pumping management and/or creek strategies to increase the amount of water that could be stored in local aquifers. It advances water supply reliability and promotes groundwater storage.	Mike ¶		Jesse, Cindy ¶	May 2012— Dec. 2013 ¶

No.	P.	Action	Lead	Board	Status/Comments	Time
1.3.		Apportion costs and benefits fairly among the water supply users.				
1.3.1	3	Perform update of Capital Replacement Program (4.1.0). Implement a Work Order System to track operating expenses by department to determine the cost of each service provided. Use data to accurately set rates and assessments that correlate to the levels of services provided (4.2.0). Update Water Plant Availability Charge (PAC) Fees and Connection Fees (4.3.0). ¶	Mike ¶		Aleta, Jesse ¶ (4.1.0)-(4.2.0)-(4.3.0) ¶	See sections referenced ¶
1.4.		Monitor Status of the Truckee River Operating Agreement (TROA).				
1.4.1	3	Prepare a Biennial TROA Status Report that includes: 1) status of implementation of the Agreement; 2) relevance to District water supply planning, permitting, and operations (e.g., regulatory constraints on import project, well development, surface water diversions, and other water supply options); and 3) strategies and actions to anticipate, plan, respond, and react to implementation of TROA.	Mike ¶		Once per 2 years. ¶ (3.3.0)—cost share w/ other agencies. ¶	
1.5.		Seek funding for an Olympic Valley Watershed Study.				
1.5.1	2	Apply for grant funds through Integrated Regional Water Management (IRWM) and Local Groundwater Assistance Program (LGWAP) to study the entire watershed.	Cindy ¶		(4.4.1) ¶	May 2012— Dec. 2013 ¶
1.5.2	2	Implement the Watershed Study if funding can be found. Study, investigate, and evaluate expanding local water supply resources from areas in the upper watershed, beyond the basin (valley floor) considered in the Groundwater Management Plan (GMP). Consider horizontal wells, springs, variable snow accumulations, surface water flows, subsurface flows, effects of snowmaking, road construction, etc. ¶ Prepare on overall design of the study. Perform study. Incorporate into Feasibility Study, Creek Aquifer Interaction Study, and Communications Plan.	Mike ¶		(1.1.0)-(1.2.0)-(2.1.3)-(3.2.0) ¶ ¶	May 2012— Dec. 2013+ beyond ¶

EXAMPLE OF A DETAILED IMPLEMENTATION PLAN INTEGRATED WITH OTHER PLANS & THE BUDGET

This example is similar to the work plan above, but goes even further, linking the strategic Plan with the budget, project planning tools, and provides progress details.

SUPPLEMENTAL BUDGET PROJECTS						FISCAL YEAR FINPR				PROGRESS NOTES	% Compl	Estimated Completion	Cost To Date (Identifiable)	Expected Revenues	supplemental Balance
Strategic Line #	Budget Line #	Project #	Proj. Manager	PROJECT NAME	PROJECT DESCRIPTION	2013	2014	2015	2016						
GOAL 1: PROTECT GROUNDWATER. Recognizes groundwater as the District's most valuable asset and protect it as a top priority															
1.1.0 Slow and eventually reverse declining groundwater levels and protect the imported water entitlement															
1.1.3	SF-12248381834		JG	<i>Recharge Basin & Pipeline Project</i>	Construction Phase	\$ 3,952,000	\$ 3,952,000			Final design 100%. Construction contingent. Proposition 84 and other funding. Approx. Protected vegetation has been removed and relocated from the basin site. Awaiting Caltrans permits for final pot holes. Estimated time to go to bid is March or April. (\$7,820,000 including a 20% contingency)	0%	12/31/2013	\$ -	\$ 7,904,000	\$ -
GOAL 2 OPERATIONAL AND ASSET MANAGEMENT Design, build, operate and maintain facilities for reliability and cost efficiency.															
2.1.0 Carry Out a Strong Maintenance Management Program that is fully proactive and documented															
2.3.1	SF 1201	237	JG	High Desert Medical Center Waste Water Package Plant	To be paid by HDMC - see matching revenue at end of list	\$ 750,000	\$ 750,000				0%	9/30/2013	\$ 30,427	\$ 1,500,000	\$ (30,427)
PPL	SF-1202		JC	Large Meter Testing	Currently in order to test or remove a large meter, the service needs to be disconnected. This is a serious problem for some large meters such as the hospital and Continuing Care. The bypass will allow the meters to be removed and replaced without discontinuing service.	\$ 30,000				3/6/12: Jim studying to determine for 1 1/2" to up	0%	6/30/2012	\$ -	\$ -	\$ 30,000
2.3.2	SE-1217	831	JG	<i>System Reliability Upgrade for Hospital and County Complex C, B and D-3 Zones - PHASE 1</i>	Develop emergency plan for water outage at HDMC					No cost associated; basically staff & possibly at little Dudek time.		11/30/2012	\$ 34,101	\$ -	\$ (34,101)
2.3.3	OC-1217	001	JC	<i>System Reliability Upgrade for Hospital and County Complex C, B and D-3 Zones - PHASE 2</i>	Have plans prepared for the redundant water service line for the hospital. Construction contingent on funding. June 2013.		\$ 123,000	\$ 123,000				7/31/2015	\$ -	\$ 123,000	\$ 123,000

Project Budget

Pauma Community Services District Strategic Plan

We propose to undertake the following actions associated with developing the strategic Plan for \$19,700 plus travel expenses.

PVCSD STRATEGIC PLAN PROPOSAL	Senior Consultant	Assoc. Consultant	Project Mgr	Subtotal	Optional
	\$245	\$90	\$80		
Hours	18	0	2	20	
1A. Kickoff, Review Relevant Documents, Interviews, and Planning (7 Interviews).	\$4,410	\$0	\$160	\$4,570	
Hours	22	12	1	35	
2A. Board Workshop #1. (includes transcribing notes, organizing notes and integrating into draft plan)	\$5,390	\$1,080	\$80	\$6,550	
Hours	0	0	0	0	0
2B. OPTIONAL Public Engagement. (A quote will be provided if requested)	\$0	\$0	\$0	\$0	\$0
Hours	18	12	0	0	30
2C. OPTIONAL Board Workshop #2. (includes transcribing notes, organizing notes and integrating into draft plan)	\$4,410	\$1,080	0	\$0	\$5,490
Hours	8	4	2	14	
3A. Develop Implementation Plan, Budget, Staffing (Tactics). Support staff development of implementation plan.	\$1,960	\$360	\$160	\$2,480	
Hours	2		2	4	
4A. Monitoring, Oversight Plan and Communication Plan	\$490	\$0	\$160	\$650	
Hours	18	8	4	30	
4B. Finalize and Approve. (Approval Via Zoom. Includes final writing, editing, etc.)	\$4,410	\$720	\$320	\$5,450	
TOTAL	\$16,660	\$2,160	\$880	\$19,700	

More Cost Estimate Details. No out-of-scope work will be undertaken without prior written approval from the District. Out-of-scope work includes new or extra work on existing tasks, which exceeds the total estimated cost for the project. Actual travel and other expenses will be charged. No photo, printing, or other materials costs are envisioned to be needed for this proposal.

Rates. Strategy planning and management consulting rate for the senior consultants is \$245.00 per hour. Outreach and public involvement programs rate for the senior consultants is \$195 per hour. Outreach and public involvement programs rate for associate consultants is \$115 per hour. Graphic designer and webmaster services rate is \$105 per hour. Social media and writing specialist's rate is \$45 to \$90 per hour. Rate for Administration, Production Manager, is \$80 per hour.

Travel: For meetings involving travel, the minimum charge is four hours. Actual travel costs will be charged.

February 20, 2023

Eric Steinlicht
General Manager
Pauma Valley Community Services District
33129 Cole Grade Rd
Pauma Valley, CA. 92061

RE: PROPOSAL FOR STRATEGIC PLANNING SERVICES

Dear Mr. Steinlicht,

Thank you for giving Regional Government Services (RGS) the opportunity to provide the Pauma Valley Community Services District (District) this proposal to provide Strategic Planning Services. RGS is a unique, fee-supported, joint powers authority specializing in public-sector administration and consulting services. RGS exclusively serves public agencies and employs experienced public-sector professionals to assist our partner agencies. RGS has a solid and respected reputation with the over 300 public agencies we have served for timely, cost-efficient delivery and effective implementation. As a public agency, we fully understand the needs and requirements of municipalities.

The RGS team is uniquely qualified to provide these services based on the combination of our specific relative experience working with municipal agencies throughout California and the creative, dynamic work previously produced by our proposed Lead Advisor, Chris Sliz. Chris has provided facilitation services with a number of local government agencies creating/updating their strategic plans. Chris brings a practical, results-oriented focus to strategic planning, while incorporating input from all identified stakeholders. As a result, plans are both clear and actionable.

RGS looks forward to the opportunity to provide our services to the District. If you have any questions or need additional information about our proposal, please contact me at (650) 587-7313 or via email at: roppenheim@rgs.ca.gov, or, Chris Sliz at (650) 587-7300 ext. 51 or via email at: chris@rgs.ca.gov. This proposal offer will remain valid for 90 days from the date of this letter.

Sincerely,

Richard Oppenheim

Richard Oppenheim
Administrative Services Manager/Training and Development Manager
REGIONAL GOVERNMENT SERVICES

Pauma Valley Community Services District

Proposal to Conduct Strategic Planning

Background and Goals

- Pauma Valley Community Services District (CSD) provides security, gate access service, wastewater treatment and conveyance for a small community of about 400 homes, a country club, and agricultural users.
- The CSD is led by a 5-member Board with the majority of members having 1 – 2 years on the Board.
- There are approximately 16 – 17 staff members.
- The CSD contracts with Rancho Pauma Mutual Water Company (RPW) for the use of their staff to provide water services.
- RPW relies on the CSD but does not have control over the functions and services of the CSD, which causes some minor tension between the two agencies.
- The Country Club is not operated by the CSD but is one of the CSD's biggest customers.
- The CSD Board has an interest in developing a five-year strategic plan with 1-year tactical goals.

Assumptions

- The strategic plan will cover a five-year period: 2023 to 2028.
- The Board is primarily interested in establishing strategic and tactical priorities, and potentially reviewing/changing the CSD's mission statement in addition to creating a vision statement, and core values.
- This will be the first strategic plan developed by the CSD.
- Meetings will be arranged by mutual consent.
- Noticing for meetings will be done by the CSD.
- Individual interviews will be conducted via phone or zoom.
- The Country Club manager and representatives from the RPW will have an opportunity to give input. Final recommendations and decisions will be made by CSD Board members.
- Data gathering (financial projections, turnover data, industry trends) will be done by staff.
- Group meetings will be held in person, one-on-one meetings will be held on zoom.

Step One: Planning Meet with GM and Board President

Meeting with the GM and Board President to iron out details of conducting the work for the CSD. Discussion to center around:

- Timelines

- Goals, interests, and concerns re: strategic planning
- Review/modify questions for interviews.
- Identify an internal organizational resource to assist with scheduling interviews.
- Identify the level of detail desired in the strategic plan (some organizations want a multi-year to-do list, others want higher level strategic initiatives followed by detailed tactical goals and action plans).
- Data needed by the Board to make informed decisions (e.g. revenue and expense projections, staffing turnover, major projects currently underway, staff capacity, etc).
- Clarify the level of involvement the Board will have in establishing tactical goals.

Step Two: Conduct Interviews

Pre-strategic planning interviews will be conducted with Board members, the Country Club manager, and the Board President from RPW. Questions will be finalized with the GM, but may include:

- When you think about the last two years, what CSD accomplishments are you most proud of?
- What are the “lessons learned” from the pandemic that we need to remember as we move forward?
- In what ways do you see the CSD changing in the next 3 – 5 years?
- What do you see as the CSD’s strengths and weaknesses (internal to the organization)?
- What opportunities and threats exist in the external environment, that we need to keep in mind as we plan?
- What would you like to see the CSD accomplish in the next five years?
- What obstacles do we have to overcome?
- What are your thoughts about the CSD Mission statement? What changes would you like to see?
- What are your thoughts about the key elements of a vision statement for the agency?
- What core values is it important that the agency demonstrate?
- What are the most important things to accomplish in the upcoming strategic planning session?

Note: As a cost-savings measure, individual interviews can be conducted via Zoom.

Step Three: Staff Input

Conduct one two-hour meeting with staff to get input to strengths, weaknesses, opportunities, and threats as well as identify potential areas of focus for the strategic plan.

Step Four: Consolidate Data Collected

Consultant will consolidate Board/Stakeholder interview information and staff input for delivery to Board at the strategic planning session and determine final strategic planning agenda.

Step Five: Conduct Strategic Planning

The agenda will be developed based on input from the Board. The agenda could include:

- Welcome – brief overview of the session/Warm up Question
- Review data about the CSD and information gathered through interviews
- Review/Discuss how the CSD might change in the next 3 – 5 years
- Brainstorm/get input to CSD’s vision, mission and values
- Brainstorm/Discuss areas of strategic focus
- Prioritize (Goal: No more than 4 – 6 strategic priorities)
- Identify how the Board will measure success for each priority
- Determine tactical goals for the first year (assuming the Board, for the first year will want to be involved in developing these)

Note: It is recommended this work be divided into two half-day meetings.

Step Six: Documentation

Provide document outlining strategic priorities and first year tactical goals.

Note: The cost for this could vary widely, depending on the level of document design needed. A word document outlining strategic priorities and first year tactical goals will take approximately 4 hours to produce. If the CSD wants a document with photos, graphs and charts, document design could be more than 40 hours.

Time required depends on the level of graphic design desired for the final product.

RGS RATES

Generally, RGS provides consulting services on an hourly basis. Work is performed upon request, and subsequently billed based on hours actually worked. Total estimate does not include cost of travel or lodging. Travel time is billed at half the hourly rate of \$152 per hour. Mileage is billed at the 2023 IRS Standard Mileage Rate.

Title	Hourly Rate
Chief Operating Officer	\$140 to \$230
Deputy Chief Operating Officer	\$135 to \$205
Senior/Lead Advisor	\$130 to \$200
Advisor	\$120 to \$170
Project Advisor	\$110 to \$130
Project Coordinator	\$90 to \$125
Technical Specialist	\$80 to \$120

SUMMARY OF COSTS:

Step	Cost
Step One: Meeting with GM and Board President	\$532
Step Two: Conduct Interviews	\$1,820
Step Three: Collect Staff Input	\$608
Step Four: Consolidate information from Board, stakeholders and staff	\$912
Step Five: Conduct Strategic Planning	\$2,128
Step Six: Documentation	\$7,408
Cost	\$13,408



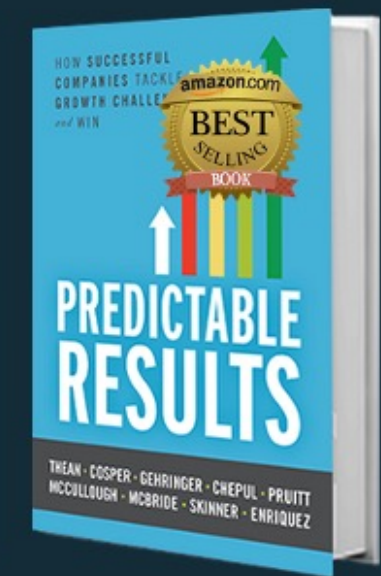
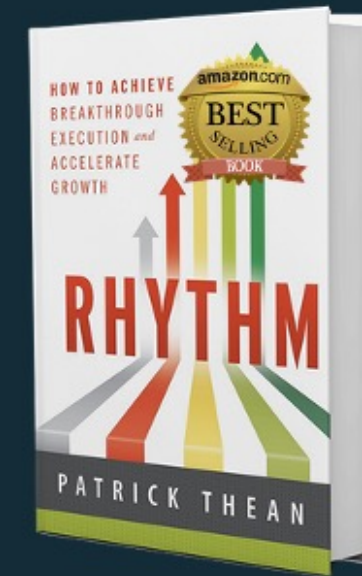
RHYTHM[®]
S Y S T E M S

Rhythm Partnership

Peak Performance to Maximize Your Investment



Erin C. Wilson
+1 (828) 450-6202
erin@rhythmsystems.com



Total Investment

Planning & Facilitation Investment Proposal

- **2 Day Custom Facilitate Planning Session: \$15,000**

- Create and Confirm 3-5 year strategic priorities
- Create Annual Focus and Priorities for the Year
- Create an execution-ready quarterly plan
- Included necessary prep calls, custom agenda, prework, and consolidation of results and session follow up
- Create Annual Focus and Priorities for the Year
- Create a 4-Quarter Flyover for each annual priority
- Includes Customization based on your needs

- **1 Day Custom Facilitate Planning Session: \$7,500**

- Create Annual Focus and Priorities for the Year
- Create an execution-ready quarterly plan
- Included necessary prep calls, custom agenda, prework, and consolidation of results and session follow up
- Create a 4-Quarter Flyover for each annual priority
- Includes Customization based on your needs

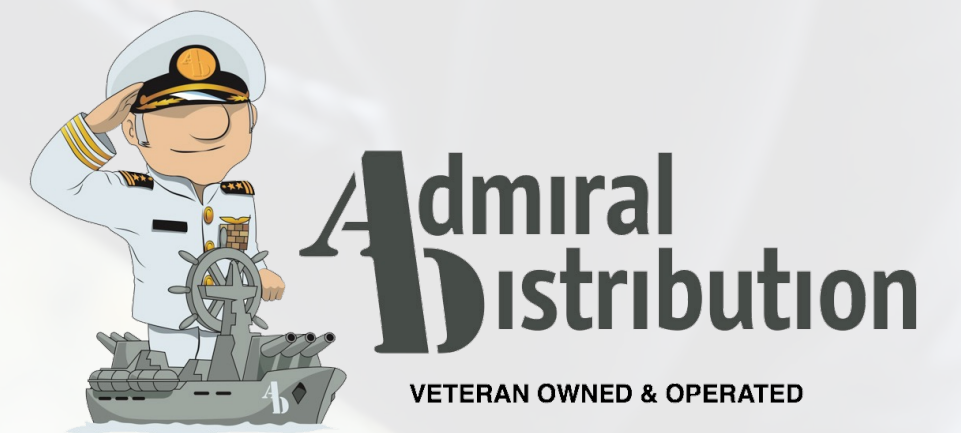
- **1/2 Day Custom Facilitated Planning Session: \$5,000 one-time fee**

Custom Facilitated Strategy or Planning session to work on one specific topic, such as

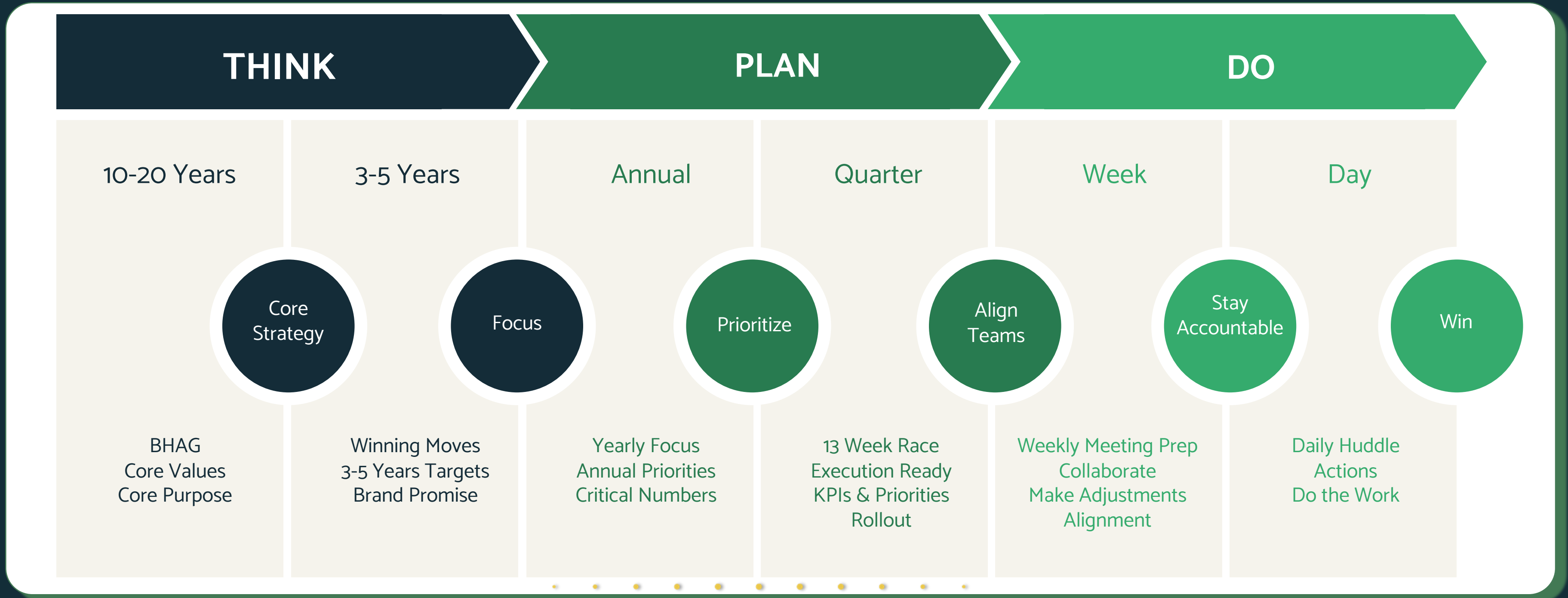
- Core Values & Core Purpose, Hedgehog & BHAG, Core Customer & Brand Promise, Role Clarity & Job Scorecards, Annual Priorities and 4Q Flyover, or Quarterly Planning session to determine company-level priorities



2022 Inc.5000 Rhythm Clients

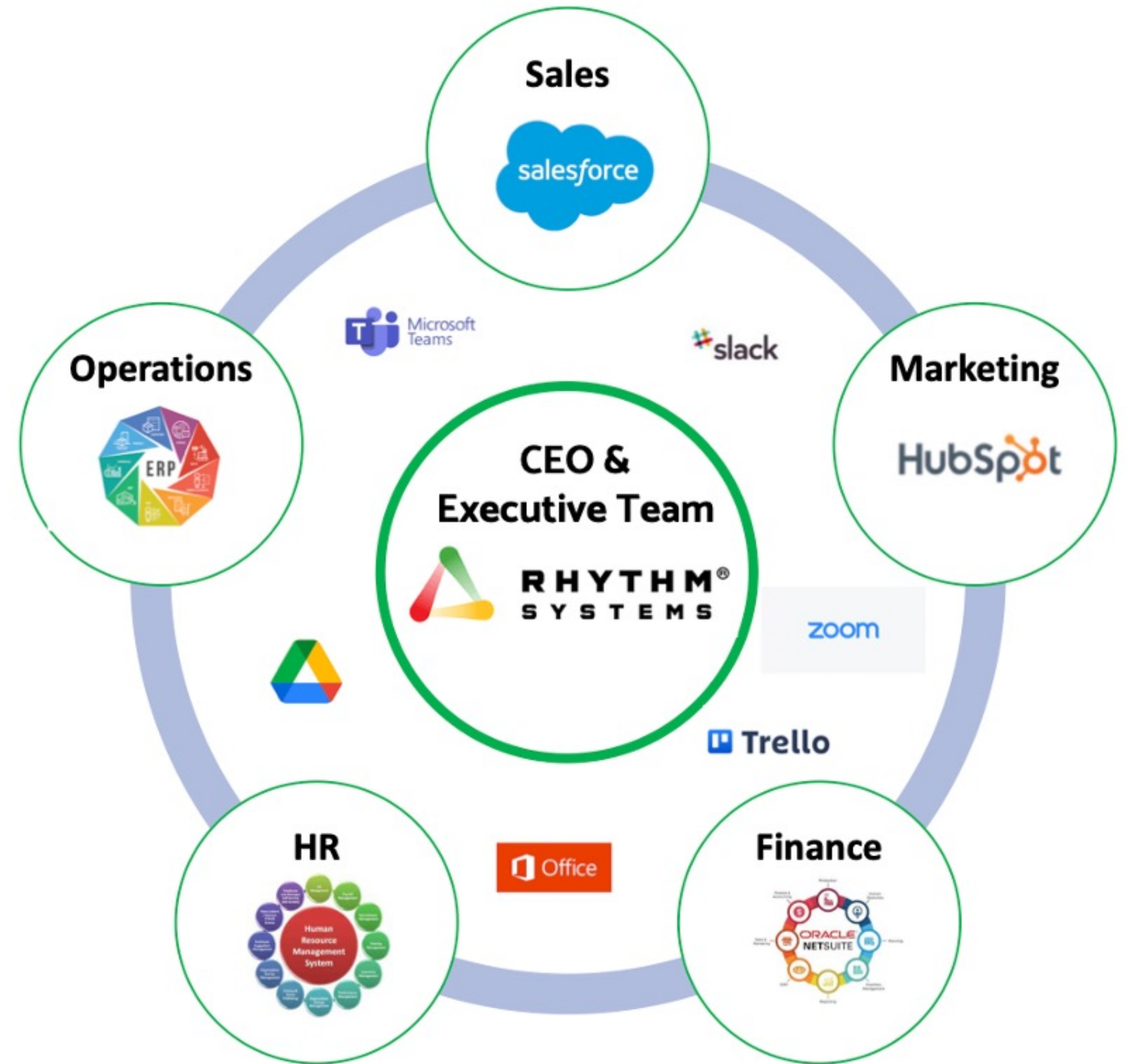


Think Plan Do Process



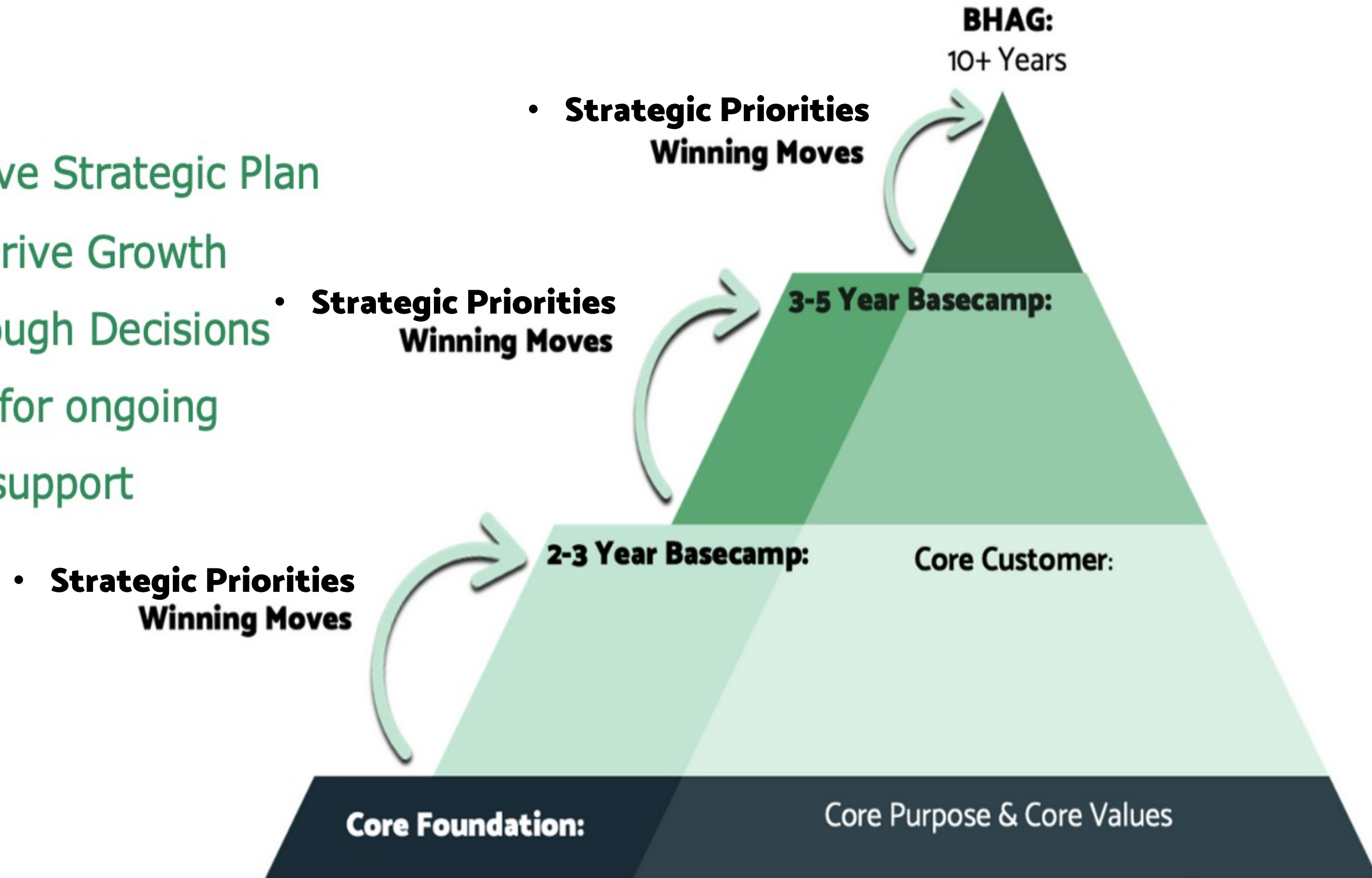
Rhythm is an OS

No Matter your Tech Stack
Rhythm Systems provides
CEOs with a
“control tower” view
of your organization
from a strategic level

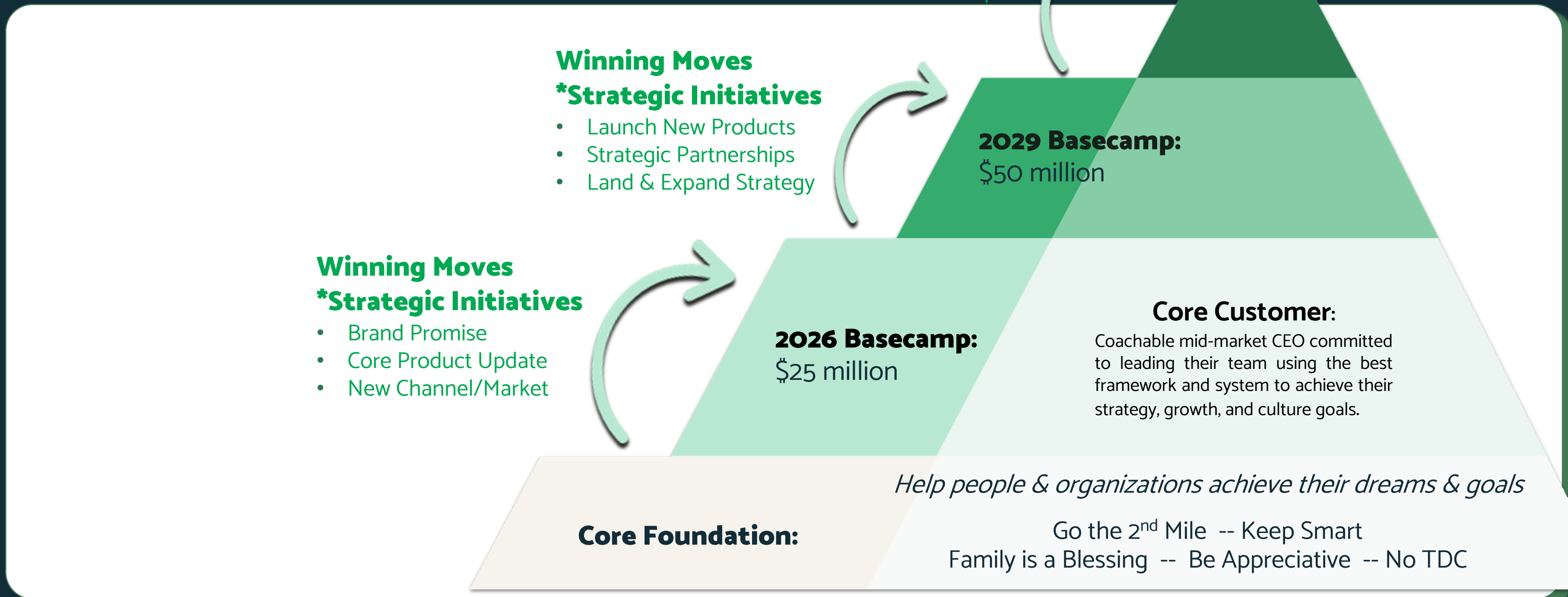


Plan for 2023

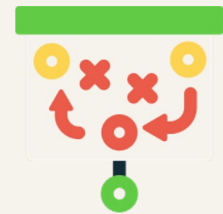
- ❑ Execution Planning to achieve Strategic Plan
- ❑ Map out Key Initiatives to Drive Growth
- ❑ CEO Coaching for Breakthrough Decisions
- ❑ Execution Software utilized for ongoing planning & goal alignment support



Develop Your Company Growth Plan



Execution Planning Sample Agenda



Day 1

Part 1: Objectives, Method

- Objectives, Method of Iterative Planning & Execution

Part 2: Review and Assess Strategy

- Core foundation, long-term plan, and core customer

Part 3: Winning Moves: 3-5 Year Plan

- SWOT, trends, strategic moves, assumptions, risks



Day 2

Part 4: Annual Execution Plan for 2022

- Reflect and review, destination postcard, financial targets, milestones

Part 5: Cascade, Alignment, Performance

- Cascade, goal alignment, accountability

Part 6: Plan Your Rhythm Journey for 2022

- Q1 planning process, execution cadence, summary and next steps

March 22, 2023

Eric Steinlicht, General Manager
Pauma Valley Community Services District
33129 Cole Grade Road
Pauma Valley, CA 92061

Proposal for Development of a Strategic Plan and Proposal for Development of a Long-Range Financial Plan Model/Rate Requirements.

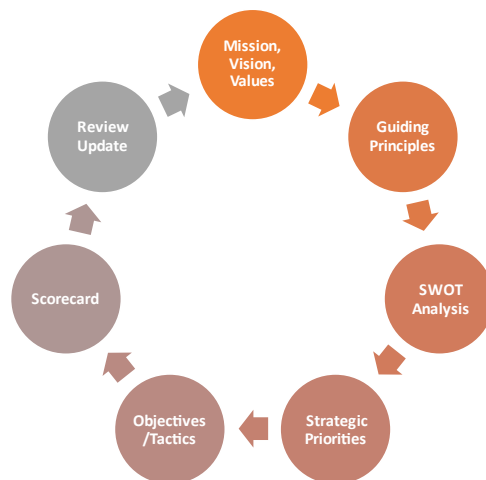
Mr. Steinlicht, I am pleased to submit this proposal to develop two plans for the Pauma Valley Community Services District (District). I have significant experience in both areas (Strategic Planning & Financial Planning) for a public agency. Also, based on what I learned during my brief time with the District I believe I can develop both plans efficiently and appropriately to help the future success of the District. I have outlined below my proposal; however, I am happy to discuss any questions you may have. Additionally, I am willing to complete either one of the plans individually or willing to do both.

DEVELOPMENT OF A STRATEGIC PLAN

A Strategic Plan is a long-term plan or a blueprint that provides an improved formulation and implementation of strategy for how an organization will achieve organizational goals, respond to current challenges, make the best of future opportunities, and for a public agency to best serve its customers. The plan also reaffirms the organizations mission, vision, values, and guiding principles. For Pauma Valley Community Services District (District) the plan serves as an essential link between the publicly elected Board’s role and the General Manager’s actions.

Briefly below I have outlined my proposal to facilitate the creation of the District’s Strategic Plan.

STRATEGIC PLANNING PROCESS



Scope of Work

Mission, Vision, Values: Review, update, create the Mission, Vision, Values for the District. This would be accomplished via a workshop with the Board.

Guiding Principles: The guiding principles are essentially commitment statements the District will adhere to in achieving its Mission. As a starting point utilizing the “Effective Utility Management” (EUM) framework a draft list of guiding principles would be presented for review, input, modification at the workshop with the Board.

SWOT Analysis: Identifying the District’s Strengths, Weaknesses, Opportunities, and Threats will be completed in the Board workshop. Prior to the Board workshop I will seek input from each Board Member on this and bring a consolidated list to the workshop for review and consideration. Upon finalization of this step the results will be utilized to create Strategic Priorities

Strategic Priorities: Strategic Priorities will be developed that will successfully advance the District into the future. These priorities will also be aligned with the Guiding Principles to ensure we are achieving our commitments.

Objectives/Tactics: An initial list of objectives/tactics will be developed to accomplish the Strategic Priorities. These will be actionable efforts for the General Manager to accomplish. Each effort when accomplished should further the District in achieving one or more Strategic Priorities. This list will be an ever-changing list that the General Manager can update and review with the Board on a periodic basis.

Scorecard: A scorecard will be developed that will allow for the tracking of the Objectives/Tactics identified. The scorecard will detail who is responsible for accomplishing the objective, anticipated completion date, and the on-going status. The scorecard will be used by the General Manager to monitor and report on the progress of the Strategic Plan initiatives.

Review/Update: It is Important to monitor progress on the initiatives in the Strategic plan and to adjust the plan when needed, however, the Strategic Plan is a longer-term forward-looking plan. The Mission, Vision, Values will not change regularly nor will the Guiding Principles. The initiatives will take time to complete and many may span multiple years. The General Manager should use the scorecard to keep the Board informed of progress. Updates to the overall Strategic Plan would not likely occur but every two or three years.

Approach/Timeline/Fee Schedule

Task	Week	Fee Schedule (\$10,000)
Meet with GM – Develop draft Mission, Vision, Values, and Guiding Principles.	Week 1-2	
Interview Board Members on this effort and also seek individual Board Member SWOT considerations.	Week 2-3	
Board workshop #1 – Review and provide direction on Mission, Vision, Values, Guiding Principles. Review and gain consensus on SWOT analysis.	Week 4	\$3,500

Meet with GM and review workshop results. Prepare Draft Strategic Plan, Draft Objectives/Tactics, and Draft Scorecard.	Week 4-5	
Board workshop #2 – Review Draft Strategic Plan, Draft Objectives/Tactics, and Draft Scorecard. Receive direction needed to complete.	Week 6	\$3,500
Complete Report	Week 7	
Present Final Report @ CSD Board Meeting	Week 8	\$3,000

Deliverables

I will prepare the Strategic Plan Document and Scorecard in a digital format for delivery to the District. This format will provide the General Manager the ability to utilize the Scorecard on an ongoing basis. Additionally, the Strategic Plan Document can be updated as necessary in future years.

Fee

For the Strategic Plan effort described above - \$10,000. Additional efforts or tasks by mutual agreement.

DEVELOPMENT OF A LONG-RANGE FINANCIAL PLAN MODEL/RATE REQUIREMENTS

A Financial Plan is critical to ensuring an organization has the financial resources needed to carry out its mission. For the District this is especially critical as infrastructure cost for maintaining and replacing wastewater collections and treatment facilities can be significant. Knowing what your operating costs and your long-term capital needs are allows you to set rates and charges at appropriate and equitable levels. For this District a reserve policy needs to be in place and furthermore, a plan to achieve the reserve policy goals needs to be implemented. Reserves play a key role for achieving the infrastructure requirements. The lack of having a sound financial plan (including reserves) in place can lead to insufficient funds to complete planned or emergency repairs, higher cost due to unplanned borrowing needs, and large spikes in rate increases.

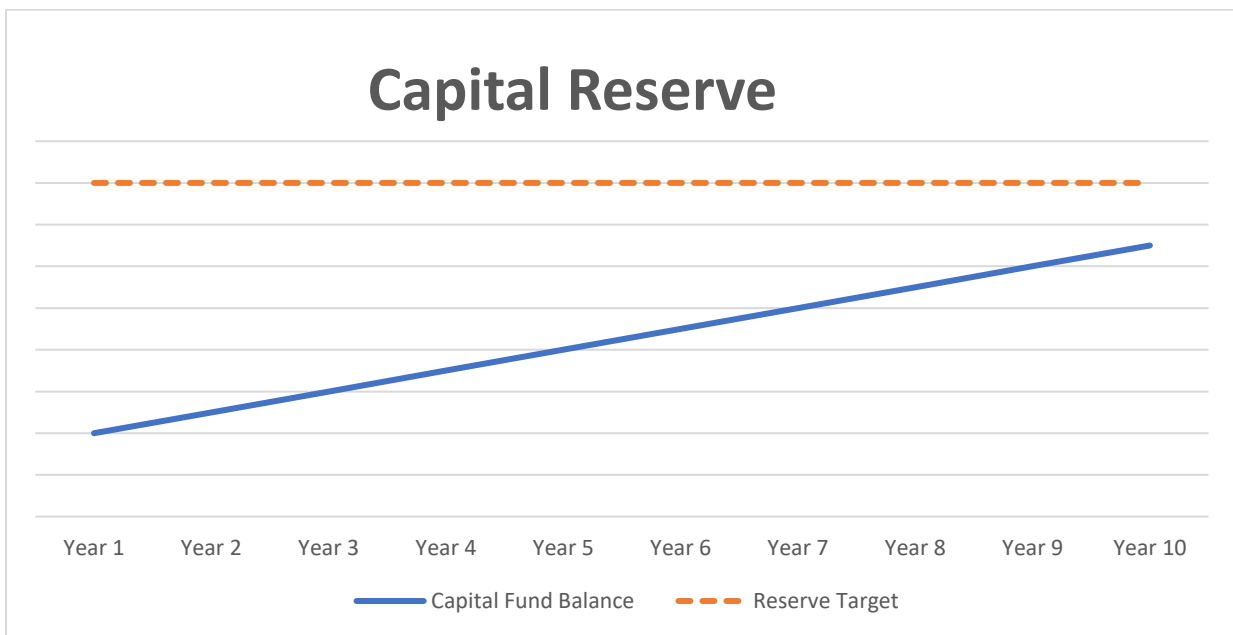
Below I have briefly outlined my proposal to facilitate the creation of the District’s Financial Plan and Rate Requirements.

Long-Range Financial Plan Model/Rate Requirements

I would propose developing an integrated Financial Plan Model looking out the next 10 years. The Model would include revenue and expenditure projections for both operating activities and capital activities. I would build in key assumptions as inputs to the Model that would allow the General Manager to utilize the Model to do what-if scenario planning by just changing these assumptions. The plan would further look at funding needs particularly on the capital side for major repair and replacement of assets. Finally, the plan would project rate requirements for each year.

Pauma Valley Community Services District										
Long-Range Financial Plan										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Revenues:										
Wastewater										
Gate										
Security										
Other										
Total Operating Revenues										
Operating Expenses:										
Wastewater										
Gate										
Security										
Other										
Total Operating Expenses										
Net Operating Income										
Non-Operating Revenues:										
Repair and Replacement Rev										
Grants Revenue										
Total										
Non-Operating Expenditures:										
Major Repair & Replacement										
New Capital										
Total										
Net Non-Operating Results										
Operating Requirements Rates										
Wastewater										
Security										
Gate										

Utilizing the results from the Long-Range Financial Plan, forecasted fund balances can be generated. This will allow for scenario planning via the Model to develop an approach to achieving reserve goals.



Approach/Timeline/Fee Schedule

Task	Week	Fee Schedule (\$15,000)
Meet with GM – Make data request/gather required information. Build initial Long-Range Financial Plan Model (LRFP).	Week 1-4	
Meet with GM – Review LRFP Model. Review results and recommendations regarding rate projections & reserve balances. Make adjustments based on GM feedback.	Week 5-6	\$7,500
Board workshop – Review LRFP Model and results with Board. Get Board feedback make adjustments. Complete LRFP Model.	Week 7-8	
Present Final Report @ CSD Board Meeting.	Week 9	
Deliver LRFP and provide model use training to GM.	Week 10	\$7,500

Deliverables

I will prepare the Long-Range Financial Plan Model in an excel spreadsheet format. Upon finalization of the Model I will deliver the file electronically and I will provide the GM with training on how to use the Model so that future updates can be accomplished internally.

Fee

For the Long-Range Financial Plan Model/Rate Requirements effort described above - \$15,000. Additional efforts or tasks by mutual agreement.

Please feel free to contact me if you would like to discuss anything regarding the proposal. Thanks for the consideration.

Jeff Armstrong

Jeff Armstrong

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