



BOARD OF DIRECTORS REGULAR MEETING AGENDA

District Office: 202 W. El Roblar Drive, Ojai, CA 93023

JOIN BY COMPUTER: <https://meet.goto.com/239928765>

DIAL-IN (US): +1 (224) 501-3412

ACCESS CODE: 239-928-765

If you require special accommodations for attendance at or participation in this meeting, please notify our office 24 hours in advance at (805) 646-2114.

(Govt. Code Section 94594.1 and 94594.2 (a))

September 16, 2025, at 6:00 pm.

- 1. Call meeting to order.**
- 2. Roll call**
- 3. Approval of the Minutes:** August 19, 2025, Regular Meeting
- 4. Public comment for items not appearing on the agenda**

Right to be heard: Members of the public have a right to address the Board directly on any item of interest to the public that is within the subject matter jurisdiction of the Board, provided that no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of Section 54954.2.

Please Note: If you have comments on a specific agenda item(s), please fill out a comment card or send a virtual “chat” note to the Board Secretary. The Board President will call on you for your comments at the appropriate time, either before or during the Board’s consideration of that item.

Closed Session Agenda - Adjourn to Closed Session (**Estimated 6:05 pm**): *It is the intention of the Board of Directors to meet in Closed Session to consider the following items:*

5. Closed Session Items

- The Board of Directors may hold a closed session to discuss the following items:
 - CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION
(Paragraph (1) of subdivision (d) of Gov. Code § 54956.9)
Name of case: *Santa Barbara Channelkeeper v. State Water Resources Control Board, et al.*, Los Angeles County Superior Court Case No. 19STCP01176

Regular Agenda (Reconvene Regular Meeting, Estimated Time 6:30 pm**)**

6. Financial matters

- a) Approval of Payroll and Payables from August 16, 2025, to September 15, 2025, in the amount of:
- | | |
|----------------|---------------------|
| Payables | \$ 147,991.22 |
| <u>Payroll</u> | <u>\$ 63,554.39</u> |
| Total | \$211,545.61 |

7. Board action and/or discussion

- a) Approve a water rate study consulting firm based on the proposals received. (Ward/Martinez) – Attachments
Recommended Action: Approve Robert D. Niehaus, Inc. for an amount not to exceed \$34,000, and authorize staff to sign a service agreement in consultation with Attorney Neilson.

8. General Manager's Report

The Board will receive an update from the General Manager on District operations and maintenance.

9. Board Secretary's Report

The Board will receive an update from the Board Secretary on District administrative and related matters.

10. Board Committee Reports

- Executive & Personnel Committee
- Upper Ventura River Groundwater Agency
- Allocation, New Meters & Expansion of Services Committee
- Budget & Rate Committee
- Grants Committee
- Emergency Management Committee
- Treatment Plant Design Ad Hoc Committee

11. Old Business

- State Water update
- Matilija Dam removal update

12. Director Announcements/Reports

13. Adjournment: The next scheduled Regular Board meeting is October 21, 2025, at 6:00 pm.

Regular Meeting
August 19, 2025
6:00 pm

Meiners Oaks Water District
202 W. El Roblar Drive
Ojai, CA 93023-2211

Minutes

1. **Call to Order**

The Board President, Mike Etchart, called the meeting to order at 6:00 pm. The meeting was also available via teleconference.

2. **Roll Call**

Present: Board President, Mike Etchart, Board Directors: Christian Oakland, James Kentosh, Christy Cooper, and Joe Pangea. Staff Present: General Manager, Justin Martinez, and Administrative Coordinator, Leslie McCleary. Attorney Present: Stuart Nielson (via teleconference).

Absent: Board Secretary, Summer Ward.

3. **Approval of the Minutes**

Approval of the July 15, 2025, Regular Board Meeting minutes.

Director Kentosh made the motion to approve the minutes from the July 15, 2025, meeting. Director Pangea seconded the motion.

No Public Comment.

Kentosh/Pangea

(5) Ayes – M/S/C

4. **Public Comments**

None.

*****The Board went into closed session at 6:03 pm.*****

5. **Closed Session:** The Board of Directors held a closed session to discuss litigation, pursuant to the attorney/client privilege, as authorized by Government Code Sections §54957 & 54956.8, 54956.9, and 54957.

- CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION
(Paragraph (1) of subdivision (d) of Gov. Code § 54956.9)

Regular Meeting Minutes
August 19, 2025

Name of case: *Santa Barbara Channelkeeper v. State Water Resources Control Board, et al.*,
Los Angeles County Superior Court Case No. 19STCP01176

- PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Gov. Code § 54957(b))
Title: General Manager and Board Secretary & Assistant General Manager.

****The Board ended closed session at 7:05 pm.****

Attorney Nielson reported that the Board discussed pending litigation and staff performance evaluations, and there are no actions to report.

6. **Financial Matters**

- a) **Approval of Payroll and Payables from July 16, 2025, to August 15, 2025, in the amount of:**

Payables:	\$ 252,847.98
Payroll:	<u>\$ 57,949.62</u>
Total:	\$ 309,974.92

Director Cooper made the motion to approve the Payroll and Payables from July 16, 2025, to August 15, 2025. Director Pangea seconded the motion.

No Public Comment.

Cooper/Pangea

(5) Ayes – M/S/C

7. **Board Discussion/Actions**

- a) **Approve incentive/merit bonus pay for the General Manager and the Assistant General Manager/Board Secretary based on the July 2024 – June 2025 performance evaluations.**

Director Etchart reported that the Board discussed the performance evaluations of the General Manager and Assistant General Manager/Board Secretary during the closed session. It is recommended that each receive a \$3,000 lump sum merit pay. Staff merit pay had already been approved by the Executive Committee and Management, based on each employee's performance evaluation, as outlined in the District's performance evaluation policy.

Director Oakland made a motion to approve a \$3,000 lump sum merit pay for both the Manager and Assistant General Manager/Board Secretary, based on the period from July 2024 to June 2025. Director Pangea seconded the motion.

No Public Comment.

Oakland/Pangea

(5) Ayes – M/S/C

- b) **Approve the purchase of 12 x 1", 24 x 5/8" and 36 cellular endpoints for a total of \$13,830.49, within the approved meter budget for FY25/26.**

Mr. Martinez stated that this purchase exceeds his purchasing limit. The District has completed route five, but needs to restock on-hand inventory for stuck meters, etc.

Director Cooper made a motion to approve the purchase of the AMI meter and endpoint for \$13,830.49. Director Pangea seconded the motion.

No Public Comment.

Cooper/Pangea

(5) Ayes – M/S/C

8. **General Manager's Report**

Mr. Martinez reported that the Casitas Lake level is at 94.3%. All wells remain offline due to the rehabilitation of Well 4a. The District has contracted with Resource Compliance to complete MOWD's CalARP enrollment. Route 5 AMI meter upgrades have been completed. Will-Serve letters provided include a conditional letter for El Roblar at Alvarado, 888 S. La Luna, and 153 S. Pueblo. The District replaced a broken valve at the Fairview Casitas connection on July 13, 2025. Toro Enterprises was contracted to assist for \$12,189.55.

9. **Board Secretary's Report**

Ms. Ward provided in her report that the Water Rate Study RFP was published on July 8, 2025, and proposals are due by August 15, 2025. Staff anticipate bringing a recommendation to the board in September. The SWRCB quarterly drought reporting for April – June 2025 was submitted on July 29, 2025. The CalARP Resource Compliance site visit is scheduled for September 18, 2025. The financial audit for FY24/25 is underway. Directors are encouraged to complete the biennial training for anti-harassment and ethics.

Director Kentosh requested that Ms. Ward resend the training link to him.

No Public Comment.

10. **Board Committee Reports**

- Executive & Personnel Committee: Met, discussed in closed session, and agenda item 7a. The Committee will meet to review evaluations with management once Ms. Ward completes her Federal Jury Service.
- UVRGA: August meeting was cancelled.
- Budget/Rate Committee: No report.
- Emergency Management Committee: No report.
- Allocations, New Meters & Expansion of Services Committee: No report.
- Grants: No report.
- Treatment Plant Design Ad Hoc Committee: No report.

11. **Old Business**

- State Water: No report.
- Matilija Dam Removal Update: No report.

12. **Director Announcements/Reports**

- Director Kentosh: No report
- Director Oakland: No report
- Director Pangea: No report
- Director Cooper: No report
- Director Etchart: No report.

13. **Meeting Adjournment**

The next meeting will be held on September 16, 2025, at 6:00 pm. Since there was no further business to conduct, Board President Mike Etchart adjourned the meeting at 7:37 pm.

Board Secretary

Board President

Report of Income as of 8/31/2025

Income	Month of August	Year To Date	Budget Appropriation	Appropriation Balance
Interest	7,564.81	17,565.60	60,000.00	42,434.40
Taxes	--	10,266.25	215,000.00	204,733.75
Pumping Charges	444.31	863.19	--	863.19
Fire Protection	176.28	310.53	--	310.53
Meter & Inst. Fees	--	--	--	0.00
Water Sales	120,100.61	226,107.85	1,027,000.00	800,892.15
¹ Casitas Water/Standby	31,587.52	58,299.02	--	58,299.02
MWAC Charges	58,644.35	114,880.43	765,936.00	651,055.57
MCC Chg.	7,300.53	13,999.22	89,736.00	75,736.78
² Misc. Income	378.71	665.86	--	665.86
Late & Delinquent Chgs.	1,030.72	2,128.04	40,000.00	37,871.96
Conservation Penalty	--	--	--	0.00
Capital Improvement	--	--	--	0.00
Drought Surcharge	--	--	--	0.00
Fire Flow/Will Serve Letters	1,000.00	1,100.00	6,000.00	4,900.00
	--	--	--	0.00
	--	--	--	0.00
TOTAL INCOME	228,227.84	446,185.99	2,203,672.00	1,757,486.01

Note:

¹ This line item is necessary because these sales are tracked in the expenditures

² Hartmann Allocation, TORO Temp. Hydrant Rental
Invoice #1, & Meter Tampering/Lock Cut Fee

Meiners Oaks Water District

Report of Expenses and Budget Appropriations, Current Bills and Appropriations To Date

Expenditures	Month of August	Year To Date	Budget Approp	Approp Bal 08/31/25	Current September	Approp FY Bal To Date
Salaries	62,403.29	123,679.14	708,000.00	584,320.86	-	584,320.86
Payroll Taxes	4,936.32	9,765.74	56,500.00	46,734.26	-	46,734.26
Retirement Contributions	8,846.35	18,163.57	98,000.00	79,836.43	-	79,836.43
Group Insurance	8,696.49	17,570.27	110,000.00	92,429.73	-	92,429.73
Company Uniforms	250.82	250.82	3,500.00	3,249.18	-	3,249.18
Phone Office	237.11	474.22	3,500.00	3,025.78	-	3,025.78
Janitorial Service	685.86	1,708.95	7,500.00	5,791.05	-	5,791.05
Refuse Disposal	447.73	895.46	5,000.00	4,104.54	-	4,104.54
Liability Insurance	-	82,825.19	88,000.00	5,174.81	-	5,174.81
Workers Compensation	-	25,434.30	30,000.00	4,565.70	-	4,565.70
Wells	-	-	10,000.00	10,000.00	-	10,000.00
Truck Maintenance	8.99	344.49	5,000.00	4,655.51	-	4,655.51
Office Equipment Maintenance	212.00	922.18	5,500.00	4,577.82	-	4,577.82
Security System	101.85	101.85	2,000.00	1,898.15	-	1,898.15
Cell Phones	377.74	755.48	4,500.00	3,744.52	-	3,744.52
System Maintenance	973.36	9,294.79	60,000.00	50,705.21	-	50,705.21
Safety Equipment	416.25	505.88	15,000.00	14,494.12	-	14,494.12
Laboratory Services	1,378.00	2,368.00	14,500.00	12,132.00	177.00	11,955.00
Membership and Dues	-	2,310.00	10,000.00	7,690.00	-	7,690.00
Printing and Binding	-	367.46	1,000.00	632.54	-	632.54
Office Supplies	689.54	1,280.33	6,000.00	4,719.67	-	4,719.67
Postage and Express	-	2,022.87	13,000.00	10,977.13	-	10,977.13
B.O.D. Fees	2,750.00	4,750.00	25,000.00	20,250.00	-	20,250.00
Engineering & Technical Services	708.03	6,508.03	60,000.00	53,491.97	-	53,491.97
Computer Services	2,687.81	3,981.41	30,000.00	26,018.59	592.95	25,425.64
Other Prof. & Regulatory Fees	1,327.00	1,361.05	80,000.00	78,638.95	1,197.00	77,441.95
Public and Legal Notices	-	-	2,000.00	2,000.00	-	2,000.00
Attorney Fees	1,560.00	1,560.00	20,000.00	18,440.00	585.00	17,855.00
GSA Fees	-	82,992.00	80,000.00	(2,992.00)	-	(2,992.00)
VR/SBC/City of VTA Law Suit	877.15	1,659.95	30,000.00	28,340.05	-	28,340.05
Rental Equipment	-	-	10,000.00	10,000.00	-	10,000.00
Audit Fees	-	10,500.00	22,000.00	11,500.00	-	11,500.00
Small Tools	-	105.35	5,000.00	4,894.65	-	4,894.65
Election Supplies	-	-	1,000.00	1,000.00	-	1,000.00
Treatment Plant	-	356.83	12,000.00	11,643.17	-	11,643.17
Fuel	1,338.19	2,679.15	20,000.00	17,320.85	-	17,320.85
Travel Exp./Seminars	241.49	541.34	2,000.00	1,458.66	-	1,458.66
Utilities	297.32	575.11	3,500.00	2,924.89	-	2,924.89
Power and Pumping	2,411.68	4,608.64	97,000.00	92,391.36	-	92,391.36
Purchased Water	92,350.20	173,111.18	50,000.00	(123,111.18)	-	(123,111.18)
CMWD Standby Passthrough Fees	4,227.25	8,454.50	40,000.00	31,545.50	-	31,545.50
Meters	-	-	50,000.00	50,000.00	5,947.15	44,052.85
BackFlow Program	-	-	25,000.00	25,000.00	-	25,000.00
Online AutoPay Transactions Fees	-	-	8,000.00	8,000.00	-	8,000.00
Total Expenditures	201,437.82	604,785.53	1,929,000.00	1,324,214.47	8,499.10	1,315,715.37
Water Distribution System	-	-	-	-	-	-
Valve Replacements	-	-	66,500.00	66,500.00	-	66,500.00
Structures and Improvements	-	-	-	-	-	-
Office BackUp Battery Power	-	-	30,000.00	30,000.00	-	30,000.00
Field Equipment	-	-	-	-	-	-
Chlorine Alarms	-	-	10,000.00	10,000.00	-	10,000.00
Storage Container - Yard	-	-	8,500.00	8,500.00	-	8,500.00
Appropriations for Contingencies	6,913.36	30,162.44	100,000.00	69,837.56	-	69,837.56
Total CIP Spending	6,913.36	30,162.44	215,000.00	184,837.56	-	184,837.56
GRAND TOTAL	208,351.18	634,947.97	2,144,000.00	1,509,052.03	8,499.10	1,500,552.93



Meiner's Oaks County Water District, CA

Check Report

By Vendor Name

Date Range: 08/16/2025 - 09/15/2025

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
Bank Code: AP Bank-AP Bank						
AUTOSU	Automotive Supply - Ojai	09/11/2025	Regular	0.00	8.99	11880
<u>623612</u>	Invoice	08/01/2025	Fuse	0.00	8.99	
AVEVA	AVEVA Select California	09/11/2025	Regular	0.00	1,515.00	11881
<u>349053.1</u>	Invoice	08/27/2025	SCADA Tech Support	0.00	1,515.00	
BADGER	Badger Meter	09/11/2025	Regular	0.00	6,018.27	11882
<u>1755712</u>	Invoice	09/08/2025	EndPoints	0.00	5,947.15	
<u>80209392</u>	Invoice	08/29/2025	Beacon Hosting	0.00	71.12	
CALPERS	California Public Employees' Retirement	08/31/2025	Bank Draft	0.00	4,837.50	DFT0002455
<u>INV0002969</u>	Invoice	08/15/2025	Health	0.00	4,837.50	
CALPERS	California Public Employees' Retirement	08/22/2025	Bank Draft	0.00	7.75	DFT0002464
<u>081425</u>	Invoice	08/14/2025	Admin. Fee	0.00	7.75	
CALPERS	California Public Employees' Retirement	08/31/2025	Bank Draft	0.00	4,837.50	DFT0002467
<u>INV0002981</u>	Invoice	08/29/2025	Health	0.00	4,837.50	
GASB	CALPERS	08/26/2025	Bank Draft	0.00	350.00	DFT0002465
<u>10000001803460</u>	Invoice	08/25/2025	GASB 68	0.00	350.00	
CMWD	Casitas Municipal Water District	09/11/2025	Regular	0.00	96,577.45	11883
<u>261150825</u>	Invoice	08/29/2025	Fairview Standby	0.00	1,970.05	
<u>261150825-2</u>	Invoice	08/29/2025	Fairview Purchased Water	0.00	90,931.72	
<u>262000825</u>	Invoice	08/29/2025	Hartmann Allocation	0.00	287.15	
<u>30060825</u>	Invoice	08/29/2025	Tico/La Luna Standby	0.00	1,970.05	
<u>30060825-2</u>	Invoice	08/29/2025	Tico/La Luna Purchased Water	0.00	1,418.48	
CLEANCO	Cleancoast Janitorial	08/27/2025	Regular	0.00	340.00	11868
<u>8</u>	Invoice	08/22/2025	August Janitorial	0.00	340.00	
EJHAR	E. J. Harrison Roloffs, Inc.	08/27/2025	Regular	0.00	447.73	11869
<u>281300825</u>	Invoice	08/14/2025	Office Trash	0.00	185.40	
<u>994260825</u>	Invoice	08/14/2025	2680 Maricopa Hwy.	0.00	262.33	
FGLENV	FGL Environmental	08/27/2025	Regular	0.00	1,192.00	11870
<u>513119A</u>	Invoice	08/21/2025	Samples	0.00	615.00	
<u>513121A</u>	Invoice	08/14/2025	Samples	0.00	113.00	
<u>513240A</u>	Invoice	08/22/2025	Samples	0.00	154.00	
<u>513241A</u>	Invoice	08/18/2025	Samples	0.00	79.00	
<u>513590A</u>	Invoice	08/18/2025	Samples	0.00	39.00	
<u>513591A</u>	Invoice	08/19/2025	Samples	0.00	79.00	
<u>513592A</u>	Invoice	08/20/2025	Samples	0.00	113.00	
FGLENV	FGL Environmental	09/11/2025	Regular	0.00	363.00	11884
<u>514062A</u>	Invoice	08/28/2025	Samples	0.00	73.00	
<u>514064A</u>	Invoice	08/28/2025	Samples	0.00	113.00	
<u>514518A</u>	Invoice	09/04/2025	Samples	0.00	177.00	
GARETT	Garett Lockwood	08/27/2025	Regular	0.00	241.49	11871
<u>251658</u>	Invoice	08/22/2025	Water Treatment Exam Prep	0.00	241.49	
HCS	Herum/Crabtree/Suntag	09/11/2025	Regular	0.00	877.15	11885
<u>115682</u>	Invoice	08/25/2025	SBCK vs VTA	0.00	877.15	

Check Report

Date Range: 08/16/2025 - 09/15/2025

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
LYTWAVE	Lytwave	08/27/2025	Regular	0.00	237.11	11872
<u>15992</u>	Invoice	08/15/2025	VoIP/Elevate Communications	0.00	237.11	
MOHARD	Meiners Oaks Hardware	09/11/2025	Regular	0.00	142.48	11886
<u>122903</u>	Invoice	08/01/2025	Key Ring, Grout, Tape, Dust Masks	0.00	48.75	
<u>123255</u>	Invoice	08/01/2025	Copper Tube, Union	0.00	43.03	
<u>124325</u>	Invoice	08/12/2025	Marking Paint	0.00	31.19	
<u>124881</u>	Invoice	08/18/2025	Batteries	0.00	19.51	
MITEC	MiTec Solutions LLC	08/27/2025	Regular	0.00	448.74	11873
<u>QB2569</u>	Invoice	08/15/2025	SplashTop	0.00	20.00	
<u>QB2596</u>	Invoice	08/15/2025	X360Cloud for Microsoft 365/Google Wor	0.00	368.74	
<u>QB2620</u>	Invoice	08/15/2025	AntiVirus Monthly	0.00	60.00	
MITEC	MiTec Solutions LLC	09/11/2025	Regular	0.00	592.95	11887
<u>1073982</u>	Invoice	09/03/2025	Monthly Maintenance	0.00	240.00	
<u>QB2657</u>	Invoice	09/01/2025	Web Hosting/ShareSync	0.00	74.95	
<u>QB2660</u>	Invoice	09/01/2025	X360Recover	0.00	180.00	
<u>QB2748</u>	Invoice	09/01/2025	Off Site BackUp	0.00	98.00	
NCK&K	Nelson Comis Kettle & Kinney, LLP	09/11/2025	Regular	0.00	585.00	11888
<u>16004</u>	Invoice	09/02/2025	Attorney Fees	0.00	585.00	
PATHIAN	Pathian Administrators	08/27/2025	Regular	0.00	114.47	11866
<u>INV0002972</u>	Invoice	08/15/2025	HSBS	0.00	57.24	
<u>INV0002984</u>	Invoice	08/29/2025	HSBS	0.00	57.23	
PRINCIPAL	Principal	08/27/2025	Regular	0.00	358.15	11867
<u>INV0002970</u>	Invoice	08/15/2025	Dental	0.00	179.10	
<u>INV0002982</u>	Invoice	08/29/2025	Dental	0.00	179.05	
PRINCIPAL	Principal	09/11/2025	Regular	0.00	44.99	11889
<u>951167161</u>	Invoice	09/11/2025	Maxwell - Premium	0.00	44.99	
PERS	Public Employees' Retirement System	08/31/2025	Bank Draft	0.00	400.00	DFT0002454
<u>INV0002968</u>	Invoice	08/15/2025	457 Withholdings	0.00	400.00	
PERS	Public Employees' Retirement System	08/31/2025	Bank Draft	0.00	4,079.47	DFT0002456
<u>INV0002971</u>	Invoice	08/15/2025	PERS	0.00	4,079.47	
PERS	Public Employees' Retirement System	08/31/2025	Bank Draft	0.00	400.00	DFT0002466
<u>INV0002980</u>	Invoice	08/29/2025	457 Withholdings	0.00	400.00	
PERS	Public Employees' Retirement System	08/31/2025	Bank Draft	0.00	3,915.39	DFT0002468
<u>INV0002983</u>	Invoice	08/29/2025	PERS	0.00	3,915.39	
PERS	Public Employees' Retirement System	09/08/2025	Bank Draft	0.00	129.92	DFT0002476
<u>10000001804113</u>	Invoice	09/01/2025	Unfunded Accrued Liability	0.00	129.92	
PERS	Public Employees' Retirement System	09/08/2025	Bank Draft	0.00	3,974.33	DFT0002477
<u>10000001804112</u>	Invoice	09/01/2025	Unfunded Accrued Liability	0.00	3,974.33	
RESCOMP	Resource Compliance Inc.	09/11/2025	Regular	0.00	1,165.00	11890
<u>INV5081</u>	Invoice	09/01/2025	Annual Safety Agreement - Chlorine	0.00	1,165.00	
SAMHIL	Sam Hill & Sons, Inc.	08/27/2025	Regular	0.00	6,913.36	11874
<u>5512</u>	Invoice	08/18/2025	Leak Repair - 940 S. Rice	0.00	6,913.36	

Check Report

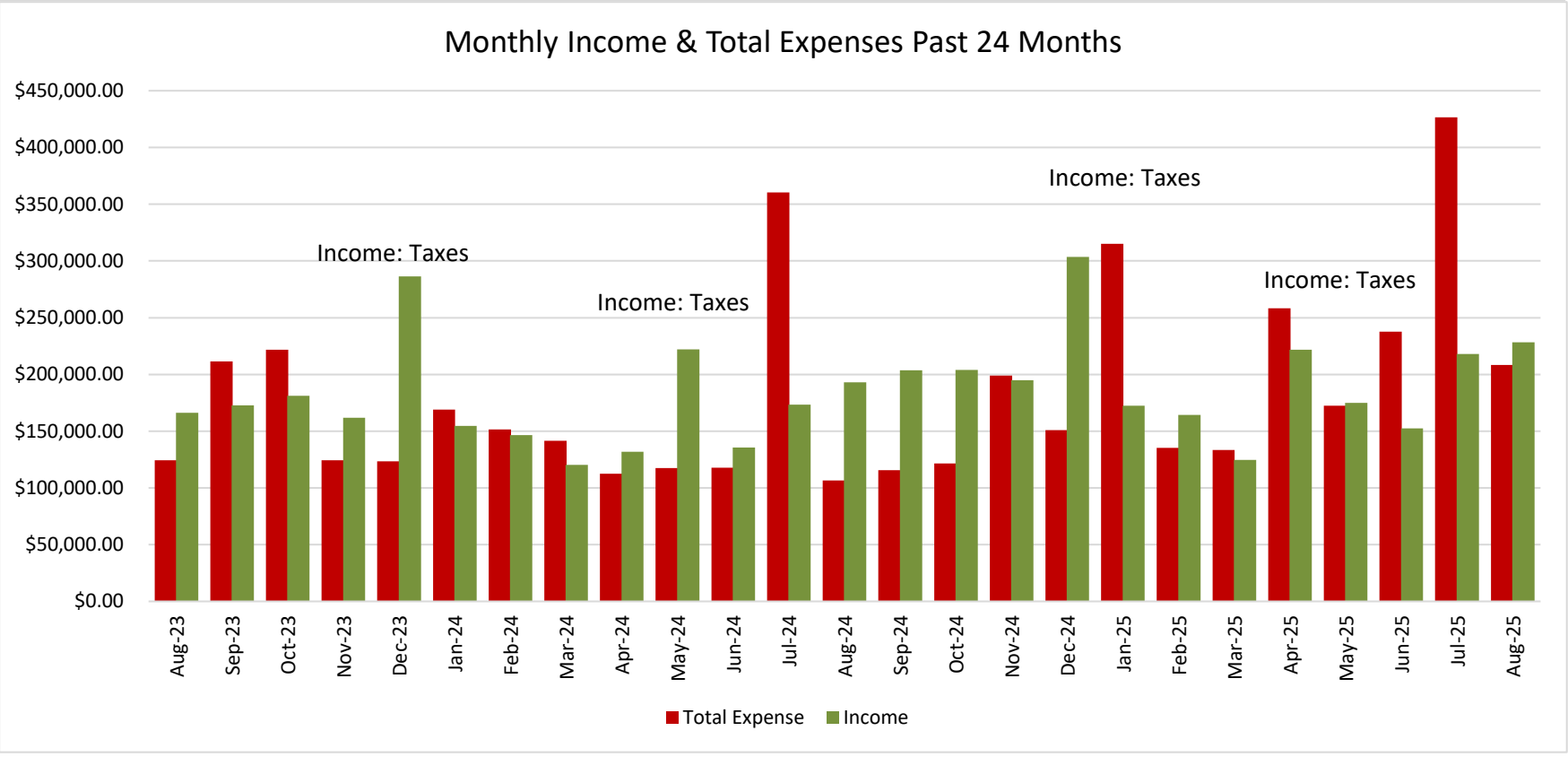
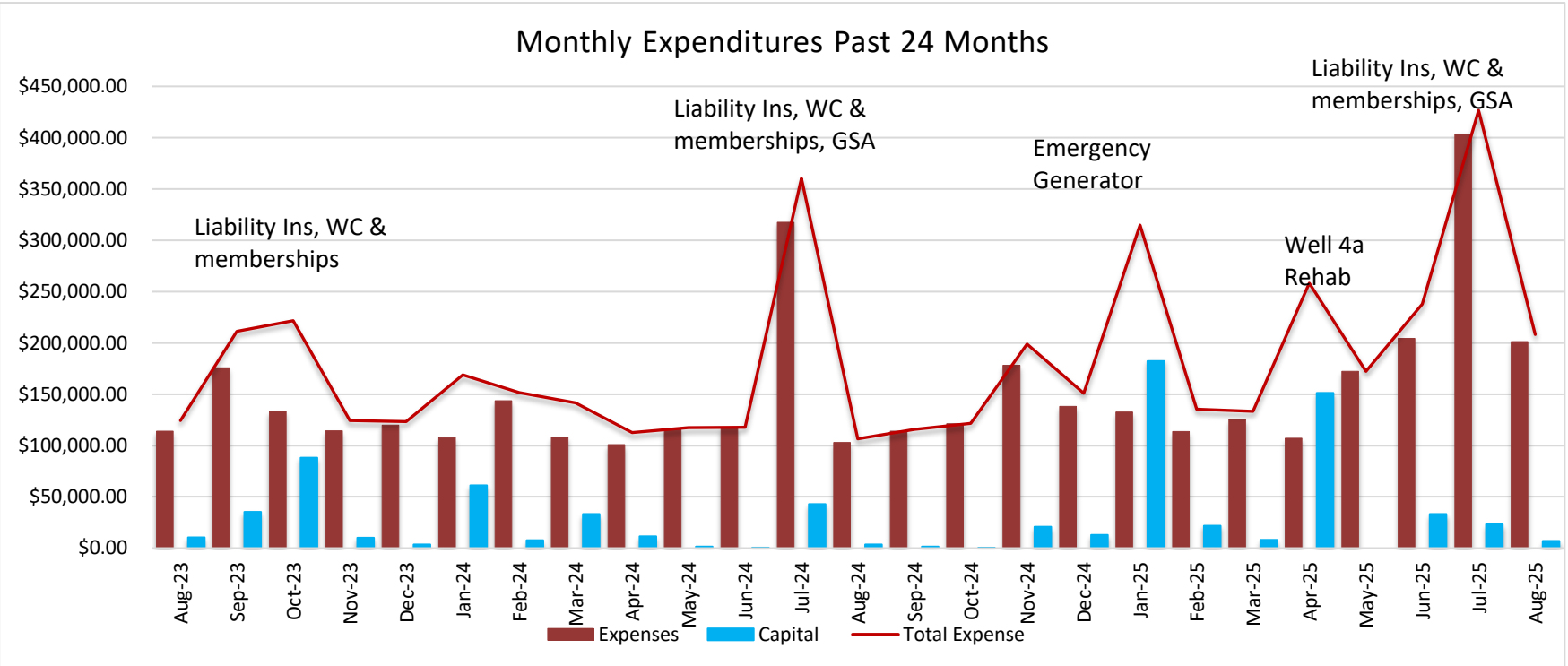
Date Range: 08/16/2025 - 09/15/2025

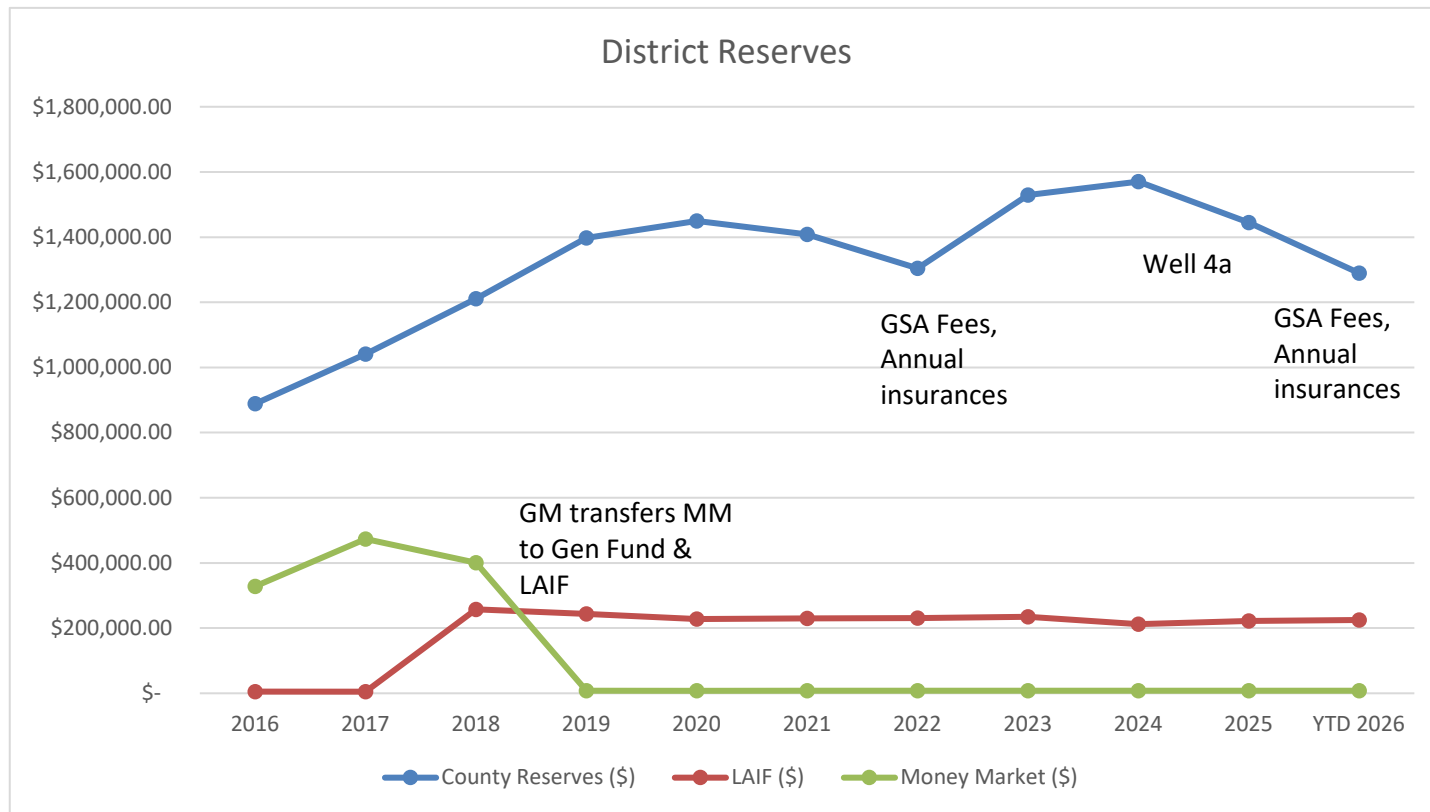
Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
SCE	Southern California Edison Co.	08/27/2025	Regular	0.00	2,700.18	11875
<u>OFFELE-0825</u>	Invoice	08/22/2025	Office Electricity	0.00	288.50	
<u>TNKFRM0825</u>	Invoice	08/22/2025	Tank Farm	0.00	22.24	
<u>WELL1-0825</u>	Invoice	08/22/2025	Well 1	0.00	367.39	
<u>WELL2-0825</u>	Invoice	08/22/2025	Well 2	0.00	426.83	
<u>WELL4&70825</u>	Invoice	08/22/2025	Wells 4 & 7	0.00	700.05	
<u>WELL8-0825</u>	Invoice	08/22/2025	Well 8	0.00	124.76	
<u>Z-1-0825</u>	Invoice	08/22/2025	Zone 1	0.00	145.11	
<u>Z-2FIRE0825</u>	Invoice	08/22/2025	Zone 2 Fire	0.00	108.59	
<u>Z-2PWR0825</u>	Invoice	08/22/2025	Zone 2 Power	0.00	497.85	
<u>Z-3FIRE0825</u>	Invoice	08/22/2025	Zone 3 Fire	0.00	18.86	
SCGAS	Southern California Gas Co.	09/11/2025	Regular	0.00	8.82	11891
<u>1143</u>	Invoice	08/25/2025	Office Heat	0.00	8.82	
SWRCB-DWOC	State Water Resources Control Board DWOC	08/27/2025	Regular	0.00	90.00	11876
<u>D3JM2025</u>	Invoice	08/22/2025	Cert. Renewal D3 - Martinez	0.00	90.00	
TRI-COUNTY	Tri-County Transportation	09/11/2025	Regular	0.00	748.17	11892
<u>44-378790</u>	Invoice	08/31/2025	Crushed Misc. Base	0.00	748.17	
UAOFSC	Underground Service Alert of So.Ca.	09/11/2025	Regular	0.00	32.00	11893
<u>820250455</u>	Invoice	09/01/2025	Digalerts	0.00	32.00	
USBANK	US Bank Corporate Pmt. System	09/11/2025	Regular	0.00	1,580.93	11894
<u>AMAZON072425</u>	Invoice	08/01/2025	Phone Case	0.00	19.72	
<u>AMAZON072625</u>	Invoice	08/01/2025	Ceel Phones Cases, Camera Batteries	0.00	28.81	
<u>AMAZON072825</u>	Invoice	08/01/2025	Sunscreen Bugspray	0.00	24.60	
<u>AMAZON073125</u>	Invoice	08/01/2025	Lockwood - Shoes	0.00	135.12	
<u>AMAZON080425</u>	Invoice	08/04/2025	Hand Soaps	0.00	37.97	
<u>AMAZON081425</u>	Invoice	08/14/2025	Prime Membership	0.00	16.08	
<u>GRAMMAR07292</u>	Invoice	08/01/2025	Grammarly	0.00	139.95	
<u>HARBOR080725</u>	Invoice	08/07/2025	Boxes For Masks	0.00	96.94	
<u>JWENT081525</u>	Invoice	08/15/2025	Portable Toilet	0.00	172.93	
<u>JWENT081625</u>	Invoice	08/15/2025	Portable Toilet	0.00	172.93	
<u>OFFDEP072425</u>	Invoice	08/01/2025	Dividers	0.00	19.27	
<u>OFFDEP072525</u>	Invoice	08/01/2025	Paper,Dividers	0.00	64.95	
<u>OSS081125</u>	Invoice	08/11/2025	Storage Unit	0.00	212.00	
<u>SHINE073125</u>	Invoice	08/01/2025	Cleaners	0.00	82.71	
<u>SPECTRUM08182</u>	Invoice	08/18/2025	Internet	0.00	121.25	
<u>STARLINK080425</u>	Invoice	08/04/2025	Subscription	0.00	120.00	
<u>WALMART08012</u>	Invoice	08/01/2025	Lockwood - Jeans	0.00	115.70	
VERIZON	Verizon Wireless	09/11/2025	Regular	0.00	377.74	11896
<u>6122074710</u>	Invoice	08/26/2025	Cell Phones	0.00	377.74	
WEX	WEX BANK	08/27/2025	Regular	0.00	1,338.19	11877
<u>106716627</u>	Invoice	08/15/2025	Fuel	0.00	1,338.19	

Bank Code AP Bank Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	77	28	0.00	125,059.36
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	10	10	0.00	22,931.86
EFT's	0	0	0.00	0.00
	87	38	0.00	147,991.22

PR 63,554.39







Water Rate Study Consultant

SUMMARY

The District's most recent Prop 218 Rate Hearing was held back in 2022, with a 3-year rate setting. Those rates ran through FY 24/25; FY25/26 rates remain at the FY24/25 amounts. As recommended by the Budget & Rate Committee, reported to the Board in June 2025, staff published a Water Rate Study RFP in July 2025.

The Budget & Rate Committee seeks to have a comprehensive rate study and a 5-year rate model developed by an independent consultant to evaluate the cost of service. If adopted, the water rates will become effective July 1 of the years 2026-2030, respectively.

MOWD staff engaged with three qualified consulting firms, Robert D. Niehaus, Inc., Raftelis, and LT Municipal Consultants.

BUDGET

MOWD 25/26 FY Budget has accounted for a Water Rate Study with a budget of \$30,000 (professional services), along with the remaining \$15,000 for the professional services budget funds from the CalARP consultation contract.

RECOMMENDATION

Management recommends that the Board of Directors approve a contract with Robert D. Niehaus, Inc. for \$33,490. Robert D. Niehaus, Inc. is highly knowledgeable and experienced in conducting water rate studies, rate setting, compliance with Prop 218, and working with similar and local agencies recently and repeatedly. The firm has over 40 years of experience and has completed more than 1,000 successful projects.



PROPOSAL COMPARISON

	Robert D.Niehaus, Inc.	Raftelis	LT Municipal Consultants
Location	Santa Barbara, CA	Santa Barbara, CA	Altadena, CA
Proposal Amount	\$33,490 (District print and mail Prop 218 notices)	\$41,890 (District print and mail Prop 218 notices)	\$24,460 (\$3,000 addt'l for printing and mailing Prop 218 notices)
Estimated Hours	158	169	122
Timeline	October 2025 – April 2026	October 2025 – June 2026	October 2025 – April 2026
References	Ventura River WD (2018,2021,2024) Palmdale WD (2019 & 2024) Santa Clarita Valley WD (2020,2021,2023,2025)	Montecito WD (2020) Goleta WD Metropolitan WD of SC (2010) City of Pomona	Christian Valley Park Community Services District City of Rio Dell Calaveras Public Utility District Maywood Mutual Water Company
Experience	40+ years, over 1,000 worldwide projects completed.	1,700+ local government and utility financial and rate consulting services across the US.	8 years in business with 30 years combined experience, 100+ studies completed, compliant with Prop 218.
Meets RFP Scope	Yes	Yes, but the timeline is close to the implementation date of July 1.	Yes
Other	No pending litigation or disciplinary actions.	Idemnty will not include compliance with Prop 218. Pending litigation as a third-party in North Carolina regarding development fees developed by the firm.	No pending litigation or disciplinary actions.

Robert D. Niehaus, Inc.

Meiners Oaks Water District Proposal for 2025 Water Rate Study August 15, 2025

Submitted By:

**Robert D. Niehaus, Inc.
140 East Carrillo Street
Santa Barbara, CA 93101**

**Authorized Representative: Jack Lyon
Title: Director of Business Development
Email: Jack@rdniehaus.com
Phone: 805.618.1356**

Submitted To:

**Meiners Oaks Water District
202 West El Roblar Drive
Ojai, CA 93023**

**Attn: Summer Ward
Title: Assistant General Manager/Board Secretary
Email: summer@meinersoakswater.com**

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August 15, 2025

Summer Ward
Assistant General Manager/Board Secretary
Meiners Oaks Water District
202 West El Roblar Drive
Ojai, CA 93023

Jack Lyon, Director of Business Development
Phone: (805) 962-0611 | Email: Jack@RDNiehaus.com
Robert D. Niehaus, Inc.
140 E Carrillo Street
Santa Barbara, CA 93101

Subject: 2025 Water Rate Study

Dear Ms. Ward and Meiners Oaks Water District,

Robert D. Niehaus, Inc. (RDN) is pleased to submit our proposal for the Meiners Oaks Water District (District) 2025 Water Rate Study (Study). RDN is an employee-owned economic and financial consultancy celebrating over 40 years in Santa Barbara and over 1,000 successful projects. We specialize in rate- and fee-setting consulting services to California water and wastewater utilities. Our extensive expertise includes water and sewer rate studies, recycled water rate studies, cost of service studies, capacity fee studies, and long-term financial plan studies.

Given RDN's prior experience in the region, including a long-term working relationship with the Ventura River Water District, we are uniquely positioned to support the District in updating its financial planning and the refinement of existing rate structures to meet both the District's goals and Proposition 218 compliance. If the District is considering tiered rates, RDN will present the heightened risks and challenges associated with tiered rate setting in California. The recent *Patz vs. City of San Diego* and *Coziahr vs. Otay Water District* decisions reinforce the strict appellate court interpretation of cost-of-service requirements. Water agencies implementing tiered rates must be prepared to present detailed, contemporaneous data tied directly to levels of service.

RDN is pleased to offer an experienced rate consulting team. Dr. Robert Niehaus, with more than 40 years of consulting experience, will be the Project Director. He will be responsible for the overall Study accountability and to ensure the timely, on-budget, and successful project. Anthony Elowsky, with eight years of rate setting experience, will serve as Project Manager and will be responsible for the thorough and efficient execution of the project. Ichiko Kido, as QA/QC Consultant, brings more than 15 years of experience in financial analysis and has worked with several agencies to build comprehensive financial plans and rate structures. In addition, our team includes several highly skilled and qualified consultants to conduct analyses and prepare deliverables for the project. This team has worked with dozens of agencies across California with a proven track record of long-term client relationships, reflecting our commitment to high-quality service and value.

Please coordinate with Jack Lyon, Director of Business Development, 805.618.1356, Jack@RDNiehaus.com, if you would like to discuss our proposal, which is valid for a 90-day period. We have reviewed the District's Professional Service Agreement and confirm that the terms are acceptable. We agree to meet the requirements of the District's RFP and the expedited schedule. Jack is authorized to clarify our proposal, negotiate, and obligate the firm. We look forward to a successful, collaborative, and productive partnership.

Respectfully submitted,



Robert D. Niehaus, Ph.D.
Managing Director, Principal Economist



Jack Lyon (authorized to bind and negotiate)
Director of Business Development

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EXTERNAL QUALITY REVIEW

RDN has had no disciplinary actions, pending or settled litigation, or similar external quality review matters within the past three years.

PROFILE OF FIRM

RDN is an employee-owned economic and financial consulting firm, headquartered in Santa Barbara, delivering solutions to California utilities and Federal agencies. RDN is celebrating 40 years of consulting services for water, sewer, stormwater, housing, and energy projects throughout California and worldwide. Our staff have completed over 1,000 projects with economic, financial, and market analysis experience. Our proposed project team has decades of experience in water, recycled water, and wastewater rate analyses, development impact fees, data management, public relations support, and econometric modeling and forecasting of demand.

RDN BY THE NUMBERS

- \$8M Annual Revenue/24 Employees
- 1,000+ Projects Accomplished Worldwide
- 100+ Years of Project Team Experience
- 50 States Served
- 40+ Years Consulting for Utility Systems

RDN has ample capacity and resources to deliver high-value, timely water rate solutions to the District. RDN has demonstrated strong fiscal stability over 40 years of consulting and has nine months of payroll in cash and cash equivalents on hand. We are very familiar with the Central Coast region and its unique water demands, having worked extensively with utilities in the region over the past decade.

Figure 1. RDN's California Experience



QUALIFICATION OF THE FIRM

Table 1 and Table 2 present a selection of RDN's recent experience over the past four years.

Table 1. RDN Recent Projects

Agency	Project	Year
City of Santa Ana	Water, Recycled, and Sewer Rate Study	Ongoing
City of Greenfield	Sewer Rate Study	Ongoing
City of San Fernando	Water and Sewer Rate Study	Ongoing
SCV Water	Ratepayer's Advocate for Water, Recycled Water, Wholesale Rates	Ongoing
Napa County	Napa Berryessa Financial Plan Review	Ongoing
Serrano WD	Water Financial Plan Budget Based Rate Feasibility Study	Ongoing
Quartz Hill Water District	Water Rate Study	2025
Costa Mesa Sanitary District	Fixture Fee and Permit Fee Study	2025
South Coast Water District	Budget Based Rate Feasibility Study	2025
Victor Valley Wastewater Reclamation Authority	Wastewater Financial Plan	2025
City of Santa Ana	Water Financial Plan	2025
Ventura River Water District	Water Rate Study	2025
City of Corona	Utility Rate Study	2024
Palmdale Water District	Water Rate Study	2024
City of Huntington Beach	Wastewater Rate Study	2024
Jurupa CSD	Water and Wastewater Rate Study	2024
City of California City	Water and Wastewater Rates and Capacity Fees	2024
City of Lynwood	Water and Wastewater Rate Study	2024

Table 2. RDN Recent Projects (Cont.)

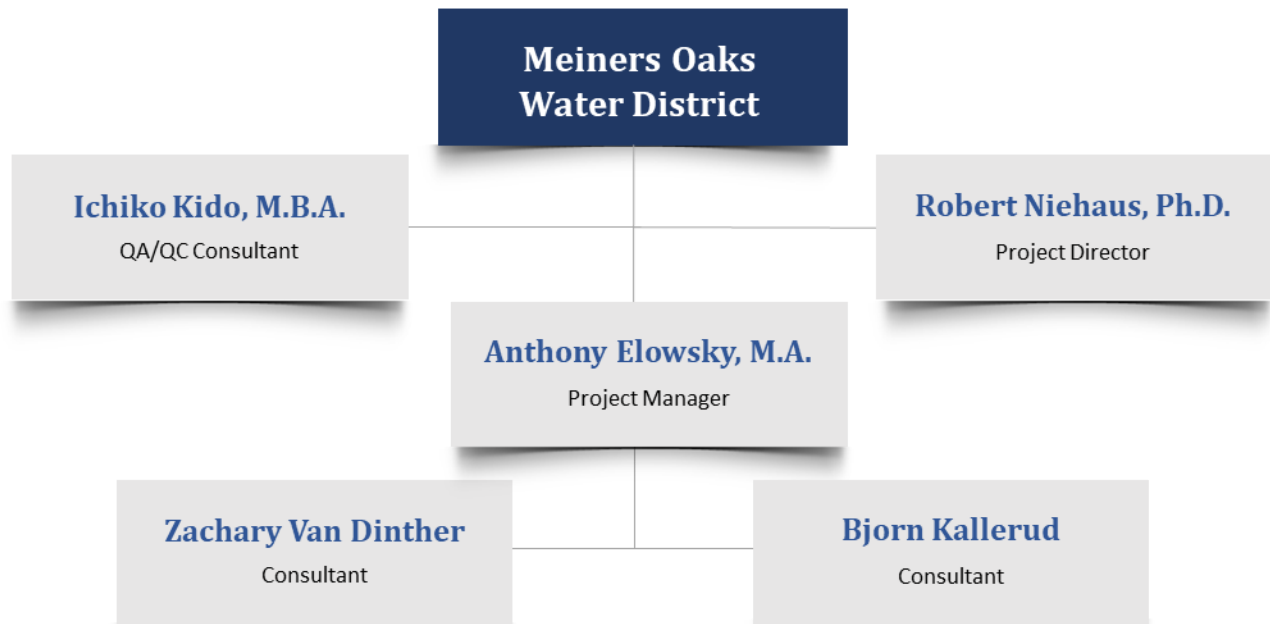
Agency	Project	Year
South Coast Water District	Water, Recycled Water, and Wastewater Rate Study	2023
City of Greenfield	Water and Wastewater Rate Study	2023
Greenfield CWD	Water Rate Study	2023
Lone Pine CSD	Wastewater Rate Study	2023
Redway CSD	Water and Wastewater Rate Study	2023
Hilton Creek CSD	Wastewater Rate Study	2023
Riebli MWC	Water Rate Study	2023
City of Alhambra	Water Rate Study	2023
Moulton Niguel Water District	Water, Wastewater, Recycled Water Cost of Service Peer Review	2022
Lake Arrowhead CSD	Water and Wastewater Rate Study	2022
Costa Mesa Sanitary District	Wastewater Rate Study	2022
Ventura River Water District	Water Budget Rate Study	2021
City of Loyalton	Wastewater Rate Study	2021
Napa County (LBRID/NBRID)	Water and Wastewater Rate Study	2020,2021
Lost Hills Utility District	Wastewater Rate Study	2021
West Valley Water District	Development Impact Fee Study	2021

PROJECT STAFFING

RDN's proposed project team is led by our principal economist, Dr. Robert Niehaus, and project manager, Anthony Elowsky. Mr. Elowsky will serve as the District's main point of contact and lead the conduct of data collection, analysis, rate-setting, and report drafting. Brief bios and responsibilities for all team members are provided on the following pages. Resumes for key RDN staff are appended to this proposal.

We affirm that our proposed project team has adequate availability to meet project objectives as outlined in the proposed scope of work and schedule and that our proposed project team will not change without prior approval from the District. Figure 2 presents RDN's proposed project team organizational structure.

Figure 2. RDN Project Organization



RDN STAFF

Robert D. Niehaus, Ph.D.

PROJECT DIRECTOR – SANTA BARBARA



Project Role and Responsibilities:

- Oversee all aspects of study process
- Assure timely, high-quality, on-budget performance and complete satisfaction with Project
- Review all deliverables for accuracy and economic rigor
- Lead major internal project meetings

Experience and Qualifications:

- 48 years of experience
- Conducted hundreds of comparable water and resource projects including California Rural Water Association; Rosamond Community Services District; Palmdale Water District;
- Received his Ph.D. in Economics from the University of Maryland

Anthony Elowsky, M.A.

PROJECT MANAGER— SANTA BARBARA



Project Role and Responsibilities:

- Work directly with District staff to ensure desired rate study outcomes
- Organize and analyze all data
- Produce rate and financial model
- Prepare rate and fee comparisons
- Produce long-term expense projections

Experience and Qualifications:

- Eight years of experience
- Financial/rate consulting experience with the California Rural Water Association, Palmdale Water District, Jurupa Community Services District, Quartz Hill Water District, Hi-Desert Mutual Water Company, and Orosi Public Utility District

Ichiko Kido, M.B.A.

QA/QC CONSULTANT – VENTURA



Project Role and Responsibilities:

- Review all deliverables for quality assurance
- Review the rate and fee models for financial planning, rate and fee design, capital funding, and reserve policies

Experience and Qualifications:

- 34 years of experience (19 with the firm)
- Expertise in financial analysis; COS analysis; rate and fee design; model design; state regulations & legislation
- Financial, rate and fee consulting experience with Moulton Niguel Water District; Santa Clarita Valley Water Agency; Napa County

Bjorn Kallerud, M.Sc.

CONSULTANT – SANTA BARBARA



Project Role and Responsibilities:

- Work at the direction of Mr. Elowsky to organize and analyze all District data
- Support report writing and model development
- Employ econometric modelling on possible use scenarios and develop revenue and expense projections

Experience and Qualifications:

- Six years of experience (four with the firm)
- Specializes in data science & econometric modelling using statistical programming languages R and Python
- Financial/rate consulting experience with Quartz Hill Water District; Santa Clarita Valley Water Agency; California Rural Water Association

Zachary Van Dinther, B.S.

CONSULTANT – SANTA BARBARA



Project Role and Responsibilities:

- Work at the direction of Mr. Elowsky to organize and analyze all District data
- Support report writing and model development
- Employ econometric modelling on possible use scenarios and develop revenue and expense projections

Experience and Qualifications:

- Four years of experience (three with the firm)
- Financial/rate consulting experience with the Costa Mesa Sanitary District, Lake Arrowhead Community Services District, Mid-Peninsula Water District, and City of California City

APPROACH TO PROJECT

SCOPE OF WORK

Task 1. Kickoff & Data Collection

Objective: RDN will host a kickoff meeting to solidify the project timeline, objectives, major meetings, and deliverables. We will anticipate the key issues and challenges for the Study and discuss potential solutions. We will request Study data needs and reconcile inconsistencies.

Task 1.1. Data Collection/Review

Our data request will include audits, budgets, general plans, capital improvement plans, customer billing records, debt service schedule, reserve policies, among other information. For data validation and quality assurance, RDN may request additional data throughout the study to reconcile any inconsistencies.

Task 1.2. Kickoff Meeting

We propose an in-person kickoff meeting to discuss project objectives, approach, work plan, schedule, and priorities. During this meeting, District staff will provide insights into the key policy objectives that are most important to the District. RDN and District staff will also assess the available data and identify any additional data requirements, if necessary.

Task 1.3. Project Management & QA/QC

RDN incorporates best practices from the Project Management Institute's Project Management Body of Knowledge to establish processes that guide management procedures. For a project to be considered a success, all work must be completed on schedule, within budget, and error-free. Our project manager, Anthony Elowsky, will prepare a Project Management Plan (PMP) to document all information necessary to execute a successful project. The PMP serves as a roadmap for the project team, defining project goals, scope, deliverables, budget, schedule, and administrative procedures.

Task 1.4. Bi-Weekly Progress Meetings

Our project team will meet with District staff biweekly, or as often as necessary, to ensure full Study transparency and success.

Table 3. Task 1 – Kickoff & Data Collection

Meetings	<ul style="list-style-type: none">▪ Kickoff meeting▪ Remote bi-weekly progress meetings
RDN Deliverables	<ul style="list-style-type: none">▪ Data request▪ Meeting agendas and minutes▪ Monthly progress reports and invoices
District Deliverables	<ul style="list-style-type: none">▪ Respond to data request▪ District policy objectives

Task 2. Financial Plan

Objective: RDN will review District data to develop a long-term financial plan based on revenue generated from current rates, fees, and other revenue sources, budgeted and projected expenses, potential debt service payments, and reserve contributions. The cash flow projections and revenue requirements will plan for the five-year water rate schedule.

Task 2.1. Demand Projections/Revenue Analysis

RDN will conduct demand and growth projections to ensure the District's revenue forecast and cash flow analysis are accurate for each utility. Water consumption is influenced by price signals, weather/rainfall, high-efficiency technologies, and conservation programs. We will first evaluate how the District's customers' water consumption patterns have changed historically, and then incorporate District growth trends and the elasticity of customer demand in response to various rate structure changes to project future water demand. We will model potential drought scenarios and their impacts on rate revenues. Based on the demand projections, we will forecast revenue using the existing rates for each utility. We will also identify any changes to other revenues such as miscellaneous charges, property taxes, and investment income.

Task 2.2. Operation and Maintenance Expenses

Using the District's budgetary documents, we will project operating and maintenance (O&M) expenses and develop reasonable inflationary factors for relevant itemized expenses using reliable published sources or the District's historical data. We also incorporate any known changes to personnel, level of service, or projected growth. We will pay particular attention to possible changes in future water source costs. Each expense item will be categorized as either fixed or variable and direct or indirect to ensure that costs are allocated to the correct rate structure components when designing rates.

Fixed/Variable Costs

RDN will identify fixed and variable costs through a detailed analysis of the District's current expenses. Fixed cost recovery will ideally be apportioned through guaranteed revenue sources to ensure that each utility will not fall short on necessary revenues. However, rate affordability and bill impact will also be considered for individual customers with different usage patterns.

Task 2.3. Capital Improvement Funding

We will incorporate long-term capital replacement needs detailed in the District's planning documents. Funding sources may include cash reserves, grant funding, debt proceeds, or PAYGO (pay as you go), each with different rate impacts.

Task 2.4. Debt Service Funding

RDN will ensure that the District's financial plan includes consideration of all current and future planned debt issuances. This analysis will allow the District to be confident that future revenue levels will comply with existing bond covenants. If capital funding requires additional debt, RDN will assist the District to plan debt issuance schedules to reduce overall impacts on customers.

Task 2.5. Reserve Funding

We will review the District's reserve policies and develop an implementation plan that maintains recommended balances consistent with the District's financial goals, risk tolerance, and capital improvement projects.

Task 2.6. Revenue Requirements

The cash flow analysis will project revenues, expenses, debt obligations, and future funding needs to determine necessary revenue adjustments for the study period. The total cost will be offset by other sources of revenue such as property taxes, investment earnings, rental income, and other water service charges. RDN will assess if revenue adjustments are needed to eliminate cumulative revenue deficiency or surplus by the end of the study period. Revenue adjustments will also meet debt covenants by maintaining the required debt service coverage ratio. The objective is to minimize customer impacts while achieving a healthy cash flow mechanism for the next five years.

Table 4. Task 2 – Financial Plan

Meetings	<ul style="list-style-type: none">Remote bi-weekly check-in meetings
RDN Deliverables	<ul style="list-style-type: none">Financial plan results
District Deliverables	<ul style="list-style-type: none">Financial plan feedbackPolicy goals and objectives for rates

Task 3. Cost of Service Analysis

Objective: RDN will ensure that costs are equitably distributed to ratepayers in compliance with Proposition 218 – with particular attention to the impacts of *Coziahr v. Otay Water District* – and that rates adequately cover the costs to provide reliable service. We employ methodologies approved by the AWWA M1 Manual and other industry standards.

Task 3.1. Review Customer Classifications

RDN will evaluate the District’s customer classifications and recommend any necessary adjustments. Properly assigning costs to customers based on their specific service requirements is essential for designing rates that comply with both Proposition 218 and Proposition 26. We will explore various cost allocation methods to determine the approach that best aligns with the District’s objectives, ensuring compliance with regulatory requirements.

Task 3.2. Cost Functionalization

With input from District staff, each expense identified in the financial plan will be carefully allocated to the industry standardized functions of each system in our model. These functions can be customized based on the District’s organizational structures and account for fixed and variable costs.

Task 3.3. Cost Allocation to Cost Causative Components

RDN will employ the base-extra capacity method from the AWWA M1. This method allocates functionalized costs to the appropriate cost causative components for each customer, ensuring an accurate reflection of the underlying service needs and demand patterns for each.

Task 3.4. Cost Allocation to Customer Classes

As a final step of the cost of service analysis, the costs of each component are allocated back to each customer commensurate with their service requirements. This analysis ensures the District adheres to the principle of cost proportionality, which is particularly relevant under Proposition 218. Rates will be directly proportional to the costs each customer class imposes on the District, and the average unit costs will represent cost-of-service rates that can be used in the rate-setting process.

Table 5. Task 3 – Cost of Service Analysis

Meetings	▪ Remote bi-weekly check-in meetings
RDN Deliverables	▪ Preliminary cost of service model in Excel
District Deliverables	▪ None

Task 4. Rate Design

Objective: RDN will produce rate options that follow cost-of-service ratemaking principles and Proposition 218. We will review the District's current rate structures for all customers and provide recommendations on how to balance fixed and variable charges to ensure revenue adequacy and stability while maintaining rate affordability. New guidance on the cost basis for rates per the *Coziahr v. Otay Water District* and the *Patz v. City of San Diego* legal opinions means that water rates must pass a strict proportionality requirement and cannot be designed with non-cost-based goals such as conservation or affordability. Recommended rates will have a clear connection between the costs and pricing to ensure compliance with Proposition 218 and Proposition 26.

Task 4.1. Evaluate the Current Rate Structures & Identify Rate Alternatives

We will perform a comprehensive review of the District's current rate structure. This will include an evaluation of links between cost parameters with particular focus on compliance with Proposition 218. Our review will also identify whether the existing rates optimize fixed and variable rate recovery to enhance stability while ensuring affordability. Based on the financial planning and cost of service analyses, we will evaluate rate adjustment alternatives designed to recover the revenue requirements identified in the financial plan. We will provide up to three draft rate options that adequately address the District's financial needs, allowing the District to select the option that best aligns with its objectives.

Task 4.2. Develop Recommended Rates

We will recommend rate alternatives that best align with the District's objectives and are supported by the cost-of-service analysis. Additionally, we will ensure that proposed rates align with the recent legal guidelines discussed in *Coziahr* and *Patz*.

Monthly Water Availability Charge/ Monthly Meter Capacity Charge

RDN will recommend appropriate changes to the proportion of rates recovered through monthly meter capacity charges (MCC) and Monthly Water Availability Charges (MWAC) to ensure that fixed costs are sufficiently funded. Increasing fixed charges reduces revenue volatility and risk from reduced demand or conservation efforts and ensures predictable revenue to cover debt, operating costs, and capital plans. The balance between the two fixed rates will ensure that larger meter capacity is equitably charged for all customers.

Unit Rates

Based on the financial plan and cost of service analysis, RDN will recommend adjustments to Unit Rates. We will also evaluate the potential for developing tiered rates based on the heterogeneous costs between the different water sources used by the District, if they are justified.

Casitas Surcharge and Standby Fee

RDN will review the cost of purchasing water from Casitas MWD and ensure that the correct costs are being allocated to either standby fees or the monthly surcharge. We will recommend changes to the ratio based on current Casitas billed rates.

Recommendations

We will ensure that all recommended rates comply with Proposition 218 and will work with District legal counsel as appropriate. In addition, any potential pass-through costs will be incorporated into the Proposition 218 notice, ensuring that the District can maintain net revenue projections if treatment or water costs exceed estimates. All data will be available for District review in Microsoft Excel or CSV.

Table 6. Task 4 – Rate Design

Meetings	<ul style="list-style-type: none">▪ Remote bi-weekly check-in meetings
RDN Deliverables	<ul style="list-style-type: none">▪ Rate options and recommendations
District Deliverables	<ul style="list-style-type: none">▪ Input on rate options

Task 5. Reports & Models

Objective: RDN’s rate model will be designed to provide the District with a valuable tool for future financial planning and testing sensitivity analysis. We will furnish a guide to the key input sections of the model to enable District staff to update or run scenarios. RDN will provide final executive reports to District staff upon project completion. Our report will describe the process of the rate study in sufficient detail to meet Proposition 218, Proposition 26, and all legal requirements. Results will be presented clearly and concisely to foster customer and stakeholder understanding.

Task 5.1. Rate Models

All models will be developed in a Microsoft Excel format designed to allow District staff to conduct sensitivity scenarios by testing various assumptions through an interactive dashboard. Factors that may be adjusted in the rate models include staff levels and salaries, operating expense levels, CIP spending, capital equipment funding, impacts of rate increases, and pass-through charges. The models will be introduced to District staff early in the study process. We will add worksheets gradually as we perform key analyses through the study and ask for the District’s review. By the time the study is complete, District staff will be fully familiarized with the models and be able to use the models to make data-driven decisions. Any changes to the underlying models will appear instantly in a dashboard for quick executive evaluation. The underlying dynamic data flow within each model is presented in Table 7.

Table 7. Sample Model Flowchart

Model Input	Analysis	Model Output	Results
Staff Levels	Revenue Requirements	Cash Flow	Fund Balances
Salaries		Annual CIP	Debt Service Coverage
Operating Expense	Rate Impacts	Fixed Rates	Monthly Bills
CIP Plan		Variable Rates	Bill Impacts

Task 5.2. Rate Study Reports

The draft rate study reports will contain an overview, study objectives, assumptions, regulatory requirements, and methodologies. The reports will discuss short- and long-term financial planning, capital planning, cost of services, rate-setting analysis, bill impacts, and comparison surveys. Key outputs of data, analysis, and rationale will be visualized in the reports. The tables and charts will be an effective tool to communicate conclusions to the Board, customers, and other stakeholders. The main sections of the draft report are shown in Table 8.

Table 8. Report Sections and Corresponding Contents

Heading	Section Brief
Executive Summary	A narrative to summarize the scope of the study.
Introduction	A brief description of the District including organizational structure, population, and service area.
Methodology Used	A description of the methodology used for analyzing the utility rates and how the study complies with Proposition 218 and other applicable laws.
Financial Plan	A review of O&M budget, capital plan, revenue analysis, needed revenue adjustments, inflation analysis, and customer growth/demand.
Cost of Service	A description of current/proposed customer classes, Prop 218 and Prop 26 compliant cost allocation to each class by function, and the total revenue requirements by each class.
Rate Design	A detail of the proposed rate structures, proposed inflationary adjustments, and a typical bill for different types of customers.
Rate Impact	A summary on the impacts rate changes will have on each customer and the community using RDN's Bill Impact Tool.
Sensitivity Analysis	A discussion of how conservation, drought, and future statutory regulations will affect the ability of rates to fund revenue requirements.
Rate Comparison	A comparison of monthly bills and of current and proposed rates with similar sized Districts within the surrounding area.

We will incorporate District feedback into the final report and clearly demonstrate the nexus between costs and recommended rates in simple terms to fulfill Proposition 218 reporting requirements.

Task 5.3. Rate Comparison Survey

We will prepare a rate comparison survey of at least six comparable agencies to benchmark the District's current and proposed water rates. Comparisons will be made for users at high, average, and low consumption levels. We will request District input on agencies to include in the survey and summarize the results for public outreach, presentations, and the report.

Figure 3. Sample Bill Comparison Figure

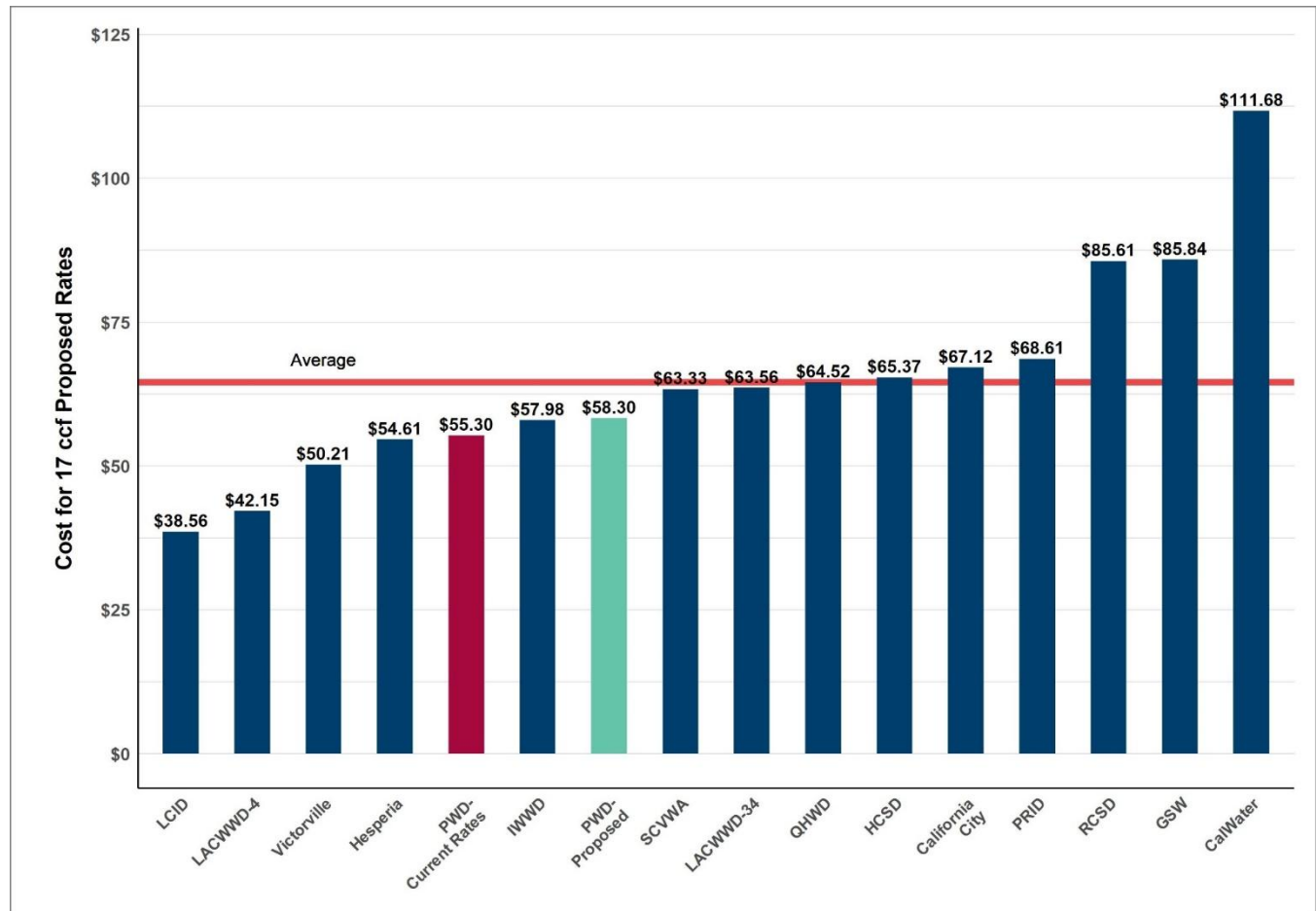


Table 9. Task 5 – Reports, Models & Presentations

Meetings	<ul style="list-style-type: none"> Remote model training meetings Meeting to review draft report comments
RDN Deliverables	<ul style="list-style-type: none"> Draft & Final rate study reports in Word and PDF formats Microsoft Excel Financial and Rate Model
District Deliverables	<ul style="list-style-type: none"> Comments, responses, and recommendations to draft report Comments and recommendations to draft presentations

Task 6. Public Meetings

Objective: RDN will hold four in-person public meetings with the Board of Directors, Rate and Budget Committee, and District customers and stakeholders. We will work to build consensus for any rate design changes based on priorities set by District staff and stakeholders.

Task 6.1. Public Meetings

RDN is committed to providing transparent project management and open communication with the District. Additionally, we propose to hold four, in person, public meetings where we discuss the results of the cost of service study.

Rate/Budget Board Committee Meetings (2)

Goal: Gather Budget Committee input on rate and financial plan options/recommendations

Structure: RDN will present preliminary outputs at key stages of the rate study process to ensure that Board priorities are being included in the final rate study recommendations. The Budget Committee will have the opportunity to review initial findings and provide direction for further analysis, such as increasing capital spending, introducing debt service, or exploring different rate schedule options. The Committee will be asked to approve recommendations before they are brought to the whole Board of Directors.

Rate Presentations (2)

Goal: Present rate change recommendations and help the Board understand the trade-offs that were made and why and build consensus for proposed recommendations.

Structure: RDN will present the results of the study so the Board will have a clear picture of which priorities were emphasized and why. These meetings will also be a forum for the Board of Directors to review the rate structure recommendations as stated and make any final refinements requested to ensure consensus before moving into the Proposition 218 process. The rate structure refinements which the Board determines best fit their priorities will be used in the rate-setting portion of the study and in the final rate recommendations based on financial plans. We will present the impacts of each structure option for all customer groups.

We will also attend and present rate study findings at the Proposition 218 Hearing as described in Task 7.

Table 10. Task 6. Meetings Deliverables

Meetings	▪ Four (4) Public Meetings
RDN Deliverables	▪ Draft meeting presentations ▪ Final meeting presentations
City Deliverables	▪ Comments on presentations

Task 7. Proposition 218 Hearing

Objective: RDN will support the District with designing a Proposition 218 Notice and outreach materials, as requested, as well as attendance at the Proposition 218 Public Hearing. RDN’s Proposition 218 support will effectively communicate the District’s message, the proposed rate changes, and the value of the services that the rates fund, though any outreach materials the District may request.

Task 7.1. Outreach Materials

As needed, RDN will provide the District with outreach materials to send to District customers explaining the proposed changes to the rate structure and the justification for those changes.

Task 7.2. Proposition 218 Notice

We will work with District staff and legal counsel to prepare a Proposition 218 notice within the 45-day noticing period. The notice will outline the proposed rate changes, the reasons for the changes, and the right for customers to challenge the rates. It is our understanding that the District will print and mail the notices.

Task 7.3. Proposition 218 Public Hearing

RDN will present the results of the study and answer questions from the Board and customers at the Proposition 218 Hearing. In coordination with District legal counsel, we will use clear, concise language and visual messaging to communicate the rate study process and why the recommended rate structure was selected.

Table 11. Task 7 –Proposition 218 Hearing

Meetings	<ul style="list-style-type: none">▪ Proposition 218 Hearing
RDN Deliverables	<ul style="list-style-type: none">▪ Outreach materials, if requested▪ Draft and final Proposition 218 Hearing presentation▪ Proposition 218 Notice design, if requested
District Deliverables	<ul style="list-style-type: none">▪ Comments and recommendations to draft presentation▪ Print and mail Proposition 218 Notices

PROJECT SCHEDULE

Figure 4 presents a preliminary project schedule for completing the 2025 Water Rate Study. We affirm that RDN has sufficient staff resources and availability to target a Proposition 218 Public Hearing within six months of the project kickoff. This will ensure that new rates can be implemented by April 2026. The schedule assumes that the Board will approve the staff recommendation for a consultant on September 16, 2025 as well as timely kickoff, District data, feedback, and availability for meetings. Time for staff review is included in each task's proposed timeline below. The four proposed public meetings will allow RDN to provide recommendations to the Board of Directors and to gather input from the Rate/Budget Board Committee. The final schedule will be discussed at the kickoff meeting.

Figure 4. Preliminary Project Schedule

Tasks	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
1. Kickoff & Data Collection	■	■					
2. Financial Plan		■	■	■	■		
3. Cost of Service Analysis			■	■	■		
4. Rate Design				■	■	■	
5. Reports & Models			■	■	■	■	
6. Public Meetings			■	■	■	■	
7. Proposition 218 Hearing					1		2 3
Task 6. Legend							
1. Prop 218 Notice							
2. Prop 218 Hearing							
3. Rate Implementation							

REFERENCES

With over 90 percent of our work resulting from repeat business, RDN prides itself on continuing relationships that we have developed over three decades of consulting. We invite you to contact our references to verify our quality of service on similar engagements. We highlight three projects below. Our core proposed project team worked on each study. Each of the projects highlights our commitment to maintaining long-term relationships with our clients, which is indicative of our continued support for their rate priorities and sustainability.

Ventura River Water District

Water Rate Study (2018, 2021, 2024)

RDN staff: Niehaus, Elowsky, Kido, Kallerud, Van Dinther

RDN has maintained an ongoing relationship with Ventura River Water District and provided rate and fee consulting services through multiple study iterations. In 2024, Ventura River Water District retained RDN to produce water rates with the primary goal of funding their significant and unprecedented capital improvement needs. RDN recommended new rates for commercial customers that reflect their unique usage characteristics, which improved the equity for all District customers. Additionally, we provided recommendations to adjust the width of the District's water rate tiers that were based on efficient indoor and outdoor water use for all customers to comply with the new state regulations: AB 1668 and SB 606, while still maintaining Proposition 218 compliance. The proposed rates were approved and implemented in January 2025.

Alma Quezada
General Manager
805-646-3403
alma@vrwd.ca.gov
409 Baldwin Avenue
Ojai, CA 93023

Palmdale Water District

2024 Water Budget Rate Study (2024)

2019 Water Budget Rate Study (2019)

RDN staff: Niehaus, Kido, Elowsky, Kallerud

In 2019, Palmdale Water District retained RDN to improve their previously adopted water budget-based rate structure and create a new five-year rate schedule. RDN gathered historical water usage and geospatial data on all customers and sub-classified commercial accounts into three categories based on usage patterns and peaking factors: Commercial, Industrial, and Institutional. Next, RDN conducted five-year demand forecasts for each meter size and customer class combination. These forecasts supported the cost of service analysis and budget-based rate setting. After rates were designed, RDN performed a customer-level bill impacts analysis that supported customer outreach during the Proposition 218 process. RDN also provides annual budget review and rate model support services. In 2024, Palmdale once again retained RDN to complete their updated water rate study. RDN completed a detailed analysis of the water budget rates and introduced improvements including implementing smaller indoor budgets to match current State mandates. The Proposition 218 Hearing was completed with minimal public protest.

Dennis J. Hoffmeyer
Finance Manager/CFO
661-456-1021
dhoffmeyer@palmdalewater.org
2029 E Avenue Q
Palmdale, CA 93550

Santa Clarita Valley Water Agency

Water Rate Study (August 2019 – February 2020)

Wholesale Water Rate Study (2021)

Capacity Fee Study (2023)

Water Rate Study (June 2024 - April 2025)

Wholesale Water Rate Study (Ongoing)

RDN staff involved: Niehaus, Kido, Elowsky, and Kallerud

Rochelle Patterson
Chief Financial and Administrative
Officer
rpatterson@scvwa.org
661-513-1239
27234 Bouquet Canyon Road
Santa Clarita, CA 91350

The Santa Clarita Valley Water Agency (SCV Water) retained RDN to review and evaluate the water rates developed by SCV Water for their accuracy and equitability to existing and new customers. This project included an evaluation of the methodology used to project demands and account growth for the planning period, a review of capital improvement costs included in the rate calculation, and a review of estimation of potential developments in the community for the next 30 years. In 2025, RDN assisted SCV Water in completing a second 5-year rate study to account for unintended increases in costs due to recent financial conditions and inflation. RDN also assisted SCV Water to complete facility capacity fee and regional capacity fee studies which were adopted in 2020 and 2023, respectively. The current rate plan was approved by the Board of Directors and was adopted July 1, 2025.

CONFLICTS OF INTEREST

RDN has no actual, apparent, direct, indirect, or potential conflicts of interest in the performance of this rate study.

PROJECT FEE

Table 12 presents RDN's fee proposal. Our not-to-exceed fee proposal to provide professional consulting services to conduct the Meiners Oaks Water District's Water Rate Study, including other direct costs and travel expenses, is \$33,490.

Table 12. RDN Not-to-Exceed Fee Proposal

Tasks	Hours					Total Cost
	Niehaus	Elowsky	Kido	Consultants	Total	
	\$320	\$220	\$250	\$180	Hours	
1. Kickoff & Data Collection	0	4	1	8	13	\$2,570
2. Financial Plan	2	16	2	16	36	\$7,540
3. Cost of Service Analysis	1	8	4	16	29	\$5,960
4. Rate Design	2	12	4	6	24	\$5,360
5. Reports & Models	2	16	2	16	36	\$7,540
6. Public Meetings	0	8	2	4	14	\$2,980
7. Proposition 218 Hearing	0	4	0	2	6	\$1,240
Estimated Expenses						\$300
Total Hours	7	68	15	68	158	
Total Fees & Expenses	\$2,240	\$14,960	\$3,750	\$12,240		\$33,490

APPENDIX - RESUMES

The appendix of this proposal includes resumes for key personnel.

Robert D. Niehaus, Ph.D.

Project Director



TECHNICAL SPECIALTIES

- Project Management
- Regional and Resource Economics
- Rate and Fee Comparison
- Economic Impact Studies
- Public Sector Water Economic and Planning Analysis
- Technical Report Review
- Cost of Service Rate Studies
- Development Impact Fees
- Resource Planning
- Econometric Modeling
- Survey Design and Implementation

PROFESSIONAL HISTORY

Robert D. Niehaus, Inc.
Managing Director
(1983-Present)

EDUCATION

Doctor of Philosophy in Economics (1979)
University of Maryland

Bachelor of Arts in Government (1972)
Oberlin College

PROFESSIONAL MEMBERSHIPS

- American Water Works Association
- American Economic Association
- National Association for Business Economics

OVERVIEW & BIOGRAPHY

Dr. Niehaus is widely recognized for his expertise in the economics of water resources and the environment. He has broad experience managing public and private sector water and land resource economic analyses and planning efforts, with expertise in water and wastewater fee and rate analysis, cost-benefit evaluations, water demand econometric modeling and forecasting, and regional economics. His expertise extends to river basin planning, groundwater management, economic impacts of water and other resource-use projects, military base realignment, housing, energy, and global climate change. He has provided expert support to senior civilian and military decision-makers for numerous projects. Dr. Niehaus has published a wide range of applied studies in these fields and has directed the successful completion of projects at more than 200 locations worldwide, with much of this experience in Southern California.

RELEVANT PROJECT EXPERIENCE

- City of Alhambra, *Water Rate Study*
- Costa Mesa Sanitary District, *Wastewater Rate Study*
- Rosamond Community Services District, *Water and Wastewater Rate Studies*
- Napa County, *Water and Wastewater Rate Studies*
- Lake Arrowhead Community Services District, *Water & Wastewater Rate Study*
- California City, *Water and & Sewer Impact Fee Study*
- Mid-Peninsula Water District, *Capacity Fee Study*
- West Valley Water District, *Development Impact Fee Study*
- Quartz Hill Water District, *Water Rate Study*
- California City, *Water, Sewer, and Recycled Water Rate Study*
- Palmdale Water District, *Water Rate Study*
- Santa Clarita Valley Water District, *Water Rate Study*
- California Rural Water Association, *Water & Sewer Rate Studies*
- Ventura River Water District, *Cost of Service and Rate Setting Study*
- Moulton Niguel Water District, *Cost of Service Peer Review*
- Carpinteria Valley Water, *District Cost of Service and Rate Setting Study*
- Manatt, Phelps, & Phillips, LLC, *Rate Comparison Study*
- National Resources Defense Council, *LADWP Data Collection & Water Rate Analysis*
- West Basin Municipal Water District, *Landscape Irrigation Efficiency Program*
- Las Virgenes Water Budget Model
- Fremont Valley Preservation Project, *Water Rate, and Revenue Analysis Study*
- Golden State Water Company, *Comparative Water Rate Analysis*
- Goleta Sanitary District/Goleta West Sanitary District, *Economic Analysis of Development Projections*
- Santa Barbara County, *Economics of Groundwater Management*
- City of Santa Barbara, *Desalination Plant Environmental Impact Report*
- United States Army Corps of Engineers, *Flood Protection and Recreation Study*
- City of Santa Barbara, *Long-Term Water Sales and Revenue Requirements Forecast Analysis*
- Santa Ynez River Basin, *Planning and Cachuma Project Water Allocation Analyses*



TECHNICAL SPECIALTIES

- Financial Planning
- Cost of Service Analysis
- Rate Design
- Rate Comparison Analysis
- Housing Market Analysis
- Data Analysis
- Technical Report Review
- Survey Interviewing
- Statistical Analysis

PROFESSIONAL HISTORY

- Robert D. Niehaus, Inc.*
Senior Technical Advisor
(2022 – Present)
- Program Manager
(2005 – 2022)

EDUCATION

- Master of Business Administration (2014)* Martin V. Smith School of Business & Economic, California State University, Channel Islands
- Bachelor of Arts in Law (1989)* Fukuoka University, Japan

PROFESSIONAL MEMBERSHIPS

- American Water Works Association
- Association of California Water Agencies
- California Rural Water Association
- Association of California Water Agencies

OVERVIEW & BIOGRAPHY

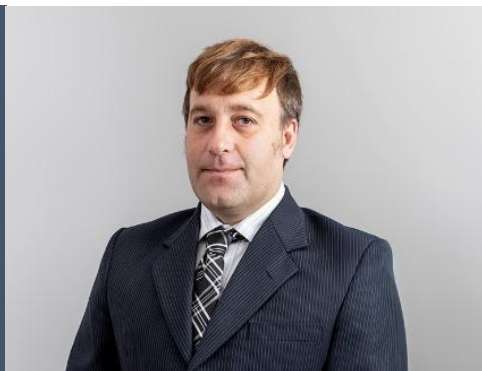
Ms. Kido has 34 years of experience in utility financial planning. Ms. Kido advises RDN as a leading expert in developing rates and fees that meet Proposition 218 requirements and other laws and regulations. She is widely recognized as a leading consultant for designing conservation-based water rates, including budget-based rate designs. She also managed capacity fee charges throughout the state, ensuring the fees are compliant despite the dynamic regulatory landscape. Her expertise is founded upon her experience working with more than 200 water utilities throughout California. Ms. Kido is a member of the AWWA's *Manual M1 Principles of Water Rates, Fees and Charges* and the *WEF Manual of Practice Number 27*.

PROJECT EXPERIENCE

- South Coast Water District, *Water, Recycled Water, and Sewer Rate Studies*
- City of Alhambra, *Water Rate Study*
- Montecito Sanitary District, *Wastewater Rate Study*
- Ventura River Water District, *Water Rate Financial Plan*
- Napa County – LBRID/NBRID, *Water and Wastewater Rate Studies*
- Quartz Hill Water District, *Water Rate Study*
- Redway Community Services District, *Water and Sewer Rate Studies*
- West Valley Water District, *Development Impact Fee Study*
- Mid-Peninsula Water District, *Capacity Fee Study*
- Timber Cove County Water District, *Water Rate Study*
- Riebill Mutual Water Company, *Water Rate Study*
- Palm Ranch Irrigation District, *Water Rate Study*
- City of Greenfield, *Water and Sewer Rate Studies*
- Chester Public Utilities District, *Water and Sewer Rate Studies*
- Lost Hills Utility District, *Water and Sewer Rate Studies*
- North Edwards Water District, *Water Rate Study*
- Mendocino City Community Services District, *Sewer Rate Study*
- Manatt, Phelps, and Phillips, LLC, *Water Rate Comparison Study*
- Lake County Sanitation District, *Sewer Rate Study*
- Wynola Water District, *Water Rate Review*
- Riverfront Mutual Water Company, *Water Rate Study*
- San Simeon Community Services District, *Sewer Rate Study*
- City of Loyalton, *Sewer Rate Study*
- Rand Community Services District, *Water Rate Study*
- Center Water Company, *Water Rate Study*
- Palmdale Water District, *Water Rate Review*
- Santa Clarita Valley Water, *Water Rate Review*
- West Valley Water District, *Construction Water Rate Study*
- Hi-Desert Mutual Water Company, *Water Rate Study*
- Apple Valley Heights County Water District, *Water Rate Study*
- Daggett Community Services District, *Water Rate Study*
- Mariana Ranchos County, *Water Rate Study*
- Apple Valley View Mutual Water Company, *Water Rate Study*
- Sheep Creek Water Company, *Water Rate Study*

Anthony Elowsky, M.A.

Project Manager



TECHNICAL SPECIALTIES

- Financial Planning
- Cost of Service Analysis
- Rate Design
- Database Management
- Rate Comparison
- Data Analysis
- Technical Report Review

PROFESSIONAL HISTORY

Robert D. Niehaus, Inc.

Project Manager/Analyst (2018-Present)

Market Researcher (2017-2018)

Dudek Environmental, Inc.

Field Technician (2016-2017)

EDUCATION

M.A. (2020) CSU, Fullerton

B.A. (2014) CSU, Los Angeles

PROFESSIONAL PRESENTATIONS

- *Wastewater Rate Changes and the Journey to Acceptance*
California Rural Water Association Expo 2022, Stateline, NV. March.
- *Incorporating Customer Use Distributions when Calculating Drought Surcharges*. Paper presented at the ACWA Virtual Fall Conference, October 27-29, 2020.

OVERVIEW & BIOGRAPHY

Mr. Elowsky manages RDN's utility financial planning projects, including water and wastewater rate- and fee-setting studies. His expertise lies in water and wastewater financial planning, cost of service analysis, rate and fee design, and applied economic research. He manages water and wastewater rate studies, capacity fee studies, and builds customized financial models to help utilities meet their financial goals. He has also conducted comparative water rate analyses and compiled and analyzed data on water rates and financial information for more than 100 purveyors throughout California. He provides rate setting expertise to professional organizations for both water and wastewater concerns. Mr. Elowsky holds a bachelor's degree from California State University, Los Angeles as well as a master's degree from California State University, Fullerton.

RELEVANT PROJECT HIGHLIGHTS

Lake Arrowhead Community Services District, *Water & Wastewater Rate Study 2022*

Lake Arrowhead Community Services District provides water and sewer service for over 8,000 accounts in San Bernardino County, California. Lake Arrowhead CSD retained RDN to complete a water and sewer rate study in 2021 which included a long-term financial plan and a 5-year rate proposal for four separate utilities. Mr. Elowsky, working for RDN, served as financial analyst for the rate study, which was completed in 2022.

City of Lynwood, *Water and Wastewater Rate Studies, 2024*

The City of Lynwood provides water and sewer service for over 9,000 customers in Los Angeles County, California. The City of Lynwood retained RDN to complete a water and sewer rate study which included a 5-year rate plan and long-term financial model. Mr. Elowsky, working for RDN, serves as the project manager for the rate study. The project is ongoing.

Hilton Creek Community Services District, *Wastewater Rate and Connection Fee Study, 2023*

Hilton Creek Community Services District provides sewer service for over 500 connections in Mono County, California. Hilton Creek CSD retained RDN to complete a sewer rate and fee study which includes a 5-year rate plan, long-term financial model, and a capacity fee analysis. Mr. Elowsky, working for RDN, serves as the project manager and principal contact for the rate and fee study. The District held a successful Proposition 218 Hearing in June, 2023.

ADDITIONAL PROJECT EXPERIENCE

City of San Fernando, *Water and Sewer Rate Study*

City of Corona, *Utility Rate Study (Water, Wastewater, Recycled Water, and Electric)*

Jurupa Community Services District, *Comprehensive Cost of Services Study*

Victor Valley Wastewater Reclamation Authority, *Water and Wastewater Rate Studies*

City of Huntington Beach, *Sewer Rate Study*

City of Santa Ana, *Water and Sewer Financial Plans*
Costa Mesa Sanitary District, *Sewer Rate Study*
Moulton Niguel Water District, *Water Recycled Water, and Sewer Rate Review*
South Coast Water District, *Water, Recycled Water, and Sewer Rate Studies*
High Valleys Water District, *Water Rate Study*
City of Alhambra, *Water Rate Study*
Montecito Sanitary District, *Wastewater Rate Study*
Rosamond Community Services District, *Water and Wastewater Rate Study*
Ventura River Water District, *Water Rate Financial Plan*
Loleta Community Services District, *Sewer Rate Study*
Lone Pine Community Services District, *Wastewater Rate Study*
Greenfield County Water District, *Water Rate Study*
Napa County – LBRID/NBRID, *Water and Wastewater Rate Studies*
Quartz Hill Water District, *Water Rate Study*
Redway Community Services District, *Water and Sewer Rate Studies*
West Valley Water District, *Development Impact Fee Study*
Mid-Peninsula Water District, *Capacity Fee Study*
City of California City, *Water and Wastewater Rate and Capacity Fee Studies*
Timber Cove County Water District, *Water Rate Study*
Riebli Mutual Water Company, *Water Rate Study*
Palm Ranch Irrigation District, *Water Rate Study*
City of Greenfield, *Water and Sewer Rate Studies*
Chester Public Utilities District, *Water and Sewer Rate Studies*
Lost Hills Utility District, *Water and Sewer Rate Studies*
North Edwards Water District, *Water Rate Study*
Mendocino City Community Services District, *Sewer Rate Study*
Manatt, Phelps, and Phillips, LLC, *Water Rate Comparison Study*
Lake County Sanitation District, *Sewer Rate Study*
Wynola Water District, *Water Rate Review*
Riverfront Mutual Water Company, *Water Rate Study*
San Simeon Community Services District, *Sewer Rate Study*
City of Loyalton, *Sewer Rate Study*
Rand Community Services District, *Water Rate Study*
Center Water Company, *Water Rate Study*
Palmdale Water District, *Water Rate Study*
Santa Clarita Valley Water, *Water Rate Review*
West Valley Water District, *Construction Water Rate Study*
Hi-Desert Mutual Water Company, *Water Rate Study*
Apple Valley Heights County Water District, *Water Rate Study*
Daggett Community Services District, *Water Rate Study*
Mariana Ranchos County, *Water Rate Study*
Apple Valley View Mutual Water Company, *Water Rate Study*
Sheep Creek Water Company, *Water Rate Study*
Thunderbird County Water District, *Water Rate Study*
Juniper Riviera Community Water District, *Water Rate Study*
West Valley County Water District, *Water Rate Study*
Orosi Public Utility District, *Water and Wastewater Rate Study*

Meiners Oaks Water District

Water Rate Study 2025

PROPOSAL / AUGUST 15, 2025

Contact: Kevin Kostiuk / kkostiuk@raftelis.com / 213.262.9309
1 North Calle Cesar Chavez, Suite 102, Santa Barbara, CA 93103



August 15, 2025

Ms. Summer Ward
Assistant General Manager/Board Secretary
Meiners Oaks Water District
202 W. El Roblar Drive
Ojai, CA 93023

Subject: Proposal for Water Rate Study 2025

Dear Ms. Ward:

Raftelis understands that you seek to develop a comprehensive, defensible, and Prop 218-compliant cost-of-service water rate structure that supports operations and funds planned capital improvements over the next five years. Additionally, you need it clearly communicated to the Board and community for successful adoption. Our team members have worked through similar studies with many of your peer utilities throughout California. This is our specialty, and we would welcome the opportunity to work with you.

One of the advantages of working with Raftelis is we understand that cost-of-service analyses provide insights into the true cost of providing service to different customer classes and are essential when developing the proper pricing signal for promoting water conservation. Our staff has co-authored industry-standard publications that provide in-depth explanations of cost-of-service principles, including the American Water Works Association's (AWWA) *Manual M1, Principle of Water Rates, Fees and Charges* and the Water Environment Federation's (WEF) *Manual of Practice No. 27, Financing and Charges for Wastewater Systems*.

Another benefit of hiring Raftelis is that we understand the successful adoption of recommendations is achieved through effective board and public engagement. Raftelis' Strategic Communications group comprises industry-leading professionals who work with local government and utilities nationwide to tell their clients' stories and facilitate impactful community engagement. Clear presentations that explain complex topics and strategic messages that enhance your community's understanding are key to a successful rate review.

Successful execution of this project will require experts in financial planning and rate structures, with a blend of local knowledge, an understanding of state and national best practices, and excellent communication skills. To address your specific project needs, we've assembled a team of some of the industry's leading rate consultants, strategic communicators, and data analysts led by trusted executive-level strategists. Our team has the skills and knowledge to address all aspects of your project, from cost-of-service analysis, to affordability assessment, to stakeholder engagement, to the challenges facing California utilities. I will serve as Project Manager, responsible for managing the day-to-day aspects of the project and ensuring it's within budget, on schedule, and meets your objectives.

I am eager to discuss this opportunity with you in more detail and to demonstrate how Raftelis can help you achieve your financial and rate objectives. I am authorized to represent the firm, to submit the bid, and to sign a contract

with the District. Raftelis does not have any conflicts of interest that would interfere with this contract. Raftelis is properly licensed to conduct business in the state of California (Registration #C2670972), and we agree to perform all of the work outlined in this RFP within the periods established by the District. Please feel free to contact me at 213.262.9309 or kkostiuk@raftelis.com if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'K Kostiuk', with a stylized flourish at the end.

Kevin Kostiuk
Senior Manager



Giving back

The Raftelis Charitable Gift Fund seeks to make a difference on issues that matter to our clients and employees by helping build sustainable, inclusive communities locally and worldwide. We do this by allocating company profits and employee contributions of time and money. We support organizations that:

- Promote efficient, sustainable resource use
- Advance diversity, equity, and inclusion within the public sector
- Invest in access to clean water and sanitation
- Help vulnerable communities by addressing affordability issues



Raftelis is registered with the U.S. Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB) as a Municipal Advisor.

Registration as a Municipal Advisor is a requirement under the Dodd-Frank Wall Street Reform and Consumer Protection Act. All firms that provide financial forecasts that include assumptions about the size, timing, and terms for possible future debt issues, as well as debt issuance support services for specific proposed bond issues, including bond feasibility studies and coverage forecasts, must be registered with the SEC and MSRB to legally provide financial opinions and advice. Raftelis' registration as a Municipal Advisor means our clients can be confident that Raftelis is fully qualified and capable of providing financial advice related to all aspects of financial planning in compliance with the applicable regulations of the SEC and the MSRB.

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EXTERNAL QUALITY REVIEW AND LITIGATION

External Quality Review and Litigation

Raftelis has not conducted an external quality review of our organization, but we remain committed to quality within our organization and in our engagements with clients.

Raftelis has developed a Quality Assurance (QA) process that consistently results in accurate deliverables of the highest quality. Each QA plan is tailored to the specific project, but there are a number of common elements such as senior-level participation, outside perspective, and involvement from project initiation. The QA plan that we will implement as part of this project embodies these elements. We have found that a well-defined QA plan ensures that our work products will be of the highest quality and meet or exceed the standards that our clients have come to expect from Raftelis.

Pending Litigation

Raftelis has been joined as a third-party defendant in a lawsuit filed by local developers against the Town of Fuquay-Varina, North Carolina. The subject of this currently pending litigation is development impact fees assessed by the town and developed by Raftelis. This is the only legal case in which Raftelis has been joined as a party in the history of our firm. Raftelis intends to vigorously defend the allegations and claim.

EXPERIENCE

Who is Raftelis

HELPING LOCAL GOVERNMENTS AND UTILITIES THRIVE

Local government and utility leaders partner with Raftelis to transform their organizations by enhancing performance, planning for the future, identifying top talent, improving their financial condition, and telling their story. We've helped more than 700 organizations in the last year alone.

We believe that Raftelis is the *right fit* for this project. We provide several key factors that will benefit the District and help to make this project a success.

RESOURCES & EXPERTISE: This project will require the resources necessary to effectively staff the project and the skillsets to complete all of the required components. With more than 190 consultants, Raftelis has the largest water-industry financial and management consulting practice in the nation, including many of the industry's leading rate consultants and experts in key related areas, like stakeholder engagement and data analytics. Our depth of resources will allow us to provide the District with the technical expertise necessary to meet your objectives.

DEFENSIBLE RECOMMENDATIONS: When your elected officials and customers are considering the validity of recommended changes, they want to be confident that they were developed by experts using the latest industry standard methodology. Our staff are involved in shaping industry standards by chairing committees within the American Water Works Association (AWWA) and the Water Environment Federation (WEF) and co-authoring many industry-standard books regarding utility finance and rate setting. Being so actively involved in the industry will allow us to keep the District informed of emerging trends and issues and to be confident that our recommendations are insightful and founded on sound industry principles. In addition, with Raftelis' registration as a Municipal Advisor, you can be confident that we are fully qualified and capable of providing financial advice related to all aspects of utility financial planning in compliance with federal regulations.

HISTORY OF SIMILAR SUCCESSES: An extensive track record of past similar work will help to avoid potential pitfalls on this project and provide the know-how to bring it across the finish line. Raftelis staff has assisted 1,700+ local governments and utilities throughout the U.S. with financial and rate consulting services with wide-ranging needs and objectives. Our extensive experience will allow us to provide innovative and insightful recommendations to the District and will provide validation for our proposed methodology ensuring that industry best practices are incorporated.

USER-FRIENDLY MODELING: A modeling tool that your staff can use for scenario analysis and financial planning now and into the future will be key for the District going forward. Raftelis has developed some of the most sophisticated yet user-friendly financial/rate models available in the industry. Our models are tools that allow us to examine different policy options and cost allocations and their financial/customer impacts in real time. We offer model options including Microsoft Excel-based and web-based tools that are developed with the expectation that they will be used by the client as a financial planning tool long after the project is complete.

RATES THAT ARE ADOPTED: For the study to be a success, rates must be successfully approved and implemented. Even the most comprehensive rate study is of little use if the recommendations are not approved and implemented. Raftelis has assisted numerous agencies with getting proposed rates successfully adopted. We focus on effectively communicating with elected officials about the financial consequences and rationale behind recommendations to ensure stakeholder buy-in and successful rate adoption.

32 years
serving the
public sector

How we stack up

OUR TEAM INCLUDES

190+ consultants focused on
finance/management/communication/
technology for the public sector

2 chairs & **16** members of
AWWA and WEF utility finance and
management committees and subcommittees

RAFTELIS HAS PROVIDED ASSISTANCE FOR

1,700+ public agencies
and utilities

that serve more than

25% of the
U.S. population

including the agencies serving

41 of the nation's
50 largest cities

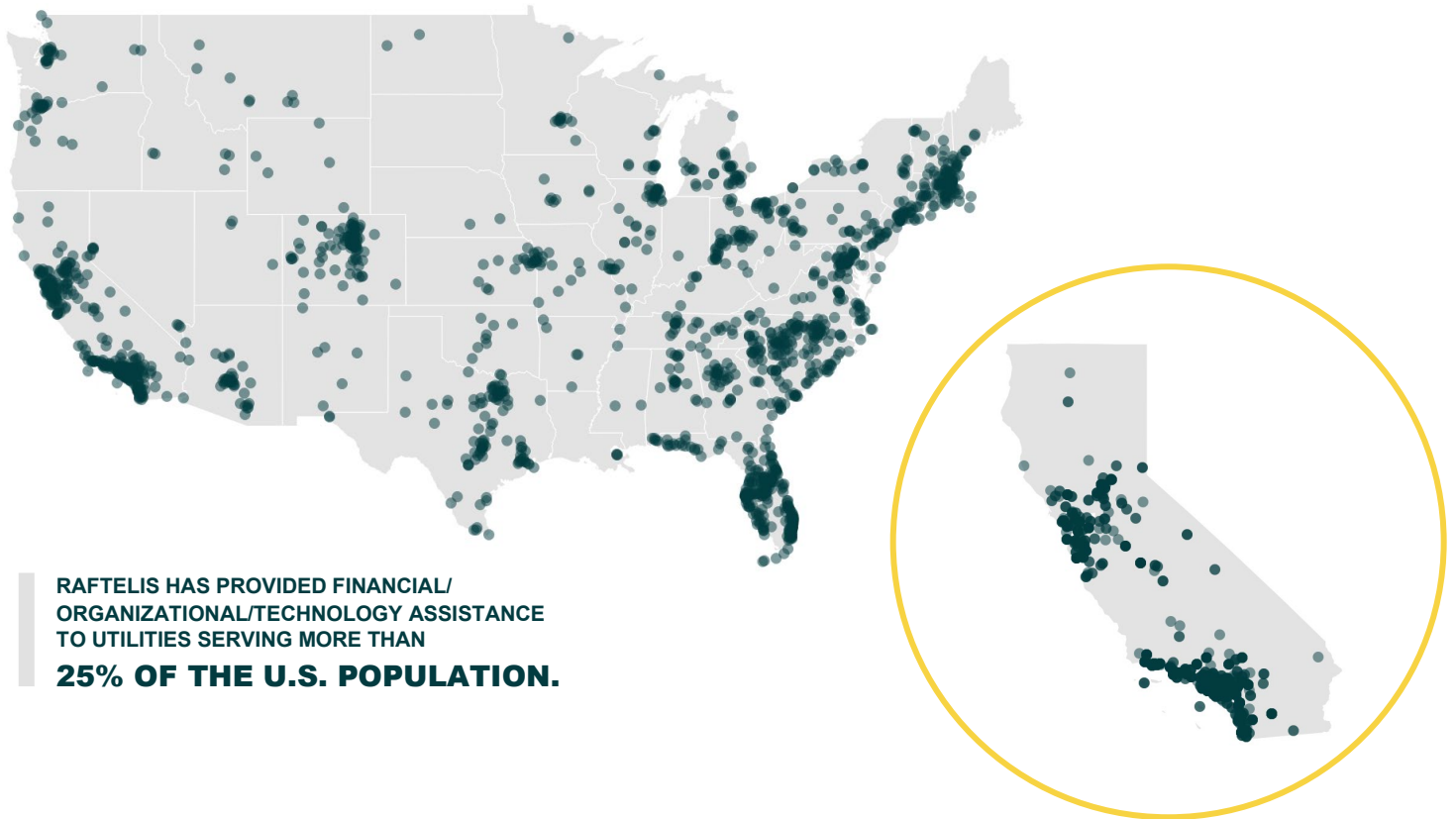
in the past year alone, we worked on

1,300+ projects for **700+** agencies in **47** states

Experience

RAFTELIS HAS THE MOST EXPERIENCED UTILITY FINANCIAL AND MANAGEMENT CONSULTING PRACTICE IN THE NATION.

Our staff of over 190 consultants has assisted more than 1,700 public agencies and utilities across the U.S., including some of the largest and most complex agencies in the nation. In the past year alone, Raftelis worked on more than 1,300 financial, organizational, and/or technology consulting projects for over 700 agencies in 47 states, the District of Columbia, and Canada. In addition, we have assisted over 350 utilities and local governments in California.



CALIFORNIA EXPERIENCE

This table lists the California utilities that Raftelis has assisted over the past five years on financial, rate, and/or management

Client	Affordability Analysis & Program Development	Debt Issuance Support	Dispute Resolution	Financial & Capital Improvements Planning	Rate Case Support	Rate Design	Risk Analysis	Cost of Service	Development/Impact Fees	Stormwater Utility Development	Organizational Optimization	Water/Wastewater Utility Valuation
Alameda County Water District		●		●		●	●	●	●			
Anaheim, City of				●		●	●	●				
Arroyo Grande, City of				●		●	●	●				
Atwater, City of				●	●	●		●				
Bakersfield, City of		●		●		●		●				
Benicia, City of									●			
Beverly Hills, City of		●		●		●	●	●	●		●	
Borrego Water District			●	●		●						
Brea, City of				●		●		●				
Brentwood (CA), City of				●		●	●	●				
CAL FIRE/San Luis Obispo								●				
Calleguas Municipal Water District		●		●		●	●	●				
Camarillo, City of		●		●		●		●	●			
Carlsbad Municipal Water District		●		●		●	●	●				
Casitas Municipal Water District				●		●		●				
Castaic Lake Water Agency			●	●		●	●	●	●			
Central Basin Municipal Water District		●		●			●	●				
Central Contra Costa Sanitary District				●		●		●				
Channel Islands Beach Community Services District				●		●		●				
Chino Hills, City of				●		●		●				
Chino, City of				●		●		●				
Chowchilla, City of				●		●	●	●				
Corona, City of						●			●			
County of San Diego				●				●		●		
Crescenta Valley Water District				●		●		●				
Cucamonga Valley Water District				●		●						
Del Mar Union School District		●										
Delta Diablo Sanitation District											●	
East Bay Municipal Utility District				●				●	●			
East Orange County Water District				●		●		●	●			
East Valley Water District				●		●	●	●				
Eastern Municipal Water District				●								
El Toro Water District				●		●		●				
Elk Grove Water District	●			●		●	●	●	●			
Elsinore Valley Municipal Water District				●		●			●			
Escondido, City of		●		●		●	●	●	●			
Galt, City of		●		●		●		●	●			
Glendora, City of						●						
Goleta Water District				●		●	●	●				
Goleta West Sanitary District			●	●		●	●	●	●			
Helix Water District				●		●		●				
Henderson, City of				●		●		●	●			
Hollister, City of				●		●		●	●			
Holtville, City of				●				●				
Huntington Beach, City of				●		●	●	●				
Imperial County				●		●		●				
Inland Empire Utilities Agency				●								

Client	Affordability Analysis & Program Development	Debt Issuance Support	Dispute Resolution	Financial & Capital Improvements Planning	Rate Case Support	Rate Design	Risk Analysis	Cost of Service	Development/Impact Fees	Stormwater Utility Development	Organizational Optimization	Water/Wastewater Utility Valuation
Irvine Unified School District		●										
Jurupa Community Services District				●		●	●	●				
Kern County Water Agency					●							
La Canada Irrigation District				●		●		●				
La Habra Heights County Water District				●		●	●	●	●			
Laguna Beach, City of				●								
Lake Valley Fire Protection District				●			●	●				
Las Virgenes Municipal Water District				●		●		●				
Leucadia Wastewater District				●		●						
Livermore, City of				●		●		●	●			
Long Beach City of	●	●		●		●		●				
Los Alamos Community Services District		●		●		●		●	●			
Los Angeles Department of Water and						●		●				
Los Angeles, City of Bureau of Sanitation					●							
Madera, City of		●		●								
Mammoth Community Water District				●		●		●				
Marin Municipal Water District					●							
Merced, City of				●		●		●	●			
Mesa Water District				●				●				
Metropolitan Water District of Southern California			●									
Modesto Irrigation District						●		●				
Mojave Water Agency				●		●	●					
Monterey County Water Resources Agency				●		●		●				
Monterey, City of		●		●		●	●					
Moulton Niguel Water District									●			
Municipal Water District of Orange County					●			●				
Napa Sanitation District				●		●		●				
Ojai Valley Sanitary District				●		●		●				
Olivenhain Municipal Water District				●		●	●					
Ontario Municipal Utilities Company								●				
Ontario, City of				●		●	●	●				
Orange, City of				●		●		●				
Palo Alto, City of				●		●	●	●				
Phelan Pinon Hills Community Services	●			●		●		●	●			
Placer County Water Agency					●			●				
Pleasant Hill Recreation & Park District				●				●				
Pomona, City of				●		●		●	●			
Rainbow Municipal Water District				●		●	●	●				
Ramona Municipal Water District				●		●		●				
Rancho California Water District						●	●	●	●			
Redlands, City of				●		●	●	●	●			
Rincon del Diablo Municipal Water District				●		●		●				
Riverside Public Utilities				●		●	●	●	●			
Roseville, City of		●		●					●			
Sacramento Regional County Sanitation District						●						
Sacramento, City of				●		●		●				

Client	Affordability Analysis & Program Development	Debt Issuance Support	Dispute Resolution	Financial & Capital Improvements Planning	Rate Case Support	Rate Design	Risk Analysis	Cost of Service	Development/Impact Fees	Stormwater Utility Development	Organizational Optimization	Water/Wastewater Utility Valuation
Salton Community Services District				●				●				
San Bernardino Valley Municipal Water						●						
San Bernardino, County of				●		●		●	●			
San Clemente, City of				●		●	●	●				
San Diego, City of Public Utilities		●	●	●		●	●	●	●			
San Dieguito Water District				●		●		●				
San Elijo Joint Powers Authority				●	●	●	●	●	●			
San Gabriel County Water District				●		●		●				
San Gabriel, City of				●		●		●				
San Jose, City of								●				
San Juan Capistrano, City of				●		●	●	●	●			
Santa Ana, City of								●				
Santa Barbara, City of				●		●	●	●	●			
Santa Clara Valley Water District			●	●	●							
Santa Clarita Water District		●		●		●	●	●	●			
Santa Cruz, City of				●		●	●	●				
Santa Fe Irrigation District				●		●	●	●	●			
Santa Fe Springs, City of				●		●		●				
Santa Margarita Water District				●		●	●	●				
Santa Rosa, City Attorney's Office									●			
Scotts Valley Water District		●		●		●	●	●	●			
Shafter, City of				●		●		●				
Shasta Lake, City of				●		●	●	●				
Sierra Madre, City of	●			●		●		●				
Signal Hill, City of				●		●		●				
Simi Valley, City of				●		●	●	●	●			
Sonoma, City of				●		●		●				
South Mesa Water Company				●		●	●	●				
South Pasadena, City of				●		●		●				
South San Francisco, City of				●				●				
Sunnyslope County Water District				●		●	●	●	●			
Sweetwater Authority				●		●		●				
Temescal Valley Water District				●		●		●	●			
Thousand Oaks, City of				●		●	●	●	●			
Torrance, City of				●		●		●				
Trabuco Canyon Water District				●		●		●				
Triunfo Sanitation District				●		●		●				
Tustin, City of				●		●		●				
Union Sanitary District				●		●	●	●	●			
Ventura Regional Sanitation District				●		●		●				
Ventura, City of	●	●	●	●	●	●	●	●	●			
Vista, City of				●		●			●			
Walnut Valley Water District				●		●		●				
Watsonville, City of	●			●		●	●	●				
West Basin Municipal Water District				●		●	●	●				
Western Municipal Water District				●		●		●	●			
Yorba Linda Water District				●		●		●				
Zone 7 Water Agency				●		●		●				

PROJECT PERSONNEL

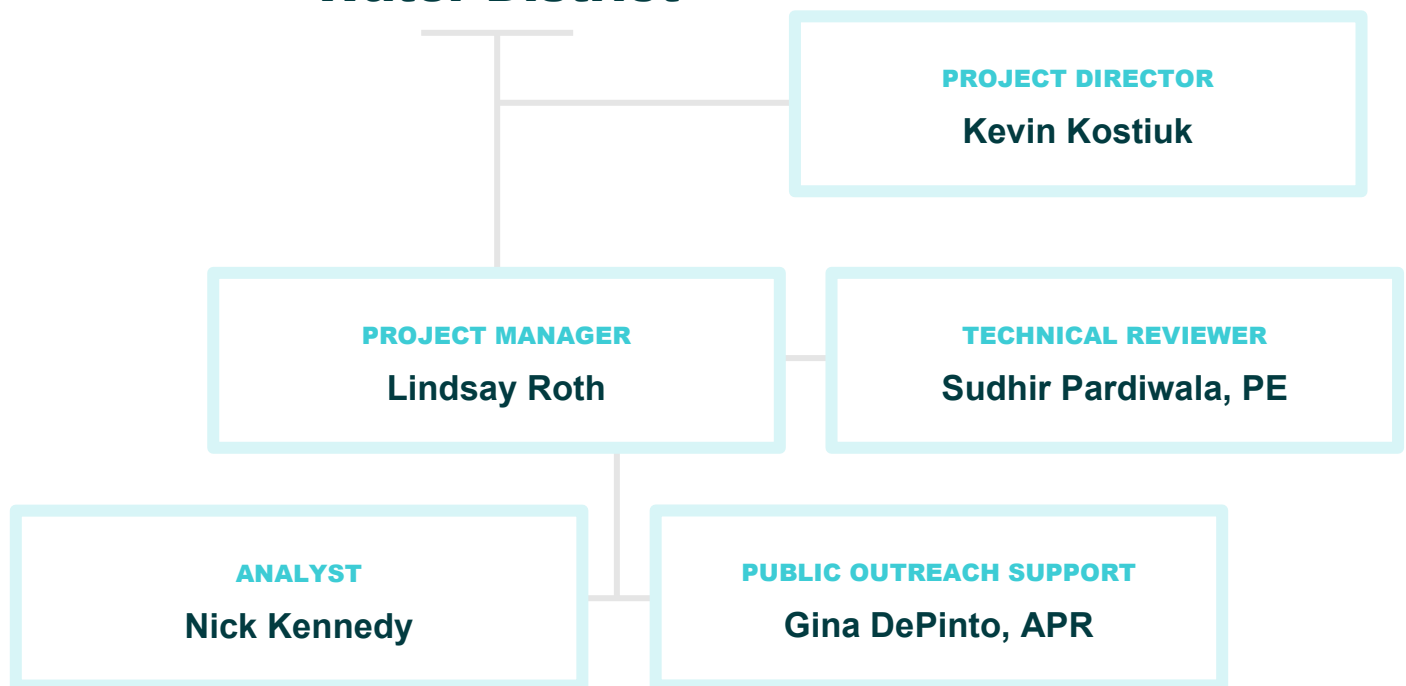
Project Personnel

WE HAVE DEVELOPED A TEAM OF CONSULTANTS WHO SPECIALIZE IN THE SPECIFIC ELEMENTS THAT WILL BE CRITICAL TO THE SUCCESS OF THE DISTRICT'S PROJECT.

Our team includes senior-level professionals to provide experienced project leadership with support from talented consultant staff. This close-knit group has frequently collaborated on similar successful projects, providing the District with confidence in our capabilities.

Here, we have included an organizational chart showing the structure of our project team. On the following pages, we have included resumes for each of our team members as well as a description of their role on the project.

Meiners Oaks Water District





Kevin Kostiuik Project Role: Project Director | Raftelis: Senior Manager

Role: Kevin will be responsible for overall project accountability and will be available to provide quality assurance and control, industry perspective, and insights into the project.

Office Location: Los Angeles, CA

Career/Experience Highlights:

- 18 years of experience in water resources management, environmental economics, environmental policy, and federal water supply and flood control policy
- Past member of the American Water Works Association (AWWA) Young Professionals (YP)
- Authored articles for Journal AWWA and California Society of Municipal Finance Officers (CSMFO) Magazine

Representative Clients

- Hayward (CA), Calistoga (CA), Crescenta Valley Water District (CA), East Valley Water District (CA), Goleta Water District (CA), Redlands (CA), Camarillo (CA), Tustin (CA), Placer County Water Agency (CA)



Lindsay Roth Project Role: Project Manager | Raftelis: Senior Consultant

Role: Kevin will oversee Lindsay manage the day-to-day aspects of the project ensuring it is within budget, on schedule, and effectively meets the District's objectives. He will also lead the consulting staff in conducting analyses and preparing deliverables for the project. Kevin will serve as the District's main point of contact for the project.

Office Location: Los Angeles, CA

Career/Experience Highlights:

- Over 5 years of experience in the environmental field and a graduate degree in water resources management
- Experience with the North Carolina Department of Environmental Quality and the Conservation Trust for North Carolina
- Skilled in data analysis and visualization, water & sewer financial analysis, and statistical analysis

Representative Clients

- Carpinteria Valley Groundwater Sustainability Agency (CA), Coastside County Water District (CA), Coronado (CA), Hayward (CA), Hollister (CA), Palo Alto (CA), Pleasanton (CA), Redlands (CA), San Lorenzo Valley Water District (CA), Soquel Creek Water District (CA)



Sudhir Pardiwala PE **Project Role: Technical Reviewer | Raftelis: Senior Principal**

Role: Sudhir will lead quality assurance and quality control for the project, ensuring all work meets Raftelis and industry standards. He will provide independent oversight of key deliverables, reviewing for accuracy, completeness, and consistency throughout the engagement.

Office Location: Remote – Texas

Career/Experience Highlights:

- 45 years of experience in financial studies and engineering
- Has conducted numerous water, wastewater, stormwater, and reclaimed water rate studies
- Written for the Water Environment Federation (WEF)

Representative Clients

- Vallejo (CA), Brentwood (CA), Los Angeles (CA), Pasadena (CA), Ontario (CA), Redlands (CA), Palo Alto (CA), Santa Barbara (CA), Olivenhain Municipal Water District (CA), Sacramento (CA), San Diego (CA), Beverly Hills (CA), Ventura (CA), Goleta West Sanitary District (CA)



Nick Kennedy **Project Role: Lead Analyst | Raftelis: Associate Consultant**

Role: Nick will serve as the Lead Analyst and will work at the direction of Kevin and Lindsay in conducting analyses and preparing deliverables for the project.

Office Location: Los Angeles, CA

Career/Experience Highlights:

- 5 years of experience in sustainable community development and data analysis
- Skilled in environmental economics, community development, and business sustainability

Representative Clients

- Hollister (CA), Padre Dam Municipal Water District (CA), Manhattan Beach (CA), Inglewood (CA), Mesa Water District (CA), Seal Beach (CA)



Gina DePinto APR **Project Role: Public Outreach Support | Raftelis: Manager**

Role: Gina will provide input and guidance on the Public Outreach components of this project.

Office Location: Los Angeles, CA

Career/Experience Highlights:

- 34 years of experience in crisis communications, community outreach, advocacy, stakeholder engagement, marketing, and media relations in the public and private sectors
- Skilled in environmental economics, community development, and business sustainability

Representative Clients

- Orange County (CA), Port of Long Beach (CA), Soquel Creek Water District (CA), Seal Beach (CA), Marin County (CA), West Sacramento (CA), Calistoga (CA)

APPROACH AND METHODOLOGY

Project Understanding

The Meiners Oaks Water District is governed by a five-member Board of Directors with seven full-time employees managing operations. The District has planned various capital projects in the coming years to replace existing aging infrastructure. The District recovers rate revenue through a water availability charge, a meter capacity charge, a uniform volumetric rate, and a Casitas pass-through surcharge. The main objective of the study is to develop a comprehensive financial plan to fully fund annual water operating and capital expenses through cost-of-service-justified rates and charges that meet state and federal requirements.

Approach and Methodology

PROJECT APPROACH

We have developed the following proposed services and approach based on our extensive experience in completing utility fee and feasibility studies for other local governments, while accounting for the considerations identified by the City in its Request for Proposals (RFP). The approach has been tailored to address the specific objectives and concerns identified in the RFP while maintaining those elements that we believe are essential for a successful project. We have used a similar project approach on many of our rate study projects and utility feasibility studies for utilities throughout California, the West Coast, and the U.S.

We recognize this is a multifaceted project ranging from financial planning to rate setting to cost of service and longer-term water use projections. This project will require rigorous adherence to California law and policy, including the ever-evolving requirements of Proposition 218.

Raftelis will develop water rates according to the American Water Works Association (AWWA)'s M1 Manual, which is the textbook and industry standard used by water rate practitioners, so that the costs of water service are recovered from customer classes in proportion to the cost of serving those customers. Raftelis will work through the District's data in a deliberate manner, described below, to develop financial recommendations and water rates that align with Proposition 218, industry standards, and the District's goals and study objectives.

PROJECT METHODOLOGY

Task 1: Data Collection and Background

Kickoff Meeting

Raftelis will start the rate-making process with a due diligence phase to better understand the goals for the rate study. This includes a kickoff meeting with District staff, data collection, and review of all relevant documents and available reports related to the water systems, in addition to financial, customer, and water use data. The kickoff provides a forum to discuss goals and objectives, policies, and methodologies, as well as finalize the work schedule to ensure that the project progresses as smoothly as possible. Raftelis will prepare a meeting agenda and send it to the District prior to the meeting. Following the meeting, Raftelis will prepare detailed meeting minutes.

Prior to the kick-off meeting, we will submit a detailed data request so that the District can assemble the appropriate data. The Project Team will study this data to understand how the District's revenue streams, operating and capital expenses, and customer base and use patterns have changed since the prior rate study.

An important part of the kick-off meeting will be a discussion of pricing objectives. We will begin by presenting an overview of potential pricing objectives and discussing them with staff. Based on the pricing objectives identified, Raftelis will make suggestions as to the most appropriate rate structures for evaluation, and appropriate financial reserves, to meet the District's objectives.

Project Management

Our management approach stresses transparency, communication, teamwork, objectivity, and accountability to meeting project objectives. Raftelis will communicate with District staff on an ongoing basis throughout the study to ensure the integrity and reliability of the project's outcome. Project management duties extend to:

- Regular calls and correspondence with the District's project manager
- Scheduling milestones and deliverable dates on a recurring basis to ensure the project remains on schedule
- Scheduling and executing internal meetings, deliverables reviews, and deadlines
- Providing timely invoices in the District's preferred format

PLANNED MEETINGS:

- One virtual Kick-off meeting

DELIVERABLES:

- Data request list
- Kick-off meeting agenda, presentation materials, and meeting minutes

Task 2: Financial Plan Development

Raftelis will develop a ten-year cash flow analysis to inform a proposal for the next five years of rate adoption. We will strive to minimize sharp rate increases and fluctuations. In the development of the financial plan model tool, we will:

- Develop a ten-year revenue requirements analysis for FY2026/2027 through FY2030/2031
- Forecast rate revenue under existing rates and other operating and non-rate revenues.
- Review existing financial plans, budgets, actuals data, and capital improvement plan programs
- Review and discuss growth assumptions and type of growth anticipated
- Develop historical billing analysis to validate current rate revenue recovery
- Review service charges, water rates, and any conservation discounts
- Forecast operations and maintenance (O&M), repair and replacement (R&R) capital, expansion capital (based on master plan results or other engineering reports), and existing and proposed debt service
- Incorporate new positions and any changes in operating efficiencies, if appropriate
- Identify the projects eligible for debt financing or state loans based on timing, duration, and the amount of the project. Raftelis can present financial plan alternatives considering specific projects financed through revenue bonds, State Revolving Fund (SRF) loans, Water Infrastructure Financing and Innovation Act (WIFIA) loans, etc.
- Project inflation over the study period using Agency-specific data, industry-specific data, and other published forecast inflation data
- Ensure financial planning scenarios meet the District's financial metrics and debt service coverage requirements over the study period
- Research and discuss industry trends regarding the level of debt financing and operating reserves to assist the Agency in further clarifying related financial policies
- Facilitate virtual meetings with District staff to discuss alternatives to the financial rate model and select optimum options

- Develop an ‘optimal’ revenue requirement financial plan balancing a mix of cash funding and debt financing capital projects (if applicable) while meeting reserve targets and debt service coverage requirements and minimizing revenue increases
- Calculate annual rate revenue adjustments needed through the study period
- Evaluate the impacts of source water cost increases and appropriate forecasting of volumes and unit costs from various sources

Raftelis’ models include an interactive and dynamic dashboard that allows for easy manipulation of variables including per capita water assumptions, use of debt for capital financing, capital scenario analysis, various changes to reserves policies, and other customized variables for comparison of revenues and expenses under different scenarios. We will work with District staff to examine different demand scenarios based on the Water Use Trend Analysis Task 2, recent legislation (i.e., *Making Conservation a California Way of Life*), and any inclusion of price elasticity of demand factors.

Several features of the model’s dashboard include the ability to show or indicate:

1. Revenue adjustments required over the planning horizon to meet debt coverage, fund capital projects, and achieve reserve targets
2. Reserve balances and reserve targets as well as debt service coverage ratios (days cash on hand, reserve funding levels)
3. Projected operating costs and revenue streams
4. Operating cost breakdown (O&M, water purchases, debt service payments, pay-as-you-go (PAYGO) capital, etc.)
5. Different capital funding sources such as PAYGO (rate funding), debt financing, or grant funding

We will work with District staff to determine the most appropriate financial plan and rate design. Raftelis models are designed to be user-friendly while being flexible enough to show the District’s sensitivity to various assumptions, allowing both District staff and the Board to make informed decisions.

PLANNED MEETINGS:

- Two virtual meetings with District staff to develop the Financial Plan
- One in-person meeting with Administration Committee to present Financial Plan results
- One in-person meeting with Board of Directors to present Financial Plan results

DELIVERABLES:

- Financial Plan model in Microsoft Excel
- Presentation materials in Microsoft PowerPoint

Task 3: Cost-of-Service Analysis

The annual costs of providing water services will be allocated among customer classes commensurate with their service requirements – i.e., how they use the water system. Costs are identified and allocated to cost components and distributed to respective customer classes according to the industry standards provided in the AWWA M1 Manual.

Task 3.1 Water Cost-of-Service Analysis

The cost-of-service analysis will be based on industry standards and methodologies approved by the AWWA and described in their *Manual M1 Principles of Water Rates, Fees and Charges* (co-authored by Raftelis staff).

Cost allocations among customer classes for water will likely be based on the AWWA-approved Base-Extra Capacity approach which focuses on the different usage patterns (or peaking characteristics) demonstrated by each customer class. During the water cost of service analysis Raftelis can evaluate the District's distinct customer classes if the District would like to explore that rate design option. Based on the revenue requirement identified in the financial plan, water expenses, such as the purchase, treatment, and distribution of water, are allocated to cost causation components, including supply, delivery, capacity-related costs, meter-related costs, customer costs, conservation costs, and other direct and indirect costs consistent with industry standards.

Throughout the water cost allocation process, Raftelis will incorporate the District's policy considerations, as well as current federal, state, and local rules and regulations such as Proposition 218. Raftelis will rely on the unique cost of service analysis framework developed over multiple prior studies as the foundation of the new analysis. We will liaise with the District's legal counsel on rates to ensure proposed cost allocations bases and cost recovery rationale is consistent with Proposition 218, recent case law, and overall defensibility of rates.

Task 3.2 Comprehensive 5-Year Cost-of-Service Study

This proposal includes a description of the extent of work effort, strategy, and project cost estimates of developing and implementing the next comprehensive five-year Water Cost of Service and Rate Design Study. This includes the Methodology and Scope of Work sections of this proposal as well as the separate Resource Allocation, Cost Estimate, and Fee Schedule.

PLANNED MEETINGS:

- Two meetings to discuss cost allocations and technical water system characteristics

DELIVERABLES:

- Cost of service analysis in Microsoft Excel

Task 4: Rate Model/Rate Design

Properly designed rates support and optimize a blend of various utility objectives, such as affordability for essential needs, fairness and equity, revenue stability, and ease of implementation. Raftelis will develop comparable rate alternatives according to the District's objectives, with consideration of industry standards and defensibility considering recent legal challenges and Proposition 218.

Task 4.1 Develop Rate Design Options

Raftelis will develop a water rate model with the flexibility to evaluate at least three alternative rate structures. The model will have the capability to examine the different rate structure scenarios to enhance revenue stability, fully fund operations and capital projects through rates, further promote rate affordability, and address fairness of rates within each class. Raftelis will examine the current uniform rates, and the recovery of fixed and volumetric revenues based on fixed and volumetric costs.

Tiered Rates

In today's rate-setting environment, it is imperative to show the nexus between the cost to serve water and the rate charged for service in each tier. For any tiered structure, Raftelis will calculate and demonstrate the nexus between costs and rates by tabulating the tiered rates to show each unit cost component individually. These cost components may include water supply costs, system delivery costs, capacity or peaking costs, meter servicing costs, customer service costs, and conservation costs, among others. This rate derivation will communicate to customers the cost drivers behind the rate in each tier and each class. An example of our build-up of "rate components" to final

commodity rates is shown in the table below. The five rate components, derived from the cost of service, are summed to derive the final commodity rates.

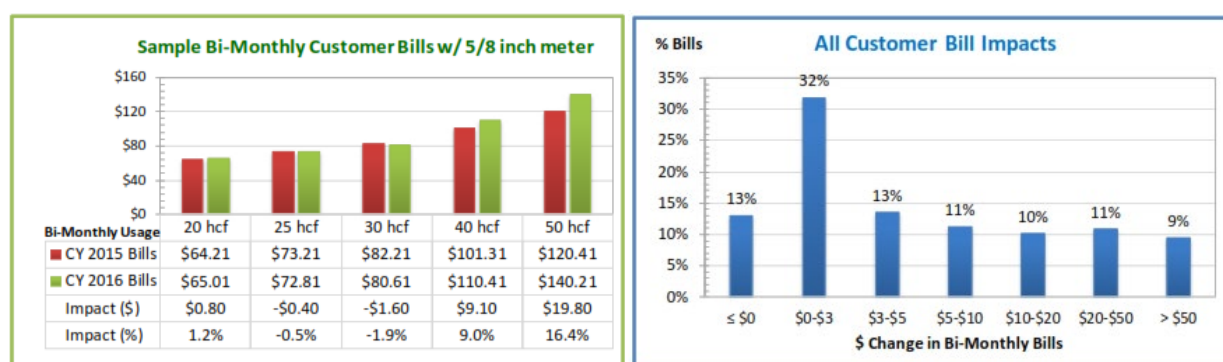
	Water Supply	Delivery	Peaking	Conservation	Revenue Offset	Proposed Rates
Residential						
Tier I	\$1.82	\$1.96	\$0.92	\$0.00	(\$0.32)	\$4.39
Tier II	\$4.04	\$1.96	\$1.22	\$0.00	(\$0.32)	\$6.91
Tier III	\$6.45	\$1.96	\$1.91	\$0.10	\$0.00	\$10.43

During our analyses, we will examine how the current tiers and tier breakpoints serve the utility's objectives and discuss any recommended revisions. We design our rate models to allow for multiple rate scenario analyses to show:

1. Different rate structures based on achieving different policy and rate philosophy objectives
2. Different levels of water use - for example an optimistic, most likely, and pessimistic scenario
3. Varying breakpoints for tiered water rates

Task 4.2 Comparison of Alternative Rate Design Structures

Rate adjustments stem from a change in the total rate revenue needs and/or a change in the rate structure. The total rate adjustment can sometimes cause "rate shock" to certain customer groups. In our impact analysis graphics, we calculate estimated monthly bills at each level of usage assuming the proposed rate structure was already in place to determine the true impact of the new rate structure. The customer impact analysis will include a series of tables and figures that show projected rate impacts by customer class at various levels of usage. Understanding customer impacts, and taking corrective action, if necessary, allows us to design public outreach strategies for generating customer buy-in and successful rate implementation. As an example, the customer impact illustration shown below-left indicates that a customer with a 5/8-inch meter using 20 hcf per billing period will see a \$0.80, or 1.2%, increase in the bimonthly bill. We also calculate the bill impacts in aggregate to be able to appreciate how different rate proposals and structures impact classes in aggregate. This visual has proved powerful in discussions with staff and elected officials when entertaining changes to rate structures.



Proposed rates will be designed to be defensible and to fall within regulatory and legal requirements. While Raftelis is not a law firm, we have helped numerous agencies throughout the State develop rates and rate structures that are defensible and meet Proposition 218 requirements. Raftelis assisted the Sweetwater Authority, City of San Juan Capistrano, and Soquel Creek Water District with revised rates after recent legal challenges. We will work with the District's Special Counsel on water rates throughout the Study to ensure the Special Counsel, staff, and the Raftelis Project Team agree prior to presenting any modifications to, or new, rate structures in a public forum.

Raftelis will discuss preliminary results with staff during two webinars and one in-person meeting. In the meetings, we will discuss the benefits and challenges of each rate structure and each scenario and refine the options that will be presented to the Administration Committee and the full Board of Directors.

Task 4.3 Model Training

After rate adoption, Raftelis will update the financial plan and rate model to reflect any changes to the rate structure so that future revenue projections and customer classifications are consistent with any changes made during the rate study. Upon completion of the model update, Raftelis will conduct a model training session so that the District can independently update the model as needed. Throughout the model development process, we will share the model and different functionalities with staff so that the webinar session acts as the culmination of ongoing training and to address final questions related to model updates and functionality.

PLANNED MEETINGS:

- Two virtual meetings with District staff to discuss rate options and one virtual meeting with District staff to discuss the comparison of alternative rate structures
- One in person meeting with Administration Committee to present Rate results
- One in person meeting with Board of Directors to present Rate results

DELIVERABLES:

- Rate models and customer bill impacts in Microsoft Excel
- Presentation materials in Microsoft PowerPoint
- Final Financial Plan and Rate Model in Microsoft Excel; presentation materials

Task 5: Rate Survey

As requested in the RFP, Raftelis will conduct a rate survey of up to six other neighboring agencies as part of the Financial Plan and Rate Model. The survey will serve to compare the District's proposed rates and sample bills to each agency.

DELIVERABLES:

- Rate survey in Microsoft Excel as part of the final Financial Plan and Rate Model

Task 6: Draft and Final Reports

The last step of the rate-making process, and in part to comply with Proposition 218 requirements, documents the Study results in a Study Report to inform the public about the proposed changes, the rationale and justifications behind the changes, and their anticipated financial impacts in lay terms. The Study Report serves as part of the District's administrative record to justify the proposed rates.

Task 6.1 Draft Report

The draft report will include an executive summary highlighting the major issues addressed, decisions reached, and recommended rates developed during the Study. The main body of the report will include a brief physical description of the water systems and District characteristics, details of the financial plan and reserve policies, cost of service analysis, rate design details, and the proposed rates. It will also contain a discussion on rate structure selection and rate design assumptions. The methodology describing the cost of service, rate calculations, and proposed five-year rates will be described in detail so that the nexus between costs and rates is clearly defined and understandable. Raftelis will provide draft reports to staff and external legal counsel for review. Raftelis will

complete a Draft Report in time for both the Rate/Budget Board Committee and the Board of Directors meetings where the Board will select their preferred rates. Any changes, comments, and feedback will be incorporated into the final models and Final Report.

Task 6.2 Final Report

Recent legal challenges and court decisions have emphasized the importance of a thorough administrative record and defensible methodology of the final rates for service. To ensure that the Study includes a thorough administrative record, the Final Report will include an exhibit listing all assumptions and methodologies used to develop the financial plan, allocate costs to serve customers, and derive rates. The Report will lead the reader from the adopted budget through final rates and customer impacts, with the ability to do the math along the way. Raftelis will incorporate changes, comments, and edits from District staff and legal counsel when completing the final report.

MEETINGS:

- One virtual meeting with District staff and legal counsel to discuss and review the draft report
- One virtual meeting with District staff and legal counsel to discuss and review the final report

DELIVERABLES:

- Presentation materials
- Draft and Final Study Reports in Microsoft Word and Adobe PDF

Task 7: Proposition 218 Notice and Public Hearing

Raftelis will present the results and proposed multi-year rates to the Board of Directors and ratepayers at a public hearing. The presentation will review the rationale behind the rates including the overall revenue needs, any rate structure changes, and estimated customer impacts. We will be available to address any questions from the Board or the public. Presentation materials will be provided to District staff well before the Public Hearing for review.

Proposition 218 mandates specific procedural requirements to be followed for the adoption of new rates and charges for parcel-related services, water included. Raftelis will review and provide suggestions on the notice. The notice should outline the proposed water rate changes, discuss the drivers of the rate changes, explain the payer's right to challenge the proposed rates, and that the District will meet and comply with all procedural requirements of Proposition 218. Once the notices have been printed and mailed to the District's customers, a Public Hearing to adopt or reject the rates may be scheduled as early as 45 days after postmark.

MEETINGS:

- Raftelis attendance and participation at the Public Hearing

DELIVERABLES:

- Reviewed Proposition 218 notice content; presentation materials

SCHEDULE

Schedule

Raftelis will complete the scope of services within the timeframe shown in the schedule below, assuming a notice-to-proceed by the beginning of May 2025, timely receipt of necessary data, and the ability to schedule meetings as necessary. Project completion is estimated for March 2026.

TASKS	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026	Mar 2026	Apr 2026	May 2026	Jun 2026
1. Data Collection and Background	●	●							
2. Financial Plan Development		●	●	●	●				
3. Cost-of-Service Analysis			●	●	●				
4. Rate Model/Rate Design				●	●	●	●		
5. Rate Survey						●			
6. Draft and Final Reports							●	●	●
7. Proposition 218 Notice and Public Hearing							●	●	●
8. Model Training									●
9. Optional Task									
10. Optional Task									

- In-person Meetings
- Web Meetings
- Deliverables

If the District elects to extend the project completion schedule beyond the initial timeframe, we will work with District staff to identify any necessary revisions to the project budget. With the depth of more than 190 consulting professionals, and specifically the current and anticipated workload of the individuals assigned to this project, we have the availability to provide the requested services in a timely and efficient manner to meet the scheduling requirements and objectives of the District. As a rule, Raftelis operates at a company-wide project utilization of approximately 65% to 75%. This level of utilization, which we expect to continue through the proposed timeline of this project, will provide the project team with ample time to allocate to the District's engagement.

Raftelis actively manages the distribution of our staff hours to ensure we allocate the necessary resources to meet the needs of each of our clients. Raftelis' executive and management team participate in a weekly conference call to review the number of consulting hours required to meet the needs of our clients during the upcoming week. This weekly meeting allows our project managers to deploy our consulting staff in a flexible manner that ensures a suitable level of hours will be devoted to each client.

REFERENCES

References

Below, we have provided descriptions of projects that we have worked on that are similar in scope to the District's project. We have included references for each of these clients and urge you to contact them to better understand our capabilities and the quality of service that we provide.

Metropolitan Water District of Southern California CA

Reference: Malcolm Hamilton, Principal Resource Specialist

700 N. Alameda Street, Los Angeles, CA 90012 / P: 805.232.4048 / E: mhamilton@mwdh2o.com

Size of Agency Staff: Over 1,800

Raftelis completed a cost-of-service and pricing analysis for Metropolitan's reuse system. The Pure Water Southern California (PWSC) program will produce up to 150 million gallons per day ("MGD") of purified recycled water from a new advanced water purification ("AWP") facility located at the Sanitation Districts of Los Angeles County Joint Water Pollution Control Plant (JWPCP) site. The PWSC program will also feature a new regional conveyance system that will deliver water for non-potable needs and recharge four regional groundwater basins for indirect potable reuse. It will also include up to 25 MGD of purified water for direct potable reuse. As part of this project, Raftelis lead an evaluation of cost recovery alternatives and pricing structure for the PWSC program. The purpose of the evaluation was to identify and assess potential alternatives for the allocation and recovery of PWSC program costs in a manner consistent with Metropolitan's Rate Structure Framework, common industry practices and cost-of-service principles. Raftelis has provided consulting services to Metropolitan Water District of Southern California (MWD) since 1998. In 2010, we completed an "Independent Review of FY 2010/11 Cost of Service and Rate Setting Process". This engagement includes confirming the following items:

- Cost of service is consistent with California law, specifically government code section 54999.7 and with MWD Act and Administrative Code
- Cost of service is consistent with water industry best practices, and complies with the AWWA's Manual M1, Principles of Water Rates, Fees, and Charges
- The 2010 proposed rates (including wheeling rates) are consistent with Board policies and, more specifically, with the 2001 Rate Structure Framework
- The 2010 cost of service model is accurate and consistent with the 2001 cost of service model

In addition, as a part of the independent review process, Raftelis identified the potential opportunities to improve MWD's cost of service, rate structure and methodology.

City of Pomona CA

Reference: Chris Diggs, Water Resources Director

PO Box 660, Pomona, CA 91769 / P: 909.557.4963 / E: chris_diggs@ci.pomona.ca.us

Size of Agency Staff: 318

Raftelis helped the City of Pomona (City) establish water, wastewater and recycled water rates. The City moved from a three-tiered rate structure for single-family customers and a two-tiered rate for all other customers to tiered rates for residential customers only. The City also implemented pumping rates for customers who reside at high elevations. All rates were based on the cost to serve customers in accordance with Proposition 218. This City also

reduced their fixed charge slightly so that customers can realize lower water bills should they choose to reduce water use.

The City also temporarily removed an in-lieu franchise fee, which was transferred to the general fund, until it delineated the general fund costs that are associated with this transfer.

Montecito Water District CA

Reference: Laura Camp, Public Information Officer

583 San Ysidro Road, Santa Barbara, CA 93109 / P: 805.969.2271 / E: lcamp@montecitowater.com

The Montecito Water District (MWD) provides water service to a mix of residential and agricultural users in coastal Santa Barbara County. The District has a wide variety of source waters including groundwater, local surface water, State Project Water, and desalination water contracted with the City of Santa Barbara. The District hired Raftelis in late 2019 to provide rate-setting, communications, and other services to the District. The 2020 rate study included restructuring of the District's water rates and inclusion of the water supply agreement with the neighboring City of Santa Barbara into the District's cost structure. Beginning in December 2019 Raftelis conducted multiple workshops with the Board of Directors to develop a rate and policy framework to determine how costs are allocated and recovered from their numerous customer classes and water users. The updated rate structure addresses the Board's policy objectives and better reflects the District's customer demographics and water demand patterns. Final rates were presented to the Board in April 2020 with a Proposition 218 Public Hearing in June 2020. The first of five years of rates was implemented on July 1, 2020.

The rate study included working with the District's Public Information Officer to develop outreach materials, create a stakeholder engagement and communications plan, and assist with public meetings. Raftelis' creative services developed mailers, the Proposition 218 public notice, standalone infographics, and presentation materials for the District. Raftelis developed a comprehensive Strategic Communications and Stakeholder Engagement Plan to guide the District through a public process to adopt a new rate structure and revenue increase required to invest in diversified water resources to help insulate the District's customers from drought impacts. Subsequent to the rate study Raftelis engaged the District to complete a staffing survey for the District's personnel based on local, region, and national peers and industry trends.

As we drew close to completing a comprehensive cost-of-service study for Montecito Water District, Raftelis was asked to support the District's stakeholder engagement, strategic communications, and efforts to comply with California's Proposition 218 requirements. We developed a comprehensive Strategic Communications and Stakeholder Engagement Plan to guide the District through what a public process to adopt a new rate structure and revenue increase needed to invest in diversified water resources to help insulate the District's customers from drought impacts. Our strategies, tactics, and messaging worked together to build awareness for the need for increased revenue to fund this critical investment. In the end, the rate change recommendation earned favorable media coverage, the unanimous support of the Board, and no effective opposition.

Goleta Water District CA

Reference: Francis Chan, Administrative Manager/CFO

43885 S. Grimmer Boulevard, Fremont, CA 94538 / P: 805.879.4615 / E: fchan@goletawater.com

Size of Agency Staff: 75

Goleta Water District (District) is one of the member agencies of the Central Coast Water Authority (CCWA) which contracted with DWR to import State Water Project (SWP) water to the Santa Barbara/San Luis Obispo

area of Central California. The District had been severely impacted by the drought in the late eighties and early nineties and had not issued new connections for several years. There were major cost implications resulting from the project.

Raftelis assisted the District with reviewing water rates, determining system development fees, developing reclaimed water rates, and financial planning. Review of agricultural rates, which were less than one-third of the urban rates, was a major component of the study. Raftelis developed a 10-year financial plan for the District and reserves were evaluated. A strategy was developed to reduce the burden associated with meeting the 125% debt coverage. We also reviewed agricultural rates with agricultural customers. Urban customers wanted to maintain the semi-urban nature of the community and supported the lower agricultural rates. System development fees were determined based on the capitalized value of future debt service for SWP and reclaimed water. Raftelis provided a manual explaining the rate model and we provided training on the use of the model.

FEE INFORMATION

Fee Information

The following table provides a breakdown of our proposed fee for this project. This table includes the estimated level of effort required for completing each task. Expenses include costs associated with travel and a \$10 per hour technology charge covering computers, networks, telephones, postage, etc.

Our scope of work includes the number of in-person and/or virtual meetings shown in the table below. Should the District require additional meetings or presentations to stakeholders, these can be arranged upon request at an added cost, which will be determined based on the scope and content of the meeting and/or presentation requested.

Tasks	Virtual Meetings	In-person Meetings	Total Hours	Total Fees & Expenses
1. Data Collection and Background	1		18	\$4,180
2. Financial Plan Development	2	2	29	\$7,493
3. Cost-of-Service Analysis	2		17	\$3,975
4. Rate Model/Rate Design	3	2	40	\$10,108
5. Rate Survey			6	\$1,360
6. Draft and Final Reports	2		38	\$8,320
7. Proposition 218 Notice and Public Hearing		1	21	\$6,453
Total Meetings / Hours	11	5	169	–
Total Professional Fees				\$39,545
Travel Expenses				\$655
Technology Fee				\$1,690
Total Expenses				\$2,345
Total Fees & Expenses				\$41,890

EXCEPTIONS

Exceptions

We request that the District consider making the following modifications, shown in red below, to the Professional Services Agreement. Please contact us if you have any questions or concerns about these preferred modifications.

2. Consultant's Responsibilities; Other Employment. Consultant accepts ~~the relationship of trust and the~~ confidence established between it and MOWD by this Agreement and hereby ~~covenants~~ as follows: (i) to furnish its best skill and judgment and to perform the Services in the most expeditious and economical manner consistent with the interests of MOWD; (ii) to cooperate with MOWD and MOWD's staff, representatives, Consultants, subcontractors, consultants and other service providers; and (iii) to provide sufficient organization and qualified personnel and management so that all Services are performed in a professional and reasonably timely manner. Consultant represents and warrants that it is duly licensed and qualified to perform the Services referenced herein and that it has the necessary skill, training, experience and expertise to perform such Services in a first-class and professional manner. Consultant's services to MOWD shall be on a non-exclusive basis and Consultant shall not be precluded from rendering services to any other person or entity so long as such other services do not interfere with the rendition of Consultant's Services hereunder or otherwise conflict with the provisions of this Agreement.

7. Licenses and Legal Requirements. Consultant warrants to MOWD that it has secured all necessary licenses, permits, insurance and bonds, if any, for performance of the Services covered by this Agreement. Consultant further warrants that the Services performed hereunder will be performed in a manner consistent with all ~~applicable~~ federal, state and local laws, statutes, ordinances, codes, rules, regulations and other legal requirements applicable to the Services hereunder, and in accordance with such skills, demeanor, appearance and conduct as is standard in the industry.

12. Indemnification. ~~Consultant shall be responsible for all damage to property, injury to persons, and loss, expense, inconvenience, and delay which may be caused by, or result from, the performance of the Services hereunder, or from any act, omission, or neglect of Consultant, its agents, or employees.~~ Consultant agrees to and shall indemnify, defend (by counsel reasonably acceptable to MOWD) and hold harmless MOWD and each of MOWD's officers, directors, members, employees, ~~agents, representatives,~~ successors ~~and assigns~~ (collectively, "Indemnitees"), from and against ~~any and all~~ claims, demands, damages, judgments, suits, actions, causes of action, losses, liabilities, costs and expenses ~~of any kind, nature or description~~, including attorneys' fees and court costs, relating to or arising out of the performance of the Services hereunder, ~~any to the extent caused by the negligent~~ acts or omissions of Consultant or any of Consultant's agents or employees, and/or any ~~material~~ breach by Consultant of any representation, warranty, covenant, duty or obligation of Consultant under this Agreement. The obligations to indemnify shall be effective regardless of whether the claim or loss is caused in some part by the Indemnitee(s), except to the extent arising out of or caused by the sole negligence or sole willful misconduct of the Indemnitee(s). ~~The indemnity herein shall not extend to include compliance with Proposition 218.~~ All of Consultant's obligations under this Section 12 shall survive the expiration or other termination of this Agreement ~~for a period of thirty-six months.~~

Explanations for Requested Modifications:

- Article 2 contains language that expands Raftelis' obligation and the relationship with the District to make Raftelis a fiduciary. This is problematic in that it creates a higher duty to the District. We would like to modify this language to make it less impactful.
- Article 3.1 makes completion of the project more than 30 days after the stated term a material breach of the contract and would expose Raftelis to a claim for damages.
- The indemnity is very broad. We would like to amend it to bring it in line with what our insurance company will insure. We would also like to add a disclaimer that the indemnity will not include compliance with Proposition 218. Raftelis will still be responsible for the tasks in the Scope, but compliance with Proposition 218 will not be part of the indemnity.



August 15, 2025

Meiners Oaks Water District

Proposal for a Water Rate Study

909 Marina Village Parkway #135 | Alameda, CA 94501 | (510) 545-3182

Alison Lechowicz - Principal | alison@ltmunicipalconsultants.org



LT MUNICIPAL
CONSULTANTS

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August 15, 2025

Summer Ward, Assistant General Manager/Board Secretary
Meiners Oaks Water District
202 W. El Roblar Drive
Ojai, CA 93023

Dear Ms. Ward,

LT Municipal Consultants (LTMC) is pleased to submit a proposal for a Water Rate Study to the Meiners Oaks Water District (MOWD or District). LTMC is a women-owned firm founded by Alison Lechowicz and Catherine Tseng that focuses on financial planning, rate and fee studies, and management consulting for California public agencies. Alison and Catherine have over 30 years combined experience in municipal consulting and public finance and have completed over 100 studies compliant with Propositions 218 and 26. All LTMC staff work out of our office in Alameda, CA.

We are a small firm that heavily focuses on rate studies for small utility purveyors serving populations of 30,000 or fewer. Recent examples of our work include water rate studies for the Christian Valley Park Community Services District (Placer County, estimated population of 1,300), City of Rio Dell (Humboldt County, population 3,400), Calaveras Public Utility District (Calaveras County, population 6,350), City of Gonzales (Monterey County, population 8,600), and Maywood Mutal Water Company (Los Angeles County, population 2,600). LTMC will bring our experience from these projects, as well as others, to our work for the Meiners Oaks Water District.

We focus on providing a high degree of administrative support to our clients and practical recommendations that are easy to understand and easy to implement. We will provide start-to-finish project management to ensure the District meets Proposition 218 requirements including documenting the cost of service, cost-justifying each component of the rates, drafting the notice of public hearing, translating the notice as needed, and tabulating and certifying the results at the public hearing.

Our approach to the Water Rate Study is as follows:

- **Financial Analysis:** LTMC analyzes revenue streams to meet immediate cash flow needs as well as plan for regulatory compliance, future capital projects, deferred maintenance, and accumulation of appropriate reserves. We will provide the District with a dashboard of financial variables that clearly illustrate how various considerations will impact utility cash flows. Our final report will provide the District with a financial roadmap that fully documents the cost of service.

- **Utility Rate Design:** To conduct the rate study, LTMC will review and update the volume rate per hundred cubic feet, zone charges, meter fees, water availability charges, and the Casitas surcharge. Due to recent court rulings, tiered water rates are under increased scrutiny and are difficult to adopt. We propose to maintain the District's existing rate structure while adjusting the price of each rate component to meet the cost of service over the next five years. As part of our study, LTMC will also provide a schedule of drought rates for water shortage emergencies and advise the District on potential cost passthroughs from the Casitas Municipal Water District and/or automatic inflationary increases.
- **Public Outreach:** LTMC will assist staff with small group meetings with Board members, drafting Proposition 218 notices, providing a script for the public hearing, conducting community outreach, and preparing materials for social media postings. Our approach is to understand any "hot button" issues to respect political sensitivities. Our final documents will explain why costs are increasing, stress the value of residents' long-term investment in the District's infrastructure, and describe the District's cost saving measures.

Our firm has not undergone an external quality review or audit to date. However, we are proud to note that our long-standing relationships with many repeat clients speak to the consistent quality and reliability of our work. We also confirm that there have been no disciplinary actions taken or pending against our firm within the past three (3) years, nor is there any pending or settled litigation involving our firm during that period. LTMC has no conflicts of interest related to this study.

Our proposal to conduct the Water Rate Study is attached and is valid for 90 days. LTMC and its employees are all licensed to work in California and agree to perform all work outlined in the RFP within the periods established by MOWD. If you have any questions, please contact us.

Sincerely,



Alison Lechowicz, Principal and Authorized Representative
909 Marina Village Parkway #135
Alameda, CA 94501
(510) 545-3182 (office)
(209) 747-3106 (cell)
alison@LTmuniconsultants.com

FIRM BACKGROUND

WHO WE ARE

LT Municipal Consultants is a women-owned firm founded by Alison Lechowicz and Catherine Tseng. Our objective is to provide financial consulting and management services to local public agencies. Alison and Catherine have over 30 years combined experience in municipal consulting and public finance. Alison has experience working for a civil engineering firm and a background in public administration. Catherine has a background in urban planning and worked for the City of Oakland before becoming a consultant.

LTMC is committed to providing professional services with superior value and responsiveness. By using a small team approach, our clients receive greater one-on-one attention and can be assured that all work is conducted by highly qualified professionals. Our clients are provided with direct communication with the principal consultants who guide the project through each step.

Nature of firm: Women-owned firm organized as an LLC serving public agencies exclusively located in California

Services: Utility Rate & Fee Studies, Financial Planning, Capacity Fee Studies, Utility Appraisal, Expert Witness, Public Approval Process

Size of firm: Five staff members consisting of four consultants and one office manager

Location of office: Alameda, CA

Management staff: Alison Lechowicz and Catherine Tseng

Years in business: 8 years

Languages spoken: English and Spanish

SERVICES

Utility Rate & Fee Studies

Utility rate studies deriving both traditional and innovative rate structures that comply with cost of service principles and Proposition 218 requirements. Address policy goals, customer acceptance, and social influences.

Public Approval Process

Lead informational workshops to educate the public about municipal finance. We provide start-to-finish assistance in the rate and fee approval process, including presentations to decision makers, publication of reports, and printing and mailing of notices.

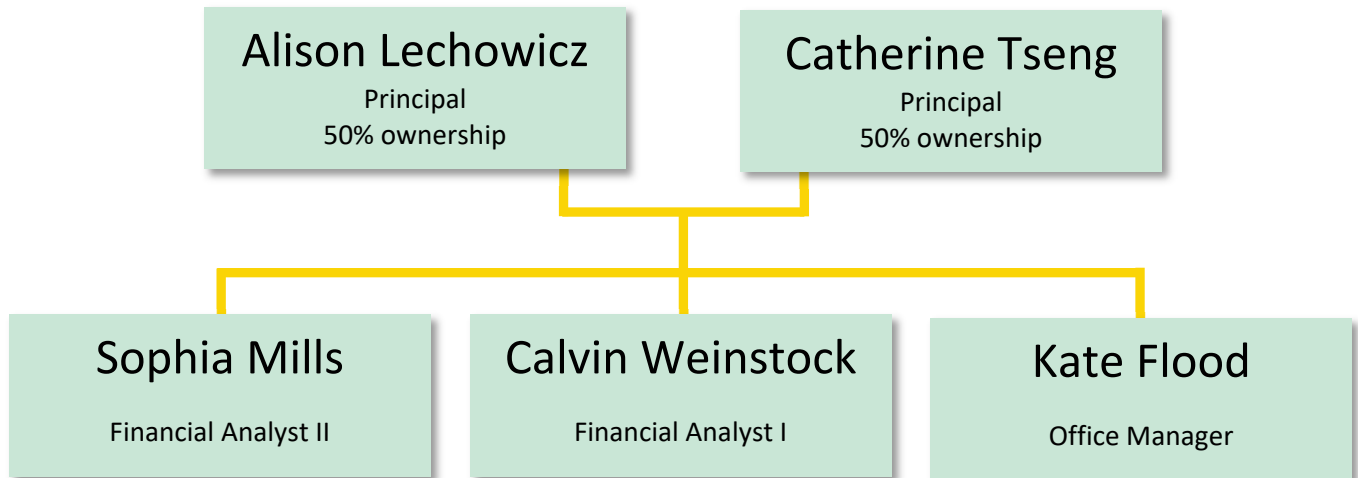
Impact Fee/Capacity Charge Studies

Development impact fees and capacity charge studies that offset the cost of expanding infrastructure to serve new development without placing a burden on existing customers.

Financial Planning & Modeling

Comprehensive financial plans focused on immediate needs as well as the long-term viability of agencies. Our financial models are flexible and user-friendly to allow for cash flow sensitivity analysis and to illustrate the impacts of policy decisions.

ORGANIZATIONAL CHART



ASSIGNED PROJECT TEAM

Alison Lechowicz

PROJECT MANAGER, LEAD FINANCIAL ANALYST



QUALIFICATIONS

- ✓ 18 years consulting experience
- ✓ Master of Public Administration
- ✓ Testified as an expert witness at the CA Public Utilities Commission

RESPONSIBILITIES

Financing alternatives and cash flow projection
Rate recommendations
Public presentations

Sophia Mills

FINANCIAL ANALYST II



QUALIFICATIONS

- ✓ 5 years consulting experience
- ✓ Bachelor of Economics and Bachelor of Spanish
- ✓ Fluent in Spanish
- ✓ Specializes in financial modeling

RESPONSIBILITIES

Data gathering
Financial modeling
Draft and final report
Spanish translations

Alison Lechowicz



alison@LTmuniconsultants.com



(510) 545-3182



909 Marina Village Parkway
#135 Alameda, CA 94501

EXPERIENCE

- 18 years of rate consulting experience:
8 years Co-founder and Principal at LTMC Municipal Consultants, 7 years as Principal and Financial Analyst at Bartle Wells Associates, 3 years as Financial Analyst at Carollo Engineers
- Testified as an expert witness at the CA Public Utilities Commission in electric rate cases of Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric

EDUCATION

- **Columbia University**
Master of Public Administration
- **University of California, Berkeley**
Bachelor of Science
Conservation & Resource Studies

REPRESENTATIVE ASSIGNMENTS

Below is a small sample of recently completed projects. A more detailed resume with full history of all projects can be provided upon request.

Town of Discovery Bay CSD (Contra Costa County):

Long-serving financial consultant for the Town, having conducted multiple water and sewer rate studies and capacity fee studies. Assisted the Town in implementing a water rate increase to fund \$32 million of capital projects.

City of Live Oak (Sutter County): Completed a contentious water rate study for the City. The City had not increased rates in 15 years and was facing significant financial hardship. Conducted outreach to the community, recorded a social media video, and had the Proposition 218 notice translated into two languages.

Root Creek Water District (Madera County):

Financial plan for the District’s groundwater basin and agricultural water service. Water, sewer, and storm drain rates and development fees for municipal service.

City of Kingsburg (Fresno County): Updated and modernized the City’s water rate structure by adding metered fees by meter size, eliminating a free water allotment, and eliminating tiers that were not cost justified.

Templeton CSD (San Luis Obispo County):

Completed a water and sewer rate study. Conducted an analysis of the District’s four water sources, determined the marginal cost of each source, and assigned each source to a water rate tier.

Sophia Mills



sophia@LTmuniconsultants.com



(510) 529-8056



909 Marina Village Parkway
#135 Alameda, CA 94501

EXPERIENCE

- 5 years at LTMC Municipal Consultants

EDUCATION

- **Davidson College**
Bachelor of Arts
Economics, Spanish

OTHER SKILLS

- Fluent in Spanish

REPRESENTATIVE ASSIGNMENTS

Below is a small sample of recently completed projects. A more detailed resume with full history of all projects can be provided upon request.

City of Anderson: Completed a water rate study to address depleting reserves. Analyzed multiple rate scenarios to minimize impacts to customers.

City of Rio Dell: Conducted a water and sewer rate study to fund mandated capital projects and eliminate operating deficit. Analyzed impacts of alternative rate structures for each utility.

Town of Discovery Bay CSD: Water and sewer rate study. Assisted the Town in rate updates to accommodate new wastewater regulatory requirements and capital project funding. Also completed a water and sewer capacity fee study.

City of Gonzales: Conducted a water and sewer rate study with a focus on industrial customers who use the majority of water in the City. Also completed a technical memorandum documenting best practices for addressing industrial wastewater permit violations.

City of Brisbane: Completed a water and sewer rate study. The City last updated rates in 2013 but had not done a comprehensive cost of service analysis since 2001. The update simplified the water and sewer rate structures to reflect actual costs.

City of Wasco: Completed a water and sewer rate study. Designed a new water rate structure and documented sewer flow and loading assumptions as the basis of the sewer rates.

COMPARABLE PROJECT LIST

LTMC heavily focuses our consulting practice on serving smaller public agencies. Provided below is a sample of our recent assignments.

Client	Accounts/Parcels	Project
Nipomo CSD (Blacklake)	560	Blacklake Sewer Rate Study (2018) Blacklake Streetlight Rate Study (2022)
Christian Valley Park CSD	630	Water Rate Study (2024)
Quail Lakes Estates (Fresno CSA 47)	710	Water and Sewer Rate Study (2025)
McMullin Area GSA	1,150	Groundwater Fee Study (2018 & 2023)
Kelseyville Waterworks District	1,200	Water and Sewer Rate Study (2024)
Maywood Mutual Water Co.	1,200	Water Rate Study (2022)
City of Bishop	1,200	Water and Sewer Rate Study (ongoing)
City of Rio Dell	1,300	Water and Sewer Rate Study (2022)
City of Brisbane	2,000	Water and Sewer Rate Study (2023)
City of Gonzales	2,000	Water and Sewer Rate Study (2023)
Calaveras Public Utility District	2,100	Water Rate Study (2023)
City of Live Oak	2,500	Water Rate Study (2025)
City of Waterford	2,600	Sewer Rate Study (2019 & 2024)
City of Fort Bragg	2,800	Impact Fee Study (2024) Water and Sewer Rate Study (ongoing)
Templeton CSD	2,800	Water and Sewer Rate Study (2018) Fire Impact Fee Study (2023)
City of Tehachapi	3,000	Water and Sewer Connection Fee Study (2020) Parks and Civic Connection Fee Study (2021)
City of Kerman	3,900	Water and Sewer Rate Study (2018) Water, Sewer, and Storm Drain Rate Study (2024)
City of Kingsburg	4,000	Water Rate Study (2025)
Westborough Water District	4,000	Water and Sewer Rate Study (2024)
City of Chowchilla	4,100	Water, Sewer, and Solid Waste Rate Study (2020 & 2025)

CSA – County Service Area, CSD – Community Services District, GSA – Groundwater Sustainability Agency

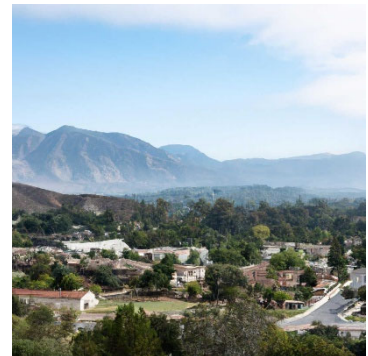
SPECIALIZED APPROACH

PROJECT MANAGEMENT

Our approach to our work is simple - we roll up our sleeves and get the job done. When initiating a project, it's impossible to know every twist and turn an assignment may take. Unexpected issues may arise, out of scope tasks may be required, and political sensitivities may become uncovered. LTMC strives to be flexible and responsive to our clients. We remain available to take on additional tasks, coordinate between departments, agencies, and contractors, attend evening meetings, make presentations, and provide clerical support such as printing and mailing of public notices. Successful projects consist of both major deliverables and many small administrative tasks. It is key that our final deliverables are easy for the District to understand and implement. We propose to organize our cash flows based on existing budget categories to allow for the easy import or export of data between documents. LTMC also structures our reports with reader-friendly executive summaries to allow the general public to grasp key concepts.

FINANCIAL PLANNING

LTMC has conducted modeling, financial master planning, and cost of service analysis for a wide range of public agencies. For example, in 2022, LTMC conducted a financial master plan for the Fresno Irrigation District. LTMC developed a customized Excel model with a data entry dashboard and output sheet which clearly displays the projected results of all financial variables entered including tables and charts that are designed to be easily exportable to the District's reports. For MOWD, we will analyze revenue streams to meet immediate cash flow needs as well as plan for future capital projects. We will provide the District with a dashboard of financial variables that will clearly illustrate how various considerations such as grant vs. loan funding, regulatory costs, and high vs. low capital improvement costs among others will impact water cash flows and provide funding for compliance and infrastructure improvements. Our models are developed in MS Excel and do not use any specialized software.



RATE DESIGN

Our approach to determining the District's rate design is provided below.

- Rate Structure and Legal Review: Water rates are highly litigious in California. The San Juan Capistrano court case determined that tiered rates could no longer be based on conservation goals and that each tier must be individually cost-justified. In 2024 and 2025, the courts handed down even more restrictive rulings regarding tiered rates in the *Coziahr v. Otay Water District*

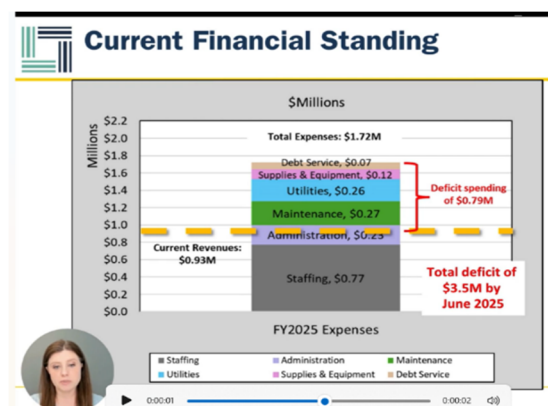
case and the *Patz v. City of San Diego* case, respectively. Given these challenges, LTMC strongly supports maintaining the Meiners Oaks Water District's current uniform rate structure. As part of this assignment, we will review these cases as well as other Proposition 218 requirements with the District.

- Drought Rates: LTMC will provide the District with a schedule of drought rates that can be implemented during water shortage emergencies. We understand that the District has charged over-allocation penalties in the past for customers exceeding their monthly allocations. LTMC will evaluate drought allocation based on up to date water usage patterns and water supply. We will provide cost-based drought rates or penalties that would make the District financially whole even during periods of restricted water sales.
- Passthrough Costs: We understand that the District connects to the Casitas Municipal Water District for backup supply and customers are billed a Casitas surcharge. LTMC will review the fee structure and provisions for passing these costs along to customers. Wholesale passthrough provisions likely allow the District to automatically recover Casitas cost increases from customers.

PUBLIC OUTREACH

Small districts have a greater likelihood of customers organizing against water rate increases and achieving a majority protest. LTMC has conducted many controversial rate studies and can assist Meiners Oaks Water District with public outreach and engagement. Early in the process, we will work with the District to identify any political sensitivities, hot button issues, and concerned stakeholders. LTMC will tailor our public documents to address any concerns before finalizing our recommendations.

LTMC will prepare and provide clear, informative, and visually appealing public materials to support transparency and build support from ratepayers. These materials will be tailored for distribution through the District's website, printed handouts, presentation decks, mailers, etc. Typical public materials include Presentation Slides, Reports, Rate Surveys, Frequently Asked Questions (FAQs), Ballots, or Notices of Public Hearing.



Recorded presentation with thumbnail overlay provided by LTMC for a social media posting.

SCOPE OF WORK

TASKS

Provided below is our list of tasks to conduct the Water Rate Study. We agree to provide all services described in the District’s Request for Proposals.



Task 1:
Data Gathering



Task 2:
Financial Plan



Task 3:
Cost Allocation



Task 4:
Rate Design



Task 5:
Draft & Final
Reports



Task 6:
Meetings &
Presentations



OPTIONAL
Task 7:
Prop 218
Assistance

Task 1 – Project Kickoff and Data Gathering

Kickoff Meeting

LTMC will meet with District staff for a project kickoff meeting to review study goals, milestones, identify project team members, and determine roles and responsibilities.

Data Gathering

Assemble the necessary data to complete the study. Wherever possible, LTMC will aggregate available information from the District’s website and other public sources. The goal is to understand the District’s financial standing, current rate structure, and utility billing information. A data needs list will be provided to the District prior to the kickoff call.

Task 2 – Financial Plan

Annual Revenue Requirements

With staff input, we will estimate future operating and capital expenditures to estimate annual revenue needs. We will factor in projections of growth, repairs and replacements, cost escalation, water conservation, regulatory compliance, and operational changes to ensure that all future expenses are included.

Review Reserve Fund Targets

This subtask involves reviewing the current operating and capital reserve balances and evaluating reserve targets for emergency reserves, rate stability reserves, long term capital reserves, short term capital reserves, or other categories as appropriate. At minimum, our analysis will review the age and condition of the system, annual depreciation costs, and expenses related to emergencies.



Review Capital Improvement Needs

Our cash flow analysis will isolate the impacts of capital funding separate from increases needed to fund other utility expenses. Typically, LTMC suggests three capital funding scenarios: 1) bare bones: fund only critical improvements, 2) priority funding: fund critical projects plus high-priority, level of service improvements, and 3) full funding: fund all proposed projects. We will work with the District to determine project affordability and adjust our rate recommendations accordingly.

LTMC will review various financing options to fund capital needs, including pay-as-you-go/cash funding and other debt financing alternatives, such as State loans/grants, bank loans, and certificates of participation/bonds.

Cash Flow Projections

Annual revenue requirements and capital funding needs will be used to develop long-term cash flow projections summarizing the financial position of the utility over the next 5 to 10 years. The cash flow projections will estimate rate increases needed to meet annual revenue requirements, debt obligations, and reserve fund targets under each scenario.

Sensitivity Analysis

Based on input from the project team, LTMC will incorporate rate sensitivity analysis to determine affordability. We will determine rate impacts under various scenarios, possibly including cash funding of projects, debt funding of projects, etc. Sensitivity analysis can often become an iterative process. LTMC is flexible to run additional scenarios as needed.

Task 3 – Cost Allocation

Evaluate Customer Billing Data

We will evaluate historical and current billing data including customer counts, meter size, and water consumption.

Functionalize Costs

Functionalization is the allocation of expenses by major operating activity including water supply, peak pumping, treatment, storage, transmission, overhead, and administration.

Allocation to Customer Classes

After costs have been categorized by function, costs are then allocated to each customer class based on estimated water demand. The allocation to customer classes will be based on American Water Works Association best practices and meet the proportionality requirements of Proposition 218.

Task 4 – Rate Design

Assess Current Rate Structure and Customer Classifications

Review the current rate structures and customer classifications to assess the advantages and disadvantages of the existing systems and to determine compliance with industry standards and court rulings. While compliance with Proposition 218 will guide all our recommendations, additional criteria may include: the impact on customer bills, public understanding, revenue stability, ease of implementation, compatibility with the existing billing system, and staff effort needed for administration.

Rate Alternatives

Based on the criteria developed with staff and the cost of service analysis, we will identify alternative rate structures or modifications to the current water rate structure as appropriate. Our primary goal for this task is to ensure the District's water rate structure complies with all relevant legal requirements. LTMC strongly supports maintaining the District's current uniform rate structure. As part of this task, LTMC will also develop cost-based drought rates. These rates will be designed to fund the District's cost of water service even during cutback scenarios.

If modifications to the current rate structure are needed or desired, we will work with the project team to phase in modifications, clearly explain why the changes are needed, and minimize the impact on ratepayers. We will outline the advantages and disadvantages of each option. Additionally, we will take into consideration staff's time and capabilities to administer any changes and will ensure the District's billing system can accommodate proposed rate structure adjustments.

This task includes a legal review of current and proposed rate design alternatives. As needed, we will coordinate with legal counsel. For the final study, we will present rate structure options that meet both the District's needs and relevant legal requirements. LTMC will compare all our estimates and recommendations with those used by other local entities.

Survey of Local Rates

We will prepare a survey comparing current and proposed bills to other regional agencies. The survey will be summarized in tables and charts that can be used for outreach, presentations, and the final report. We can also prepare a bill comparison for different customer classes or meter sizes if desired. The final list of surveyed agencies will be determined by the District.



Bill Impacts

Based on the recommended rates, calculate the bill impacts for a sample of customers from various customer classes. Impacts on economically disadvantaged and fixed income customers will be weighed. If needed, develop an implementation plan to phase in adjustments.

Finalize Recommendations

Our final rate recommendations will include a five-year plan of proposed rates. The final plan will show projected rates for each meter size for each year.

Task 5 – Draft & Final Reports

Submit a draft summary report for review and feedback. The report will summarize findings and recommendations and discuss key alternatives when applicable. We will then incorporate all staff comments and update recommendations accordingly. The final report will reflect input received from staff and the Board of Directors. Our reports are intended to serve as the administrative record and will be compliant with Propositions 218 and 26. We will also draft the District's Proposition 218 notice of public hearing and translate it into Spanish.

At the conclusion of the study, LTMC will submit an Excel-based financial model to the District. The model will include all calculations, charts, and tables used in the report and will be "live" such that the District can make adjustments to the calculations in the future should circumstances change. LTMC will provide training to District staff on how to effectively use the model to analyze the rate impacts of different scenarios.

Task 6 – Meetings & Presentations

To begin the study, we will hold a virtual kickoff meeting with the District as described in Task 1. As needed throughout the study, LTMC proposes to conduct virtual meetings with the project team to review progress, answer questions, and revise the calculations. The next steps are to provide a presentation of our draft findings to the Board of Directors, revise our recommendations as needed, and provide a presentation of our final recommendations to the Board. Our final meeting will be to attend the Proposition 218 public hearing for rate adoption. Our proposal includes two (2) in-person meetings: one (1) in-person meeting to review draft alternatives with the Board of Directors and receive input and one (1) in-person meeting to conduct the Proposition 218 public hearing. Other meetings will be conducted virtually. LTMC will prepare PowerPoint files and accompanying documents in advance for project team review and inclusion with meeting materials.

OPTIONAL Task 7 – Proposition 218 Assistance

If desired, LTMC will coordinate and conduct all deliverables associated with compliance with Proposition 218 including: aggregating the ratepayer and property owner mailing lists, drafting the Proposition 218 notice, printing the notices, and certifying the mailing of the notices. The actual cost of mailing the Proposition 218 notices is a separate charge and will be based on the number of mailers and printing costs.

LTMC recommends public agencies use the Proposition 218 notice as an outreach opportunity to explain why the rate adjustments are needed and to highlight what has been done to help reduce costs. If requested, LTMC will also draft additional outreach materials for customers such as newsletters and FAQs. We will coordinate with the District's legal counsel for review of all Proposition 218 materials.



DELIVERABLES

- Data request list
- Project management schedule
- Evaluation of billing data including # of meters by size and water usage
- Five-Year cash flows with anticipated funding sources and cost recovery
- Review of prudent reserves and recommended reserve fund levels
- Five-Year Financial Plan and Excel model
- Rate design alternatives including new drought rates
- Final five-year rate increase plan
- Affordability analysis and rate survey of local agencies
- Preliminary and final drafts of the rate study report (electronic and printed copies will be provided)
- Two (2) in-person meetings/presentations with the District
- Virtual progress meetings with staff; action items distributed to the project team
- Proposition 218 public notice (including Spanish translation); printing and mailing provided by LTMC is optional
- Public outreach materials as needed

DISTRICT RESPONSIBILITIES

LTMC understands that the rate study process can be burdensome for public agencies. Our goal is to take on as many administrative tasks as possible to streamline the study. LTMC will be responsible for all project analysis and the preparation of meeting and presentation materials for project team and Board meetings. Expected time commitment and information required from District staff can be estimated based on the following tasks:

- Respond to LTMC's data request consisting of items such as: budgets, audits, utility billing data, water supply data, and capital improvement plans
- Attend kickoff and progress meetings (agenda and materials will be provided in advance)
- Review and comment upon draft and final reports
- Review from the District's legal counsel on recommendations, reports, and procedures
- Discuss any political sensitivities or issues that may hinder fee adoption
- Coordinate and schedule meetings with the Board and/or the public

PROJECT SCHEDULE

Provided below is our schedule for the Water Rate Study. We propose to conduct progress meetings with District staff about once a month through the Fall of 2025 and present the rate study results to the Board in January 2026. We remain flexible to adjust the schedule to meet the District's needs.

PROJECT TASK	OCT	NOV	DEC	JAN	FEB	MAR	APR
1. Kick-off and Data Collection							
2. Financial Plan							
3. Cost Allocation							
4. Rate Design							
5. Draft and Final Reports				D	F		
6. Presentations and Outreach	1	2	3	4	5	PROP 6	218 7

D - draft report submitted; F - final report submitted; orange boxes represent meetings - in-person meetings are bolded

MEETINGS

Provided below is a sample meeting schedule that will be updated with input from the project team.

Meeting #1 (Virtual)	Kickoff meeting with Project Team
Meeting #2 (Virtual)	Review preliminary findings with Project Team
Meeting #3 (Virtual)	Review revised recommendations with Project Team
Meeting #4 (In-person)	Present the draft report to the Board of Directors
Meeting #5 (Virtual)	Present final report to Board; initiate Proposition 218 process
Meeting #6 (Virtual)	Virtual customer outreach presentation (if needed)
Meeting #7 (In-Person)	Proposition 218 Public Hearing to adopt the rates

REFERENCES



Calaveras Public Utility District ***Water Rate Study (2023)***

The Calaveras Public Utility District is located approximately 60 miles southeast of Sacramento and provides water services to the communities of Railroad Flat, Glencoe, Paloma, Mokelumne Hill, and San Andreas, California. The District serves a population of roughly 6,350 people within its over 35 square mile area. The District's customer base includes both rural areas and the more densely populated areas of San Andreas and Mokelumne Hill which include residential customers, offices, schools, and businesses.

The District was operating at a deficit and had issued debt in 2021 to partially fund a replacement tank at their water treatment plant. The project was also funded with existing reserves. The proposed rate increases were developed to eliminate the operating deficit, meet debt service coverage, and to rebuild reserves over time.

The study recommended changes to the District's existing rate structure to align it with industry standard methodologies. The existing rate structure included a base allotment of water in the fixed monthly fee plus volume rates for consumption over the base. Under Senate Bill (SB) 555, base water allotments could be considered non-revenue water and subject to auditing and/or other regulatory measures by the state. The proposed new rate structure eliminated the base allotment. The fixed monthly fees consist of a debt service charge for the tank project and a meter charge. The tiered rate structure was also eliminated so that all usage is charged a single rate.

The proposed rates also included a schedule of drought rates, which would only be implemented during a water shortage emergency. Under drought conditions, the base rate would remain the same, but volume rates would increase according to the level of water cutback.

LTMC also assisted with the Proposition 218 process. We drafted the notice of public hearing, coordinated with the District's Attorney for legal review, and conducted the printing and mailing. The rates were implemented July 2023.

Travis Small

Former General Manager
Now at the City of Stockton
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Christian Valley Park Community Services District

Water Rate Study (2024)

Located in Placer County, the Christian Valley Park Community Services District (District) provides water service to approximately 630 residential customers as well as the California Conservation Corps in Auburn, CA. The District purchases raw water from the Placer County Water Agency (PCWA) and receives water from the Bowman canal system which is treated at the District's water treatment plant.

In June 2024, Alison Lechowicz completed a Water Rate Study for the District that recommended rates for five years through 2028/29. Water rates had not been increased in 5 years, and the Water Fund was projected to end the year in an operating deficit, having to draw upon its limited reserves to fund expenses. The study recommended a 23.0% rate adjustment in the first year, followed by annual inflationary increases through 2028/29 to cover the operating deficit and to meet reserve fund targets.

To pay for much needed pipeline improvements and system repairs, the District implemented a new capital improvement fee that will generate an additional \$500,000 each year to prevent costly main breaks and service interruptions. The new capital improvement fee is based on the cost to replace steel pipelines and will remain the same from 2025 to 2028.

The District maintained the current rate structure which includes a fixed charge based on meter size and a usage charge in which all customers are charged the same rate per hundred cubic feet (ccf). LTMC completed a cost of service analysis using the Base-Extra Capacity method and applied updated meter capacity ratios to develop a cost basis for the current rate structure. The new rates were successfully implemented July 1, 2024.

Don Elias
General Manager
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Maywood Mutual Water Company #1

Water Rate Study (2022)

The Maywood Mutual Water Company #1 (MMWC1) is a non-profit water company that provides service to about 1,200 connections in the Cities of Huntington Park and Maywood in Los Angeles County. The company is governed by a Board of Directors and all customers are shareholders of the company. In 2022, LTMC conducted a water rate study for MMWC1. Our work included a financial master plan, rate design options, rate report, and a Frequently Asked Questions sheet.

Prior to our work, MMWC1 implemented only minimal rate adjustments and fell behind the cost of service. MMWC1's sole water source is purchased water from Water Replenishment District. The cost of water increases plus high inflation at the time triggered the need for a rate adjustment. MMWC1's management policy is to utilize rates for ongoing annual costs and to request special assessments from shareholders to fund major capital improvements. However, LTMC recommended rate increases to generate \$50,000 per year in funds that can be accumulated into a capital improvement reserve or used annually to cover repairs.

As part of our work, we conducted extensive review of cash flow alternatives with the Board. For this assignment, we produced a Financial Options Comparison Memo in addition to our comprehensive Rate Study Report. MMWC1's Board was unfamiliar with the rate adjustment process and had not conducted in-depth financial planning prior to our engagement. We guided the Board through selecting an alternative and new rates went into effect January 1, 2023.

Sergio Palos
General Manager
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(323) 791-1043

City of Kingsburg

Water Rate Study (2025)

Solid Waste and Street Sweeping Rate Study (2022)



Kingsburg is a city of about 12,000 people located in Fresno County about 20 miles southwest of the City of Fresno. LTMC completed a

solid waste and street sweeping rate study for the City in 2022 and a water rate study in 2025. Prior to our work, the Water Fund was operating at a slight deficit as the last rate study did not include costs for higher levels of water treatment or recharge projects for Sustainable Groundwater

Management Act (SGMA) compliance. LTMC's study provided funding for these items as well as deferred capital projects. We also updated the City's rates to include fees based on meter size and a volume rate that is better reflective of water supply costs. The City's prior tiered water rate structure was out of compliance with Proposition 218 and was not indicative of actual costs to provide service. Our recommended fee structure more fairly recovers costs from large commercial water users within the City. The City received few protests and held a successful Proposition 218 hearing in May 2025.

Daniel Galvez
Public Works Director
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FEE PROPOSAL

NOT TO EXCEED FEE

The following table outlines LT Municipal Consultants' proposed budget by task. Our not to exceed Fee Estimate includes three (3) in-person meetings and printing and mailing of the Proposition 218 notices as an optional task. LTMC is flexible to attend meetings virtually instead of in-person to reduce the budget. LTMC will invoice the District monthly for time and materials. The budget shown below is valid for 90 days.

PROJECT TASKS	HOURS		Total	BUDGET
	Lechowicz Project Mgr \$230/hour	Mills Financial Analyst II \$150/hour		
1. Kick-off and Data Collection	2	4	6	\$1,060
2. Financial Plan	14	16	30	\$5,620
3. Cost Allocation	6	10	16	\$2,880
4. Rate Design	12	10	22	\$4,260
5. Draft and Final Reports	10	14	24	\$4,400
6. Presentations and Outreach	18	6	24	\$5,040
Subtotal	62	60	122	\$23,260
<i>Travel expenses (2 in-person meetings)</i>				<i>\$1,200</i>
TOTAL PROJECT BUDGET	62	60	122	\$24,460

OPTIONAL TASK

Printing and mailing of Proposition 218 notices (estimated based on 1,300 connections) **\$3,000**

BILLING RATE SCHEDULE 2025/2026

LTMC's hourly rates are \$230 for principals, \$150 for financial analyst II, and \$120 for financial analyst I. Professional time rates include all overhead and indirect costs. Direct expenses incurred on behalf of the client will be billed at cost. Direct expenses include, but are not limited to:

- Travel, meals, lodging
- Automobile mileage (IRS rate)
- Printing and report binding
- Courier services and mailing costs
- Outside computer services or software development
- Special legal services



THANK YOU



District Summary/Update

- **Lake Level:** Casitas Dam is at 93.8% 9/8/2025
- **Wells:** All Wells offline due to Well #4A rehab Project
Turned on Casitas connection 4/10/2025
- **Well, #4A Redevelopment Project:** Temporary pump and equipment, start date 9/15/2025
- **Cal ARP:** Under contract with Resource Compliance to complete MOWD's CalARP Enrollment, Site Assessment 9/18
- **AMI Meters:** Field analysis and inventory for next phase of meter upgrades
- **Will Serve Letters:** n/a
- **Rainfall Totals (Season):**

	Casitas Dam	9.46"
	Matilija Dam	13.40"
9/11/25	M.O. Fire Station	5.99"
	Stewart Canyon	8.97"
	Nordhoff Ridge	15.39"

<u>Type of Work</u>	<u>Cause</u>	<u>Date</u>	<u>Location</u>	<u>Contractor</u>	<u>Amount \$</u>
8" Water Main Break	Poor Bedding	8/18/25	940 S. Rice Rd	Sam Hill	\$6,913.36
Hit Fire Hydrant	Driver	9/8/25	1350 S. La Luna	Field Staff	\$117.18

Current Well Levels and Specific Capacity

WELL #1	JAN 25'	FEB 25'	MAR 25'	APR 25'	MAY 25'	JUN 25'	JUL 25'	AUG 25'	SEP 25'	OCT 25'	NOV 25'	Dec 25'
STATIC (ft)	29.1'	27.3	25.9'	27.8'	29'	27.6'	30.8'	31.6'	31.8'			
RUNNING (ft)	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF			
DRAW DOWN (ft)	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF			
Gallons Per Minute (GPM)	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF			
Specific Capacity (gal/ft DD)	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF			
WELL #2	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
STATIC (ft)	28.6'	28'	26.2	27.8'	28.9'	28.5'	29.7'	30.9'	30.9'			
RUNNING (ft)	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF			
DRAW DOWN (ft)	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF			
Gallons Per Minute (GPM)	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF			
Specific Capacity (gal/ft DD)	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF			
WELL #4A	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
STATIC (ft)	35.9'	35.3'	34.7'	29.9'	33.4'	N/A	42.7'	52.7'	53.3			
RUNNING (ft)	55.3"	53.97'	54.2'	OFF	OFF	OFF	OFF	OFF	OFF			
DRAW DOWN (ft)	19.4"	18.67'	19.5	OFF	OFF	OFF	OFF	OFF	OFF			
Gallons Per Minute (GPM)	366	361	377	OFF	OFF	OFF	OFF	OFF	OFF			
Specific Capacity (gal/ft DD)	18.9	19.33	19.33	OFF	OFF	OFF	OFF	OFF	OFF			
WELL #7	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
STATIC (ft)	33.2'	31.2'	30.7'	30.2'	33.9'	40.1'	43.1'	52.12'	54.7'			
RUNNING (ft)	33.7'	33.5'	33.7'	33.1'	OFF	OFF	OFF	OFF	OFF			
DRAW DOWN (ft)	2.5'	2.3'	3'	2.9'	OFF	OFF	OFF	OFF	OFF			
Gallons Per Minute (GPM)	310	309	305	325	OFF	OFF	OFF	OFF	OFF			
Specific Capacity (gal/ft DD)	124	134.34	101.66	112.06	OFF	OFF	OFF	OFF	OFF			
WELL #8	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
STATIC (ft)	63.6'	62.7'	62.3	61.6	63.1'	63.5'	64.8'	66.4'	66.9'			
RUNNING (ft)	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF			
DRAW DOWN (ft)	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF			
Gallons Per Minute (GPM)	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF			
Specific Capacity (gal/ft DD)	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF			

Non-Reportable Nitrate Levels 2025

	January	February	March	April	May	June	July	August	September	October	November	December
Well #8	11.1	11.2	10.3	10.8	10.6	10.6	10.4	10.9				
Ranchitos	17.1	18.1	16.7	16.4	17.2	17	16.1	15.1				

Water Pumped, Sold, Purchased & Water Loss (by MOWD Billing Period)

MONTH	PUMPED (AF)	PURCHASED (AF)	TOTAL SUPPLY (AF)	FLUSHED (AF)	SOLD (AF)	% DIFFERENCE	NOTES
2025 JAN	53.12	0	53.12	0.04	56.68	6%	
FEB	38.81	0	38.81	0.14	32.28	16%	Service Leak 2/18
MAR	31.10	0	31.10	0.3	30.26	2%	
APR	13.34	37.89	51.23	0	48.82	5%	
MAY	0.05	52.39	52.44	0.13	47.73	9%	
JUN	0.58	57.67	58.25	0.08	63.46	9%	
JUL	0.03	69.62	69.65	0.45	68.19	2%	
AUG	0.19	69.82	70.01	0.15	68.29	2%	
SEP							
OCT							
NOV							
DEC							
YTD 2025	37.22	287.39	424.61	1.29	415.71	2%	
TOTAL 2024	589.17	48.58	637.76	0.78	584.54	8%	*Flushing Tracker started Sep 2024
TOTAL 2023	441.18	107.75	548.93		499.61	9%	
TOTAL 2022	451.43	216.43	667.86		615.38	9%	
TOTAL 2021	411.94	266.57	678.51		640.95	6%	
TOTAL 2020	485.71	197.26	682.97		635.47	7.5%	

Reserve Funds

* Balance at the County of Ventura	\$ 1,289,625.68
Total Taxes	\$ 0.00
Total Interest from reserve account#	\$ 7,564.52

Fiscal Year Total Revenues

July 1 st – August 31 st	2024	\$ 366,925.66
July 1 st – August 31 st	2025	\$ 446,185.99

Bank Balances

* LAIF Balance	\$ 224,774.82
Transferred from L.A.I.F. to General	\$ 0.00
(#) Quarterly Interest from LAIF	\$ 0.00
* Money Market (Mechanics Bank)	\$ 7,628.48
Amount Transferred to Mechanics from County this month	\$ 30,000.00
Amount Transferred to General Fund from Money Market	\$ 0.00
Monthly Interest received from Money Market	\$.12
General Fund Balance	\$ 54,664.53
Trust Fund Balance	\$ 7,125.80
* Capital Improvement Fund	\$ 21,970.50
(#) Quarterly Interest from Capital Account	\$ 0.17
Total Interest accrued	\$ 0.29



Board Secretary Report – September 2025

Administrative

- The Water Rate Study proposals were received by August 15, 2025, from 3 firms, including RDN, Raftelis, and LT Municipals.
- Backflow Program: The District went live with BSI Online on July 1, 2025, and has so far had 15 tests uploaded for customers with backflow devices. The Backflow Prevention Program documents are still pending a response from the state.
- CalARP Resource Compliance site visit is scheduled for September 18, 2025.

Financial (any items not covered in the separate Financials Report)

- The Financial Audit FY 24-25 work is underway.

Billing/Customer Service

Month	#Total Service Orders	# Account Owner Changes	Total HCF Billed	Monthly Customer Bill Total
August 24	149	7	31,844	\$188,551.64
September 24	162	8	34,955	\$199,500.81
October 24	90	6	30,431	\$182,605.47
November 24	69	7	27,161	\$170,218.85
December 24	52	3	19,292	\$141,151.22
January 25	76	11	25,441	\$163,916.67
February 25	67	7	14,649	\$123,322.95
March 25	56	8	13,350	\$118,749.73
April 25	90	5	22,087	\$155,164.02
May 25	78	10	21,291	\$151,505.06
June 25	137	34	26,425	\$201,428.69
July 25	192	7	29,638	\$218,697.61
August 25	163	12	29,725	\$219,075.88

- October 24 Service Orders: 42 were re-reads during the meter reading process; 7 leak checks, and 23 Misc.
- April 25 Service Orders: 74 were re-reads during the meter reading process due to increased consumption; 2 pressure checks, 4 leaks, 3 stuck meters with 1 meter replacement, and 1 meter box relocation
- June 25 Service Orders: 89 were re-reads during the meter reading process. Of the 34 account ownership changes, 21 accounts were involved, which is an unusually high turnover for the first week of June. The total billed amount includes the Casitas Surcharge.
- July 25: 192 Service Orders: 47 new AMI meters installed, 107 re-reads during the meter reading process, 7 leak checks performed outside of the meter reading process. The total billed amount includes the Casitas Surcharge.

Board of Directors

Board Member	Position	Term Ends	Term Type
Michel Etchart	President	2026	Long Term (Re-elected 2022)
Christian Oakland	Vice President	2026	Short Term (Appointed 2024)
James Kentosh	Director	2026	Long Term (Re-elected 2022)
Christy Cooper	Director	2028	Long Term (Re-elected 2024)
Joe Pangea	Director	2026	Long Term (Elected 2022)

- Biennial Director Trainings:
 - Antiharassment Training for supervisors and managers is due. (2 remaining)
 - CA Local Agency Ethics Training is due. (2 remaining)

Projects:

No updates.

Recommended Actions: *Receive an update from the Board Secretary concerning miscellaneous matters and District correspondence. Provide feedback to staff.*

Attachments:

None.