



NapaSan

Carollo Engineers - TASK ORDER No. 34

Date: _____

Issued under Professional Services Agreement dated August 9, 2017.

To: Carollo Engineers

Project Description:

Sewer Service Charge Rate Study

Description of Scope of Services to be performed by Consultant under this Task Order:

See Attachment 'A' – Scope of Services

Description of Services to be Provided by District: See Attachment 'A' – Scope of Services

Deliverables: See Attachment 'A' – Scope of Services

Consultant Project Manager: Jennifer Ivey, PE

Schedule to Perform Services: See Attachment 'C' – Project Schedule

Time & Materials Not-to-Exceed Cost Limit: \$112,858

See Attachment 'B' – Fee Schedule

APPROVALS:

CAROLLO ENGINEERS

By: _____

Authorized Representative

Date

NAPA SANITATION DISTRICT

By: _____

Purchasing Agent

Date

NSD Account No.: 78000-01



Attachment A

Scope of Work

SEWER SERVICE CHARGE COST OF SERVICE AND RATE STUDY

The purpose of the study is to assess and evaluate NapaSan's existing and future costs for providing sewer service and provide recommendations for a new sewer service charge rate structure and rates. The broader objective of the study is to provide the necessary information and analysis to NapaSan's Board of Directors for it to set rates and a rate structure to adequately fund the operating, capital costs and debt service associated with providing sewer, wastewater treatment and resource recovery services, consistent with the requirements under California Proposition 218.

The study will be based on a comprehensive review of NapaSan's annual budget, 10-Year Capital Improvement Plan, 10-Year Financing Plan, District Strategic Plan, recently updated Collection System Master Plan, SCADA Master Plan, NBWRA Phase 2 projects, treatment plant flow and loading data, and any other information deemed necessary.

A. STUDY OBJECTIVES

1. Determine the costs associated with the District's three main fees: sewer service charges, capacity charges, and recycled water fees, development fees, and develop a cost of service model for use in setting sewer service charges.
2. Develop a rate structure for the following sewer service charge categories:
 - a) Residential Customers – flat annual fee for single family residences, duplex, triplex, apartments, condominiums, Accessory Dwelling Units and mobile homes.
 - b) Commercial Customers – based on annual water usage and existing strength factors.
 - c) Industrial Customers – based on water usage and strength, per existing District Code.
 - d) Septage Haulers, including domestic, restaurant, winery, portable toilet and holding tank water as specific types of waste and fee categories.

- e) Groundwater discharger fees for both long-term remediation and short-term discharges, such as from construction projects.
- 3. Interact with NapaSan Board of Directors and staff to clarify policy direction regarding cost allocations and fee structure.
- 4. Calculate rates based on the cost of service and recommended rate structure. Study shall comply with the *AWWA M1 Principles of Water Rates, Fees and Charges* and/or *WEF Manual of Practice No. 27 Financing and Charges for Wastewater System* cost-of-service methodologies, and address the equity, fairness and nexus requirements in Proposition 218. **Particular attention shall be paid to justifying the underlying assumptions associated with the differences between residential customer classifications.**
- 5. Develop data, graphs, charts, infographics and other materials and information necessary to educate the public, stakeholder, staff and the Board of Directors during outreach efforts and Proposition 218 hearings, including the required Proposition 218 Public Notice sent to all property owners as part of the Proposition 218 hearing process expected in Spring 2021.

B. STUDY CONSIDERATIONS AND ELEMENTS

The study should evaluate and take into consideration the following:

- 1. The calculation of Sewer Service Charges should include costs to collect, treat and dispose of sewage, including all operating costs, debt service, and the renewal, replacement and/or rehabilitation of collection system and treatment plant assets.
- 2. The study should consider and incorporate the findings and recommendations of the Sewer Service Charge Methodology study completed in 2017.
- 3. The study should provide **options**, at NapaSan staff and Board's direction, for basing residential sewer service charges by category on average residential flow rates, or on a combination of average flow rates and the fixed component of costs identified in the 2017 Sewer Service Charge Methodology study.
- 4. The study should evaluate the current District Code definition of an Equivalent Dwelling Unit (based on BOD, TSS and flow) for residential, commercial and industrial customers, and make recommendations regarding that definition based on current dry weather flows, I&I rates, and impacts from the changing characteristics of wastewater due to drought, water conservation and other factors.
- 5. NapaSan staff has collected data on the characterization of various septic hauler waste. The study should evaluate this internal data and recommend rates for these hauling services.

6. It may be necessary to change District Code language to conform to the recommended rate structures for residential, commercial and industrial customers. Consultant will make recommendations on how to affect this change in Code.

C. STUDY REQUIREMENTS

1. The study should consider projected revenue needs in the 10-Year Financial Plan and recommend methodologies, policies and practices that will ensure adequate revenue generation to meet the projected obligations.
2. The recommended rates and policies shall not result in decreased stability of the revenue stream as compared to the current structure.
3. The recommended rates and policies should be easy to administer and understand, and provide a basis for customers to estimate or anticipate future rates.
4. The study should include a maximum rate or rate structure that would be legally allowable, as well as a rate or rate structure that takes into consideration any recommended rate policies that result in downward pressure on the rate.
5. The recommended policies and rates shall set the policy direction for NapaSan to be implemented starting with Fiscal Year 2020/21, at the end of the current 5-year cycle allowed under Proposition 218, and shall be adequately researched and documented to support new rates under a new Proposition 218 process.
6. Any new rate structure recommended by Consultant must be consistent with Proposition 218 and other California Law, and professional standards of practice, and the recommendations should be supported by documented facts and analysis.

D. SERVICES TO BE PROVIDED BY CONSULTANT

1. Conduct a review of the existing rates and status of NapaSan's financial position, annual budget, 10-Year Capital Improvement Plan, and 10-Year Financial Plan.
2. Meet or confer with NapaSan staff as needed.
3. Attend up to seven meetings (in person) with the District Board of Directors or its committees. Meetings would include a kick-off/priorities setting meeting, meetings to discuss policy options, meeting to discuss outreach efforts and findings, and committee and Board meetings to discuss recommendations. Consultant should also plan to attend the Proposition 218 Hearing.
4. Provide support, data, materials, graphs, charts and other graphics to NapaSan staff in support of public outreach meetings with NapaSan customers and/or stakeholders during study period or Proposition 218 notice period.

5. Conduct analyses as required to address the scope of work.
6. Preliminary Report:
 - a) Prepare a preliminary study report with tentative rate structures for sewer service charges as described previously, including options for different policy considerations, including the analysis, calculations, and justifications for the recommendations.
 - b) Provide a comparison of rates to comparable agencies (list to be provided by NapaSan staff).
 - c) Submit a PDF copy for distribution to staff and Board members.
7. Final Report:
 - a) Incorporate changes to Preliminary Report pursuant to comments received by staff and Board members.
 - b) Submit PDF copy and three (3) hard copies of the report.
 - c) Provide any calculated worksheets in Microsoft Excel format, including a listing of all assumptions used in calculations.

E. SERVICES TO BE PROVIDED BY DISTRICT

1. Furnish all reasonably available records and information, including previous fee studies, financial reports, budgets, cost data and user data.
2. Provide staff support and assistance as required and agreed to in advance of study.

ATTACHMENT B

Napa Sanitation District SSC Cost of Service and Rate Study

Task	Jennifer Ivey Project Manager	Mark Panny Lead Analyst	Kim Lightner Analyst	Cody Berg QA/QC	Administrative	Labor Cost	PECE	Expenses	Total
	\$ 285	\$ 175	\$ 125	\$ 235	\$ 100		\$ 13.00		
Task 1 - Financial Plan Review									
Gather and review the District's financial forecast and pro forma inputs	1	4	2			\$ 1,235	\$ 91		\$ 1,326
Develop rate model with the District's financial data and assumptions	-	2	16	1		\$ 2,585	\$ 247		\$ 2,832
Review model outputs with staff and confirm financial forecast	2	2	2			\$ 1,170	\$ 78		\$ 1,248
Deliverable: Financial Forecast and Revenue Requirement Technical Memorandum	2	4	8	2	4	\$ 3,140	\$ 260		\$ 3,400
Task 1 Total	5	12	28	3	4	\$ 8,130	\$ 676	\$ -	\$ 8,806
Task 2 - Customer Data Analysis									
Process and analyze available customer data from the District and retail water agencies	-	4	8			\$ 1,700	\$ 156		\$ 1,856
Evaluate current definition of an EDU, make recommendations, determine impacts	2	4	8	1		\$ 2,505	\$ 195		\$ 2,700
Evaluate septic hauler discharge characteristics	1	2	8			\$ 1,635	\$ 143		\$ 1,778
Evaluate impact of recommended residential equivalents on rates	2	4	8	1		\$ 2,505	\$ 195		\$ 2,700
Deliverable: EDU Definition Technical Memo	2	4	8	2	2	\$ 2,940	\$ 234		\$ 3,174
Task 2 Total	7	18	40	4	2	\$ 11,285	\$ 923	\$ -	\$ 12,208
Task 3 - Cost of Service Analysis									
correspondence	2	8	4			\$ 2,470	\$ 182		\$ 2,652
Identify fixed vs. variable budget items	1	4	2			\$ 1,235	\$ 91		\$ 1,326
Allocate budget line items to functional categories as appropriate	2	4	8			\$ 2,270	\$ 182		\$ 2,452
Allocate functionalized costs to rate components and customer classes	2	8	12	1		\$ 3,705	\$ 299		\$ 4,004
Review model outputs with staff	2	4	2			\$ 1,520	\$ 104		\$ 1,624
Deliverable: Cost of Service Technical Memo	2	4	8	2	2	\$ 2,940	\$ 234		\$ 3,174
Task 3 Total	11	32	36	3	2	\$ 14,140	\$ 1,092	\$ -	\$ 15,232
Task 4 - Sewer Service Charge Analysis									
Calculate SSCs under current rate structure and up to 1 alternative structure	2	8	16	1		\$ 4,205	\$ 351		\$ 4,556
Review alternatives with staff and develop 5-year rate recommendation	2	4	8			\$ 2,270	\$ 182		\$ 2,452
Deliverable: Sewer Service Charge Technical Memorandum	2	4	8	2	2	\$ 2,940	\$ 234		\$ 3,174
Task 4 Total	6	16	32	3	2	\$ 9,415	\$ 767	\$ -	\$ 10,182
Task 5 - Project Management, Meetings, & Deliverables									
Project Management	12					\$ 3,420	\$ 156		\$ 3,576
Staff Workshop #1 - Kickoff meeting with staff and management	8	8	2			\$ 3,930	\$ 234	\$ 2,000	\$ 6,164
Staff Workshop #2 - Customer Characteristics / EDU Definition Workshop with staff and management (concurrent with Board Meeting #2)	4	4	2			\$ 2,090	\$ 130	\$ 2,000	\$ 4,220
Staff Workshop #3 - Rate Design Workshop with staff and management (concurrent with Board Meeting #4)	4	4	2			\$ 2,090	\$ 130	\$ 2,000	\$ 4,220
Board Meeting #1 - Kickoff Meeting with Board of Directors to set study priorities	8	4	2			\$ 3,230	\$ 182	\$ 1,000	\$ 4,412
Board Meeting #2 - Policy Meeting with Board Committee	4	4	2			\$ 2,090	\$ 130		\$ 2,220
Board Meeting #3 - Policy Meeting with Board of Directors	8	4	2			\$ 3,230	\$ 182	\$ 1,000	\$ 4,412
Board Meeting #4 - Public Outreach Strategy Meeting with Board of Directors	4	4	2			\$ 2,090	\$ 130		\$ 2,220
Board Meeting #5 - Rate Recommendations Meeting with Board Committee	8	8	2			\$ 3,930	\$ 234	\$ 2,000	\$ 6,164
Board Meeting #6 - Rate Recommendations Meeting with Board of Directors	8	4	2			\$ 3,230	\$ 182	\$ 1,000	\$ 4,412
Board Meeting #7 - Proposition 218 Public Hearing	8	2	2			\$ 2,880	\$ 156	\$ 1,000	\$ 4,036
Deliverable - Draft Proposition 218 Notification	8	8	16	1	8	\$ 6,715	\$ 533		\$ 7,248
Deliverable - Final Proposition 218 Notification	2	4	8	1	2	\$ 2,705	\$ 221		\$ 2,926
Deliverable - Draft Report (compilation of TMs and executive summary)	4	8	16	4	8	\$ 6,280	\$ 520		\$ 6,800
Deliverable - Final Report (integrate feedback from staff and Board of Directors)	2	4	8	2	4	\$ 3,140	\$ 260		\$ 3,400
Task 5 Total	92	70	68	8	22	\$ 51,050	\$ 3,380	\$ 12,000	\$ 66,430
Project Total	121	148	204	21	32	\$ 94,020	\$ 6,838	\$ 12,000	\$ 112,858

* Number of meetings can be increased at a rate of \$4,500 per meeting.

ATTACHMENT C

Napa Sanitation District SSC Cost of Service and Rate Study

