



A Tradition of Stewardship  
A Commitment to Service

Agenda Date: 3/23/2021

Agenda Placement: 6I

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors

**FROM:** Christopher Silke for Steven Lederer - Director of Public Works  
Public Works

**REPORT BY:** Sarah Geiss, Staff Services Analyst I - 259-8719

**SUBJECT:** NBRID - Budget Transfer for Cost of Service Rate Analysis Amendment (Peer Review)

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### **RECOMMENDATION**

District Engineer requests approval of Budget Transfer No. NB005 increasing appropriations by \$7,920 in District Operations budget (Fund 5240, Subdivision 5240000) offset by increase in revenue from the transfer from the General Fund for an amendment to Agreement 200263D for a peer review of a post-fire budget and rate analysis. (4/5 vote required)

### **EXECUTIVE SUMMARY**

The County funded a Cost of Service Rate Study (Rate Study) conducted by Robert D. Niehaus, Inc. (RDN) for the Napa Berryessa Resort Improvement District in FY 19/20. Evaluation of District finances, including a five-year budget and rate projection, wrapped up prior to the devastation caused by the Hennessey Fire in the Berryessa Highlands community in August 2020. The requested Budget Transfer from the County will fund an Amendment to the original RDN Agreement. The Consultant will be tasked with reviewing User Rate models that factor in a smaller customer base, post-fire budget projections, recommending water / sewer rates that achieve financial sustainability and preparing a final Water and Wastewater Financial Planning, Cost of Service and Rate Setting Analysis Report.

### **FISCAL & STRATEGIC PLAN IMPACT**

|                             |   |
|-----------------------------|---|
| Is there a Fiscal Impact?   | Yes   |
| Is it currently budgeted?   | No  |
| What is the revenue source? | District Operations Budget Fund 5240, Subdivision 5240000 |

|   |  |
|---|--|
| Is it Mandatory or Discretionary?       | Discretionary  |
| Discretionary Justification:            | Approval of the budget transfer will allow the District to Amend District contract 200263D for a Rate Analysis Peer Review.  |
| Is the general fund affected?           | Yes  |
| Future fiscal impact:                   | The results of the peer review will determine budgetary projections for future fiscal years.   |
| Consequences if not approved:           | If not approved, the District will be unable to Amend the Agreement for a third party peer review of post-fire budgetary assumptions and rates, potentially leading to uncertainty with staff projections. |
| County Strategic Plan pillar addressed: | Effective and Open Government  |
| Additional Information:                 |  |

### **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

### **BACKGROUND AND DISCUSSION**

The County funded a Cost of Service Rate Study (Rate Study) conducted by Robert D. Niehaus, Inc. (RDN) for the Napa Berryessa Resort Improvement District in FY 19/20. Evaluation of District finances, including a five-year budget and rate projection, wrapped up prior to the devastation caused by the Hennessey Fire in the Berryessa Highlands community in August 2020. Final draft of the Rate Study report did not include potential impacts to the District's finances resulting from a catastrophic wildfire.

District staff revised financial model parameters used to complete the original Rate Study to account for post-fire customer loss and adjusted budget projections. A peer review by RDN will be undertaken to ensure post-fire rate model simulations, budget forecasts, and financial considerations adhere to the same methodology applied in the previously completed study. The cost for the Amendment is \$7,920.00.

The requested Budget Transfer from the County will fund the requested Amendment to the Agreement with RDN for a peer review of post-fire User Rate models and final report.

### **SUPPORTING DOCUMENTS**

A . Agreement

CEO Recommendation: Approve

Reviewed By: Susan Kuss