

## **STAFF REPORT**

**To:** Coastside County Water District Board of Directors

**From:** David Dickson, General Manager

**Agenda:** October 14, 2008

Report

Date: October 9, 2008

**Subject:** Bartle Wells Proposal for Financing Plan and Water Rate Update

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### **Recommendation:**

Authorize execution of an agreement with Bartle Wells Associates for a Financing Plan and Water Rate Update at an estimated not-to-exceed cost of \$38,500.

### **Background:**

The District last addressed its rates and financing plan in a study performed by CDM in 2005. With a substantial proportion of the District's reserves expended to complete the El Granada Pipeline project we now need to update our financing plan, review the District's rate structure, and evaluate alternatives for funding the District in the future. The updated financing plan will be the focus of discussion for the Board's strategic planning workshop on Financing the District.

At staff's request, Bartle Wells Associates prepared the attached proposal for a Financing Plan and Water Rate Update. We also obtained a proposal from CDM for an update of their 2005 plan. The \$38,500 cost for the proposed Bartle Wells study is more than CDM's estimate of \$26,500 for an update but is significantly less than the \$52,000 spent on the 2005 CDM work. Given that the scope of Bartle Wells' study includes essential elements beyond the scope of the CDM update proposal, we feel that the proposed cost is reasonable.

Information developed in this study will assist the Board in addressing a number of important financial issues, including:

- Does our current rate structure fairly allocate the costs of service for the various customer classes?
- What schedule of rate increases do we need to fund the District?
- How should rates be adjusted to deal with declines in water sales due to rate increases and/or drought?
- Should the District establish a rate stabilization reserve?
- How should the District plan for the possible future loss of property tax revenues?

- How far should the District draw down its reserves in order to fund the Capital Improvement Program before borrowing additional money through bank financing or bond issues?
- What price(s) should be set for the District's sale or purchase of non-priority services?
- How can the District charge customers who own connections but have not hooked up to the District's system (e.g. standby charge)?
- What funding alternatives should the District pursue?

Bartle Wells' practice focuses exclusively on providing financial advice to public agencies. Staff believes that they are highly qualified to provide the experience and expertise the District requires in this area, and we recommend that the District proceed with the proposed study.

**Fiscal Impact:**

Cost of \$38,500, included in FY 08-09 budget.

# **Coastside County Water District**

## **PROPOSAL FINANCING PLAN AND WATER RATE UPDATE**

**October 10, 2008**

**BARTLE WELLS ASSOCIATES**

Independent Public Finance Consultants

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October 10, 2008

David Dickson  
General Manager  
Coastside County Water District  
766 Main Street  
Half Moon Bay CA 94019

Subject: Proposal Water Financing Plan and Rate Study Update

Bartle Wells Associates is pleased to submit to the Coastside County Water District this proposal to develop a water financing plan and to update the District's water rates.

The attached scope of services presents the work tasks to complete the financing plan and rate update. Also, included are the following items: a general description of Bartle Wells Associates, BWA staff, the firm's experience in water financial planning and rate studies, estimated hours to complete the study, Billing Rate Schedule 2008, and a schedule of insurance.

Reed Schmidt, a principal with the firm, will be assigned to the consulting project as principal in charge and project manager. He will devote the effort and time to see that it is successfully completed to the satisfaction of the District.

We are very interested in working with you on this consulting project and hope this proposal provides a suitable basis for the engagement. Please contact me at 510.653.3399, extension 111, if you have any questions or would like any additional information.

Very truly yours,

BARTLE WELLS ASSOCIATES

Reed V. Schmidt, CIPFA  
Principal

Enclosures

**COASTSIDE COUNTY WATER DISTRICT**  
**PROPOSAL**  
**FINANCING PLAN AND WATER RATE UPDATE**

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## **BACKGROUND**

### **COASTSIDE COUNTY WATER DISTRICT**

Coastside County Water District (CCWD or District) is a special district providing water services in the City of Half Moon Bay and parts of the unincorporated areas of San Mateo County including Miramar, Princeton by the Sea, and El Granada. The District serves more than 6,000 customers, who are predominantly residential.

The District's water supply comes from three sources: local groundwater, local surface water, and surface water supplied from the San Francisco Public Utilities Commission's Hetch Hetchy water system. Around 70% has been supplied through the SFPUC system.

CCWD has a water capital improvement plan, consisting of pipeline projects, water treatment projects, and facility replacements. The total costs of the planned capital projects for fiscal year 2007/08 through 2017/19 are estimated to be \$20 million.

The District's operating revenues for the year ended June 30, 2007 was approximately \$4.8 million and non-operating revenues was approximately \$2.2 million. About 40% of the non-operating revenues was the District's share of the County's general property taxes. Operating expenses (including depreciations) for the year ended June 30, 2007 was approximately \$5.9 million.

The District's current bi-monthly water rate structure is comprised of a base charge and a quantity charge. The base charge is the minimum charge paid by all customers and varies by size of meter serving the customer. The quantity charge applies to the quantity of water delivered to the customer. For residential customers there are four rate tiers. For non-residential customers there is one uniform rate.

CCWD wants a financing plan developed to identify the sources of funding for future water capital projects shown in the capital improvement plan. The financing plan would examine alternative methods to finance future capital projects and balance pay-as-you-go (cash) financing with judicious long-term borrowing. Additionally, the District wants the water rate study conducted in 2005 by CDM Engineers to be updated. The water rate update would evaluate the cost of service and the reasonableness of the District's water rate and charges. Finally, the District would like to examine ways to collect revenue from parties who have purchased or leased water connections but have not yet hooked up to the District's water facilities. The revenue would recover the costs imposed by these non-active customers.

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## **SCOPE OF SERVICES COASTSIDE COUNTY WATER DISTRICT**

Bartle Wells Associates (BWA) will perform for the Coastside County Water District (CCWD or District) following services in connection with the a long-range financing plan and water rate update study, working at all times in close cooperation with the District staff, engineering consultants and any other advisors.

### **INITIATION ORIENTATION AND INFORMATION GATHERING**

#### **1. Project Team Orientation**

To initiate our work, hold a meeting with the CCWD staff, engineering consultants and others, to accomplish the following:

- Identify members of the District staff and others who will participate in the consulting project.
- Determine the roles and responsibilities of all project participants.
- Identify other parties that have a significant interest in the project, such as citizens committees, and major customers or developers.
- Establish project schedule and key milestone dates.
- Confirm the key goals and expectations of the project team.

#### **2. Investigation and Data Collection**

Assemble the information necessary to understand and describe the District's current financial situation and its ability to finance water projects. Assistance and cooperation of the CCWD staff will be needed to assemble the background information.

The objectives of investigation and data collection are to develop an understanding of the individual characteristics of the District, its financial profile, the projects to be financed, and to reach an agreement with the CCWD on the basic assumptions to be used in the study, including water supply arrangements with City and County of San Francisco's Hetch Hetchy system. Information to be collected:

- Financial condition of the water enterprise – historical financial statements and current budget
- Water supply sources and costs
- Type of water customers
- Capital Improvement Program -- facilities to be financed
- Projection and schedule of construction costs
- Current water debt
- Water annual usage and demand characteristics

CCWD staff and consulting engineers will provide project requirements, costs, and schedules of capital expenditures.

Assemble, review, and analyze available legal, financial, engineering, and economic data that have a bearing on the alternative projects. Information to examine and review generally includes the following:

- Capital costs and description of facilities
- Estimated operating costs of new facilities
- Timing of capital improvements
- Amount of water supply provided
- Projection of water consumption
- Sources of available and future funding
- Customer information and development
- Outstanding debt and existing bond covenants
- Pertinent District financial policies

## **WATER FINANCING PLAN**

### **3. Current Financing Methods**

Review District's current financing methods and policy. Review documents on existing debt: 1998A ABAG Water and Wastewater Revenue Refunding Bonds, initial principal amount, \$2,855,000 and final maturity in 2013 and 2006B Water Revenue Bonds, initial principal amount \$7,295,000 and final maturity in 2032.

### **4. Alternative Financing Strategies**

Evaluate a range of capital financing options which may be appropriate for the water projects and select the most suitable approaches.

- Investigate the availability of federal and state grants and loans.
- Develop alternatives demonstrating project financing with cash only (pay-as-you-go) and a combination of cash and debt financing.
- Evaluate the alternative borrowing methods available, including bank loans, bond pools, and competitive sale of certificates of participation.
- Estimate the amount and timing of borrowing if needed to finance the projects.
- Recommend the appropriate type of debt, its term and structure.
- Develop possible combinations of financing methods, such as cash and debt, and a mixture of borrowing options.

Low-cost state and federal grants and loans may be available to fund water projects. Our analysis will also examine the range of capital borrowing methods available to the CCWD, including general obligation and revenue bonds, certificates of participation and other forms of lease financing, and land-supported financing through the use of assessment or Mello-Roos community facilities district bonds.



Each of these debt instruments is secured by one or a combination of revenue sources, including water rates and charges, connection fees, and property taxes.

**5. Financing Recommendation**

Develop and recommend a plan to finance the capital projects. Base the plan on the policies and direction of the District board, availability of grants and loans, use of cash and prudent long-term borrowing.

**6. Cash Flow Projections**

Prepare cash flow projections over a future ten-year period showing the financial position of the District's water enterprise. Forecast operating and capital costs. Estimate user fee and connection charge increases required over the project period to maintain the financial integrity of the water enterprise. The cash flow projections will be used to evaluate the impact of the recommended financing plan on the District.

### **WATER RATE UPDATE**

**7. Analysis of Water Usage and Annual Costs**

Analyze water usage and demand information, and other available information. Estimated maximum day and maximum hour factors. Analyze usage and demand factors between residential and non-residential customers.

Compile water consumption data for past years, where applicable. Develop consumption block analyses. Model impact of tiers on water sales revenue. Evaluate current rate structures for ability to meet cash flow requirements.

**8. Revenue Requirement**

Determine the revenue requirement for a test year, which will be the fiscal year in which the new water rates will be designed for. Project annual operation and maintenance expenses, annual replacement of capital facilities, annual expenditures for vehicles and equipment and establishing reasonable amounts in capital reserve fund, emergency and contingency fund, accumulated surplus fund, and operating fund. Ensure that the revenue requirement will show net operating revenues sufficient to satisfy debt service coverage requirements related to existing debt and any proposed borrowing.

**9. Cost of Service Allocation**

Allocate the revenue requirement (i.e., cost of service) for the test year to cost functions such as base capacity, extra capacity (maximum day and maximum hour), customer (meters and services and billing and collection). Further allocate cost of service to variable and fixed costs. Determine unit cost of service for the functional cost components.

## **10. Alternative Water Rate Structures**

Review alternative water rate structure, including the following:

- District's current bi-monthly rate structure consisting of a base charge which varies by size of meter and a quantity charge which has four tiers for residential customers and uniform quantity charge for all other customers.
- Consider revising the tier amounts for residential customers.
- Consider introducing additional tier(s) for non-residential customers.
- Consider significantly increasing the quantity rate for the third or fourth tier to encourage more water conservation.
- Others as may identified in project team orientation meeting.

Review water connection fees and recommend any changes.

Discuss the advantages and disadvantages of each with respect to accomplishing the District's goals for the rate study. Discuss the impacts of Proposition 218 on the various rate elements. Meet with CCWD staff to discuss our findings and to gather input for development of the preliminary rate recommendations.

## **11. Rate Recommendations**

Based on the analysis of current rates and charges, anticipated expenses, and the rate structure alternatives discussed above, recommend an equitable system of water rates and connection fees for various classes of customers. Estimate bi-monthly bills at various estimates of water usage and for different types of customers. Verify that recommended rates would be reasonably expected to collect the annual revenue requirement for the test year. Take into account possible decline in water sales due to rate increases and/or drought.

## **12. Special Rate Considerations**

Estimate the number of non-active customers, i.e., parties who have paid connection fees but have not yet hooked up to the District's water system. Examine ways to charge these customers; consider setting a standby charge. Review District's current policy on connection fees and recommend appropriate changes, such as parties cannot sell, lease or trade connections and that any not-used may be returned to the District. Determine how to collect the difference in connection fees paid by parties in the past with the connection fee in effect when the party actually connects.

## **13. Bill Comparison**

Compare for a typical residential water customer, District's bi-monthly water bill at current rates and proposed rates with bi-monthly bills for neighboring water agencies.

## REPORTS SUBMITTALS

### **14. Submittal of Draft Report**

Prepare and submit a report of our findings including a recommended financing plan and recommended changes in the District's rate structure, projected water revenue to be generated by the revised rates, and the impact of the rates on various categories of customers. Submit a preliminary report draft to CCWD staff for review and comment.

### **15. Public Presentation**

If requested, attend a workshop or public hearing to present our preliminary findings and receive input from the Board, and members of the public.

### **16. Final Report**

After CCWD staff review of the draft report and following a public hearing (or workshop), prepare and submit a final report.

### **17. Proposition 218 Notice**

Working with CCWD staff and attorney draft Proposition 218 notice to customers and assist staff in preparing background information explaining proposed rate increases for customers.

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## **AVAILABILITY AND FEE ESTIMATE**

1. BWA is prepared to begin work upon authorization to proceed.
2. All work will be performed by Bartle Wells Associates. Reed Schmidt will be the principal in charge and project manager and will devote the time and effort to the consulting project as needed.
3. A not-to-exceed fee for professional services to prepare the update of the water rate study and financial plan is estimated to be \$38,500, including an estimate of direct expenses, as provided in the attached Billing Rate Schedule 2008.
4. The fee estimate is based on the following assumptions:
  - Availability of all necessary information, in a timely manner, from the CCWD, its staff, attorneys, accountants, and engineers.
  - Completion of the update within six months from date of authorization. If the consulting project is delayed due to circumstances over which BWA has no control, BWA is to be reimbursed for time and expenses incurred beyond such date.
  - One draft submittal of any report based on information provided by CCWD staff and other parties. Time and expenses in revising tables and assumptions due to changes in data from the CCWD or in preparing additional draft reports constitute additional services.
  - Attendance at three meetings with CCWD staff and engineering consultants and one presentation to the District Board of Directors. Preparation for and attendance at additional meetings will be billed on an hourly basis plus direct expenses.
5. Progress payments and direct expenses are payable as the work proceeds as provided in Billing Rate Schedule 2008 for all services.
6. BWA will maintain in force, during the full term of the assignment, insurance in the amounts and coverage as provided in the attached schedule of insurance.
7. If the project is terminated for any reason, BWA is to be reimbursed for professional services and direct expenses incurred up to the time BWA receives notification of such termination
8. This proposal may be withdrawn or amended if not accepted within 90 days of its date.

- 9.** If requested, BWA will also provide CCWD with on-going financial consulting services, including written and verbal responses to questions from CCWD staff, council, consultants, and attorneys about the study, participation in management retreats, and preparation of material to respond to inquiries by outside parties. BWA will bill CCWD at its current hourly rates and for direct expenses for these additional, requested consulting services.
- 10.** BWA would be willing to enter into a consulting services agreement with the CCWD.

**Estimate of Hours -- Bartle Wells Associates  
Water Financing Plan and Rate Update  
Coastside County Water District**

<b>No.</b>	<b>Task</b>	<b>Principal Consultant</b>	<b>Financial Analyst II</b>	<b>Total</b>
<b><i>Orientation and Information Gathering</i></b>				
1	Project team meeting	4	4	
2	Investigation and data collection	4	8	
<b><i>Water Financing Plan</i></b>				
3	Current financing methods	4	4	
4	Financing strategies	8	12	
5	Recommended financing plan	6	4	
6	Cash flow projections	4	10	
<b><i>Water Rate Update</i></b>				
7	Analysis of water usage and customer data	4	12	
8	Revenue requirement	4	6	
9	Cost of service allocation	6	12	
10	Alternative water rate structures	8	16	
11	Rate recommendation	6	6	
12	Special rate considerations	10	4	
13	Bill comparison	2	8	
<b><i>Reports</i></b>				
14	Draft report	8	18	
15	Public presentation	4	8	
16	Final report	4	8	
17	Proposition 218 notice	6	4	
	Total hours	92	144	
	Hourly billing rate	\$215.00	\$125.00	
	Cost of consulting effort	\$19,780.00	\$18,000.00	\$37,780.00
	Estimate of direct expenses (travel, copying, overnight delivery, etc.)			\$720.00
	Total professional fee estimate			\$38,500.00

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**BARTLE WELLS ASSOCIATES**  
**BILLING RATE SCHEDULE 2008**

Rates Effective 1/1/2008

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**Professional Services**

Financial Analyst I.....	\$95 per hour
Financial Analyst II.....	\$125 per hour
Senior Financial Analyst.....	\$165 per hour
Senior Consultant .....	\$195 per hour
Principal Consultant.....	\$225 per hour

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The professional time rates include all overhead and indirect costs. Bartle Wells Associates does not charge for secretarial support services and internal computer time. Expert witness, legal testimony or other special limited assignment will be billed at one and one-half times the consultant's hourly rate.

The above rates will be in effect through December 31, 2008 at which time they will be subject to change.

**Direct Expenses**

Subconsultants will be billed at cost plus ten percent. Word processing and computer-assisted services related to official statement production are charged as direct expenses at \$60 per hour. Other reimbursable direct expenses incurred on behalf of the agency will be billed at cost plus ten percent. These reimbursable costs include, but are not limited to:

- Travel, meals, lodging
- Long distance telephone and fax
- Printing and report binding
- Special statistical analysis
- Outside computer services
- Bond ratings
- Automobile mileage
- Messenger services and mailing costs
- Photocopying
- Graphic design and photography
- Special legal services
- Legal advertisements

**Insurance**

Bartle Wells Associates maintains insurance in the amounts and coverage as provided in the attached schedule of insurance. Additional or special insurance, licensing, or permit requirements beyond what is shown on the schedule of insurance are billed in addition to the contract amount.

**Payment**

Fees will be billed monthly for the preceding month, and will be payable within 30 days of the date of the invoice. A late charge of 1.0 percent per month may be applied to balances unpaid after 60 days.

**SCHEDULE OF INSURANCE**

Insured: BARTLE WELLS ASSOCIATES

*Bartle Wells Associates will maintain in force, during the full term of the assignment, insurance in the amounts and coverage as provided in this schedule. If additional insurance is required, and the insurer increases the premium as a result, then the amount of the increase will be added to the contract price.*

DESCRIPTION TYPE OF INSURANCE	COMPANY POLICY NUMBER	COVERAGES AND LIMITS	EXPIRATION DATE
Commercial General Liability	Hartford Insurance Company Policy #35-SBA PA6857	<ul style="list-style-type: none"> <li>▪ \$2,000,000 General Aggregate</li> <li>▪ \$2,000,000 Products Comp/Op Aggregate</li> <li>▪ \$1,000,000 Personal &amp; Advertising Injury</li> <li>▪ \$1,000,000 Each Occurrence</li> </ul>	6/1/09
Automobile Liability	Hartford Insurance Company Policy #35-UEC VU2842	<ul style="list-style-type: none"> <li>▪ \$1,000,000 Combined Single Limit</li> </ul>	6/1/09
Workers Compensation & Employers' Liability	Hartford Underwriters Insurance Company Policy #35-WEC FG7858	Workers' Compensation: Statutory Limits for the State of California. Employers' Liability: <ul style="list-style-type: none"> <li>▪ Bodily Injury by Accident - \$1,000,000 each accident</li> <li>▪ Bodily Injury by Disease - \$1,000,000 each employee</li> <li>▪ Bodily Injury by Disease - \$1,000,000 policy limit</li> </ul>	6/1/09
Professional Liability	Chubb & Son, Inc. BINDO94045	Solely in the performance of services as municipal financing consultants for others for a fee. Limit: \$1,000,000 Per Occurrence & Aggregate (including defense costs, charges, and expenses)	6/1/09



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## BARTLE WELLS ASSOCIATES

Bartle Wells Associates is an independent financial advisor to public agencies. Our firm was established in 1964 and is owned and managed by its principal consultants. We have 40 years of practical experience in advising local governments on the complexities and challenges in public finance. We have advised 400 public agency clients in the western United States and completed over 2,500 assignments. We have the diversity of experience and distinctive abilities to evaluate all types of financial issues faced today by local governments and to recommend the best solutions.

Bartle Wells Associates has a stable, well-qualified professional team. Our education and backgrounds include finance, civil engineering, business, and economics. The firm is owned by its principal consultants. Our principal consultants have been with the firm for many years.

Bartle Wells Associates specializes in three professional services—financing plans, project financing, and utility rate studies. We are the only independent financial advisor providing *all three* services to public agencies.

<b>PROFESSIONAL SERVICES</b>
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|---|
| <ul style="list-style-type: none"><li>■ Financing Plans</li><li>■ Bonds/Grants/Loans</li><li>■ Rate Studies</li></ul> |
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Our *financing plans* for public works programs have explored the wide range of financing options available to public agencies. This analysis balances pay-as-you-go financing with the prudent use of debt. Our objectives are to develop a plan that recommends the best financing approach and that clearly identifies sources of revenues to fund capital projects and to repay any debt. This successful format has been used for over 1,000 financing plans.

Our *project financing* experience includes more than 300 bond sales. Our marketing techniques and official statements have set the highest standards in public finance for over 40 years. We work only for public agencies; we are independent financial advisors and do not buy, trade, or resell bonds. Our work is concentrated on providing solid advice which enables our clients to finance their projects on the most favorable terms—lowest interest rate, smallest issue size, and greatest flexibility.

Our *rate studies* are designed to maintain the financial health of the utility enterprises and to be fair to all customers. We have completed hundreds of utility rate studies since 1964. We are very familiar with the requirements Proposition 218 places on rates and charges. We are also very familiar with the requirements state law (Govt. Code §66000 et seq) places on the development of impact fees for new growth.

In addition to the three services above, BWA specializes in preparing strategic plans for California local governments on how to deal with the ongoing restructuring of the electric industry, analyzing alternative sources of power and helping agencies develop negotiating and purchasing plans.

Bartle Wells Associates is a charter member of the National Association of Independent Public Finance Advisors (NAIPFA), which establishes strict criteria for independent advisory firms. All of our senior consultants are certified NAIPFA members.

Bartle Wells Associates is committed to providing value and the best advice to our clients. Our strength is *quality*—the quality of advice, service, and work we do for all our clients.

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## PROJECT EXPERIENCE AND CLIENT REFERENCES

Bartle Wells Associates has been advising California public agencies on how to solve complex financial problems for over 40 years. Our experience in the areas of water and sewer finance is without peer. We have completed more than 1,000 rate studies and financial plans for cities and special districts throughout the state.

Two examples of our financial planning and water rate studies are described below. We have consulted with Montara Water & Sanitary District and the City of Benicia for many years.

### Montara Water & Sanitary District

Bartle Wells Associates has worked with Montara Water & Sanitary District for many years, both on sewer and water issues. BWA advised MWSD on the successful acquisition of a water system owned by California-American Water Company (Cal-Am).

BWA arranged for long-term financing of the water system acquisition and capital projects by serving as financial advisor on the sale of voter-approved General Obligation Bonds for \$17.5 million. BWA has performed a water rate analysis for MWSD and has developed a tiered water rate structure to encourage water conservation.

BWA prepared a sewer rate analysis for the District and assisted the District in obtaining a California Infrastructure Bank loan for sewer capital improvements.

BWA is currently working with the District to arrange a line of credit with a commercial bank for water capital improvements and arranging for long-term financing through the California Department of Water Resources' State Revolving Fund loan under the Safe Drinking Water Bond Act.

**Contact:** George F. Irving, District Manger .....650/728-3545  
E-mail..... [msd@coastside.net](mailto:msd@coastside.net)

### City of Benicia

Bartle Wells Associates has served as the City's utility rate and financing consultant for more than 10 years. BWA has prepared water and wastewater financing plans, rate studies, connection fee studies, and has served as the City's financial advisor for issuing debt.

In 2002, BWA developed new water and wastewater connection charges. The recommended charges included both a buy-in component for capacity in existing infrastructure plus an expansion component to recover the costs of capital improvements

needed to serve growth. On other assignments within the past year, we have worked on long-range water and wastewater rate projections.

BWA is currently updating the City’s water and sewer rates and making 10-year financial forecasts for the water and wastewater systems. We are also advising the City staff on the impact of the California Supreme Court’s decision in the *Bighorn-Desert View Water Agency* case on future increases in water and sewer rates.

**Contact:** Chris Tomasik, Utilities Manager.....707/746-4227  
 E-mail..... [chris.tomasik@ci.benicia.ca.us](mailto:chris.tomasik@ci.benicia.ca.us)

## Water Rate Experience

The list below demonstrates BWA’s comprehensive experience in water rate analysis for a range of public agencies in California. For most of the public agencies in the list BWA has prepared financing plans for water capital projects.

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### BARTLE WELLS ASSOCIATES SELECTED EXPERIENCE IN WATER RATE ANALYSIS

Client	Water				
	User Charges	Conservation Rates	Capital Surcharges	Other Charges*	Connection Fee
Alameda CWD	X				
Antelope Valley - East Kern Water Agency					X
Aromas Water District	X	X			
Aromas, City of	X				
Avalon, City of			X	X	X
Barstow, City of	X				
Benicia, City of	X				X
Big Bear City Community Services District	X				X
Buellton, City of	X				X
Calaveras County Water District	X				
Calistoga, City of	X	X			X
Carlsbad Municipal Water District				X	X
Carmichael Water District	X				
Casitas MWD					X
Castroville Water District	X				X
Cotati, City of					
Delano, City of					
Desert Hot Springs CWD					
Dublin - San Ramon Services District	X		X	X	X
El Dorado Irrigatin District	X	X			X
Fairfield, City of	X				
Fort Bragg, City of					X
Foster City, City of	X				X
Frazier Park Public	X				
Grass Valley, City of	X	X			X
Guam Waterworks Authority	X	X			X

Client	Water				
	User Charges	Conservation Rates	Capital Surcharges	Other Charges*	Connection Fee
Hesperia Water District	X	X	X		X
Hughson, City of	X	X			X
Huntington Beach, City of	X		X	X	X
Indian Wells Valley WD	X				X
Irish Beach WD	X		X		X
Joshua Basin water District	X				X
Kern County					
Kern County Water Agency					
Kern Water Bank Authority					
Kirkwood Meadows PUD	X			X	X
Lake Arrowhead Community Services District	X				
Las Virgenes Municipal Water District				X	X
Lodi, City of	X		X	X	
Los Altos, City of					
Marin Municipal Water District	X	X	X	X	X
Marina Coast Water District	X			X	X
Menlo Park, City of	X	X	X		X
Milpitas, City of	X				X
Mojave Water Agency				X	
Montara Water & Sanitary District	X	X	X		
Montecito Water District	X	X	X	X	
Monterey Penin Water Mgt Dist					X
Nevada Irrigation District					
Olivenhain MWD					
Pajaro Valley WMA					
Petaluma, City of					
Pleasanton, City of					
Rainbow MWD					
Rancho California WD					
Redwood City, City of	X				X
Rio Alto WD					
Rio Vista, City of				X	
Rohnert Park, City of					
Sacramento County					
Sacramento, City of					
San Benito County WC & FCD					
San Bernardino, City of	X		X		X
San Clemente, City of					
San Francisco Public Utilities Commission	X			X	
San Gorgino Pass Water Agency					
San Juan Bautista, City of					
San Luis Obispo Co/Atascadero CSD					
San Marcos CWD					
Sanger, City of	X				
Santa Clara Valley WD					
Santa Margarita WD					
Santa Rosa Ranches WD					
Santa Ynez Water Conservation District	X		X	X	X
Solvang, City of	X		X		X
Soquel Creek WD					
South Yuba WD					
Squaw Valley Public SD					
Stinson Beach County Water District	X				
Sunnyslope County Water District					

Client	Water				
	User Charges	Conservation Rates	Capital Surcharges	Other Charges*	Connection Fee
Thousand Oaks, City of	X		X	X	X
Tres Pinos Water District	X	X			
Triunfo Sanitation District	X				X
Tulare, City of	X				
Tustin, City of	X	X	X		
Ukiah, City of	X	X			X
Vacaville, City of	X			X	
Valley Springs Public Utility District	X				
Willits, City of	X				X
Windsor WD	X				
Woodland, City of				X	
Yuba City, City of	X				X
Zone 7 Water Agency			X	X	X

\* Other charges include standby, wholesale, seasonal, fire flow, and water supply.

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## BARTLE WELLS ASSOCIATES

### SUMMARY OF PROFESSIONAL STAFF QUALIFICATIONS

Bartle Wells Associates' consultants are well qualified and experienced in financial planning, rate studies, and project financing. BWA's experienced team of consultants have produced more than 2,000 financing plans, rate studies, and project financing along with other consulting assignments with high-quality work, on time, and within budget.

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Name	Title	Academic Background	Years With BWA	Years of Professional Experience
<b>Professional Staff</b>				
Thomas E. Gaffney*	Principal Consultant	Engineering/finance	30	33
Reed V. Schmidt*	Principal Consultant	Energy economics	18	29
Douglas R. Dove*	Principal Consultant	Civil engineering	18	20
Alex Handlers*	Principal Consultant	Public administration	9	15
Adam Lynch*	Senior Financial Analyst	Public policy	3	6
Mark McLean	Financial Analyst	Public policy	2	4
Catherine Tseng	Financial Analyst	Urban planning	2	3
Ernest Tedeschi	Financial Analyst	Public policy	1	2
Stephanie Hand*	Office Administrator	Business administration	3	4

\*Certified Independent Public Finance Advisor, and professional member of the National Association of Independent Public Finance Advisors

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### **Thomas E. Gaffney** **Principal Consultant**

Tom Gaffney is a principal of Bartle Wells Associates and has over 30 years of experience developing utility rates, connection fees, and financial master plans. He is an expert in water, wastewater, and reclaimed water financing plans and institutional programs, utility rate studies, bond marketing programs, and the selection and management of underwriters in negotiated sales. He has worked extensively developing wastewater revenue programs conforming to the State Water Resource Control Board's (SWRCB) Guidelines. He has developed water rate analyses involving virtually every type of fixed and volume water rate configurations. Mr. Gaffney has directed projects involving more than 300 separate agencies in California, Hawaii, Oregon, Washington, and New Mexico.

Mr. Gaffney has developed the key terms and conditions of multiple-agency agreements for many regional financing programs. Tom has served as lead consultant on projects involving such diverse public improvements as hydroelectric projects, electrical distribution systems, public buildings, storm drainage, flood control, and highways, in addition to water and wastewater. He has helped implement utility billing systems for over 20 local agencies.

Mr. Gaffney received his BS (civil engineering) and MBA (finance) degrees from University of California Berkeley. He is a registered civil engineer in California and a Certified Independent Public Finance Advisor (CIPFA).

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**Reed V. Schmidt**  
**Principal Consultant**

Reed V. Schmidt is a principal of Bartle Wells Associates over 25 years of practical experience in financial and economic consulting, research, and analysis. He has directed numerous projects for cities, counties, and special districts in the areas of public utility pricing and valuation, public works financing, and energy planning. He directs the firm's energy program. He has conducted studies of water and electric utility acquisitions.

Mr. Schmidt's expertise is in creating financial plans for local governments to help complete water, wastewater, and reclaimed water projects. His comprehensive plans have analyzed a wide variety of financing mechanisms, both conventional and innovative, and have identified the sources of revenue to pay capital and operating costs. Mr. Schmidt has developed computer models to design water and sewer user charges and connection fees.

On behalf of public agencies, Mr. Schmidt has testified on cost of service and utility rate design in numerous rate cases before the California Public Utilities Commission. Mr. Schmidt has appeared as an expert witness on utility rates and costs before regulatory agencies in California, Nevada, Texas, Arkansas, and Ohio. He has appraised public utility property and has appeared as an expert witness in superior court.

Mr. Schmidt has a BA and an MA in Economics from the University of Houston. He is a Certified Independent Public Finance Advisor (CIPFA).

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**Douglas R. Dove**  
**Principal Consultant**

Douglas R. Dove is president of Bartle Wells Associates and as such directs the operation of the firm while maintaining a principal consultant's role. With 20 years of consulting experience, he is an expert in strategic financial planning, utility rate setting, and project financing. Since joining Bartle Wells Associates in 1990, he has worked for a wide variety of public agencies and developed financing plans to support small and large capital programs as well as managing bond sales.

Mr. Dove assists public agencies in securing state and federal grants and loans and in marketing tax-exempt securities including certificates of participation (COPs), revenue bonds, general obligation bonds, tax allocation bonds, Marks-Roos revenue bonds, and



other types of debt. He develops rates and charges for financing water, wastewater, and reclaimed water utility enterprises. He is also experienced in evaluating reinvestment opportunities such as forward purchase contracts, reserve fund put agreements, and escrow restructuring.

Mr. Dove holds a BS in civil engineering from Drexel University and an MS in civil engineering from UC Berkeley. He is a registered professional engineer in California and a Certified Independent Public Finance Advisor (CIPFA).

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**Alex T. Handlers**  
**Principal Consultant**

Alex Handlers is a principal consultant with Bartle Wells Associates. He assists public agencies in developing and implementing financial plans, rate studies, and bond sales. Mr. Handlers has developed financial models for public works projects, and analyzed underwriters' bids in the competitive sale of municipal bonds.

He is familiar with the legal requirements of Prop. 218 and AB1600 and has helped agencies implement a wide variety of water and sewer rate and fee structures. He also specializes in evaluating financing alternatives and securing low-cost funding for capital improvement projects. To date, he has helped California agencies obtain over \$1 billion in project financing via bonds, COPs, bank loans, lines of credit, and state and federal grant and loan programs. He is experienced working with community groups, coordinating public outreach efforts, and giving public presentations. Prior to joining Bartle Wells Associates, Mr. Handlers worked as an analyst for a municipal government and as an associate in a strategic communications firm.

Mr. Handlers holds a BA from Lehigh University. He earned his Master of Public Administration from the University of Washington. He is a Certified Independent Public Finance Advisor (CIPFA).

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**Adam Lynch**  
**Senior Financial Analyst**

Adam J. Lynch is a senior financial analyst at Bartle Wells Associates, and as such, is responsible for directing the fundamental research and analysis of each project. Mr. Lynch works closely with clients to ensure smooth and efficient analysis of wide ranging data sources, and supervises the drafting of all relevant reports and presentations. His work at Bartle Wells has included extensive rate analysis and cash flow modeling for water and sewer agencies throughout California. He has worked to review and update development impact fees, developed capital improvement financing plans, and performed connection and capacity charge analysis. Mr. Lynch is an expert on the California

legislative and policy setting environment, and has worked to draft and secure passage of a variety of ordinances for local agencies.

Mr. Lynch holds a B.A. from the University of Virginia and a Masters in Public Policy from the Goldman School at the University of California, Berkeley. He is a Certified Independent Public Finance Advisor (CIPFA).

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**Mark S. McLean**  
**Financial Analyst**

Mark S. McLean is a financial analyst with Bartle Wells Associates. He develops water and wastewater rates and capital facilities charges. He prepares financial plans to fund capital improvements to water, sewer, and recycled water systems. He has consulted with a variety of public agencies throughout California.

Mr. McLean has B.A. from Davidson College and a Masters in Public Policy from the Goldman School at the University of California, Berkeley.

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**Catherine L. Tseng**  
**Financial Analyst**

Catherine Tseng is a financial analyst with Bartle Wells Associates. She works closely with public agencies, engineers, legal counsel, and other consultants to develop water, wastewater, and recycled water rates, connection fees and long-term financial plans for utility enterprises. She also helps agencies evaluate financing alternatives for public works projects and coordinate financings and assists in public outreach efforts. She has consulted for a range of public agencies throughout California and has conducted analyses tailored to meet the needs of diverse communities.

Ms. Tseng has a B.A. from the University of California, Berkeley and a Master of Science in Urban Planning from Columbia University, New York.

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**Ernest V. Tedeschi**  
**Financial Analyst**

Ernie Tedeschi is a financial analyst with Bartle Wells Associates. He works on models to design water and sewer rates. He assists with the development of financial projections and creating Excel models to design utility rates and forecast costs. He also develops PowerPoint presentations and public outreach efforts.

Mr. Tedeschi has a B.A. from Stanford University and a Masters in Public Policy from the Goldman School at the University of California, Berkeley.

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**Stephanie M. Hand**  
**Office Administrator/Financial Analyst**

Stephanie M. Hand is the office administrator and a financial analyst for Bartle Wells Associates. She has extensive experience monitoring and managing project budgets and schedules and coordinates data collection and information management for multiple projects. Stephanie works closely with our clients to ensure that all of our projects are completed in an efficient and cost conscious manner. Additionally, she provides administrative and project management support for bond sales and rate studies.

Ms. Hand has a B.S. in Business Administration from Mary Washington College, Virginia. She is a Certified Independent Public Finance Advisor (CIPFA).