

TO: BOARD OF DIRECTORS  
FROM: MARIO E. IGLESIAS  
GENERAL MANAGER  
DATE: JUNE 22, 2017



**AGENDA ITEM  
E-1  
JUNE 28, 2017**

**AUTHORIZE REQUEST FOR PROPOSALS FOR THE  
BLACKLAKE SEWER FUND RATE STUDY**

**ITEM**

Consider draft Request for Proposal(s) for a sewer rate study for the Blacklake Sewer Enterprise ("Rate Study") and determine the process for selecting a rate consultant [RECOMMEND CONSIDER DRAFT REQUEST, AMEND AS NECESSARY, AND DIRECT AND AUTHORIZE STAFF TO CIRCULATE THE REQUEST FOR PROPOSALS].

**BACKGROUND**

Rates are necessary to support the continued operation and maintenance of the Blacklake sewer system ("Sewer System"). Periodic reviews of rate charges ensure the financial stability of the Blacklake Sewer Fund ("Sewer Fund"). The draft Request for Proposal(s) is intended to result in a comprehensive study that evaluates future financial needs of the Sewer Fund.

The District completed a five-year Sewer Fund Rate Study ("Rate Study") in Fiscal Year 2009 that projected financial needs of the Sewer Fund through Fiscal Year 2013. The final rate adjustment for the 2009 Rate Study went into effect on January 1, 2013.

It has been over 8 years since a comprehensive evaluation of the Blacklake sewer rates has been completed and over 4 years since Blacklake sewer rates have been adjusted.

**FISCAL IMPACT**

Budgeted staff time to prepare these agenda materials. Funds for preparation of the report by a consultant are included in the Sewer Fund 2017-2018 professional services budget.

**STRATEGIC PLAN**

Strategic Plan Goal 6.1 – Operate all enterprise funds to be financially sound.

**RECOMMENDATION**

Consider draft request, amend as necessary and by motion and roll call vote, approve and authorize staff to circulate the request for proposal(s) to three or more utility rate consulting firms.

**ATTACHMENT**

- A. Draft Request for Proposal(s)

June 28, 2017

ITEM E-1

ATTACHMENT A

# NIPOMO COMMUNITY

## BOARD MEMBERS

DAN ALLEN GADDIS, PRESIDENT  
ED EBY, VICE PRESIDENT  
BOB BLAIR, DIRECTOR  
CRAIG ARMSTRONG, DIRECTOR  
DAN WOODSON, DIRECTOR



# SERVICES DISTRICT

## STAFF

MARIO IGLESIAS, GENERAL MANAGER  
LISA BOGNUDA, FINANCE DIRECTOR  
PETER SEVCIK, P.E., DIRECTOR OF ENG. & OPS.  
WHITNEY MCDONALD, GENERAL COUNSEL

*Serving the Community since 1965*

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148 SOUTH WILSON STREET POST OFFICE BOX 326 NIPOMO, CA 93444 - 0326  
(805) 929-1133 FAX (805) 929-1932 Website address: ncsd.ca.gov

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June 28, 2017

Mail Merge

## **SUBJECT: REQUEST FOR PROPOSAL FOR SEWER RATE STUDY**

### GENERAL INFORMATION

Nipomo Community Services District ("District") was formed in 1965 and provides water and sewer utility service to an estimated population of 13,500 customers via approximately 4,300 water and 3,100 sewer service connections. The District is primarily a residential semi-rural community comprised of single-family and multi-family residences with a small commercial corridor. The District operates under a governing body of five elected members on a Board of Directors. The District employs administrative and operations staff of eighteen employees, including the General Manager.

The District is responsible for two distinctly separate sewer systems, the Town sewer and Blacklake sewer systems. Each of these two systems is operated as separate utility enterprises. Each has its own sewer treatment plant and collection system and operates independently of one another. The Town sewer system has approximately 2,550 connections and the Blacklake sewer system has approximately 560 service connections. This request for proposals is specific to the Blacklake sewer system which provides sewer services to 486 single family residences, 69 multi-family residential units and 4 commercial customers.

### PURPOSE OF RFP

The purpose of this Request for Proposal (RFP) is to obtain the services of a qualified rate practitioner to complete a Sewer Rate Study for the Blacklake Sewer System.

### SCOPE OF SERVICES

The anticipated basic Scope of Services will include, but are not limited to the following:

#### A. Basic Study Objectives

1. Develop a fair and equitable sewer rate structure that will allow the District to meet its financial, contractual, and legal obligations, while ensuring long-term financial stability of the Blacklake Sewer Fund ("Sewer Fund").
2. Study must support a rate structure that will meet the requirements of Proposition 218 rate setting.
3. Assess the equity of recommended sewer rates for all types of property ownership to include residential, multi-family, commercial users.

4. Establish cost of service allocations following appropriate standards, regulations and guidelines that are defensible and reflect best industry practice

B. Study Requirements

1. The recommended rate structure shall be based on cost of service and shall be sufficient to meet the short and long-term revenue requirements of the Sewer Fund.
2. The rate study shall recommend rates that consider and make provision for the following factors:
  - a) Current and future cost of providing sewer services in accordance with established and anticipated standards and regulations
  - b) Age and condition of sewer system and the need to fund long-term capital improvement/replacements of infrastructure
  - c) Rate stability
3. The recommended rate structures shall provide direct identification of revenues appropriated for major funded activities and infrastructure such as:
  - a) Operation & Maintenance (O & M) expenses
  - b) Capital and Replacement expenses
4. Analyze and develop a recommendation regarding what level of adequate reserves (including funded replacement and rate stabilization) would be necessary to meet the District's needs. Discuss and compare recommendation for reserves to the District's current reserve policy for the Blacklake Sewer Fund.
5. Assess existing customer service fee structure and identify other potential areas for service and system charges.
6. Recommend sewer charges that consider and make provisions for the following factors:
  - a) The District's current infrastructure as well as infrastructure currently under construction
  - b) Proposed projects based on the most recent Blacklake Sewer Master Plan, projects included in the adopted budget and input from Staff
7. Other impacts as identified.
8. Any recommended rate structure or rate model should take into consideration the ease of administration and understanding by the rate payers.
9. Any proposed sewer fees and charges schedule must consider the District's utility billing system capabilities.
10. It is of the utmost importance that the study methodology be fully transparent, understandable by the general public.

C. Study Elements

In making its rate structure recommendations, the Final Report shall explicitly include the following elements:

1. Current Rate Structure: Assess the current rate structure's performance as a baseline for comparing recommend changes.
2. Equity: Assess the equity of recommended sewer rates for all types of property ownership within the Blacklake community.
3. Sensitivity Analysis: Assess the ability of the revenue stream generated by the recommended rate structures to continue to fully fund sewer system costs and other costs under the impacts of future standards and regulations.
4. Comprehensive Summary of Recommended Rate Structure: Assess performance of each studied rate structure against current rate structure performance as baseline and provide recommendation on preferred five-year rate structure.
5. Supporting Data: Provide data supporting conclusions and observations made for each of the areas above and cite within study.
6. Provide a comparison of current sewer system costs – operations and capital – against appropriate industry benchmarks.
7. Provide a calculation of the bi-monthly sewer bill for the District's average Blacklake customer.
8. Provide a comparison of applicable San Luis Obispo County and Santa Barbara County wastewater agencies (public and private) sewer rates. Include in the comparison a sampling of sewer rates of other California wastewater agencies that are similar in size to the District.
9. Provide an easy-to-use electronic rate model for the District's use.
10. It is of the utmost importance that the study methodology be fully transparent; understandable by the general public.

**SERVICES TO BE PROVIDED BY THE CONSULTANT**

1. Meet and confer with Staff to discuss the Scope of Work and background information, and gain a general familiarity with the District.
2. Conduct analyses as required to address the Scope of Work.
3. Work Product #1 (electronic format acceptable):
  - a. Sewer Rate Study -List plan assumptions and five year projections of revenue requirements to meet operations and maintenance, capital investment, funded replacement and reserve requirements
  - b. Participate in one public meeting prior to preparing Work Product #2
4. Work Product #2 (electronic format and 10 copies):
  - a. Administrative Draft Comprehensive Sewer Rate Study projecting new rates and charges
  - b. Participate in up to two public meetings to present and discuss Administrative Draft Study
5. Work Product #3 (electronic format and 10 copies):
  - a. Draft Final Report
  - b. Participate in Board Meetings to finalize report

6. Work Product #4 (electronic format and 10 copies):
  - a. Edit and review draft and publish approved Report
  - b. Assist in drafting Proposition 218 Notice
  - c. Participate in up to two meetings regarding Proposition 218 consideration

#### SERVICES TO BE PROVIDED BY THE DISTRICT

1. Furnish all reasonably available records and information, including financial reports, budgets in a timely manner.
2. Provide staff support and assistance as required to advance completion of Report.

#### PROPOSAL REQUIREMENTS

1. Proposal Due Date

Three Copies and one electronic format of the firm's proposal must be submitted no later than 3:00 p.m. on Friday \_\_\_\_\_, 2017 at the District's Office located at 148 South Wilson, Nipomo, CA 93444 in a sealed envelope. Faxes, emails, proposals not enclosed in a sealed/labeled envelope and proposals received after 3:00 p.m. on Friday \_\_\_\_\_, 2017, will not be considered.

2. Inquiries

Inquiries concerning the request for proposal should be made to:

Lisa Bognuda, Finance Director

Nipomo Community Services District

148 South Wilson Street

Nipomo, CA 93444

[lbognuda@ncsd.ca.gov](mailto:lbognuda@ncsd.ca.gov)

805-929-1133

3. Proposal Submission and Content

The Proposal shall include, as a minimum, the following:

- a) Transmittal Letter, including a brief statement of understanding of the scope of services to be performed, a commitment to perform the services specified within this RFP and the name of the persons authorized to represent the proposing firm.
- b) Profile of the Proposing Firm including background information such as firm size, client base and firms capability to perform analysis and services as outlined in Scope of Work as well as provide the names and telephone numbers of three (3) clients for whom your firm has performed similar services.
- c) Work Plan and Schedule – The work plan shall include time estimated for each phase of the work outlined above.
- d) Compensation. Estimate the total hours and estimated out-of-pocket costs anticipated to achieve the Scope of Work. Submit an all-inclusive maximum fee with

subtotal by Work Product. Include a schedule of professional fees and expenses by staff level that support the total all-inclusive fees.

**EVALUATION AND SELECTION PROCESS**

The District will screen the proposals on \_\_\_\_\_, 2017. The Board is tentatively scheduled to select a firm at its \_\_\_\_\_, 2017 regular Board Meeting. The District may conduct interviews during the screening process.

The proposals will be evaluated on the following:

1. Responsiveness to Request for Proposal
2. Experience of the team
3. Qualifications of personnel
4. Cost including fees and reimbursables (Not-to-Exceed Expenditure Limits)

**This is a time-sensitive project.**

The District reserves the right to reject any and all submittals and/or solicit new proposals at its discretion. The District reserves the right to negotiate with a lesser ranked firm if the negotiation with the top ranked firm is unsuccessful. The submitter retains no interest in the proposal once received by the District. Proposers are responsible for all costs associated with the proposal.

Consultant will be required to enter into the District's standard Professional Services Agreement (sample attached).

Sincerely,

**NIPOMO COMMUNITY SERVICES DISTRICT**

Lisa S. Bognuda  
Finance Director

Enclosed: NCSD Professional Services Agreement  
Current Blacklake Rate Schedule





TO: BOARD OF DIRECTORS  
REVIEWED: MARIO IGLESIAS *AI*  
GENERAL MANAGER  
FROM: PETER V. SEVCIK, P.E. *P.V.S.*  
DIRECTOR OF  
ENGINEERING & OPERATIONS  
DATE: JUNE 21, 2017

**AGENDA ITEM  
E-2  
JUNE 28, 2017**

**AWARD CONSTRUCTION CONTRACT FOR  
2017 UTILITY ADJUSTMENT PROJECT TO  
R. BURKE CORPORATION**

**ITEM**

Award construction contract for 2017 Utility Adjustment Project to R. Burke Corporation [RECOMMEND BY MOTION AND ROLL CALL VOTE ADOPT RESOLUTION AWARDING CONTRACT TO R. BURKE CORPORATION IN THE AMOUNT OF \$197,720, AUTHORIZE STAFF TO EXECUTE CONTRACT, AND AUTHORIZE CHANGE ORDER CONSTRUCTION CONTINGENCY IN THE AMOUNT OF \$20,000].

**BACKGROUND**

The County of San Luis Obispo will be performing asphalt overlay work on streets located within the District's service area including Mary Avenue, Tefft Street, Grande Avenue, Hill Street, and Olympic Way in Nipomo during Summer through Fall of 2017. District sanitary sewer manholes and water valve covers will need to be adjusted to grade once the overlay work is completed.

The Board authorized staff to bid the 2017 Utility Adjustment Project at the April 21, 2017 Board meeting. On June 13, 2017, bids for the 2017 Utility Adjustment Project were opened from two (2) contractors as listed below:

Contractor	Total Bid Price
Cedro Construction Inc.	\$246,600
R. Burke Corporation	\$197,720

The apparent low bidder was R. Burke Corporation with a bid of \$197,720. Staff reviewed the bid and determined that the bid is responsive and the bidder is responsible. The engineer's estimate for construction of the project was \$120,000.

**SCHEDULE**

The tentative schedule is as follows:

- Contract Award – June 2017
- Construction – July 2017 to October 2017

**FISCAL IMPACT**

Funding in the amount of \$180,000, Fund #805, Funded Replacement Water, and \$100,000, Fund #810, Funded Replacement Town Sewer, is available for the project in the FY 2017-2018 budget. Total project costs are estimated as follows:

Construction	\$ 197,720
Construction Contingency	\$ 20,000
<b>Total</b>	<b>\$ 217,720</b>

**STRATEGIC PLAN**

Goal 2. FACILITIES THAT ARE RELIABLE, ENVIRONMENTALLY SENSIBLE AND EFFICIENT. Plan, provide for and maintain District facilities and other physical assets to achieve reliable, environmentally sensible, and efficient District operations.

**RECOMMENDATION**

Staff recommends that the Board, by motion and roll call vote, adopt Resolution 2017-XXXX 2017 Utility Adjustment Project Bid Award to:

1. Award the bid for the 2017 Utility Adjustment Project to R. Burke Corporation in the amount of \$197,720 and authorize the General Manager to execute the construction agreement.
2. Authorize the General Manager to issue Change Orders for construction of the project with an aggregate total amount not to exceed \$20,000.

**ATTACHMENTS**

- A. Resolution 2017-XXXX 2017 Utility Adjustment Project Bid Award

June 28, 2017

ITEM E-2

ATTACHMENT A

**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2017-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
NIPOMO COMMUNITY SERVICES DISTRICT AWARDING THE BID FOR THE  
CONSTRUCTION OF THE 2017 UTILITY ADJUSTMENT PROJECT TO  
R. BURKE CORPORATION IN THE AMOUNT OF \$197,720  
AND AUTHORIZING CONSTRUCTION CONTINGENCY OF \$20,000**

**WHEREAS**, the County of San Luis Obispo will be performing asphalt overlay work on streets located within the District's service area including Mary Avenue, Tefft Street, Grande Avenue, Hill Street, and Olympic Way in Nipomo during Summer through Fall of 2017; and

**WHEREAS**, District sanitary sewer manholes and water valve covers will need to be adjusted to grade once the overlay work is completed; and

**WHEREAS**, the design drawings and technical specifications for 2017 Utility Adjustment Project, dated May 2017, were developed by District staff; and

**WHEREAS**, the Board authorized staff to solicit bids for the project on April 21, 2017; and

**WHEREAS**, based on the staff report, staff presentation and public comment, the Board makes the following findings:

1. The project was advertised for bids in accordance with State of California Public Contracts Code requirements.
2. The District received two (2) bids for the project.
3. Staff has reviewed the 2017 Utility Adjustment Project bids and has determined that R. Burke Corporation, the apparent low bidder, submitted a responsive bid and is a responsible bidder.

**NOW THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE  
NIPOMO COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS AS FOLLOWS:**

1. The bid for the 2017 Utility Adjustment Project is hereby awarded to the lowest responsive and responsible bidder, R. Burke Corporation, in the amount of \$197,720, and the General Manager is authorized to execute the construction agreement.
2. The General Manager is authorized to issue Change Orders for construction of Project with an aggregate total amount not to exceed \$20,000.
3. The above recitals and findings are incorporated herein by this reference.

On the motion of Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, and on the following roll call vote, to wit:

**AYES:**

**NOES:**

**ABSENT:**

**CONFLICTS:**

The foregoing resolution is hereby adopted this 28<sup>th</sup> day of June 2017.

NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2017-XXXX

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
NIPOMO COMMUNITY SERVICES DISTRICT AWARDING THE BID FOR THE  
CONSTRUCTION OF THE 2017 UTILITY ADJUSTMENT PROJECT TO  
R. BURKE CORPORATION IN THE AMOUNT OF \$197,720  
AND AUTHORIZING CONSTRUCTION CONTINGENCY OF \$20,000**

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**DAN A. GADDIS**  
President, Board of Directors

ATTEST:

APPROVED AS TO FORM AND  
LEGAL EFFECT:

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**MARIO IGLESIAS**  
General Manager and  
Secretary to the Board

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**WHITNEY G. McDONALD**  
District Legal Counsel

TO: BOARD OF DIRECTORS  
REVIEWED: MARIO IGLESIAS *MIG*  
GENERAL MANAGER  
FROM: PETER V. SEVCIK, P.E. *P.V.S.*  
DIRECTOR OF  
ENGINEERING & OPERATIONS  
DATE: JUNE 21, 2017

**AGENDA ITEM  
E-3  
JUNE 28, 2017**

**AUTHORIZE CONTRACT FOR  
SUNDALE WELL EMERGENCY REPAIR**

**ITEM**

Consider authorizing Contract for Sundale Well Repair to Fisher Pump and Well Service Inc. in the amount of \$126,814 and authorize change order contingency in the amount of \$10,000 [RECOMMEND BY MOTION AND ROLL CALL VOTE ADOPT RESOLUTION AUTHORIZING STAFF TO EXECUTE CONTRACT IN THE AMOUNT OF \$126,814 WITH FISHER PUMP AND WELL SERVICE INC. AND AUTHORIZING CHANGE ORDER CONTINGENCY IN THE AMOUNT OF \$10,000].

**BACKGROUND**

Water production from the Sundale Well has dropped from 900 gallons per minute (gpm) in December 2016 to less than 600 gpm in June 2017. The pump needs to be pulled and inspected to determine the cause of pumping reduction. Based on the vibration observed when the pump is running and its age, approximately 10 years, staff anticipates that the pump and column assembly may need to be replaced.

Since the District is in its peak demand season and the Eureka Well is offline, the Sundale Well needs to be repaired in a timely manner. District staff obtained a quote from Fisher Pump and Well Service Inc. in the amount of \$126,814 to repair the Sundale Well. District Purchasing Policy Resolution 2010-1201 provides for the procurement of materials, supplies and equipment through non-competitive negotiations in limited situations where the purchase price is reasonable and public exigency will not permit delay. Time is of the essence since the Sundale Well is needed to provide sufficient water during the District's higher water demand months.

**FISCAL IMPACT**

The approved FY 17-18 budget includes funding for well rehabilitation in the amount of \$100,000.

Total project costs are estimated as follows:

Construction	\$ 126,814
Construction Contingency	\$ 10,000
<b>Total</b>	<b>\$ 136,814</b>

A budget adjustment in the amount of \$36,814 from Funded Replacement Water, Fund #805, Reserves is needed to provide additional funding for the repair project.

**STRATEGIC PLAN**

Goal 1 – WATER SUPPLY – Actively plan to provide reliable water supply of sufficient quality and quantity to serve both current customers and those in the long-term future.

**RECOMMENDATION**

Staff recommends that the Board, by motion and roll call vote, adopt Resolution 2017-XXXX Sundale Well Repair, authorizing a contract for Sundale Well repair with Fisher Pump and Well Service Inc. in the amount of \$126,814 and authorizing a change order contingency in the amount of \$10,000.

**ATTACHMENTS**

- A. Resolution 2017-XXXX Sundale Well Repair

June 28, 2017

ITEM E-3

ATTACHMENT A



**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2017-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES  
DISTRICT AUTHORIZING A CONTRACT FOR SUNDALE WELL REPAIR  
WITH FISHER PUMP AND WELL SERVICE INC.**

**WHEREAS**, the months of June, July, and August are typically the District's highest water demand months; and

**WHEREAS**, the repair of the Sundale Well needs to be completed in a timely manner since the well is needed to provide sufficient water during the District's higher water demand months; and

**WHEREAS**, Fisher Pump and Well Service Inc. has previously provided well repair services to the District; and

**WHEREAS**, District Purchasing Policy Resolution 2010-1201 provides for the procurement of materials, supplies and equipment through non-competitive negotiations in limited situations; and

**WHEREAS**, the purchase price is reasonable and public exigency will not permit delay.

**NOW THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE NIPOMO  
COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS AS FOLLOWS:**

- 1) The District Board of Directors does hereby authorize the General Manager to execute a contract for the Sundale Well Repair with Fisher Pump and Well Service Inc. in the amount of \$126,814 and authorizes the General Manager to approve change orders for a not-to-exceed total aggregate amount of \$10,000.
- 2) The Board of Directors does hereby authorize a budget amendment and transfer in the amount of \$36,814 from Funded Replacement Water, Fund #805, reserves to fund the project.
- 3) The above recitals are true and correct and constitute findings for the exclusive use of the Fisher Pump and Well Service Inc. to repair the Sundale Well.

On the motion of Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, and on the following roll call vote, to wit:

**AYES:  
NOES:  
ABSENT:  
CONFLICTS:**

The foregoing resolution is hereby adopted this 28<sup>th</sup> day of June 2017.

\_\_\_\_\_  
**DAN A. GADDIS**  
President of the Board

ATTEST:

APPROVED AS TO FORM  
AND LEGAL EFFECT:

\_\_\_\_\_  
**MARIO IGLESIAS**  
General Manager and Secretary to the Board

\_\_\_\_\_  
**WHITNEY G. McDONALD**  
District Legal Counsel