

TO: BOARD OF DIRECTORS

FROM: MARIO E. IGLESIAS
GENERAL MANAGER

DATE: OCTOBER 20, 2016

AGENDA ITEM E-1

OCTOBER 26, 2016

AWARD CONTRACT FOR WATER RATE STUDY

ITEM

Award contract for Water Rate Study [RECOMMEND AWARD WATER RATE STUDY CONTRACT TO TUCKFIELD AND ASSOCIATES FOR A NOT TO EXCEED AMOUNT OF \$57,792]

BACKGROUND

At your Board's September 14, 2016 Board Meeting, staff asked your Board to authorize a request for a water fund rate study. A Request for Proposal (RFP) outlining a comprehensive study of the District water enterprise rates, charges, and fees was presented for your Board's review and consideration.

Staff also took direction from your Board and solicited a sole source bid from Tuckfield and Associates ("Tuckfield"). The 2010 and 2014 rate studies were completed by Tuckfield and your Board was satisfied with the product this financial consultant provided. Your Board had the discretion to extend the search for a financial consultant, but decided to sole source the professional services contract based on Tuckfield's past performance.

Staff reviewed the proposals based on:

- Responsiveness to the Request for Proposal
- Experience of the professional service provider
- Qualifications of personnel
- Cost including fees and reimbursable expenses

The Finance and Audit Committee ("Committee") reviewed the proposal and met on October 17, 2016. The Committee discussed the proposal and unanimously agreed to recommend Tuckfield to the Board of Directors.

The water rate study is budgeted for this fiscal year and there are sufficient moneys budgeted in Water Fund #125, Professional Services, to complete the study.

STRATEGIC PLAN

Strategic Plan Item 6.1 – Operate all enterprises fund to be financially sound
Strategic Plan Item 6.2 – Achieve and maintain targeted operating reserves

RECOMMENDATION

It is recommended that the Board of Directors by motion and roll call vote, award the contract to Tuckfield and direct staff to issue a task order for a not to exceed amount of \$57,792.

ATTACHMENTS

- A. Proposal from Tuckfield & Associates

October 26, 2016

ITEM E-1

ATTACHMENT A



Proposal To:
Nipomo
Community Services District

148 S Wilson Street
Nipomo, CA 93444
(805) 939-1133

Proposal For
Water
Rate Study

Submitted By:
Tuckfield & Associates

Contact: Mr. Clayton Tuckfield
2549 Eastbluff Dr, #450B
Newport Beach, CA 92660
(949) 760-9454
www.tuckfieldassociates.com



September 22, 2016

**Proposal for
Water Rate Study
Submitted to
NIPOMO COMMUNITY SERVICES DISTRICT**

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Tuckfield & Associates

2549 Eastbluff Drive, Suite 450B, Newport Beach, CA 92660
Phone (949) 760-9454 Fax (949) 760-2725
Email ctuckfield@tuckfieldassociates.com

September 22, 2016

Mr. Mario Iglesias
General Manager
Nipomo Community Services District
148 South Wilson Street
Nipomo, CA 93444

Dear Mr. Iglesias:

I am pleased to submit this proposal to provide consulting services for a Water Rate Study for the Nipomo Community Services District (District). Over the last 30 years I have conducted numerous water and water rate studies in California in addition to conducting studies nationally. This depth of experience will benefit the District throughout the performance of this study.

The District desires that this study develops a financial plan, rate structures, and rates that adequately fund collection operations and maintenance expense and provide for current and future capital costs. The scope of work provided herein proposes to evaluate rate structures and rates that addresses the District's concerns while providing revenue sufficiency and community acceptability. The study will address the following objectives.

- Revenue sufficiency to fund operating and capital needs
- Appropriate levels of operating, capital, and emergency reserves
- Cost of service following appropriate standards, regulations, and guidelines
- Rates that are consistent with industry practice
- Stable revenue stream similar to existing rate structure
- Automatic pass-through of imported water costs
- Ease of understanding and administration

Tuckfield & Associates consulting is a local firm with extensive experience in California, specializing in rate studies and capacity charge studies. Mr. Tuckfield is the Principal Consultant for Tuckfield & Associates, and routinely conducts rate and capacity charge studies as the sole consultant, having completed such studies in this manner for many clients, including those whose populations have exceeded 100,000. Recent clients include the City of Buena Park, City of Loma Linda, City of Atascadero, and Santa Ynez CSD. Additional experience is provided in the Representative Engagement section of this proposal.

I will be professionally responsible for conducting the study and will provide hands-on work effort. This will allow me to develop an intimate knowledge of the District's water system which will be beneficial when attending meetings and presenting results and findings. All rates and fees will be developed in accordance with the American Water Works Association (AWWA) for water utilities as well as California State law.

I have the qualifications, experience, and capabilities to provide the services desired by the District. I have conducted successful studies for large agencies in California with a focus on smaller cities and special districts.

Mr. Mario Iglesias
Nipomo Community Services District

Page 2
September 22, 2016

I look forward to working with the District on this project. Should the District need any additional information, my contact information is provided below.

Very Truly Yours,

TUCKFIELD & ASSOCIATES



G. Clayton Tuckfield

Consultant Contact Information:

G. Clayton Tuckfield
Principal Consultant
Tuckfield & Associates
2549 Eastbluff Dr, #450B
Newport Beach, CA 92660
Phone: (949) 760-9454
Fax: (949) 760-2725
Email: ctuckfield@tuckfieldassociates.com

Proposal for Water Rate Study

Nipomo Community Services District

Qualifications

Firm History

Tuckfield & Associates was founded in 1999 to provide quality consulting services to publicly-owned utilities to sustain their systems on sound rate-making principles.

The firm was founded by Mr. Clayton Tuckfield PE MBA who has nearly 30 years of experience conducting rate studies and capacity charge studies. Now in its 16th year, the firm has provided innovative and time-tested strategies founded on industry practice for implementing rates and charges.

Prior to the firm's founding, Mr. Tuckfield served Black & Veatch Corporation for nearly 15 years in their Management Consulting Division. Mr. Tuckfield has worked with numerous special Districts in California and has written papers and articles for AWWA (American Water Works Association) and California Special Districts Association (CSDA) and has conducted a webinar for CSDA regarding financing projects with USDA funding.

Visit www.tuckfieldassociates.com to learn more about Tuckfield & Associates.

Advantages

Tuckfield & Associates offers several unique advantages to the District that will satisfy the

District's expectations for the successful implementation of proposed rate structures and rates. These include the following:

Experience. Having performed numerous rate and capacity charge studies concentrated in California, with additional studies conducted nationally, the firm is able to provide a depth of experience to draw upon for this study, using knowledge of methods and alternative rate structures that will be of benefit to the District. The District can be assured that quality services will be provided through our 30 years of experience and from our client references themselves.

California Regulatory Requirements. Tuckfield & Associates has experience with the California regulatory environment which will be beneficial to the District for the best outcome. Recent State legislation includes the enactment of Proposition 218, AB3030, and the state's 20x2020 plan and these have been addressed in previous studies.

Communication. A critical aspect of this study is the need to communicate results to the public. Communicating the reasons for the rate increases and the impacts to customers is imperative to acceptance by the public and a successful rate implementation.

Personalized Service. Mr. Tuckfield works in a collaborative manner with its clients, providing consulting services in a professional and transparent manner with easy explanation of study results. **Our collaborative service creates professional relationships that have spanned a decade for some clients.**

Tuckfield & Associates Consulting

Tuckfield & Associates is a specialized consulting firm providing financial and management solutions for publicly owned utilities. Mr. Clayton Tuckfield, founder and principal of Tuckfield & Associates, has managed or been directly involved in publicly owned utility financial services for nearly 30 years. Since 1985, Tuckfield & Associates has used innovative methods combined with time-tested strategies to assist municipalities and special districts in achieving their financial goals. Clients have included public utilities, state and county governments, municipalities, and public districts.

Tuckfield Qualifications Summary

- 30 years of experience
- Over 80 rate studies
- Public Agency Specialization
- Tested Strategies
- Project Management

Services

Tuckfield & Associates provides comprehensive consulting services intended to safeguard the financial viability of the client's multi-million dollar utility. Key elements include financial plans that anticipate economic contractions and expansions, capital planning for improvement financing options, allocation of costs to appropriate customers based on cost causative principles, and rates that are designed to be fair and equitable. Services provided by Tuckfield & Associates include the following.

- Cost of Service and Rate Studies
- Capacity Charge Studies
- Rate Stabilization Studies
- Supporting Information for Bond Official Statements
- Capital Improvement Plan Financing Analyses
- Computer Modeling

Commitment to Clients

Tuckfield & Associates approaches each study with the commitment to exceed our client's expectations. Our strength lies in our proven capability to provide comprehensive, practical, and implementable programs that serve our clients, with personal relationship-driven service.

Tuckfield & Associates is highly qualified to provide the professional services requested by the District. The firm specializes in rate and capacity charge studies with extensive experience serving cities and special districts in California.

Key Personnel

Clayton Tuckfield, PE MBA– Project Consultant

Mr. Tuckfield will serve as the project consultant for the study and will be the primary contact with the District. He will be responsible for project administration, daily performance of the

project, providing all deliverables, attending and/or presenting at all meetings, and will produce key elements of the study.

Mr. Tuckfield routinely conducts rate and capacity charge studies as the sole consultant and has completed such studies in this manner for many clients, even for those whose populations have exceeded 100,000. Mr. Tuckfield is an expert in utility financial planning, cost of service, rate structures, and utility management and is a professional dedicated to maintaining high financial and engineering standards.

Mr. Tuckfield has nearly 30 years of experience and has professionally performed over 80 utility cost of service and rate studies and many other financial feasibility studies. **He has performed studies for numerous communities in California ranging from the cities of Long Beach, Buena Park, Ventura, Santa Barbara,**

Fullerton, Arroyo Grande, Grover Beach, Pismo Beach, Oakdale, and Firebaugh to special districts including Nipomo CSD, San Miguel CSD, Keyes CSD, Hilmar CWD, Delhi CSD, Seeley CWD, and many others.

Mr. Tuckfield has an engineering degree and a master's degree in business administration. He has prepared presentations and technical papers for trade organizations that include the American Water Works Association's annual meeting, American Society of Civil Engineers, Arizona Finance Officers Association, and has authored a section of a webinar for the California Special Districts Association (CSDA) as well as a professional submission for CSDA's bi-monthly magazine. A resume for Mr. Tuckfield is provided in Appendix A of this proposal.

Representative Engagements

Listed below are representative engagements and references for studies delivered by Tuckfield & Associates. These recent and successful municipal utility financial plans and rate studies are a sample of the work provided to California communities. The studies have been prepared in conformance with Proposition 218 and all studies use the cost of service and allocation methods described in the AWWA Manual M1 for water utilities and WEF Manual 27 for wastewater utilities.

Water Rate Study, City of Buena Park, California

Tuckfield & Associates completed a water financial plan and rate study for the City of Buena Park in January 2016. The scope of work included (1) preparing a long-range financial plan that includes assessment of current revenues to meet the current and future obligations of the water fund, establishing operating and capital reserve policies, and incorporating financing of the proposed capital improvement program (CIP) spending plan and (2) design of an appropriate rate structure that complies with Proposition 218.

Client Reference

*Mr. Michael Grisso
Interim Public Works Director
City of Buena Park
(714) 562-3705
Email: mgrisso@buenapark.com*

Three financial plan alternatives were prepared and discussed with City Staff that funded the same CIP but with various combinations of cash, bond financing, and annual revenue increases. The cost of service and rate portion of the study included a review and justification of the City's current rate structure and rates and preparing two rate structure alternatives. The rate structures addressed the recent San Juan Capistrano court decision regarding conservation rates by preparing a new uniform volume rate structure to replace the current conservation rate structure while also developing a tiered rate structure for comparison. The water rates were adopted by City Council.

Water and Wastewater Rate Study, City of Pismo Beach, California

Client Reference

*Ms. Nadia Feeser
Administrative Services Director
City of Pismo Beach
(805) 773-7010
Email: nfeeser@pismoeach.org*

Mr. Tuckfield completed a comprehensive water and wastewater rate study for the City of Pismo Beach in 2013. Mr. Tuckfield also conducted a study for the City in 2007 that entailed accounting for all financial aspects of the water and wastewater rates, including each water supply source, utility debt and assessment debt, and various sub-funds of the utilities. The study included financial planning, cost of service, and rate structures for both water and wastewater. The 2007 study results were adopted by city council.

The 2013 study addressed the city's 2010 Urban Water Management Plan finding that the city needed to reduce its per capita water consumption annually to comply with SB x7-7 as well as plan for significant replacement of infrastructure. One of the water rate structures proposed includes a four-block rate structure to promote conservation. Wastewater rates were developed following the SWRCB revenue program guidelines as the City has several loans through the SRF program. Both the water and wastewater proposed rates were adopted by the City Council.

Wastewater Rate Study, City of Atascadero, California

Tuckfield & Associates is currently conducting a wastewater rate study for the City of Atascadero. The study's scope of work includes preparing several financial plan scenarios to demonstrate the impact of the newly developed CIP list on revenues by showing revenues necessary to meet O&M, O&M with replacement, and O&M with replacement and debt financing of the CIP. Discussions with staff may indicate that some of the CIP will need to be delayed to future years. The financial plan alternatives provides for maintaining cash balances at policy target levels while meeting O&M escalation, future debt service, and annual repair and replacement expenditures. Other tasks include review of the billing system customer classifications and numerous presentations to the public and public officials regarding the need for rate changes.

Client Reference

Mr. Justin Black
Operations Manager
City of Atascadero
(805) 470-3140
Email: jblack@atascadero.org

Water and Wastewater Rate Study, Mission Hills CSD, California

Client Reference

Mr. Mike Riley
District Manager
Mission Hills CSD
(805) 733-4366
Email: mr@mhcsd.org

Tuckfield & Associates completed a water and wastewater rate study for Mission Hills CSD in March 2016. The study included developing financial plans, assigning cost to cost components, and designing water and wastewater rates that comply with Proposition 218. Several financial plan scenarios will be reviewed showing needed revenue increase under various conditions including the CIP while meeting financial plan criteria including District Policy target cash balances and debt service coverage ratios.

Water and Wastewater Rate Study, City of Loma Linda, California

Tuckfield & Associates completed a water and wastewater rate study for the City of Loma Linda in 2014. The study identified a sewer fund budgeting problem that was causing an annual deficit that was not previously identified. The problem was discussed with City staff and the budget was corrected. This resulted in the need for higher wastewater rate increases than expected.

Client Reference

Mr. Jarb Thaipejr
City Manager
City of Loma Linda
(805) 652-4542
Email: jthaipejr@lomalinda-ca.gov

Several rate scenarios were discussed with city staff that evaluated the impact of budget constraints and the delay of capital improvements to future years. In both the water and sewer funds, the fund balances were below city policy target levels. Rate increases for both utilities included rebuilding fund balances, cure annual deficits, meet O&M escalation, pay for future debt service, and fund annual repair and replacement expenditures. Water and wastewater rates were adopted by the City Council.

Project Approach

Tuckfield & Associates rate studies follow the approach that utilities can best achieve implementable rate revisions through open communication at the beginning of the study, to identify the objectives and goals desired by staff and stakeholders. Successful studies are achieved by clearly defining roles, responsibilities, objectives, goals, and milestone dates to efficiently move the project through the appropriate steps. Through these clear definitions, we will be focused on the study objectives and goals when developing the long-range financial and capital plans and utility rates.

Development of Long-Range Financial Plan

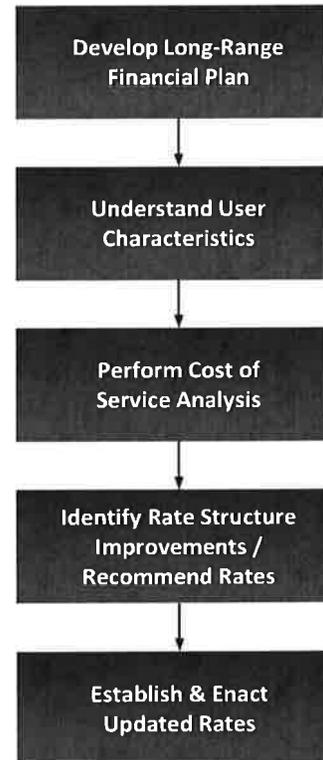
Tuckfield & Associates rate studies include development of long-range operating and capital financial plans. In preparing these plans, the District's current policies and practices for funding its operations, capital improvements and debt service requirements will be analyzed and discussed with District Staff. Various financing options or combination of options, such as operating revenue, new debt issuance, capacity charges, and other financing mechanisms will be considered.

- **Calculate Annual Revenue Requirements** — The study must identify the annual system costs over a multi-year process. The cash flow-based revenues supporting the system costs include operations and maintenance expenses and non-operating expenditures such as debt, enhancements to reserves, and pay-go project funding. This step also includes development of financial plans for capital funding.
- **Understand User Characteristics** — Developing user characteristics through billing information analyses allows us to determine the demand characteristics of the utility's customers.

Determination of Cost of Service Allocations

Tuckfield & Associates conducts all of its studies following defensible, cost-causative allocation methodologies by the American Water Works Association (AWWA), Water Environment Federation (WEF), and utility best management practices while also recognizing general design considerations employed by engineers when sizing facilities. From these industry standards, rates may be developed from allocated costs of service to customer classes in a sound, justifiable and equitable manner.

- **Develop Costs of Service** — In order to recover costs from customers in proportion to their use of the utility, and in compliance with Proposition 218, the system use must be identified for each customer class. The District's costs of providing these services are then allocated to each user group. The result is compared with the service charges paid by each customer class to validate the equity of the charges.



The City can expect a smooth rate implementation by working through this collaborative process.

Evaluation of Alternative Rates

Rate structure alternatives will be developed and discussed with the staff/stakeholders prior to presentation to others. The existing rate structures will be reviewed to reveal equity among customer classes, expected satisfaction with citizen demands, and revenue sufficiency. Proposed rate structures will be designed to incorporate the objectives and goals from the initial and subsequent meetings.

To best present alternative rate structures to the District, several factors will be ascertained that may affect the choice of a rate structure through discussions with staff or stakeholders. Such factors may include reaction to past rate structures and rate increases, identifying the largest customers, the socioeconomic status of the service area, and other constraints.

The objective of immediate revenue sufficiency may cause customer rate shock, so a balance between the competing objectives of sufficient revenue and community acceptability is needed.

Various factors affect the choice of rate structures.

The final rate structure should address these factors and consider the objectives of the agency.

Though objectives may often be competitive, a suitable balance is necessary to satisfy all parties.

In addition to these factors, the objectives for the rate structures must be well understood. Some of the objectives that the District may consider include revenue stability, changes in customer bills, impacts of conservation, fairness and equity, and simplicity.

▪ **Identify Rate Structure Improvements** — The unit costs of service and the user characteristics are combined to develop rate structure improvements. The options available for consideration are limited only by District policy, data availability and the need for stable revenues.

Public Presentation

Integral to the District's requirements is the public communication component of the study. The findings of this study are likely to result in changes to the water rate structure and may improve how customers are charged. These results need to be communicated to the public to satisfy their questions and concerns as well as obtain buy-in from all stakeholders. The firm has found that when stakeholders are involved early in the process, changes to the rate structure are better understood and generally accepted. This early involvement often reduces resistance during the Proposition 218 notification and hearings process.

- **Establish and Enact Updated Rates** — Based on professional judgment, discussions with staff, and possible workshops/presentations to stakeholders, the best fee structure is identified. Following the input and discussion with District Staff and stakeholders, the recommended updates to the rates and charges are enacted.

Scope of Work

Based on our understanding of the District's needs, the following tasks describe our proposed scope of work to complete the Water Rate Study. While the tasks are listed consecutively, elements of certain tasks may be conducted concurrently with other tasks.

Task 1 – Kick-Off Meeting/Data Collection

The focus of this initial meeting with District staff will be to define goals and objectives for the Study and explore the issues generated by District staff. The meeting serves as an important first step in assuring that all key members develop a clear understanding of the Study elements and data required. Some of the major objectives of the Study to be discussed include the following:

- Identify key staff members and the point of contacts for the Study
- Establish roles and responsibilities for the project and data gathering
- Identify objectives, goals, and expectations for the Study
- Discuss current District Policies
- Review available funding to support the District's activities
- Discuss details of alternative rate structures
- Review project schedule and set dates for meetings and deliverables

Prior to the meeting, we will submit a request for information to be gathered by District staff. The information request will include a number of items such as audits, budgets, master plans, design reports, capital improvement plans, billing information, debt service schedules, and several others.

Meetings: One (1) on-site meeting to kick-off the project

Deliverables: Request for Information

Task 2 – Long Range Financial Planning

The objective of this task is to develop a financial plan for the water enterprise that projects the revenue and revenue requirements for the Study period. This task requires an assessment of the sufficiency of revenues based on the existing rates and fee schedules, the District's ability to meet projected revenue requirements, the determination of the level of any revenue adjustments required, and any additional financing requirements. Specific tasks include the following.

Task 2.1: Review Financial Information, Policies, and Practice

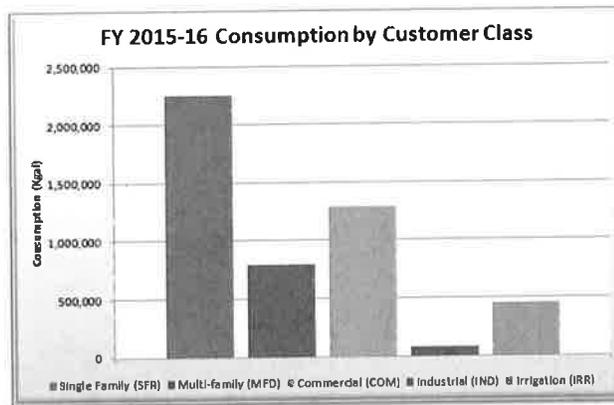
The District's policies regarding the financial, operating and capital reserves, and rate practices will be reviewed and evaluated. These items are essential to the long-term sustainability of the utility. From the evaluation, we will make recommendations that will enhance the utility's ability to meet its financial goals. The policy recommendations will at least include the following.

- Appropriate revenue for sufficiency and rate stability

- Target reserve levels for operating and capital programs
- Annual infrastructure replacement funding from operations
- Debt service coverage to ensure strong bond ratings

Task 2.2: Review and Summarize Billing Information

The customer billing information that is received from the District will be reviewed, analyzed, and summarized for use in the Study. This information is requested by individual customer account. We will review the information for accuracy and reasonableness for use to determine water losses and any supply constraints.



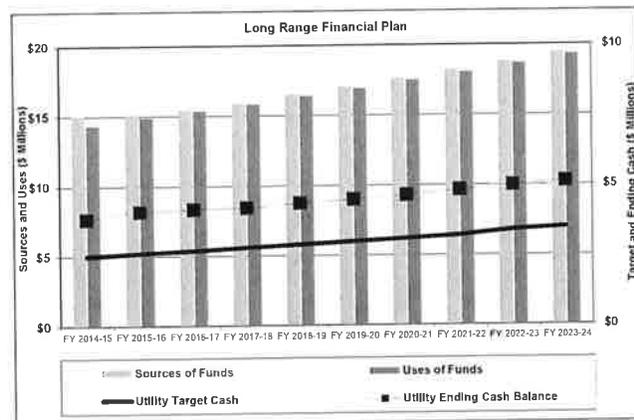
Review and summary of billing information provides an understanding of user characteristics.

Task 2.3: Develop Revenue Requirements

In this task, the annual revenue requirements of the water system will be identified and projected. Budget items and any future obligations will be projected. Revenue Requirements will include operation and maintenance expenses, existing debt service, annual replacement, identification and financing of future capital improvements (CIP), transfers to/from the utility funds, and use of reserves. Revenue requirements will be projected based on historical results, the District’s current budget, and current economic trends while accounting for expected operational changes and system growth.

Task 2.4: Develop Long Range Financial Plan

A pro forma cash flow will be developed to compare projected revenue to revenue requirements over the planning period for the water utility system. Revenues will be projected by developing assumptions regarding customer growth, consumption per account, total consumption, total production, and system losses while using the existing rates and charges. Analysis of the cash flow will determine if any revenue adjustments are needed to meet the revenue requirements while recognizing the financial planning criteria developed for each fund.



The objective of immediate revenue sufficiency may cause customer rate shock, so a balance between the objectives of sufficient revenue and community acceptability is needed.

Conference Calls: Up to two (2) conference calls to discuss the long-range financial plan and alternatives

Deliverables: Assumptions, billing summaries, long-range financial plan alternatives

Task 3 – Cost of Service Analyses

The cost of service phase of the Study will focus on allocation of costs (revenue requirements) to customer classifications based on cost causative methodologies. The cost allocations will be developed using standards and methodologies from the AWWA rate manual and recent industry practice.

Task 3.1: Review Customer Usage Patterns and Recommend Customer Classifications

Historical billing summaries will be reviewed and analyzed by customer classification to determine water consumption characteristics, such as patterns of use. Any proposed new customer classifications will be justified.

Task 3.2: Allocate Costs to Cost Components

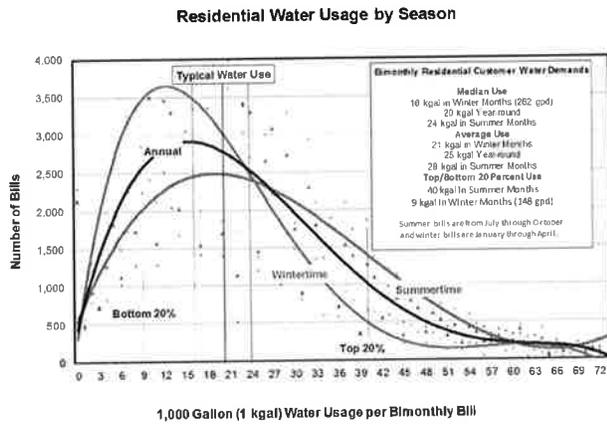
The annual revenue requirements will be allocated to functional cost components following standards in the AWWA rate manual and recent industry practice. Allocations of operation and maintenance expenses will be allocated separately from capital requirements of the system.

Task 3.3: Distribute Costs to Customer Classifications

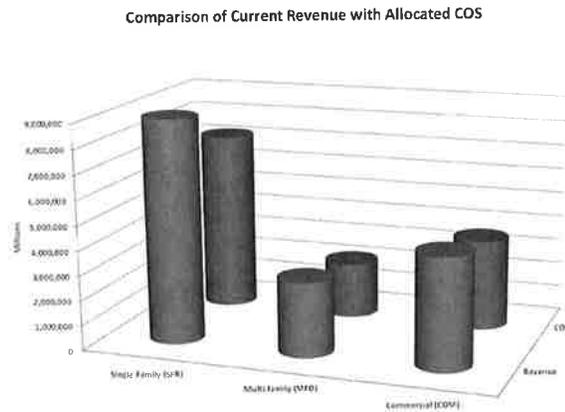
Costs that have been allocated to functional cost components are distributed to the various customer classifications on the basis of their responsibility for the service provided. Unit costs are developed for specific functional cost components which are then applied to the units of service for customer classification to determine cost responsibility for the utility's costs.

Meetings: none

Deliverables: Cost of service analyses and allocation



Analyzing customer use patterns assists in the development of tiered rate structures.



The equity of the current rate structure and rates is assessed through a comparison with the allocated Cost of Service.

Task 4 – Rate Structure Analysis and Rate Design

The rate structures that are selected for the utility should be responsive to the needs and philosophy of both the utility and its customers. The selected rate structures are a blend of what may be several competing objectives to accomplish the overall goals desired by the utility and general public. Through discussion with staff, our evaluations of the existing rate structures and design of new rate structures will meet the expectations of the utility and public.

Task 4.1: Evaluate Rate Structures and Calculate Rates

We will evaluate the current water rates to validate their applicability for the District’s cost structure and customer base. Additionally, two alternative rate structures may be proposed to address the goals and objectives of the District while enhancing the fairness and equitability among the users. A recommendation will be made as to which rate structure best meets the District’s objectives.

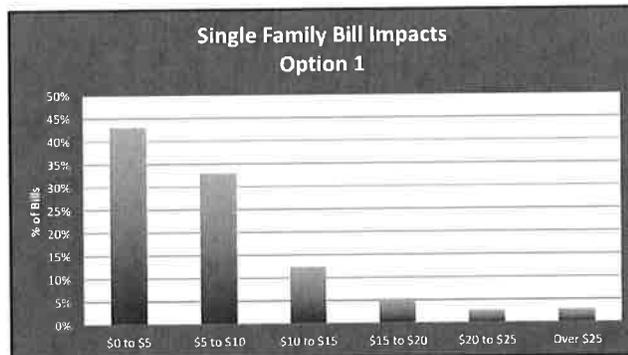
It is intended that the recommended rate structure will result in revenue stability, be easy to administer and understand, be transparent for the public, and comply with industry practices including federal, state, and local regulations for rate setting in California.

Task 4.2: Rates for Imported Water Sales

As part of the Court ordered Stipulation Agreement, we will update the rates for selling imported water. The proposed rates will recover the District’s full costs of delivering the imported water. The rate evaluation will consider the two scenarios of (1) no delivery of ‘wet water’ where the stipulating customer pays only for the cost of delivery and (2) delivering ‘wet water’ to the stipulating customer.

Task 4.3: Sensitivity Analyses

Each of the two alternative rate structures will be evaluated for sensitivity to conservation, growth, drought and above normal rainfall. From Executive Order B-37-16, the Department of Water Resources will be developing a proposal in January 2017 to achieve mandatory reductions that builds off of Executive Order B-29-15. Such requirements or mandates are unknown at this time and are likely will not be finalized until late spring of 2017. Impacts to District rates and revenue from future executive orders will need to be evaluated at a future date and is not included in this study.



Single Family (SFR) (with 5/8 inch and 3/4 inch meters)

Description	Use (Kgal)	Current Bill	Proposed Bill	Percent Change
Very Low	10	\$42.76	\$44.88	5.0%
Low	20	\$62.36	\$65.45	5.0%
Median	16	\$54.52	\$57.23	5.0%
Average	22	\$67.58	\$69.57	2.9%
High	40	\$126.26	\$131.16	3.9%
Very High	50	\$158.86	\$165.38	4.1%

The impacts to customers from a selected rate option can be identified prior to implementation.

on different types of customers at different levels of usage.

Task 4.5: Bill Comparison with Other Communities

Rate schedules will be gathered from other local communities for the purpose of calculating typical bills at various levels of usage. The number of communities chosen for analysis will be agreed upon with the District. Example bills will be developed using the proposed rate structure and compared with typical bills of the other communities at the same consumption.

Conference Calls: Up to two (2) conference calls with District Staff to discuss the rate structure analysis, rate alternatives, and bill impacts

Meeting: One (1) on-site meeting with Board of Directors to discuss the proposed rate structure and rates

Deliverables: Proposed rates, bill impacts tables

Task 5 – Rates for Groundwater Pumping Reductions

The District is a party to the Newport Mesa Management Area (NMMA) Technical Group. The NMMA Technical Group is charged with management of the groundwater pumped by the District and other water purveyors. Pumping from the basin is expected to be restricted at various times to preserve the basin. In this task, water rates will be developed to generate the same level of revenue with reductions in groundwater pumping as prior to any reductions to meet the overall revenue requirement from the financial plan. These rates are to be implemented at the time that decisions are made by the District to reduce groundwater pumping. The District has requested the design of these rates for 30 percent and 40 percent reductions in groundwater production. These rates will be developed for the water rate structure selected by the District in Task 4.

Task 6 – Prepare Administrative Draft Report

An Administrative Draft Comprehensive Water Rate Study Report (Draft Report) will be prepared that includes forward looking financial plans, cost allocations, and proposed rates. The Draft Report will include an executive summary highlighting the major issues, assumptions, and findings and recommendations. Sections will be included that discuss the financial plans, cost allocation methodologies, design of the proposed rate structures and rates, and rate comparisons. This report is intended for presentation to District Staff, Board of Directors, and public.

Deliverables

- Ten (10) hard copies of the Draft Report.
- One (1) electronic copy of the Draft Report.

Task 7 – Community Meetings

Tuckfield & Associates will present the draft findings of the water rate study at two community meetings in an open forum format. The intent of these meetings is to allow the public to gain an understanding of the need for rate changes and the impact of the proposed rates.

Meeting(s): Up to two (2) on-site public meetings

Deliverables: Presentation materials

Task 8 – Prepare Draft Final Report

Comments received on the Draft Report will be incorporated into a Draft Final Report for submission to the District. The Draft Final Report and results and findings will be presented to the Board of Directors at up to two regular Board meetings. The presentations will discuss the financial plan, the alternatives reviewed, the cost of service analyses, the rate structures analyzed, the selected rate structure, and bill impacts. At the final meeting, it is expected that the Board of Directors will adopt the rate study and water rates and direct District Staff to prepare the Proposition 218 Notices.

Meeting(s): Up to two (2) on-site meetings with Board of Directors to discuss the proposed rate structure and rates

Deliverables

- Ten (10) hard copies of the Draft Final Report.
- One (1) electronic copy of the Draft Final Report.
- Presentation materials for Board of Directors meeting(s).

Task 9 – Prepare Final Report

A Final Report will be prepared and submitted to the District that includes the results of the study and the results from previous Board of Director and public meetings from Task 7 and Task 8.

Deliverables

- Ten (10) hard copies of the Final Report.
- One (1) electronic copy of the Final Report.

Task 10 - Proposition 218 Public Hearing

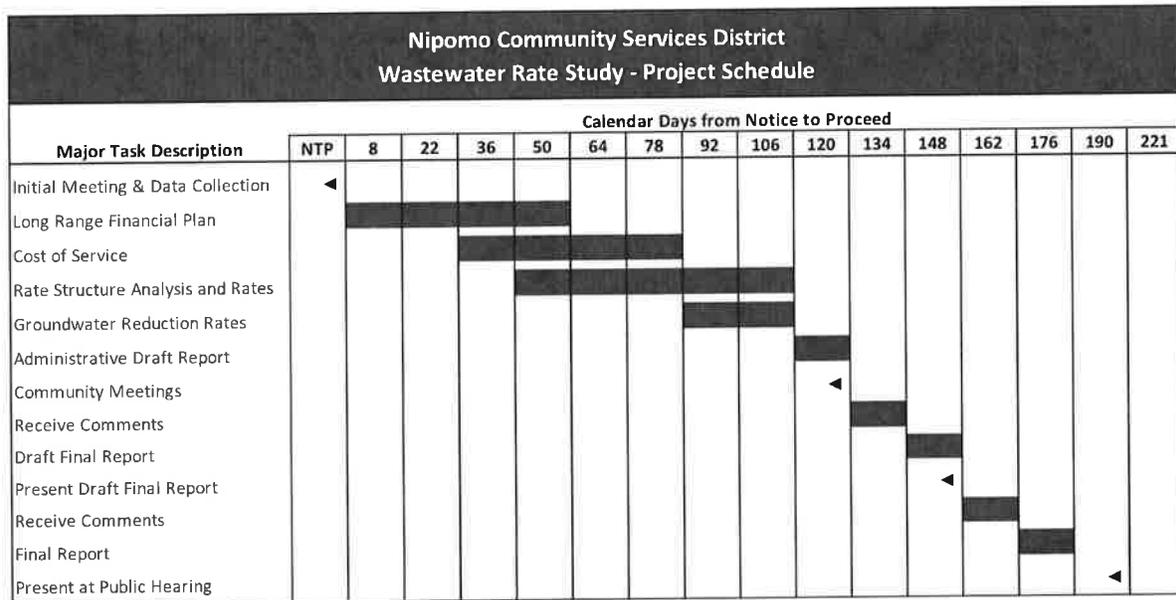
Tuckfield & Associates will attend and present the Final Report at the Proposition 218 Public Hearing for the adoption of the new water rates. We will assist in drafting the Proposition 218 notice for the District. To comply with Proposition 218, the notices must be sent to all property owners/customers at least 45 days prior to the Public Hearing.

Meeting(s): Up to two (2) on-site meeting with Board of Directors and public for a Public Hearing
Deliverables: Presentation materials

Schedule

Tuckfield & Associates has a strong track record of meeting client schedules. Our experience in performing rate studies enables us to meet the District's goals in a timely and efficient manner. A suggested time-line schedule is presented below in a graphical format showing key milestone and target dates.

The schedule is approximate based on timely receipt of information and acceptance of the study by the District and public. The study schedule begins with Notice to Proceed (NTP) shown in the graphic and is the same date of the initial meeting and data collection. The time-line can be adjusted to meet the District's specific needs.



Cost Estimate

Tuckfield & Associates provides comprehensive studies with competitive pricing and billing rates. We propose to accomplish the tasks described in our scope of work section for a cost not-to-exceed estimate of \$57,792. The cost estimate is based on our standard hourly billing rates and the number of hours estimated to complete each task. Direct expenses will be billed at cost and will include expenses related to travel, mileage, printing, and other direct costs. A cost schedule showing personnel, estimated hours, hourly billing rates, out-of-pocket expenses, and total estimated project cost is provided below.

Additional meetings can be provided at our standard hourly billing rates with direct actual expenses. Invoices for work effort associated with the rate studies will be invoiced monthly and payable within 30 days of the invoice date.

Nipomo Community Services District Water Rate Study - Detailed Cost Breakdown

Nipomo Community Services District				
Water and Wastewater Rate Studies - Fee Schedule				
Major Task Description	Number of Meetings		Hours	
	Tele-conferenc	On-site	Clayton Tuckfield	Total Budget
	Hourly Rate		\$135	
Task 1: Initial Meeting & Data Collection		1	2	\$270
Task 2: Long Range Financial Plans			2	\$270
Task 2.1: Review Financial Info, Policy & Practice			18	\$2,430
Task 2.2: Review and Summarize Billing Info			32	\$4,320
Task 2.3: Develop Revenue Requirements			42	\$5,670
Task 2.4: Develop Long Range Financial Plans	2			
Task 3: Cost of Service Analyses				
Task 3.1: Analyze Customer Usage Patterns & Classes			16	\$2,160
Task 3.2: Allocate Costs to Cost Components			22	\$2,970
Task 3.3: Distribute Costs to Customer Class			14	\$1,890
Task 4: Rate Analysis and Design				
Task 4.1: Evaluate Rate Structures & Calc Rates	2		36	\$4,860
Task 4.2: Rates for Imported Water Sales			62	\$8,370
Task 4.3: Sensitivity Analyses			28	\$3,780
Task 4.4: Determine Bill Impacts			32	\$4,320
Task 4.5: Bill Comparison with Other Communities			4	\$540
Task 5: Rates for Groundwater Pumping Reductions		1	36	\$4,860
Task 6: Prepare Admin Draft Comprehensive Report			22	\$2,970
Task 7: Community Meetings		2	12	\$1,620
Task 8: Draft Final Report Preparation		2	16	\$2,160
Task 9: Final Report Preparation			8	\$1,080
Task 10: Proposition 218 Public Hearing		2	8	\$1,080
Total	4	8	412	\$55,620
Other Direct Costs (ODCs): Travel, Mileage & Printing:				\$2,172
Total Study Cost:				\$57,792

Appendix A

Resume

A resume for Clayton Tuckfield is provided in Appendix A.

Clayton Tuckfield, PE MBA

Principal, Tuckfield & Associates Consulting

Education

M.B.A. – Finance,
University of Kansas,
Lawrence, KS, 1985

B.S. – Mechanical
Engineering, Kansas State
University, 1980

Registration

Professional Engineer:
Kansas

Years of Experience

29

Presentations

CSDA 2011 Nov/Dec
Magazine

CSDA 2011 Rate Webinar

AWWA Annual Conference
and Exposition
Toronto, Canada

ASCE, Phoenix, AZ

AFOA, Phoenix, AZ

Mr. Tuckfield is the Principal of Tuckfield & Associates consulting. He has nearly 30 years of experience serving in various capacities on work performed for publicly owned water and wastewater utilities. Mr. Tuckfield has performed a variety of financial feasibility and economic analyses studies including utility cost of service and rate design studies, impact fee studies, development of pro forma statements of revenue and operating expense, cash flow analyses, preparation of engineer's reports for revenue bond official statements, valuations of facilities use plans, preparation of alternative financing plans for capital improvement programs, and development of training material for presentation to international interest groups.

Mr. Tuckfield has conducted or managed over 80 water and wastewater rate studies for various cities and special districts in California and nationwide. Clients have included the cities of Ventura, Long Beach, Brawley, Westmorland, Imperial, and Fullerton and special districts including Seeley CWD, Nipomo CSD, Keyes CSD, Hilmar CWD, and for many other clients.

Water and Wastewater Utility Rate Studies, City of San Buenaventura, Ventura, California. Mr. Tuckfield has performed rate study updates almost on an annual basis for the City from 1990 through 2010. In the most recent study, Mr. Tuckfield worked with City Staff to extend the study period to 10 years, develop various cash flow scenarios for alternative CIP plans, expand water customer classifications to reflect actual operations, developed analyses regarding the City's outside rate differential, and presented draft results to City Staff. He has also prepared information for City Staff's use for conducting internal meetings on an as needed basis.

Water and Wastewater Cost of Service and Rate Study, Long Beach, California. Mr. Tuckfield was responsible for cost of service and rates for the water and wastewater utilities for the City. The project work included development of utility rates to promote water conservation and to allow easy implementation and acceptance. The work effort also included development of computer models to enable the Department to annually review utility rates. The project included working closely with a departmental task force to develop alternative rate structure for eventual implementation.

Wastewater Rate Study, City of Santa Barbara, California. Working as a sub consultant to a large regional consulting firm, Mr. Tuckfield performed a wastewater rate study for the City that involved developing a revenue plan, allocating costs, and designing several rate structures that included fixed and variable components. The revenue plan review noted a low cash reserve level because the City had included other assets into its beginning fund balance. The study identified necessary rate increases that were adopted by City Council. Justification of the current cost allocations was also performed.

Water and Wastewater Rate Study, City of Arroyo Grande, California. Mr. Tuckfield has had a long standing relationship with the City, spanning over a decade of successfully completed water and

Clayton Tuckfield, PE MBA

Principal, Tuckfield & Associates Consulting

wastewater rate studies including studies in 1999, 2003, 2006, and in 2009. In the 2009 rate study, a major objective was to make recommendations to address significant cost increases in surface water supply from Lake Lopez, which is managed by the County. An alternative to the existing accounting was developed that shifted the surface water supply O&M to the volume charge component of the water rate over a five-year period. These costs were previously captured in a separate fund and recovered through bi-monthly fixed charges. This recommendation resulted in lower bi-monthly water bills for low water consumers while maintaining almost no change in the bi-monthly bill to the average water consumer. The City Council adopted the recommendation.

Water and Wastewater Rate Studies, City of Grover Beach, California. Mr. Tuckfield recently completed a comprehensive Water and Wastewater Rate Study for the City of Grover Beach. The objectives of the study were to plan for increased charges for water supply and wastewater treatment services, maintain debt service coverage ratios for future anticipated debt issues. The City also planned to construct significant capital improvement projects for both utilities and rates were established to meet all future obligations for a 5-year study period.

Water Utility Rate Study, City of Fullerton, California. Working with a City organized task force, this study included a detailed analysis of the City's Water Fund. Mr. Tuckfield developed pro forma revenue, revenue requirements, and cash flows including review of the water utility program costs for reasonableness, which resulted in a recommendation to reallocate some of the utility overheads. Costs were compared to other local cities including various operational ratios and franchise fees. The task force accepted the recommendations including cash flow, cost of service allocations and rate design. The proposed utility rates were adopted by the City Council.

Representative Water and Wastewater Rate Studies

- City of Avondale, AZ
- City of Arroyo Grande, CA
- City of Battle Creek, MI
- City of Brawley, CA
- City of Buena Park, CA
- City of Charleston, SC
- City of Chesapeake, VA
- City of El Monte, CA
- City of Fayetteville, AR
- City of Firebaugh, CA
- City of Flagstaff, AZ
- City of Florence, AZ
- City of Fullerton, CA
- City of Georgetown, TX
- City of Grover Beach, CA
- City of Homestead, FL
- City of Imperial Beach, CA
- City of Imperial, CA
- City of Kalamazoo, MI
- City of Loma Linda, CA
- City of Long Beach, CA
- City of Modesto, CA
- City of Oakdale, CA
- City of Orange Cove, AZ
- City of Peoria, AZ
- City of Phoenix, AZ
- City of Pismo Beach, CA
- City of Santa Cruz, CA
- Santa Barbara, CA
- City of Sioux City, IA
- City of Sioux Falls, SD
- City of Westmorland, CA
- DuPage County, IL
- Hilmar County WD, CA
- Mission Springs WD, CA
- Nipomo CSD, CA
- San Miguel CSD, CA
- Templeton CSD, CA
- Town of Cave Creek, AZ

Clayton Tuckfield, PE MBA

Principal, Tuckfield & Associates Consulting

Representative Municipal Bond Feasibility Studies

- City of Alexandria, LA
- City of Kansas City, MO
- City of Owensboro, KY
- City of Salem, OR
- City of Tacoma, WA
- Eugene Water & Elec, OR
- Litchfield Park, AZ
- Memphis Gas, Water, TN
- San Dieguito WD, CA

Other Feasibility Studies

- City of Brownsville, TX - Electric Utility Rate Study
- City of Detroit, MI - Organizational Study
- City of Phoenix, AZ - Impact Fee Review
- County of Maui, HI - Pretreatment Program
- Imperial Irrigation District, CA - Financial Feasibility Study
- Imperial Valley Task Force, CA - Financial Alternatives Study
- MWD of Southern California, CA - Review of New Demand Charges
- Saudi Consolidated Electric Co. - Electric Generation Dispatch Model
- Texas A&M University, TX - Power Supply Alternatives Study
- United Water Conservation District - Water Supply Pricing Model

Publications/Presentations

"Value of Rate Study in Project Finance", CSDA November/December 2011 Magazine, Sacramento, California

"Role of Rate Study with USDA Financing", CSDA Webinar, September 22, 2011, Sacramento, California

"Committee Involvement Facilitates Rate Implementation", AWWA Annual Conference and Expo, Toronto, Canada 1996

"Arizona Utility Rates", ASCE Arizona Fall Conference, Phoenix, Arizona 1997

"Utility Rate Seminar", Arizona Finance Officers Association, Spring Meeting, Flagstaff, Arizona 1998

Appendix B

District Staff Responsibilities and Information Requirements

A discussion of District Staff responsibilities and information requirements for the Water Rate Study is provided in Appendix B.

District Staff Responsibilities

The primary responsibilities for District Staff will be to participate in phone calls and project meetings and to review and provide comments on the preliminary results from the rate analyses and draft documents. District Staff will be involved in making policy decisions with respect to the rate structure. Each of our rate studies is designed to meet the specific needs and objectives of each client, and participation by District Staff is essential to defining these needs and objectives.

Information Requirements

To meet the project schedule and complete the studies in a timely and efficient manner, the District will need to gather appropriate information for use in the study. An example of the data requirements necessary to complete the study is provided below. Prior to the initial meeting, we will provide a comprehensive request for information to the District. This information will include, but not necessarily limited to, the following.

Financial Information

- Financial statements for the last five fiscal years
- Debt service schedules for outstanding debt
- Detailed operating budgets for the most recent fiscal year
- Historical line item expense detail for the last five fiscal years
- Miscellaneous revenue for the past five years
- Current Water Rate Resolutions
- Contracts with any wholesale, special or contract customers

Billing and Units of Service Information

- Summary of the number of water customers by classification and meter size at the end of each of the previous five fiscal years and current year
- Billed water consumption for water customer classes along with corresponding revenue for each of the previous five fiscal years and current year to date
- Information from the water customer billing system downloaded into a MS Excel that includes:
 - Unique Meter No. or Account No.
 - Meter Size
 - Customer Class (Single Family, Multi Family, Commercial, Industrial, Irrigation etc.)
 - Monthly Billed usage for the previous 60 months read dates or days of services for the corresponding bills
 - Lot Size in sq ft (if available)

- Building Size or House Foot Print in sq ft (if available)
- Assessor's Parcel Number (if available)
- Measured Landscape Area in sq ft (if available)
- Dwelling Units for each multi-family or mobile home park account
- Unit count for any commercial customers charged in this manner

Other Reports and System Information

- Capital improvement program for the water system
- Master Plans, previous rate and capacity charge reports, new development plans, and other pertinent studies
- Existing Financial Policies of the District including debt coverage ratios, reserve policies, etc.
- Fixed Asset data for the water system categorized by function such as source of supply, pumping, water treatment, distribution, storage, meters and services, fire protection, and general plant for the water system

Appendix C

Quote Sheet

The price quote for professional services stated on the District's Quote Sheet is provided in Appendix C.

NIPOMO COMMUNITY

BOARD MEMBERS

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



Serving the Community Since 1969

SERVICES DISTRICT

STAFF

MARIO E IGLESIAS GENERAL MANAGER
LISA BOGNUDA FINANCE DIRECTOR
PETER SEVCIK P.E. DIRECTOR OF ENG & OPS
MIKE SEITZ GENERAL COUNSEL

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

WATER RATE AND WATER CAPACITY STUDY QUOTE SHEET

Date Sept 21, 2016

Name of Firm Tuckfield & Associates

Work Product #1 cost \$ 13,131

Work Product #2 cost \$ 33,911

Work Product #3 cost \$ 5,204

Work Product #4 cost \$ 2,582

Work Product #5 cost \$ 2,974

Contract Price, including reimbursables (Not-to-Exceed) \$ 57,792

(Note: The cost breakdown by Work Product is meant to provide insight to proposal reviewers on the time allotted for each Work Product. The total contract price is the only set 'Not-to-exceed' value.)

[Signature]
Signature of Principal Authorized to sign for Firm

9/21/16
Date

This quote shall be valid for 90 days from the date of Signature

TO: BOARD OF DIRECTORS

REVIEWED: MARIO IGLESIAS
GENERAL MANAGER



FROM: PETER V. SEVCIK, P.E.
DIRECTOR OF
ENGINEERING & OPERATIONS



DATE: OCTOBER 20, 2016

**AGENDA ITEM
E-2
OCTOBER 26, 2016**

**AUTHORIZE PUMP #3 CHANGE ORDER FOR
SUPPLEMENTAL WATER PROJECT
JOSHUA ROAD PUMP STATION RESERVOIR**

ITEM

Consider authorizing Change Order for construction of Pump #3 as part of the Supplemental Water Project Joshua Road Pump Station Reservoir [RECOMMEND ADOPT RESOLUTION AUTHORIZING STAFF TO ISSUE CHANGE ORDER IN THE AMOUNT OF \$234,196 TO PACIFIC HYDROTECH CORPORATION FOR CONSTRUCTION OF PUMP #3 AS PART OF THE SUPPLEMENTAL WATER PROJECT JOSHUA ROAD PUMP STATION RESERVOIR AND AMEND FY 2016/17 BUDGET].

BACKGROUND

The Supplemental Water Project Joshua Road Pump Station Reservoir (Reservoir Project) consists of the construction of a 500,000 gallon partially-buried concrete reservoir at the Nipomo Supplemental Water Project (NSWP) Joshua Road Pump Station along with related piping, electrical, instrumentation, and site improvements. Once completed, the Reservoir Project will increase the nominal delivery capacity of the NSWP from 645 acre feet per year (AFY) to 800 AFY. The increased capacity is significant because the District is contracted to pay the City of Santa Maria for 800 AFY beginning July 1, 2016, through June 30, 2020. The Board awarded the bid for the Reservoir Project to Pacific Hydrotech Corporation in the amount of \$2,463,375 in April 2016 and the project is currently scheduled to be completed in January 2017.

The District contracted with Michael K. Nunley & Associates (MKN) to review the performance of Phase 1 of the NSWP, update the District's hydraulic model of the water system based on the project facilities constructed, and review the phasing for future phases taking into account the supplemental water delivery schedule based on the City of Santa Maria Wholesale Water Agreement. At the September 14, 2016 Board meeting, MKN provided a presentation regarding their findings and recommendations on how the future phases of work could be constructed to reduce overall project costs while at the same time ensuring that the District could meet the delivery schedule set forth in the City of Santa Maria Wholesale Water Agreement.

Based on the hydraulic analysis and field testing completed by the District, MKN determined that once the reservoir is in service, the two (2) existing 400 gallon per minute (gpm) pumps at the NSWP Joshua Road Pump Station will need to be operated together to provide delivery capacity of 800 AFY. Since both of the existing small pumps will be required to convey the increased flow, MKN recommended that a third larger pump (800 gpm) and variable frequency drive (VFD) be installed now to provide system redundancy. The engineer's estimate for this work was \$260,000.

**ITEM E-2, NSWP JOSHUA ROAD PUMP STATION RESERVOIR
PUMP #3 CHANGE ORDER
OCTOBER 26, 2016**

PAGE 2

District staff, with assistance from MNS Engineers, the District's construction manager for the Reservoir Project, negotiated a change order with Pacific Hydrotech Corporation for construction of Pump #3 as part of the Supplemental Water Project Joshua Road Pump Station Reservoir. The cost is \$234,196 and will extend the contract until April 12, 2017 due to the manufacturing lead time for the pump.

FISCAL IMPACT

A budget adjustment in the amount of \$234,196, from Funded Replacement Water Fund #805 to Supplemental Water Fund #500, is needed in the FY 2016/17 budget to provide funding for the Pump #3 change order work.

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 2016-XXXX NSWP Reservoir Project Change Order, authorizing staff to issue a change order to Pacific Hydrotech Corporation in the amount of \$234,196 for the construction of Pump #3 as part of the Supplemental Water Project Joshua Road Pump Station Reservoir contract.

ATTACHMENTS

- A. Resolution 2016-XXXX NSWP Reservoir Project Change Order

October 26, 2016

ITEM E-2

ATTACHMENT A

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2016-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT AUTHORIZING A CHANGE ORDER
TO PACIFIC HYDROTECH CORPORATION IN THE AMOUNT OF \$234,196
FOR THE SUPPLEMENTAL WATER PROJECT JOSHUA ROAD PUMP STATION RESERVOIR
AND AMENDING FY 2016/17 BUDGET**

WHEREAS, the construction of the Supplemental Water Project will increase the reliability of the District's water supply by providing an additional source other than groundwater; and

WHEREAS, the construction of the Supplemental Water Project is consistent with the settlement agreement and the judgment related to the groundwater adjudication of the Santa Maria Groundwater Basin; and

WHEREAS, the construction of the Supplemental Water Project will have beneficial effects on groundwater supplies within the Nipomo Mesa Management Area; and

WHEREAS, the District awarded the bid for the Supplemental Water Project Joshua Road Pump Station Reservoir to the lowest responsive and responsible bidder, Pacific Hydrotech Corporation, in the amount of \$2,463,375; and

WHEREAS, constructing Pump #3 at the Joshua Road Pump Station as part of the Supplemental Water Project Joshua Road Pump Station Reservoir contract will increase the reliability of the Joshua Road Pump Station as well as provide operational flexibility; and

WHEREAS, District staff, with assistance from MNS Engineers, negotiated a change order with Pacific Hydrotech Corporation for construction of Pump #3 as part of the Supplemental Water Project Joshua Road Pump Station Reservoir in the amount of \$234,196; and

WHEREAS, the Board of Directors has considered the staff report and staff presentation.

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

1. The above recitals and findings are incorporated herein by this reference.
2. The General Manager is authorized to execute a Change Order with Pacific Hydrotech Corporation for construction of Joshua Road Pump Station Pump #3 in the amount of \$234,196.
3. The Board of Directors does hereby authorize a FY 16/17 budget amendment and transfer in the amount of \$234,196 from Funded Replacement Water Fund #805 to Supplemental Water Fund #500.

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 26th day of October 2016.

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2016-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT AUTHORIZING A CHANGE ORDER
TO PACIFIC HYDROTECH CORPORATION IN THE AMOUNT OF \$234,196
FOR THE SUPPLEMENTAL WATER PROJECT JOSHUA ROAD PUMP STATION RESERVOIR
AND AMENDING FY 2016/17 BUDGET**

CRAIG ARMSTRONG
President, Board of Directors

ATTEST:

APPROVED AS TO FORM:

MARIO IGLESIAS
General Manager and Secretary to the Board

MICHAEL W. SEITZ
District Legal Counsel

TO: BOARD OF DIRECTORS

REVIEWED: MARIO IGLESIAS
GENERAL MANAGER



FROM: JESSICA MATSON
PUBLIC INFORMATION
DIRECTOR/CLERK

DATE: OCTOBER 19, 2016

**AGENDA ITEM
E-3
OCTOBER 26, 2016**

ANNUAL REVIEW OF SOCIAL MEDIA POLICY

ITEM

Review current District social media policy. [RECOMMEND CONSIDER INFORMATION AND DIRECT STAFF]

BACKGROUND

At your Board's regular meeting on October 8, 2014, staff presented a draft social media policy for consideration. The policy was adopted and staff were directed to bring back to the Board for annual review (Attachment A).

The purpose of District social media accounts is to improve communication with District customers.

The U.S. Government defines social media as the various activities that integrate technology, social interaction, and content creation. Through social media, individuals or groups can create, organize, edit or comment on, combine, and share content. Social media uses many technologies and forms, including social-networking, blogs, wikis, photo-sharing, video-sharing, podcast, social bookmarking, mash-ups, widgets, virtual worlds, microblogs, Really Simple Syndication (RSS) and more. The District currently uses Facebook and Twitter.

Since the launch in October 2014, District communications have improved and public participation is growing. A summary of District social media accounts and public engagement has been included with this staff report (Attachment B).

Staff reviewed the policy and no substantive changes were made.

FISCAL IMPACT

Budgeted staff time is expended managing the District's social media sites.

STRATEGIC PLAN

Goal 6. GOVERNANCE AND ADMINISTRATION. Conduct District activities in an efficient, equitable and cost-effective manner.

- 6.2 Utilize technology to maximize productivity and communications.
- 6.3 Provide excellent customer service.

Goal 7. COMMUNICATION. Use public outreach to communicate effectively with the public to obtain their input and build understanding and support for the District.

7.1 Develop and implement a complete outreach plan and timeline with specific goals and budget each year.

7.2 Maintain productive communication and relationships with key stakeholders, such as city, County, State and Federal legislators, service clubs, etc.

RECOMMENDATION

Consider information and direct staff.

ATTACHMENTS

- A. Resolution 2014-1358 Social Media Policy
- B. Summary of Social Media Accounts and Public Engagement
- C. Screenshots of District Facebook and Twitter Pages

October 26, 2016

ITEM E-3

ATTACHMENT A

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2014-1358**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY
SERVICES DISTRICT ESTABLISHING SOCIAL MEDIA USE POLICY**

WHEREAS, the Board of Directors of the Nipomo Community Services District recognizes the value in using social media and the District's website to broaden communication regarding District services and to facilitate greater customer engagement; and

WHEREAS, the Board of Directors of the Nipomo Community Services District desires that social media should be used prudently to facilitate accurate, timely, and appropriate public information; and

WHEREAS, the purpose of the District's Social Media Use Policy is to set forth the District's goals, policies, and procedures on social media sites and to guide and regulate employees who are responsible for maintaining the District's presence on social media; and

WHEREAS, the Board of Directors of the Nipomo Community Services District has determined that the adoption of the policy attached hereto is in the best interest of the customers and employees of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Nipomo Community Services District:

SECTION 1. The above recitals are true and correct.

SECTION 2. The Social Media Use Policy in the form presented at this meeting attached hereto Exhibit "A" is hereby approved and adopted.

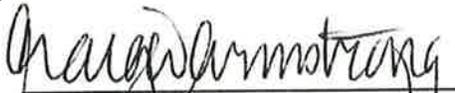
SECTION 3. The officers of the District are hereby directed to do and cause to be done any and all acts and things necessary or proper in order to effectuate the purposes of this resolution.

SECTION 4. This resolution shall take effect immediately.

Upon a motion by Director Harrison, seconded by Director Blair, on the following roll call vote, to wit:

AYES: Directors Harrison, Blair, Vierheilig, and Armstrong
NOES: Director Gaddis
ABSENT:
CONFLICTS:

The foregoing resolution is hereby adopted this 8th day of October 2014.


CRAIG ARMSTRONG
President, Board of Directors

ATTEST:

MICHAEL S. LEBRUN
General Manager and Secretary to the Board

APPROVED AS TO FORM:

MICHAEL W. SEITZ
District Legal Counsel

NIPOMO COMMUNITY SERVICES DISTRICT
SOCIAL MEDIA POLICY
EXHIBIT "A"

PURPOSE. Nipomo Community Services District has a business need to augment traditional communication methods with the use of social media channels to further the District's missions and goals.

The District endorses the secure use of social media technology to enhance communication, collaboration and information exchange; streamline processes; and foster productivity improvements. However, their application must not compromise data confidentiality and integrity. The same standards of conduct, principles and guidelines that apply to District employees in the performance of their assigned duties apply to employee social media technology use. This document establishes District social media use policies, protocols and procedures intended to mitigate associated risks from use of this technology where possible.

APPLICABILITY. This policy applies to all District employees and approved volunteers, consultants, service providers and contractors performing business on behalf of the District

POLICY. Use of social media technology shall conform to the policies, protocols and procedures contained, or referenced, herein. All NCSD social media sites shall be managed consistent with the Ralph M. Brown Act (Cal. Gov. Code § 54950 et seq.). Members of the Board of Directors shall not respond to any published postings, or use the District social media sites or any form of communication to respond to, blog or engage in serial meetings, or otherwise discuss, deliberate, or express opinions on any issue within the subject matter jurisdiction of the District.

1.0 Definitions

1.1 SOCIAL MEDIA. The U.S. Government defines social media as the various activities that integrate technology, social interaction, and content creation. Through social media, individuals or groups can create, organize, edit or comment on, combine, and share content. Social media uses many technologies and forms, including social-networking, blogs, wikis, photo-sharing, video-sharing, podcast, social bookmarking, mash-ups, widgets, virtual worlds, microblogs, Really Simple Syndication (RSS) and more. Not all forms of social media may be appropriate.

1.2 OFFICIAL EMAIL ACCOUNT. Email account provided by District that is used for official District business.

1.3 APPROVED SOCIAL NETWORKING SITE. Approved social networking site refers to social networks that General Manager has assessed and approved for use.

1.4 POST. An administrator submitted message/blog in the form of, but may not be limited to, text, videos, photographs, graphics, links (hyperlinks), documents, computer applications, etc.

1.5 COMMENT. A user submitted response to an administrator post.

2.0 Responsibility

2.1 BOARD APPROVAL AND RESPONSIBILITY. Resolution 2014-1358 Social Media Use Policy was approved by the District Board on October 8, 2014. The General Manager, or his designee, is responsible for facilitating the District's Social Media Policy in compliance with established Board rules and protocols. This includes responsibility to audit use of social media and enforce policy compliance.

NIPOMO COMMUNITY SERVICES DISTRICT
SOCIAL MEDIA POLICY
EXHIBIT "A"

2.2 AUTHORIZED USERS. Access to social media networks from within the District's information technology infrastructure is limited to individuals performing official District business and are designated to do so. To ensure the appropriateness of content Designated Social Media User(s) are appointed by the General Manager with authority to use social media on behalf of the District.

2.2.1. Social media network usage shall be limited only to those with a clear business purpose to use the forum.

2.2.2. Appropriate usage levels shall be determined and granted, including identifying what sites the individual is approved to use, as well as defining capability to: publish, edit, comment or view only.

2.2.3. Authorized users shall review the District's social media policies and procedures and are required to acknowledge, in writing, their understanding and acceptance of their scope of responsibility.

2.3 USER BEHAVIOR. The same standards, principles and guidelines that apply to District employees in the performance of their assigned duties apply to employee social media technology use. Users must take care not to violate the Brown Act which requires that decisions of a Governing Board must take place in an open meeting. Likewise users should be aware that the contents of a social media page or a specific post are subject to the Public Records act.

2.3.1. Authorized social media spokespersons shall refrain from participating in social networking discussions related to District business matters in off-District time.

2.3.2. Violations of this policy shall be reviewed on a case-by-case basis and may result in appropriate disciplinary actions.

2.2.3. Employees using social media and the internet for personal use should remember that their comments may be linked with the District. If employees publish content on any social media site outside of the District and it has something to do with the work you do or subjects associated with the District, use a disclaimer such as this: "The postings on this site are my own and don't necessarily represent the District's positions or opinions."

3.0 Procedures

3.1 DISTRICT SOCIAL MEDIA TECHNOLOGY USE MUST CONFORM TO THE LAW, POLICIES AND REGULATIONS. Use of social media technology shall conform to the policies, protocols and procedures contained, or referenced, herein: all applicable federal, state, county, and District laws, regulations and policies. This includes adherence to but may not be limited to established laws and policies regarding copyright, records retention, Freedom of Information Act (FOIA), California Public Records Act, First Amendment, Americans with Disabilities Act (ADA), Health Insurance Portability and Accountability Act (HIPAA), Hatch Act of 1939, privacy laws, and employment related laws.

3.2 APPROVED SOCIAL MEDIA NETWORKS. Designated social media users shall only utilize District approved social media networks for hosting official District social media sites approved by the General Manager.

NIPOMO COMMUNITY SERVICES DISTRICT
SOCIAL MEDIA POLICY
EXHIBIT "A"

4.0 Authenticity Establishment

4.1. MAKING DISTRICT SITES IDENTIFIABLE. District social media sites shall be created and maintained with identifiable characteristics of an official District site that distinguishes them from non-professional or personal uses.

- 4.1.1. District social media network accounts shall be created using an official District email account.
- 4.1.2. Contact information should display an official District email address, include something about being the "official account", and provide a link to the District website.
- 4.1.3. The "Nipomo Community Services District" logo must be displayed.
- 4.1.4. Link (hyperlink) District Social Media User Responsibility Guideline must be displayed conspicuously on the District web site.

5.0 Site Content

5.1. RULES AND GUIDELINES FOR SITE CONTENT. Designated Social Media Users shall review site activity regularly for exploitation, misuse or activities that have the potential to place the District at risk.

5.2. COMPLY WITH PERSONNEL REGULATIONS. Social media content shall fully comply with all of the District's Personnel Management Regulations.

5.3. CONSIDERED PUBLIC RECORDS. Contents posted on District social media sites may be considered public records subject to disclosure under California's Public Record Act. PRA requests for the production of posts on a District social media site shall be referred to the District General Manager and Counsel for review and response.

5.4 CONTENT SUBJECT TO REMOVAL. The following forms of content posted by external and authorized users may be subject to removal if they contain:

- 5.4.1. Profane language or content;
- 5.4.2. Content that promotes, fosters or perpetuates discrimination of protected classes;
- 5.4.3. Sexual harassment content or pornographic content and language
- 5.4.3. Solicitation of commerce, including but not limited to, promotion or advertising of any kind, including a business, organization, event or product for sale. Nipomo Community Services District does not endorse any advertising found on Facebook.
- 5.4.4. Solicitations of commerce or advertisements including promotion or endorsement;
- 5.4.5. Comments in support of, or in opposition to any political issues, campaigns or ballot measures;
- 5.4.6. Conduct in violation of any federal, state or local law or encouragement of illegal activity;
- 5.4.7. Information that may tend to compromise the safety or security of the public or public systems;
- 5.4.8. Content intended to defame any person, group or organization;
- 5.4.9. Content that violates a legal ownership interest of any other party, such as trademark or copyright infringement;
- 5.4.10. Rude, defamatory or personal attacks, as well as false, vicious or malicious statements;

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SOCIAL MEDIA POLICY
EXHIBIT"A"

- 5.4.11. Content that promotes, fosters or perpetuates discrimination on the basis of race, creed, color, age, religion, gender, or national origin;
- 5.4.12. Violent or threatening content;
- 5.4.13. Disclosure of confidential, sensitive or proprietary information;
- 5.4.14. Comments which include personally identifiable information, such as an address, phone number, social security number or other sensitive information.
- 5.4.15. Advocating for alteration of hours, wages, and terms and conditions of employment (applies to District employees only).
- 5.4.16. Unacceptable content and repeat individual violators shall be removed. Contact District General Manager and Counsel on any legal issues. See § 6.0 concerning content management and deletion.
- 5.4.17. The General Manager shall have preventative measure in place against potential destructive technical incidents.
- 5.4.18. The District website shall remain the primary and predominant source for Internet information.

6.0 Records Management

- 6.1. ACCESSIBILITY. All content is to be fully accessible to any person requesting documents from the social media site.
- 6.2. SAVING CONTENT BEFORE REMOVING. Content deemed inappropriate per § 5.0 or technically destructive per § 7.0 shall be promptly documented (screenshot/printout), saved pursuant to policies and procedures regarding record retention, and then be removed immediately. Contact District Manager then Counsel on any legal issues.
- 6.3. REMOVING THOSE WHO POST INAPPROPRIATELY. Individuals (e.g., friends, fans or followers) who continue to post inappropriate content shall be removed.
- 6.4 MAINTAINING SITE AND USER RECORDS. The District shall maintain a record of social media sites created for District use, including, but may not be limited to:
 - 6.4.1. A file containing the name of the social media network, account id, password, registered email address, date established, account and agreed to the sites terms of use agreement and/or policy.
 - 6.4.2. A record of the sites usage agreement at the time the site was created and any updated versions.
 - 6.4.3. A list of authorized site content authors and editors.

7.0. Network Security

- 7.1. SECURITY CONTROLS. The District shall have security controls in place to protect District information and technology assets against potential destructive technical incidents.
 - 7.1.1. Perceived or known compromises to the District's internal network shall be promptly reported to the General Manager. Computers, laptops and mobile devices used to administer social media sites shall have up to date software to protect against destructive technical incidents, including but may not be limited to, cyber, virus and spyware/adware attacks.

October 26, 2016

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ATTACHMENT B

Social Media Accounts and Public Engagement Summary
October 2015 - October 2016

FACEBOOK

	Users	Public Engagement					Moderation	
		Comment Likes	Comment Shares	User Posts (Comments)	Content Views	Reviews/ Current Rating (1-5)	Posts Removed Due to Content	Users Removed Due to Repeated Offenses
2016	84	87	5	13	5,977	1/3.3	0	0
2015	55	134	3	31	4,941	6/3.0	0	0

TWITTER

	Users	Public Engagement			
		Re-Tweets (Shares)	Mentions/ Favorites (Comments)	Visits to Links	Content Views
2016	185	89	93	156	41,464
2015	119	64	71	172	25,011

October 26, 2016

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ATTACHMENT C

District Facebook Page



Nipomo Community Services District
@NipomoCSD

- Home
- About
- Photos
- Reviews
- Likes
- Notes
- Events
- Posts

Create a Page



Liked Message Save More

Contact Us

Status

Write something on this Page...

Nipomo Community Services District
September 29 at 9:02am

#Nipomo CSD Customers, we want to hear from you! Give us your feedback and help us better serve you.
<https://www.surveymonkey.com/in/2016NCSDsm>



Like Comment Share

1 share

Write a comment...

Public Utility Government Organization in Nipomo, California

3.3 ★★★★★ Open Now

Search for posts on this Page

83 people like this
Mark Matson and Amy Valadez

24 people have been here

Open Now - 8:00AM - 4:30PM
Get additional info

Invite friends to like this Page

3.3 of 5 stars - 7 reviews
View Reviews

ABOUT

148 S Wilson St
Nipomo, CA 93444

(805) 929-1133

Open Today 8:00AM - 4:30PM

<http://nrcsd.ca.gov>

Save

NOTES

Comment Policy
October 8, 2014



Nipomo Community Services District
@NipomoCSD

- Home
- About
- Photos
- Reviews
- Likes
- Notes
- Events
- Posts

Create a Page

Liked Message Save More

Contact Us

Nipomo Community Services District
Yesterday at 9:11am

#waterwisewednesday #saveourwater



Like Comment Share

PHOTOS



VISITOR POSTS

Be the first to add a post

Create Post

District Twitter Page



Nipomo CSD

@NipomoCSD

Official account for the Nipomo Community Services District which has provided the community of Nipomo with water and sewer services for over 50 years.

📍 Nipomo, CA
 🌐 ncsd.ca.gov
 📅 Joined June 2014
 🎂 Born on January 28, 1965

📷 75 Photos and videos



TWEETS 595 FOLLOWING 110 FOLLOWERS 185 LIKES 83 LISTS 1 MOMENTS 0

Edit profile

Tweets Tweets & replies Media

You Reblogged
 County of SLO @SLO_CountyGov Oct 19
 How much water do you use per day? #WaterwiseWednesday #SLOCourty



Nipomo CSD @NipomoCSD Oct 19
 #waterwisewednesday #saveourwater



Your Tweet activity

Your Tweets earned 3,888 impressions over the last 28 days

View your top Tweets

Who to follow

- #ShareSLO @ShareSLO_C... Follow
- Morro Bay @morrobaytra... Follow
- ARTS Obispo @artsobispo... Follow

Find friends

Trends

- #GotNoStrings No strings. No limits. Promoted by Bests By Dre
- Nintendo Switch 487K Tweets
- #TrumpBookReport @DavidMiddleman and @Whitneysheres are Tweeting about this
- #ShakeOut @Wood03, @PGE40s and 3 more are Tweeting about this
- #SpiritDay @Whitehouse and @Usa11on are Tweeting about this
- #ThursdayThoughts 49.4K Tweets
- #WhyIWrite 7,213 Tweets
- Jeff Bezos 1,211 Tweets
- #Alliance2016
- #ETS16