



RESPONSES TO QUESTIONS

RFP FOR WATER/SEWER RATE STUDY

QUESTION 1) First a basic question, are there any key issues that the City is encountering with current water and sewer rates? Are they generating sufficient revenue currently, or are there existing or anticipated shortfalls?

ANSWER 1) The City is finding that current water and sewer rates, if they remain unchanged, will not be sufficient to fund expenditures. Please see the table below for a summary of revenues and appropriations for the Water and Sewer Enterprise funds.

Fund: Water Enterprise Fund

		Beginning Balance:			3,886,017	1,859,813
REVENUE		2013	2014	2015	2016	2017
	Account Number & Title	Actual	Actual	Actual	Adjusted	YTD Actual
3500-0000	INTEREST INCOME	1,353	1,283	4,040	-	236
3810-0000	SALE OF WATER	3,017,900	3,418,324	3,490,157	2,800,000	2,246,760
3820-0000	DELINQUENT PENALTIES	66,788	72,038	75,672	65,000	50,174
3830-0000	METER & FIRE SERVICE	115,418	116,946	122,948	115,000	76,905
3835-0000	WATER INSTALLATION CHARGE	42,623	82,159	96,205	50,000	11,781
3840-0000	CAPITAL FACILITY CHARGES	33,338	102,067	36,290	27,000	12,459
3901-0000	MISCELLANEOUS REVENUE	15,205	15,263	16,506	-	10,650
3910-0000	SALE OF PROPERTY & EQUIPMENT	-	-	12,102	-	-
3978-0000	TRANS FROM RETIREMENT TAX FUND	-	29,039	-	-	-
Total Revenue		3,292,625	3,837,119	3,853,920	3,057,000	2,408,964
						3,136,000
APPROPRIATIONS		2013	2014	2015	2016	2017
	Account Number & Title	Actual	Actual	Actual	Adjusted	YTD Actual
070-381	Water Administration	864,127	1,078,748	868,998	2,235,429	1,328,920
070-382	Utility Billing	326,902	281,907	282,630	187,529	130,325
070-383	Water Distribution	510,281	410,656	1,109,916	206,916	189,874
070-384	Water Production	934,113	879,702	907,298	596,659	328,870
070-385	Water Capital Projects	592,401	620,240	722,792	1,856,671	789,846
Total Appropriations		3,227,824	3,271,254	3,891,635	5,083,204	2,767,834
						4,758,366
ANNUAL SURPLUS/DEFICIT		64,801	565,866	(37,714)	(2,026,204)	(358,870)
Ending Balance:					1,859,813	237,447

Fund: Sewer Enterprise Fund

		Beginning Balance:			7,091,982	4,296,453
REVENUE		2013	2014	2015	2016	2017
	Account Number & Title	Actual	Actual	Actual	Adjusted	YTD Actual
3500-0000	INTEREST INCOME	14,722	9,116	13,096	-	457
3745-0000	SEWER SERVICE CHARGES	2,802,526	3,109,080	3,265,149	2,800,000	2,015,857
3810-0000	SEWER COLLECTIONS-MO. BILLS	-	1,785	-	-	-
3820-0000	DELINQUENT PENALTIES	35,077	38,536	42,488	35,000	26,565
3821-0000	INDUSTRIAL WASTE PERMITS	19,509	19,810	27,789	20,000	24,459
3840-0000	CAPITAL FACILITY CHARGES	21,472	143,405	51,553	40,000	8,975
3885-0000	BACKFLOW PREVENTION FEE	13,823	13,972	14,457	12,000	9,371
3970-0000	TRANS FROM GENERAL FUND	-	-	-	50,000	-
3978-0000	TRANS FROM RETIREMENT TAX FUND	-	12,817	-	-	-
Total Revenue		2,907,130	3,348,520	3,414,533	2,957,000	2,085,684
						2,957,000
APPROPRIATIONS		2013	2014	2015	2016	2017
	Account Number & Title	Actual	Actual	Actual	Adjusted	YTD Actual
072-360	Sewer Maintenance	2,051,421	1,775,396	1,807,924	3,435,373	1,920,928
072-365	Sewer Capital	814,261	1,177,732	769,247	2,317,156	1,420,089
Total Appropriations		2,865,682	2,953,128	2,577,171	5,752,529	3,341,017
						5,386,497
ANNUAL SURPLUS/DEFICIT		41,447	395,392	837,362	(2,795,529)	(1,255,333)
Ending Balance:					4,296,453	1,866,956



As of 2/28/17, Water Enterprise revenues are \$2,417,809 with expenditures of \$2,244,635.

As of 2/28/17, Sewer Enterprise revenues are \$1,865,074 with expenditures of \$2,613,947.

QUESTION 2) Has the City had any internal discussion regarding the 3-tiered water rate structure? This is something that we would propose to analyze closely to ensure it is defensible in light of recent court cases (i.e. San Juan Capistrano).

ANSWER 2) The City has general knowledge of the issues surrounding a tiered rate structure. We would welcome recommendation on best practices and alternate rate structures from the selected consultant.

QUESTION 3) Specific to the RFP, there is a request for the selected consultant to provide assistance developing a public outreach survey to gather input related to water services, rate analysis and proposed increases. In our experience a survey is beyond the scope of the typical rate study. We have developed outreach and informational materials for a variety of different types of projects, but those are limited to providing information. A survey is something usually performed by a separate consultant with specific experience developing and administering surveys and analyzing survey results, and can be somewhat costly. Is the City open to us including a sub consultant for this component of the study? From a practical standpoint, the timeline is fairly aggressive, and including a survey would make providing a final report by October very difficult. Is the City flexible on the timeline?

ANSWER 3) During the last water/sewer rate increase, City staff spent a significant amount of time developing and distributing outreach materials to the public. Given that this is very likely an area of expertise of those submitting proposals, the City would like the selected consultant to provide these materials for distribution and to have them readily available during public meetings and workshops. A public outreach survey is not necessary, allowing us to maintain the published deadline.

QUESTION 4) Besides the water main replacements I see in the capital plan provided, are there any other major water or sewer capital projects contemplated?

ANSWER 4) Yes, here are the other improvements City staff has considered:

A) Capital improvements for sewer per the Sewer Master Plan Hydraulic & Structural Deficiencies costing approximately \$500K per year for the next 5 years for a total of \$2.5 million.

B) Upgrading the Utility Billing Module in EDEN for the following: Accounting Grouping Implantation fee, Cashiering upgrade and Annual Maintenance Fee

C) Vehicle & Equipment replacement

QUESTION 5) Any other key issues to factor into our approach?

ANSWER 5) City staff is not aware of any other issues that haven't already been detailed. However, should anything else arise, the selected consultant will be made aware in timely fashion.



QUESTION 6) What are the high priority concerns to be addressed in the study?

ANSWER 6) In short, the City is concerned that revenues will be insufficient to fund rising costs of providing the service and fund the CIP plan.

QUESTION 7) Has the City prepared a five-year capital improvement plan for water and sewer enterprises? Or is this to be developed by the Consultant working with City staff?

ANSWER 7) Yes, the CIP Plan was included as “Attachment B” of the RFP. In addition, refer to “Answer #4” above. CIP plan can be found by navigating as follows:
City of San Fernando website> Request for Proposals> Water & Sewer Utility Rate Study> Attachment B. Alternatively, you can follow this link:
<http://ci.san-fernando.ca.us/wp-content/uploads/2016/06/Attachment-B.pdf>

QUESTION 8) Does the City have a written cash Reserve Policy?

ANSWER 8) Please refer to the City’s General Financial Policy, *Chapter 6: Financial (Fund) Reserves and Fund Balances*. This can be found online in the City’s FY 2016-17 Adopted Budget, Appendix D, beginning page 328.
<http://ci.san-fernando.ca.us/wp-content/uploads/2016/09/Adopted-Budget-Book-Fiscal-Year-2016-2017.pdf>

QUESTION 9) Has the City prepared and adopted a Water Shortage Response Plan showing the expected reduction in consumption for each drought stage?

ANSWER 9) Please refer to Section 7 of the City’s *2015 Urban Water Management Plan*, included as “Attachment A”.
<http://ci.san-fernando.ca.us/wp-content/uploads/2016/06/Attachment-A-2015-UWMP.pdf>

QUESTION 10) It is noted that the City anticipates at least four (4) public meetings. Are workshops with City staff anticipated with this study? Will the consultant be working with a citizens committee or mostly city staff? How many workshops are anticipated?

ANSWER 10) The City expects to hold public meetings to inform the city residents about rate changes. The selected consultant will be required to attend at least four (4) in order to assist City staff in addressing the public’s questions and concerns. The number of meetings held will depend highly on public output/participation. Meetings with City staff might also be necessary when telephone or email communications does not properly convey the message or if any issues arise.

QUESTION 11) Besides the Proposition 218 Notice, what additional collateral is requested?

ANSWER 11) City staff is not aware of any other collateral. However, should anything arise, the selected consultant will be made aware in timely fashion.



QUESTION 12) Should optional additional outreach deliverables or services be included in the proposal, or should they be included in an optional menu of deliverables?

ANSWER 12) All deliverables stated in the RFP should be included in the proposal. Any additional outreach deliverables/ services that the consultant wants to offer may be included in a separate fee schedule.