



# Montecito Sanitary District

1042 Monte Cristo Lane  
Santa Barbara, CA 93108

*A Public Service Agency*

Phone: (805) 969-4200  
[www.montsan.org](http://www.montsan.org)

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## MONTECITO SANITARY DISTRICT STAFF REPORT

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**DATE:** JANUARY 31, 2022  
**TO:** STRATEGIC PLANNING COMMITTEE  
**FROM:** GENERAL MANAGER  
**SUBJECT:** EVALUATION OF SPECIAL DISTRICT CONSOLIDATION

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### **RECOMMENDATION:**

1. For committee consideration

### **DISCUSSION:**

#### *Item 3.A.i. CONSOLIDATION EVALUATION CONSULTANT SELECTION*

At its meeting of September 30, 2021, the Joint Strategic Planning Committee, made up of Directors from Montecito Water District and Montecito Sanitary District directed management to acquire proposals from qualified firms to assist the Districts evaluation of the feasibility of Special District consolidation. Beginning in October 2021, management conducted an informal Request for Proposal process. Management acquired recommendations for qualified consulting firms from representatives of the Santa Barbara, Los Angeles and Orange County Local Agency Formation Commissions (LAFCO). Four firms were selected for initial interviews with management and subsequently all provided proposals. Management reviewed the proposals and based on overall experience, qualifications and references, and short listed two firms. Attached to this memorandum are the proposals received from Berkson Associates and Raftelis. Both firms will have representatives present at the Joint Committee meeting at a designated time for an interview with the Joint Committee.

Management recommends the Joint Committee interview the two firms and rank them. Then, if the Joint Committee collectively wishes to proceed with the process, management can develop a three-party contract between the Districts and the top ranked firm for review and approval by the respective Board of Directors.

*Item 3.A.ii. SPECIAL LEGAL COUNSEL*

In January 2021, the Montecito Water District approved a letter agreement with Holly Whatley, of Colantuono, Highsmith & Whatley, to provide legal services and advice, particularly on LAFCO-related matters, with regard to the potential consolidation of the two special districts. At that time, the letter agreement was not considered by Montecito Sanitary District and therefore no work was performed in accordance with that agreement. Based on recent direction given by the Joint Committee, as described in the item above, management recommends the Joint Committee consider an updated letter agreement with Colantuono, Highsmith & Whatley. Attached to the memorandum is an updated letter agreement with Colantuono, Highsmith & Whatley, P.C. to provide legal support and advise to the Joint Committee and their respective Board of Directors through this evaluation process.

*Item 3.A.iii. COST SHARING*

Provided the nature of the proposed work described above, management recommends a 50/50 cost share of all costs associated with this evaluation. Should the Joint Committee support this proposal, management will work with each District legal counsel to incorporate the 50/50 cost share into a draft agreement between the Districts and the selected consultant, which would then be presented to the respective Board of Directors at a future meeting for consideration and approval.

**ATTACHMENTS:**

1. Berkson Associates Proposal
2. Raftelis Proposal
3. Draft Retainer Agreement with Colantuono, Highsmith & Whatley, P.C.



**Berkson  
Associates**

Urban Economics  
Policy Forensics & Forecasting  
Planning & Policy Analysis

PROPOSAL

**MONTECITO WATER DISTRICT AND  
MONTECITO SANITARY DISTRICT**

PRELIMINARY EVALUATION OF  
SPECIAL DISTRICT CONSOLIDATION

Prepared by BERKSON ASSOCIATES

November 1, 2021

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November 1, 2021

Nick Turner, P.E.  
General Manager  
Montecito Water District  
583 San Ysidro Road  
Santa Barbara, CA 93108

Bradley Rahrer  
General Manager and District Engineer  
Montecito Sanitary District  
1042 Monte Cristo Lane  
Santa Barbara, CA 93108

*sent via email*

Dear Nick and Brad,

I appreciate this opportunity to submit a proposal to prepare a Preliminary Evaluation of Special District Consolidation for the Montecito Water District (MWD) and the Montecito Sanitary District (MSD). I understand that the two districts have been discussing issues of mutual concern and have begun to consider justifications for consolidation.<sup>1</sup>

The enclosed proposal provides an approach to assessing the costs and benefits, and the “business case” for consolidation, building on the recent work of the two districts. The resulting report generally will be organized in the form of a Plan for Services and feasibility analysis that could be presented to the Local Agency Formation Commission (LAFCO), the agency responsible for review and approval of district reorganizations, if the process moves forward; however, the report will be less detailed than needed for an application to LAFCO. ATTACHMENT A includes a draft report outline with related “Frequently Asked Questions” (FAQs) relevant to each report section.

The assignment will require approximately 10-12 weeks to prepare a draft report. I propose a budget not to exceed \$25,000 including expenses, two in-person meetings/presentations, and a contingency of about \$5,000 in the event additional meetings or research is requested. If the process moves ahead and Berkson Associates prepares a Plan for Services and other supporting materials for an application to LAFCO, the cost is estimated to be \$45,000 to \$65,000 depending

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<sup>1</sup> For example, see the MWD Memorandum, March 18, 2021, discussed at the MWD Board meeting March 23, 2021, regarding Special District Consolidation – Threshold Analysis.



on issues raised during the preliminary evaluation, number of meetings and LAFCO process, and involvement in other aspects of the application.

Please let me know if you have any questions about this proposal or would like more information.

Sincerely,

A handwritten signature in black ink that reads "Richard L. Berkson". The signature is fluid and cursive.

Richard Berkson, Principal, BERKSON ASSOCIATES  
34 Terrace Ave.  
San Anselmo, CA 94960  
(510) 612-6906





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# 1. PROJECT APPROACH & SCOPE OF WORK

The following tasks describe BERKSON ASSOCIATES' workplan, approach and methodology. These tasks will be refined during **Task 1: Project Initiation** and in response to needs of the Project and Client as the Project progresses.

## PHASE 1: PRELIMINARY EVALUATION

### **Task 1: Project Initiation**

BERKSON ASSOCIATES will meet (virtually) with the Client to coordinate project scope. The purpose of the meeting is to review and discuss:

- Scope of Work and timeline
- Issues, concerns and objectives
- Available information, documents, and key contacts

As a result of this meeting the project scope and schedule may be refined.

### **Task 2: Data Collection and Review**

BERKSON ASSOCIATES will compile and review available data from **Task 1** provided by the Client and other key stakeholders, including district planning and financial documents, and conduct additional research as necessary.

Key items to be compiled and reviewed include (but are not limited to):

- Master Plans and management plans
- Budgets and Financial Audits
- LAFCO Municipal Service Reviews
- Board agenda and minutes

### **Task 3: Report Preparation**

Berkson Associates will prepare a report describing and documenting its review. A preliminary report outline is included as ATTACHMENT A along with initial questions to be addressed. An administrative draft will be prepared for staff review, and revised following input from staff. The report will focus on key financial changes and will not provide a detailed staffing plan and budget forecast at this stage.

A "Frequently Asked Questions" (FAQ) document can be developed for public information, if requested by staff.

#### **Task 4: Meetings and Presentations**

Berkson Associates will conference with staff virtually during the course of the study and will be available for presentations to district boards and/or public workshops.

### **PHASE 2: PREPARATION OF APPLICATION TO LAFCO**

If the districts decide to proceed with an application to LAFCO, Berkson Associates can expand on the feasibility analysis and Plan for Services outlined in Phase 1, assist with preparation of other application materials, and participate in LAFCO and district hearings as needed. This phase would provide a more detailed staffing plan and budget forecast and provide the justification and support for the consolidation proposal.

## **2. PROJECT MANAGEMENT**

Richard Berkson, Principal of Berkson Associates, will have primary responsibility for report authoring, analysis, and presentations. Mr. Berkson will collaborate with staff of both districts in developing the report. He can also assist in preparing a Frequently Asked Questions (FAQ) document and review press releases and other public outreach and website materials related to the project.

Mr. Berkson will rely on district staff to assist with organizing any public workshops and meetings; to identify key materials, contacts and resources; and to review administrative draft materials before public distribution.

## **3. BUDGET AND SCHEDULE**

The assignment will require approximately 10-12 weeks to prepare a draft report. I propose a budget not to exceed \$25,000 including expenses, two in-person meetings/presentations, and a contingency of about \$5,000 in the event additional meetings or research is requested. If the process moves ahead and Berkson Associates prepares a Plan for Services and other supporting materials for an application to LAFCO, the cost is estimated to be \$45,000 to \$65,000 depending on issues raised during the preliminary evaluation, number of meetings and LAFCO process, and involvement in other aspects of the application.

An initial kick-off meeting with district staff and other key stakeholders will occur within 2-3 weeks of project initiation. Periodic calls with staff are anticipated as the work progresses, and to review administrative and draft reports. Public workshops will be scheduled at the direction of staff.

## 4. QUALIFICATIONS

Berkson Associates (BA) specializes in fiscal and feasibility analysis, city, county and special district budget forecasting and impact analysis. Mr. Berkson has extensive experience preparing financial feasibility analysis and reviewing operations and organizational options for cities and special districts including water and sanitary districts. Richard Berkson has worked closely with LAFCOs and other agencies for over 35 years evaluating effectiveness and service delivery options. Mr. Berkson's resume is included in **Attachment B**. The following section summarizes selected project experience and references.

### EXPERIENCE IN SANTA BARBARA COUNTY

**Goleta Incorporation Feasibility Analysis** – Prepared the Comprehensive Fiscal Analysis that provided the basis for the formation of the new city. The proposal was approved by LAFCO and the voters.

**Isla Vista CSD Feasibility** – Evaluated service and organizational options, including funding requirements and potential for the proposed CSD. The CSD was approved by LAFCO.

**Los Olivos CSD Feasibility Analysis/Wastewater Services** – Prepared the feasibility study and Plan for Services for the Los Olivos CSD to provide local wastewater services. The CSD was approved by LAFCO.

### EXAMPLES OF WATER/WASTEWATER STUDIES

**Napa County Water/Wastewater Municipal Service Reviews (MSRs)** – In association with PCA, Berkson Associates prepared MSRs for all sewer and water agencies in Napa County, include recommendations for potential reorganizations.

**San Juan Capistrano Reorganization of City Water/Wastewater Services** – Berkson Associates prepared a financial review and comparison of districts proposed to annex and take over provision of sewer and water to the City of San Juan Capistrano.

**Burlingame Hills Sewer District Reorganization to the City of Burlingame** – Berkson Associates evaluated governance options for a small sewer district adjacent to a full-service city.

**Financial Review of MPWMD Proposal to Provide and Distribute Potable Water** – Currently reviewing feasibility analysis for a water management district proposing to take over services from a private provider.

**Merced County Water/Wastewater Municipal Service Reviews (MSRs)** – Updated MSRs for all water and wastewater agencies in the County.

**Yokohl Ranch CSD Plan for Services and Feasibility Analysis** – Developed a detailed budget forecast for sewer and water services for a proposed master planned community in Tulare County.

## OTHER REORGANIZATION ANALYSIS

**Cityhood Feasibility Study for Mountain House CSD** – Prepared a preliminary study evaluating staffing changes, revenues and costs of transitioning from a CSD to a full-service city that also manages sewer and water enterprises.

**Reorganization of the Rancho Rinconada Park and Recreation District (City of Cupertino)** – Evaluated options, opportunities and constraints, and staffing/budget forecasts for reorganizing a small recreation district, including merger with the City of Cupertino.

## SELECTED CLIENT REFERENCES

**Carolyn Emery, Executive Officer, Orange County LAFCO**

714-640-5100 cemery@oclafco.org

**Lisa Palmer, President, Los Olivos Community Services District**

805-680-2336 lisa@lpalmerconsulting.com

**William Nicholson, Executive Officer, Merced County LAFCO**

(209) 769-0472 Bill.nicholson@countyofmerced.ca.us

**Lou Ann Texeira, Executive Officer, Contra Costa LAFCO**

925-335-1094 louann.texeira@lafco.cccounty.us

**Martha Poyatos, Executive Officer, San Mateo County LAFCO**

650-363-1857 mpoyatos@smcgov.org

**Steven J. Pinkerton, General Manager, Mountain House CSD**

(209) 831-2300 spinkerton@sjgov.org

## ATTACHMENT A

### DRAFT REPORT OUTLINE AND “FREQUENTLY ASKED QUESTIONS” (FAQs)

#### **1. Summary of Findings**

How do the benefits of consolidation compare to the costs?

What questions remain and what are the next steps?

#### **2. Background — Context and motivation for considering consolidation.**

Why is consolidation being considered?

What is the past history of collaboration between the two districts?

What key issues would potentially benefit from consolidation, and why?

How are key issues requiring inter-district coordination currently managed?

#### **3. Reorganization Proposal — Definition of the elements of consolidation.**

What type of district would be created (water, sewer, community services district, other)?

What would be the boundaries and Sphere of Influence (SOI)?

Who would be on the Board?

#### **4. Plan for Services — LAFCO requires a Plan for Services explaining how services would be provided.**

How would staff, services and facilities change?

How would administrative services be provided?

What might the Organizational Chart look like?

#### **5. Financial Feasibility — A budget forecast based on the Plan for Services.**

How much are the potential savings or other financial benefits of a consolidation?

Are there any potential costs from consolidation, and how do the costs compare to the financial benefits?

What would the financial forecast consider (staff costs including benefits, administrative costs, reserves, capital funding, etc.)?

How would shared costs (e.g., administration) be allocated between the functions?

Are there potential financial risks to reorganization? If so, how might they be mitigated?

What sort of transition and start-up costs would be incurred?

## DRAFT REPORT OUTLINE AND “FREQUENTLY ASKED QUESTIONS” (FAQs)

*Continued*

### **6. Governance Options**

Are there any options besides consolidation (e.g., JPA, other)?

How does consolidation (and other options) compare to the status quo (i.e., in terms of cost effectiveness and efficiency, political representation, and ability to address key issues)?

### **7. Reorganization Process, Timeline and Costs**

What is the reorganization process (what are the steps, what does it cost)?

How long would the process take?

Are there preliminary steps that can be taken that improve coordination and facilitates consolidation (if it occurs)?

### **Report Appendices**

#### **A. Key Terms and Concepts**

#### **B. Annotated Bibliography**

## ATTACHMENT B

### RESUME FOR RICHARD BERKSON





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## Richard Berkson Principal, Berkson Associates

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### EDUCATION

Master of Public Policy,  
University of California,  
Berkeley

Bachelor of Arts in Social  
Science, University of  
California, Berkeley

Undergraduate study in  
Engineering, Massachusetts  
Institute of Technology  
(3 semesters)

### AFFILIATIONS

CALAFCO,  
Associate Member

### PUBLIC SERVICE

Capital Program Monitoring  
and Fiscal Advisory  
Committees; authored the  
Economic Development Plan  
for the Town of San Anselmo

### HONORS AND AWARDS

Anaheim, CA, honoring  
contribution to the success of  
the Anaheim Resort Project

### PRIOR EMPLOYMENT

Founding Principal,  
Economic and Planning  
Systems, Inc. (EPS)



### ABOUT

Richard Berkson, Principal of Berkson Associates, believes that sound policies and strategies require careful consideration of causality, creative problem solving, and incentive-based solutions. His practice is founded on 30+ years of experience providing clear and concise fiscal and financial analysis based on a solid understanding of local government organization (e.g., formation, annexation, and consolidation), capital improvement policy and programming, and urban economics (demographics, market & financial analysis).

### EXPERTISE

#### Government Organization

Prepares governance feasibility and special studies addressing municipal incorporation, annexations, service reviews and special studies, special district formations, dissolutions and consolidations, and assists in the preparation of intergovernmental agreements including tax sharing. Creates detailed pro forma operational and capital budgets as well as analysis of reorganization issues, options and impacts upon existing agencies, and develops sustainable mitigation measures.

#### Fiscal and Economic Analysis

Analyzes and predicts fiscal and economic impacts of land uses, developments, and policies on municipal budgets. Designs fiscal models to evaluate public service and financing and develops financial indicators of long-term fiscal sustainability. Forecasts budgets, fiscal and service impacts and develops strategic plans.

#### Public Finance

Prepares financing strategies and plans for a wide variety of public services and infrastructure projects, including development project-related infrastructure, area-wide capital improvement programs, public safety, and recreation facilities, as well as specific infrastructure projects. Financing techniques applied include formulation of area-specific and facility-specific development impact fees, special tax bonds, sales tax measures, and Infrastructure Financing Districts.

#### Market and Financial Analysis

Evaluates the market feasibility of a wide range of uses, including recreation, residential, office, industrial, retail, and hotel, as a part of development proposals, specific and general plans, and governance studies. Prepares initial market reviews as well as detailed pricing and absorption estimates, demographic forecasting, and development strategies. Constructs pro forma financial analysis of large-scale mixed-use projects, as well as individual business proposals.

# Montecito Water and Sanitary Districts

**Special District Collaboration and Consolidation Study**

PROPOSAL / December 7, 2021





December 7, 2021

Mr. Nick Turner, P.E.  
General Manager  
Montecito Water District  
583 San Ysidro Road  
Santa Barbara, CA 93108

Mr. Bradley Rahrer, P.E.  
General Manager/District Engineer  
Montecito Sanitary District  
1042 Monte Cristo Lane  
Santa Barbara, CA 93108

**Subject: Proposal for Special District Collaboration and Consolidation Study**

Dear Mr. Turner and Mr. Rahrer:

Raftelis is excited to submit this proposal to study the potential consolidation of the Montecito Water District and Montecito Sanitary District. Helping identify and implement collaborative relationships between public organizations is what we do at Raftelis. We have the nation's largest and most experienced utility management and financial consulting practice. We have worked on numerous collaboration, regionalization, and consolidation studies in California and across the country. We want to be your consulting team on this important project.

We offer a diverse and knowledgeable team that brings decades of experience in utility governance, collaboration, and management. Most recently, we completed a regional collaboration study with seven utilities in the Sacramento region to identify ways that they could work better together. The project explored the full range of collaboration options from shared activity performance in areas like purchasing to full consolidation between entities. We also worked on a recent project in California where a special district is attempting to acquire a private utility. Concurrently, we are working on similar collaboration/consolidation projects in several other states. Raftelis is the thought leader in the industry on regional collaboration. One of our team members recently spearheaded the American Water Works Association's national policy statement on regional collaborations as the Chair of AWWA's Strategic Management Practices Committee.

We're confident that we are the best partner for this engagement, and we look forward to the opportunity to help. If you have any questions or would like more information, please contact me at 207.303.0138 or [sgarrison@raftelis.com](mailto:sgarrison@raftelis.com).

Sincerely,



**Seth Garrison**  
*Project Manager*



## Making our world better.

The Raftelis Charitable Gift Fund allocates profits, encourages employee contributions, and recognizes time to charitable organizations that support:

1. Access to clean water and conservation
2. Affordability
3. Science, technology, and leadership

Raftelis is investing in improved telecommunication technologies to reduce the firm's number one source of carbon emissions—travel.



## Diversity and inclusion are an integral part of Raftelis' core values.

We are committed to doing our part to fight prejudice, racism, and discrimination by becoming more informed, disengaging with business partners that do not share this commitment, and encouraging our employees to use their skills to work toward a more just society that has no barriers to opportunity.

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# Project Plan

Two special districts, the Montecito Water District and the Montecito Sanitary District, have created a Joint Committee of Directors to explore the concept of consolidation. The Joint Committee is seeking consulting assistance and expertise to prepare a preliminary assessment to determine if there is a business case affirming that the two Districts can and should consolidate. Raftelis has prepared the following project plan to perform this work.

## Task 1: Project Initiation and Management

We will use the kick-off meeting to identify important project outcomes and, more importantly, to create a shared vision for this engagement. We believe that a productive kick-off meeting is the most effective way to begin a project of this nature. Our team will meet with a joint committee and/or other designated representatives from the utilities to establish projects goals, key tasks and milestones, and non-negotiables, as well as to identify potential areas for collaboration, including consolidation of the entities.

The group will help identify goals related to potential service delivery and successes to build on; this becomes common ground to talk about the development of models for consolidation.

Our team will develop a project plan with communication expectations, a timeline, and a project charter to clearly identify stakeholder expectations, goals, in-scope and out-of-scope activities, success factors and potential risks, key participants, and constraints as a product of the kickoff meeting. Getting buy-in on the project plan from stakeholders will be a critical success factor.

### DELIVERABLES:

- Agenda, kick-off meeting materials, and participation
- Project plan with communication expectations, a timeline, and a project charter

## Task 2: Services Inventory and Assessment

A big part of preparing for any type of collaboration between organizations, especially consolidation, is understanding what each entity does and how they do it. In this task, our team will review and document how each District operates, including activities, structure, governance, costs, and -- something that is often overlooked -- culture. Our team has found that simply listing what services are provided and their costs is insufficient. We need to understand how the entities do business.

Our team will document any current collaborations with other entities and seek to understand how they are working. This exercise will allow us to help the utilities understand what is working, what's not working, and what might be options for the future. The lessons learned will be critical for future tasks, should consolidation or any type of further collaboration occur. Our team will collect baseline organization, financial, and operational information for each entity through a structured process using an information collection template, augmented by follow-up contacts with each utility to clarify data.

Our team has conducted best practices and benchmarking assessment with dozens of water-sector utilities across the country and is responsible for helping to create the AWWA Benchmarking for Performance Indicators guide, as well as the AMWA and NACWA financial benchmark studies. We will use this knowledge to assist the two Districts in determining appropriate practices/benchmarks to compare.

Working closely with stakeholders from each utility, our team will review organizational structures, policies, and procedures to identify and quantify any redundancies that may exist across the systems, along with the inconsistencies that would need to be resolved. This will include analyzing efficiencies, identifying performance gaps, and providing comments on policy, facilities, staffing, compensation, and maintenance practices. For each system, we will offer to conduct a validation meeting to discuss and confirm our preliminary findings.

Our team will solicit data from both Districts on service provision and associated costs in order to prepare an inventory and assessment of utility services, costs, structures, and activities under the current independent and prospective consolidated operating models. Data will include documents, budgets, organizational charts, policies, etc., as well as interviews with select staff and stakeholders.

We will compare and contrast the operating models of each entity and of a consolidated entity using a business case format. This will include the following tasks:

- Review service areas and chartering documents of each utility
- Identify service delivery strengths and outcomes for each organization
- Assess operational costs and service levels to identify areas where costs would likely increase, remain the same, or decrease through consolidation
- Review organizational structures and staffing to identify opportunities for increased efficiency and service delivery through consolidation
- Provide commentary on activities, policies, and approach differences between the two agencies that will likely need to be addressed under a consolidated model

#### **DELIVERABLES:**

- Up to eight (8), one-hour staff and stakeholder interviews
- Summary of data gathering, observations, and findings, where we compare and contrast the operating models of each entity and of a consolidated entity using a business case format

### **Task 3: Implementation Strategy**

Organizations are made up of people, and it's vital to understand the impact change will have on customers, governing bodies, communities, and the workforce. We will perform a high-level review of stakeholders and map their interests so we can ensure that we maintain trust and effective communication, should consolidation or any type of further collaboration occur. After identifying and mapping stakeholders, our team will suggest communications strategies to engage stakeholders.

Our team will prepare a comprehensive draft report with our preliminary assessment using data from all project tasks and make recommendations as to whether the districts can and should consolidate and what the costs and efficiencies are likely to be from such a consolidation. This draft report will detail the information collected, the analysis conducted, and our recommendations. The entities will have the opportunity to provide one round of consolidated comments. Raftelis will produce a final report following the round of revisions.



## TIMELINE

Our team will present our findings to utility leaders and stakeholders through a virtual presentation.

### DELIVERABLES:

- Draft and final project report
- One virtual presentation to utility leaders and stakeholders.

# Timeline

We will prepare a draft timeline for discussion and review at the kick-off meeting and then finalize the timeline based upon that discussion. We would estimate this work to take approximately four months.

# Cost

Raftelis proposes to complete this study for a fixed fee of \$47,250. This fee includes all tasks in the project plan and includes labor and expenses such as travel, lodging, and office supplies.

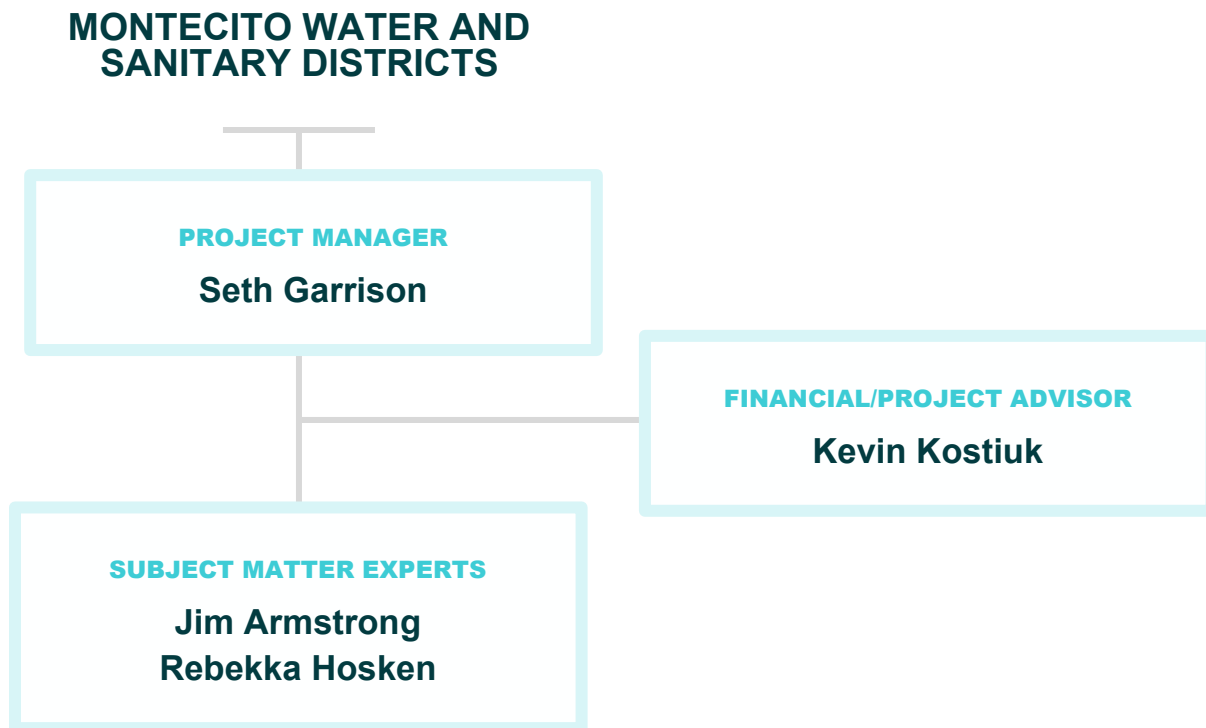
We typically invoice monthly based upon tasks completed.

# Project Team

**WE HAVE DEVELOPED A TEAM OF CONSULTANTS WHO SPECIALIZE IN THE SPECIFIC ELEMENTS THAT WILL BE CRITICAL TO THE SUCCESS OF THIS PROJECT.**

Our team includes senior-level professionals to provide experienced project leadership with support from talented consultant staff. This close-knit group has frequently collaborated on similar successful projects, providing both Districts with confidence in our capabilities.

An organizational chart of our project team is as follows. Resumes for each team member are found in the Appendix.



# Firm Overview

Local government and utility leaders partner with Raftelis to transform their organizations by enhancing performance, planning for the future, identifying top talent, improving their financial condition, and telling their story. We've helped more than 600 organizations in the last year alone. We provide trusted advice, and our experts include former municipal and utility leaders with decades of hands-on experience running successful organizations. People who lead local governments and utilities are innovators—constantly seeking ways to provide better service to the communities that rely on them. Raftelis provides management consulting expertise and insights that help bring about the change that our clients seek.

## THE RIGHT FIT

### Resources & Expertise

With over 120 consultants, Raftelis has the largest municipal utility management and financial consulting practice in the nation. Our depth of resources will allow us to provide the districts with the technical expertise necessary to meet your objectives. In addition to having many of the industry's leading municipal consultants, we also have experts in key related areas, like stakeholder engagement and data analytics, to provide additional insights as needed.

### History of Similar Successes

We have an extensive track record of past similar work that will help to avoid potential pitfalls on this project and provide the know-how to bring it across the finish line. Raftelis staff has assisted 1,000+ utilities throughout the U.S. with financial and rate consulting services with wide-ranging needs and objectives. Our extensive experience will allow us to provide innovative and insightful recommendations to the Districts and will provide validation for our proposed methodology ensuring that industry best practices are incorporated.

### A Diverse & Knowledgeable Team

Our team includes a diverse cast of utility finance, management, and strategy experts. Each team member has vast utility expertise and extensive experience bringing utilities together to find collaborative ways of doing things better. Additionally, our team members have also managed utility organizations. In other words, "they've walked in your shoes."

### A Fresh & Independent Perspective

The Raftelis team offers a fresh, independent perspective gained from our experience as utility managers, elected/appointed officials, and consultants throughout the U.S.

### Shared Service Experience

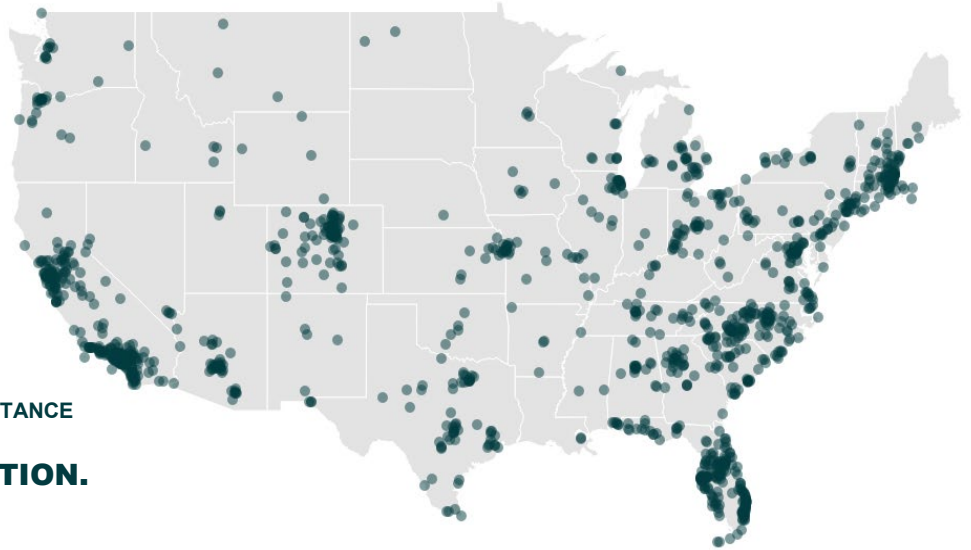
Our team members have vast utility expertise and extensive experience bringing utilities together to find collaborative ways of doing things better. Because of this, you will receive innovative and insightful recommendations that are based on industry best practices.

### We Know Water and Wastewater

We help utilities solve complex finance, operations, and management challenges every day. It's what we do! No one understands regional water and wastewater resource issues better than us. Strategic utility planning is a core component of our business.

### We Know Regionalization

We have performed similar studies for other utilities and understand the critical success factors and public concerns of such efforts.



**RAFTELIS HAS PROVIDED FINANCIAL/  
ORGANIZATIONAL/TECHNOLOGY ASSISTANCE  
TO UTILITIES SERVING MORE THAN  
25% OF THE U.S. POPULATION.**

# Experience

**RAFTELIS HAS THE MOST EXPERIENCED UTILITY FINANCIAL AND MANAGEMENT CONSULTING PRACTICE IN THE NATION.**

Our staff has assisted more than 1,200 local government agencies and utilities across the U.S., including some of the largest and most complex agencies in the nation. In the past year alone, Raftelis worked on more than 1,000 financial, organizational, and/or technology consulting projects for over 600 agencies in 46 states, the District of Columbia, and Canada.

Below, we have provided descriptions of projects that we have worked on that are similar in scope to this project. We have included references for each of these clients and urge you to contact them to better understand our capabilities and the quality of service that we provide.

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## **Sacramento Region Water Utility CA**

**Reference:** Dan York, General Manager  
P: 916.679.3973 / E: [dyork@sswd.org](mailto:dyork@sswd.org)

The seven participating agencies of the Sacramento Regional Water Utilities are seeking to build successful collaborative efforts to benefit all agencies and their customers and contracted with our firm to prepare a collaboration/integration study. Raftelis is working closely with the participating agencies to identify, analyze, and help foster collaborations of all types, including full consolidation of one or more entities. Collaboration can occur in many forms. They can be as simple as sharing equipment or personnel during emergencies or as comprehensive as full consolidation of functions. We are helping through the following activities:

- Benchmarking and programs comparisons across entities
- Identifying and studying collaboration opportunities
- Building financial models to evaluate different delivery approaches and financial implications

- Reviewing legislation, policies, and standard operating procedures (SOP)
- Stakeholder engagement and communication

## **SPLASH Study WI**

**Reference:** Nicolas Sparacio, Manager, Central Brown County Water Authority  
P: 920.639.0078 / E: [manager@cbcwa.com](mailto:manager@cbcwa.com)

Nancy Quirk, PE, General Manager, Green Bay Water Utility  
P: 920.448.3499 / E: [nancyqu@greenbaywi.gov](mailto:nancyqu@greenbaywi.gov)

People in northeastern Wisconsin share many things in common: a love for their prized cheese, the outdoors, and the Packers. One thing they haven't always shared is an effective way for their water utilities to collaborate. That is now changing thanks to Raftelis and the SPLASH Study. SPLASH is an acronym for **Sustainable Partnership Linking Area Services and H<sub>2</sub>O**. SPLASH is a joint effort between Green Bay Water Utility (GBWU) and the utilities that comprise the Central Brown County Water Authority (CBCWA) to identify opportunities for shared cost saving, greater efficiencies, and better customer service. It builds on past and ongoing efforts between the agencies and the communities they serve.

With growth continuing in the area and a shift away from heavy manufacturing, it's vital that GBWU and CBCWA explore new and innovative ways to manage costs and provide better services. Raftelis is helping the communities examine the services each organization provides and identify opportunities for collaboration. The SPLASH Study is identifying where the organizations can get together to benefit customers. The communities have already found many ways to work together, such as combined meter purchasing and joint tank painting contracts

## **Suffolk County Water Quality Management District NY**

**Reference:** Sarah Lansdale, Director of Planning and Environment  
P: 631.853.5190 / E: [sarah.lansdale@suffolkcountyny.gov](mailto:sarah.lansdale@suffolkcountyny.gov)

For the 1.5 million people of Suffolk County, New York, there has been a disconnection between the regional water and wastewater suppliers, predominately the Suffolk County Water Authority (SCWA), and the regional wastewater providers, notably the Suffolk County Department of Public Works. To help address these problems, Suffolk County retained Raftelis to conduct a Countywide Water Quality Management District Feasibility Study. The study was commissioned to help the County move beyond the planning phase of efforts to improve water quality, and into a comprehensive and well supported implementation phase. The goal was to unify efforts, potentially unite various water and wastewater entities, and to provide more cohesive services to address water quality. Raftelis is leading a team of local engineering, public relations, and legal partners to develop a community-supported implementation plan.

Deliverables in development include spatial tools to be used by the County for ongoing program management, identification of expanded and new functions and staff, a financial planning and rate model with 30 years of capital and operating projections, and an implementation plan covering recommended governance and legal considerations. Raftelis is also working with the County to ensure the rate design considers affordability for vulnerable populations, which is of particular importance given the relatively high cost of living in the region.

APPENDIX:

# Project Team Resumes



# Seth Garrison

## PROJECT MANAGER

### ROLE

As Project Manager, Seth will manage the project ensuring it is within budget, on schedule, and effectively meets objectives. He will lead the consulting staff in conducting analyses and preparing deliverables for the project.

### PROFILE

Mr. Garrison has 25 years of experience leading, consulting with, and regulating utilities of all sizes, both public and private. He combines over 15 years of hands-on experience as the former General Manager of a regional utility and as a board member of two water and wastewater utilities, with an additional 15 years of consulting experience advising several of the largest and best-known utilities in the U.S., the U.S. Agency for International Development (USAID), and several foreign governments on utility management, organizational development, and strategy. Mr. Garrison has extensive knowledge of performance management techniques (Lean Six Sigma, conflict resolution, negotiation strategy, etc.), advanced O&M practices, and change management frameworks (from Kotter, Lewin, Garvin, etc.).

Seth has a history of seeking challenging assignments where he can apply his extensive utility experience and multi-disciplinary education in management, economics, and engineering to complex problems. At the age of 24, he became the General Manager of a failing utility that was teetering on the edge of financial insolvency. With the help of several new staff, he turned the organization around and into an award-winning organization. He has worked internationally, helping the governments of Afghanistan, Jordan, Guam, Mozambique, and the U.S. implement utility management practices at the national level, while simultaneously assisting various development agencies with the implementation of more than \$500 million in infrastructure and programmatic spending. In addition, he has assisted well-known utility organizations in the U.S. like Pittsburgh Water and Sewer Authority, Metro Water Services (Nashville), Boston Water and Sewer Commission, New York City DEP, Denver Water, Philadelphia Water, North Texas Municipal Water District, and PRASA (Puerto Rico) solve complex management and infrastructure strategic challenges.

Mr. Garrison is the recent past Chair of the AWWA's Strategic Management Practices Committee, which is fostering collaboration



### Specialties

- Utility governance and policy
- Utility management
- Performance management (measurement, benchmarking, dashboarding, etc.)
- Operational efficiency and effectiveness
- Organizational and operations assessments
- Regional collaboration/consolidation
- Organizational capacity building

### Professional History

- Raftelis: Senior Manager (2016-present)
  - Portland Water District: Board of Trustees - Administration & Finance Committee Chair (2014-present)
  - Scarborough Sanitary District: Board of Trustees Member (2013-2016)
- Woodard & Curran, Inc.: Vice President/Utility Management Practice Leader (2012-2016)
- CDM Smith, Inc.: Senior Management Consultant (2004-2012)
- Bath Water District: General Manger / Superintendent (1995-2004)
- State of Maine: Drinking Water Program: Surface Water Treatment Coordinator (1993-1995)

### Education

- Master of Public Policy & Management - University of Maine (2010)
  - Masters Certificate in Performance Management - University of Maine (2009)
  - Masters Certificate in Non-Profit (Public Sector) Management - University of Maine (2008)
- Bachelor of Science in Engineering (Minor Economics) - Rensselaer Polytechnic Institute (1993)

### Certifications

- Certified Lean Six Sigma Master Black Belt
- BAMI-I (CTAM) Certification in Infrastructure Asset Management (Indiana University)
- Class IV Water System Operator (lapsed)
- Conflict Resolution Program - Harvard Business School

### Professional Memberships

- AWWA: Past Chair of Strategic Management Practices Committee & Member of the Benchmarking Committee
- WEF: Utility Management Committee
- New England Water Environment Association: Utility Management Committee
- New England Water Works Association
- Maine Water Utilities Association: Past Board of Directors Member

at the national level as the source of AWWA's national policy on regional collaborations. He is also rewriting AWWA's *M5 Utility Management Manual* – the industry guide for utility management practices and working on AWWA's *Benchmarking Performance Indicators for Water and Wastewater* as a member of the Benchmarking Advisory Committee.

## KEY PROJECT EXPERIENCE

### **Sacramento Region Water Utility Collaboration/Consolidation Study (CA)**

Water resources are becoming harder to obtain and more complex to allocate, regulations are more burdensome, and budgets are increasingly tight in many areas of the U.S., particularly in California. In this environment, there simply are not enough resources to meet every need if utilities adhere to the same old ways of doing business. Innovation and improvement are critical. The Sacramento Region Water Utility Collaboration/Consolidation Study led by Seth and Raftelis is providing an opportunity for collaboration to help address many of these issues. Seven participating water agencies in the Sacramento Region are seeking to build successful collaborative efforts to benefit all agencies and their customers. The agencies include Sacramento Suburban Water District, San Juan Water District, Carmichael Water District, Citrus Heights Water District, City of Folsom, Del Paso Manor Water District, and Rio Linda/Elverta Community Water District.

The study identified and nurtured mutually beneficial opportunities that is leading to cost savings for customers, providing economies of scale, beneficial integration of resources, improved services, and more efficient use of staff, equipment, and capital resources. Sacramento Suburban Water District and San Juan Water District, two of the participating entities, have already identified opportunities to improve collaboration and potentially merge operations into one consolidated district as part of past studies. Seth (Project Manager) and Raftelis are working closely with the participating agencies to through the following activities:

- Benchmarking and programs comparisons across entities
- Identifying and studying collaboration opportunities
- Building financial models to evaluate different delivery approaches and financial implications, including potential rate impacts
- Reviewing legislation, policies, and standard operating procedures (SOP) to facilitate better resource sharing across entities
- Stakeholder engagement and communication

The project has produced a detailed assessment of seven areas where the participating agencies could potentially achieve benefits through additional collaboration. They include paving services, distribution system Preventative Maintenance (PM) activities, Human Resources (HR), on-call/emergency services (after normal business hours), water resources, leak detection, and water conservation programs.

### **Central Brown County Water Authority and Green Bay Water Utility (WI)**

For many years the communities that comprise the Central Brown County Water Authority (CBCWA) and the Green Bay Water Utility (GBWU) were at odds over water resources, so much so that CBCWA elected to run a 30-mile pipeline to Manitowoc Public Utilities rather than connect to the adjacent GBWU system when their wells suffered contamination. Raftelis, as part of the Utility Cooperation and Collaboration Study, helped put the entities on the path toward a better relationship by identifying shared service opportunities. Efforts included data gathering as well as extensive in-depth interviews with each participant, each seeking to understand current water utility systems, operations, contracts, costs, and service levels. Captured functional information was developed into metrics that were compared with national benchmarks and across utilities to identify potential areas for improvement through collaboration. Opportunities were then prioritized through workshops for further analysis. Business Case Evaluations (BCEs) were completed which summarized the key comparative data for each priority function, elaborated upon and scored shared service alternatives,



and made recommendations for next steps. As part of branding efforts during the Study's communication plan development, Raftelis worked with the utilities coin the term "SPLASH", an abbreviation for Sustainable Partnership Linking Area Services and H2O. Raftelis worked with key messages highlighting SPLASH's potential to drive local economic development, improve regional water affordability, promote community health, and improve service levels. These efforts resulted in several new collaborations between the entities, including joint billing, cross connection control, and other efforts. There is now even talk of linking water sources for redundancy and operational flexibility.

### **Suffolk County Department of Economic Development and Planning (NY)**

Raftelis is leading a team of local engineering, public relations, and legal partners to develop a community supported implementation plan to restore and maintain water quality in Suffolk County by establishing a Countywide Waste Quality Management District. The plan includes the development of a recurring revenue stream, governance structure(s), spatial tools, and legal pathways to success. Raftelis' customized approach includes significant stakeholder engagement across several County departments, as well as local environmental non-profits, the business community, and beyond. Following extensive data gathering and analysis, coupled with monthly workshops, Raftelis is helping the County design and select a tailored revenue model and governance structure, each with a clear legal and legislative path to approval. Raftelis is also working with the County to ensure the rate design process considers affordability for vulnerable populations, which is of particular importance given the relatively high cost of living in the region. As the path to implementation becomes clearer through the Study, the County looks forward to a projected 2024 launch of the Countywide Water Quality Management District.

### **Appomattox River Water Authority (VA)**

The ARWA is a regional water supplier south of Richmond, VA encompassing three populous counties and two major cities. Seth and the Raftelis team are worked with community and municipal representatives, as well as with staff from ARWA to find solutions to several governance and ownership challenges. These included the ability to share and purchase capacity, investment costs for new assets, and operations condition between communities on shared transmission assets. Part of the work involved calculating a fair valuation for all the system's assets in case one of the member jurisdictions wants to purchase part or all the ARWA system. Given the regional nature of the utility, this project is highly sensitive to the needs of the various stakeholders.

### **Pembroke Pines**

The City of Pembroke Pines is a rapidly growing community about 20 miles north of Miami with a population of roughly 174,000. In 2019, the value conscious City Commission hired Raftelis review their outsourced water and wastewater utility operations. As part of the review, Raftelis investigated the feasibility and costs associated the City taking over the operations, maintenance, and management of the water and wastewater systems, which were operated by Operations Management International, Inc. (OMI), a division of Jacobs Engineering Group, Inc.

After projecting each utility cost center for the next five years and analyzing several scenarios, Raftelis found that if the City were to assume operation, maintenance, and management of the systems and maintain the current number of contract staff positions, it would likely cost the City \$1.5-2.0 million more on an annual basis than if it were to continue using a contract operator. The costs were heavily dependent on the salary range of anticipated City employees and where the City hired employees within each positions' salary range. Raftelis estimated costs using various points (25th and 75th percentiles, as well as medians) within the ranges, based on wage data from surrounding municipal utilities. Major cost drivers were the low overall unemployment rate (3.1%) and relatively high salaries in the region. Under the City's generous benefits package, annual costs could range from \$2.97 to \$3.40 million alone. Raftelis considered several other factors such as employee recruitment and retention, one-time contract transition costs, and associated outside contracts with other vendors (uniforms, vehicles, maintenance, etc.). Raftelis estimated the transition costs. Ultimately, the City

maintained its outsourced contract but was able to negotiate costs saving with the vendor using information from the Raftelis report.

### **Village of Briarcliff Manor, Village of Sleepy Hollow, and Village of Tarrytown (NY)**

The tri-villages utilize the same primary water source, an allocation from the reservoirs that supply New York City via the Lower Catskill Aqueduct. However, each village has maintained separate treatment, pumping, and distribution systems, as well as separate governance structures. This arrangement has resulted in the rather comical arrangements of having three separate treatment and pumping stations, essentially right next door to each other, supplying each of the villages. The goal of the Tri-Village Water Supply Consolidation Feasibility Study was to eliminate these inefficiencies and consolidate certain operational areas. Raftelis, in partnership with the engineering firm, conducted research and held workshops with stakeholders leading to the development of a broad intermunicipal agreement to allow for more efficient steps forward without the need for subsequent agreements. Efforts included outlining and drafting the proposed agreement, consolidating and improving upon language from a series of existing agreements between the villages, and ensuring compliance with state grant requirements, all while meeting the needs of each community for the benefit of the collective Three Village Agency. As a result of this study, the villages will eliminate the need for redundant infrastructure, improve backup supply availability, more easily engage in joint contracting, reduce capital debt burdens, and save further through joint operational cost and responsibility sharing.

*Picture: The three adjacent treatment and pumping stations of the Tri-Villages*



### **North Miami Beach**

In 2017, the City of North Miami Beach (NMB) entered a ten-year contract with CH2M Hill Engineers, Inc., now Jacobs Engineering Group, to operate its water and sewer systems. Two years after entering in the contract, newly elected officials questioned the value and the service levels provided by the contract vendor. NMB engaged Raftelis to provide a preliminary comparison of the anticipated costs of managing these systems with NMB staff and resources compared to contract (and proposed amended contract) staffing and resources. Raftelis considered four scenarios for operation of the water and wastewater system in its modeling, each with multiple variables:

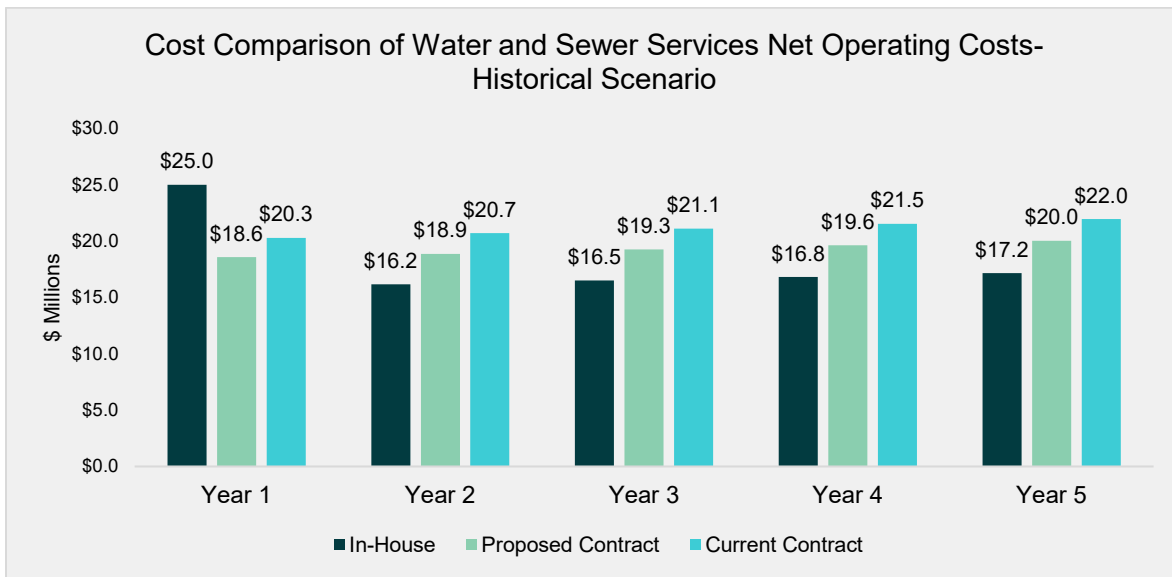
- Contract operations under the current operating contract with NMB
- Contract operation under a revised contract with NMB
- A historic NMB operations scenario, in which NMB provides approximately the same level of service that it provided when operations were in-house in 2017, and escalated FY2017 salary levels

- A market NMB operations scenario, where NMB enhances its level of service through increased staffing and more frequent maintenance and asset repair, roughly equivalent to the level currently provided by Jacobs, and hires new staff at market salary and benefits levels

The NMB operations scenarios include one-time transition costs. These costs ranged between \$9 and more than \$18 million, depending on how quickly NMB can hire new staff and how long the Jacobs contract continues. For the analysis, Raftelis estimated 6-12 months. Costs associated with the projected transition included the penalty fee that NMB would be required to pay for ending the contract early, as well as the costs of staff time and equipment related to resuming operation. There would also be a period of overlapping NMB and contract operations.

Both the historic and market NMB operations projections showed in-house costs as being substantially higher than the cost of the current and proposed contract in the first year, due to transition costs. After the first year, each scenario showed the cost of providing services with NMB resources to be slightly lower than the proposed contract.

*Projected Annual Net Operating Costs: Historical Scenario*



### **Bullhead City**

A series of significant rate increases caused the City of Bullhead City, Arizona to consider acquiring the assets of its private water supplier EPCOR. Bullhead City (City) asked Raftelis to help ascertain the value of the EPCOR system using multiple approaches that would be defensible if the City chose to pursue an eminent domain acquisition. The City also asked Raftelis to develop an acquisition plan that addressed each of the key elements of water system operation and management, including an appropriate organizational structure, staffing, regulatory compliance approach, and operations and maintenance framework. Raftelis’ work highlighted opportunities to take advantage of cross training, attrition, and the efficiencies of the public organization structure to reduce the current number of water system positions without compromising service.

On July 16, 2019, the City Council approved an initiative for the November ballot, Proposition 415, asking residents to allow the City to acquire EPCOR Water Arizona’s local water system. Proposition 415, which was passed by voters, approved up to \$130 million to purchase the system (and other systems) through the sale of bonds payable from rates charged for water service. Bullhead City is now in the process of acquiring the water system.

# Jim Armstrong

## SUBJECT MATTER EXPERT

### ROLE

Jim will work at the direction of Seth in conducting analyses and preparing deliverables for the project.

### PROFILE

Jim Armstrong serves as senior consultant for Raftelis, specializing in all facets of municipal financial management and organizational issues.

Jim previously served as City Administrator of the City of Santa Barbara from 2001 to 2014. During his tenure as City Administrator, he led the City through a number of significant events including the 2008-10 recession; the General Plan update; two major emergencies, the Tea Fire in 2008 and the Jesusita Fire in 2009; and the dissolution of the City's Redevelopment Agency in 2012. He was instrumental in the creation of the City's Neighborhood Improvement Task Force and the South Coast Task Force on Youth Gangs. The City also implemented a comprehensive performance measurement and tracking system under Mr. Armstrong's direction. Prior to his service in Santa Barbara, Mr. Armstrong served as City Manager in the California cities of Fullerton and Hanford. He also served as Assistant City Manager in Anaheim.

After retirement from Santa Barbara, Mr. Armstrong has provided consulting services for several California cities and special districts. His assignments have included executive recruitment of city managers, general managers, and department heads, as well as several management studies. He is known for his extensive knowledge of local government finance, budgeting, and financial analysis. He has a bachelor's degree from UCLA and a master's degree in public administration from California State University, Long Beach.

### RELEVANT PROFESSIONAL EXPERIENCE

#### **Ralph Andersen & Associates: Senior Consultant (2015-2018)**

Jim served as senior consultant conducting city manager and senior level executive recruitments and management studies for cities and special districts throughout California. Management studies included a high-level review of a city's entire departmental operations; development of a cost-benefit model to determine the feasibility of creating a municipal police department; and evaluation of management systems at a community college district.



### Specialties

- Municipal budget development & financial management
- Organizational analysis
- Long term financial planning
- Establishment of performance management systems
- Strategic planning

### Professional History

- Raftelis: Principal (2019-present)
- Ralph Andersen & Associates: Senior Consultant (2015-2018)
- Santa Barbara, California: City Administrator (2001-2014)
- Fullerton, California: City Manager (1992-2001)
- Anaheim, California: Assistant City Manager (1990-1992); Assistant to the City Manager (1979-1983); Administrative Assistant (1978-1979); Administrative Aide (1977-1978)
- Hanford, California: City Manager (1983-1990)

### Education

- Master of Public Administration - California State University, Long Beach
- Bachelor of Arts in Psychology, Political Science, Cum Laude - University of California, Los Angeles

### Professional Memberships

- Santa Barbara County City Managers Association: Chair
- Orange County City Managers Association: President
- South San Joaquin Valley City Managers Association: President
- International City/County Management Association: Life Member
- Santa Barbara Neighborhood Clinics: President of the Board
- Channel Islands YMCA: Chair of the Board, Treasurer
- Santa Barbara Rotary Foundation: President
- Santa Barbara County United Way: Board of Directors
- Aircraft Owners and Pilots Association
- Experimental Aircraft Association
- Liga International (Flying Doctors of Mercy)

### **Santa Barbara (CA): City Administrator (2001-2014)**

Served as City Administrator and Redevelopment Executive Director of this well-known city with 90,000 residents, 1,000 employees, and an annual budget of \$275 million. Accomplishments include:

- Leading the organization successfully through a major downsizing as a result of the 2008-10 recession with a minimum disruption of services
- Successfully completing several important capital improvement projects including a new airline terminal, a major new downtown parking structure, important water and wastewater upgrades, and reconstruction of historic fire headquarters building
- Implementation of major organization efforts including a comprehensive performance management system, a modern communications strategy, and an award-winning sustainability program
- Development of revised budgeting and financial management systems that stabilized city finances, improved accountability, and increased transparency
- Completion of a new General Plan

### **Fullerton (CA): City Manager (1992-2001)**

Served as City Manager and Redevelopment Executive Director of a full-service city with 130,000 residents, 800 employees, and an annual budget of \$125 million. Accomplishments included:

- Restoration of downtown business area that received state and national recognition
- Restructuring of City operations to deal with a major revenue shortfall, resulting in annual savings of \$5 million
- Implementation of improved management systems that enhanced customer service, productivity tracking, internal communications, and employee morale
- Implementation of long-term planning efforts including infrastructure financing strategies, a Transportation Center Master plan, and water system master plan
- Participation on regional planning efforts which resulted in restructuring of the county solid waste system and implementation of a county-wide public safety communications system

### **Anaheim (CA): Assistant City Manager (1990-1992)**

Served as Assistant City Manager of a large, diverse city with 300,000 residents, 2,000 employees and a budget exceeding \$550 million. Duties included directly supervising eight departments, including Finance, Stadium, Convention Center, Parks and Recreation, and the Library. Accomplishments included:

- Serving on the City negotiating team to plan and implement the \$1.5 billion expansion of Disneyland, improvement to the commercial recreation area, and a major expansion of the Anaheim Convention Center
- Serving as a member of the negotiating team that successfully negotiated the development of the Anaheim Arena, a 20,000-seat multipurpose facility

### **Hanford (CA): City Manager (1983-1990)**

Served as City Manager and Redevelopment Executive Director of this full-service city with a population of 30,000 and 180 employees. Major accomplishments included:

- Numerous state and national awards for downtown restoration efforts
- Implementation of improved management systems to improve performance measurement, customer service, and budgeting
- Developed a solid waste joint powers authority in conjunction with the county and two other cities

### **Anaheim (CA): Assistant to the City Manager (1979-1983)**

- Served in progressively responsible positions in the city manager's office. Duties included working with City Council members on specific policy issues, review of all Council agenda items, supervision of the intergovernmental relations office, and work on special projects

- Managed public works maintenance functions for two years to create a new Department of Maintenance. Supervised five divisions of Public Works with a budget of \$26 million and 400 employees
- Chaired task force in negotiations with Hilton Hotels, which resulted in a 50-year lease to construct a 1600 room hotel on City-owned land
- Developed computerized work management system and productivity tracking system for use by all City departments

# Rebekka G. Hosken

## SUBJECT MATTER EXPERT

### ROLE

Rebekka will work at the direction of Seth in conducting analyses and preparing deliverables for the project.

### PROFILE

Rebekka joined Raftelis in 2020 with 16 years of direct service to local governments and 10 years of management consulting experience. As an experienced consultant, Rebekka has led organizational assessments for a broad range of operating departments and offices in cities, counties, universities, and special districts, including community development, public works, police, administration, and city attorney departments. With direct operational experience in municipal administration, public works, and finance departments, Rebekka's breadth of knowledge makes her skillful in quickly identifying organizational strengths and opportunities, analyzing operations through creation of process maps and workflows, preparing actionable recommendations for improvement, and communicating findings to a wide variety of audiences. She has consulted for over 100 clients and, during her career, served as Co-Chair of a City Quality Improvement Program, training over 600 staff members in process improvement techniques and coaching an employee team with development and design of a wastewater biosolids storage facility.

Rebekka served as finance director for the City of La Cañada Flintridge, California, a contract city north of Los Angeles. She prepared the annual budget and financial audit, as well as managed daily accounts payable, accounts receivable, payroll, and financial planning functions. As the City's second finance director, she automated several previously manual operations, including business licensing and payroll processing, coordinated acceptance of credit cards from customers for the first time, and managed the implementation of a new financial software system. During her tenure, she identified and successfully obtained a State loan for the financing of the City's new city hall and played a key leadership role in successfully moving operations and staff, as well as communicating financial impacts of the project to the City Council and public.

Previously, Rebekka was the budget officer for the City of Simi Valley, California, a full-service community in the Los Angeles region. She prepared the City's \$196 million annual budget and \$160 million capital improvement program, as well as the City's cost allocation plan. She managed the budget and capital projects module training and setup for a comprehensive citywide enterprise resource planning (ERP) system implementation across nine operating departments.

Rebekka earned a master's degree in Business Administration with a Certificate in Local Government and Non-Profit Management from Boston University, and a Bachelor of Arts from the University of Michigan – Ann Arbor. She has



### Specialties

- Organizational assessment
- Budgeting and financial analysis
- Business process improvement
- Strategic planning
- Staffing analysis

### Professional History

- Raftelis: Manager (2020-present)
- City of La Cañada Flintridge, California; Finance Director (2017-2020)
- City of Simi Valley, California; Budget Officer (2012-2017)
- City of Burbank, California; Senior Management Analyst (2010-2012)
- Management Partners; Senior Consultant (1999-2010)
- Village of La Grange Park, Illinois; Assistant Village Manager (1996-1999)
- City of Appleton, Wisconsin; Assistant to the Mayor (1994-1996)
- Town of Lexington, Massachusetts; Management Intern (1992-1993)

### Education

- Master of Business Administration – Boston University (1993)
- Certificate in Local Government and Non-Profit Management – Boston University (1993)
- Bachelor of Arts in Russian Studies – University of Michigan (1989)

### Professional Memberships

- Government Finance Officers Association
- California Society of Municipal Finance Officers

published articles in Public Management magazine and served as a trainer in sessions at International City/County Management Association (ICMA) conferences.

## **KEY PROJECT EXPERIENCE**

### **Monte Vista Water District (CA)**

The Monte Vista Water District (MVWD), a small water utility in the greater Los Angeles area, had a new General Manager seeking a comprehensive review of operational efficiencies. Raftelis provided this review, along with compensation and benefits benchmarking. Rebekka served on the team to propose changes to the District's organization structure to meet current and future needs, ensure that staff compensation was competitive with other regional agencies, and framed findings in the context of the 10 Criteria of AWWA's Effective Utility Management (EUM). A draft report has been submitted and is awaiting finalization.

### **Incline Village General Improvement District (NV)**

As a general improvement district on the shores of Lake Tahoe, Incline Village General Improvement District (IVGID) was undergoing major change of Board members and staff turnover. Questions regarding its operational efficiency led to Raftelis' assessment of the Utilities Division and IVGID financial policies, with particular focus on reserves and funding of major capital projects. Rebekka analyzed the IVGID's financials and reserve policies and provided recommendations on organization structure and staffing to address upcoming IVGID needs.

### **Encina Water Authority (CA)**

Raftelis assisted the Encina Water Authority (EWA) with outreach to its six member agencies on capital project design and planning, as well as funding. Members had expressed concern regarding EWA's financial requirements and timing, as well as design philosophies. Rebekka assisted the Raftelis team with interviews of member agency representatives and presentation of findings to EWA. The project is scheduled to be finalized in early 2022.



# Kevin Kostiuik

FINANCIAL/PROJECT ADVISOR

## ROLE

As Financial/Project Advisor, Kevin will provide technical oversight and review for the project, ensuring it meets both Raftelis and industry standards.

## PROFILE

Kevin has a background in economics and accounting and possesses extensive analytical skills. His expertise lies in water resources management, environmental economics, environmental policy, and federal water supply and flood control policy. Kevin is a member of the American Water Works Association (AWWA) Young Professionals and the Young Professionals Summit Committees in conjunction with the AWWA Utility Management Conference (UMC). He has authored an article on potable reuse in Journal AWWA discussing the treatment, financing structures, and pricing of treated water at advanced purification treatment plants; an article on municipal water demand pattern changes during the recent State-wide drought; and an article on proactive financial planning in times of drought for California Society of Municipal Finance Officers (CSMFO) Magazine. Most recently Kevin presented at the AWWA UMC discussing a recent evaluation of the conceptual CustomerSelect rate model for Soquel Creek Water District.

## KEY PROJECT EXPERIENCE

### Crescenta Valley Water District (CA)

Kevin developed a combined water and sewer financial plan and rate model for the Crescenta Valley Water District (District) in 2016. The cost-of-service and rate study included several workshops with the District Board which culminated in structural changes to the District's existing water and sewer rate structures. In addition to the tiered water rate structure, which was ultimately adopted, Kevin developed a water budget rate model for evaluation by District staff and the District Board.

Prior to the cost-of-service and rate study, Kevin performed an economic analysis for the District to determine the feasibility of offsetting imported water supply with the production of local groundwater. Kevin created a customized model for the District to use under different scenarios of capital requirements, lease options, and contract lengths. As part of the study, he reviewed the District's prior consultant's work, determined internal rate of returns, calculated the net present value of district savings, and determined the cost at which the District should lease water rights for groundwater production.

### East Valley Water District (CA)

Raftelis contracted with East Valley Water District (District) in 2014 to develop budget-based rates to replace the District's existing uniform rate structure. Kevin assisted the District with design and implementation of budget-based water rates for their 23,000 accounts including residential, commercial, and irrigation customers. The study included



## Specialties

- Water & Drought rate design
- Water budget rate structures
- Utility cost-of-service
- Sustainable Groundwater Management Act
- Data analysis
- Environmental policy analysis

## Professional History

- Raftelis: Manager (2020-present); Senior Consultant (2014-2019); Consultant (2014-2015)
- Turner New Zealand, Inc.: Director of Operations (2009-2012); Accounting Manager (2007-2009)
- Lesley, Thomas, Schwarz & Postma, Inc.: Staff Accountant (2007)

## Education

- Master of Environmental Management - Duke University (2014)
- Bachelor of Arts in Business-Economics & History - University of California, Santa Barbara (2006)

creation of a long-term financial plan and full cost-of-service study for the water enterprise. Kevin developed the 10-year financial plan model, rate model, and water budget model for the District.

Kevin worked closely with the District's finance, IT, and billing departments in the early stages to analyze customer account level data including monthly use. He also worked with the District's GIS and other outside consultants to develop the water budget model using irrigable landscape area, customer class, assessor parcel number (APN), etc. for construction of indoor and outdoor allocations, or budgets.

The project incorporated significant public outreach whereby Raftelis led meetings with ratepayers to receive input, provide study updates, and answer questions of the public. The ratepayer meetings assisted adoption of the new rate structure and implementation. The rate structure that the Board adopted allows for the most precise, scientific, and equitable design of rate structures, tailored specifically to an individual account.

### **Goleta Water District (CA)**

Kevin completed a full water cost-of-service study for the Goleta Water District (District) which included design of inclining tiered rates for their single-family residential class, as well as agricultural rates for two classes. Complexities in customer classes' access to District water supplies, interruptibility during times of drought, and benefit (or lack thereof) from treatment made the analysis unique and challenging. The study included development of a long-term financial plan model, rate model, and corresponding bill impacts.

To achieve the District's demand reduction targets as outlined in their Drought Management Plan, the District wished to explore drought rates/drought surcharges to curb demand. Ultimately, Kevin developed three options of revenue neutral drought surcharges for the Board's consideration. These various options ranged from targeted surcharges on an inter- and intra-class basis, to a surcharge applied to non-drought commodity rates, to a uniform commodity surcharge irrespective of customer class or use. The proposed rates and drought surcharges were adopted and implemented July 1, 2015.

### **City of Redlands (CA)**

Kevin updated prior financial plans developed by Raftelis for the City of Redlands (City) for their water and sewer enterprises. The update included building in more flexibility to the model for ease of use and for future updates, as well as making the model dashboards more user friendly.

The state-wide drought in California called for a mandatory 25% reduction for all water service agencies in the state. The City's target was to reduce residential consumption by 35%. Kevin assisted the City in design and implementation of drought surcharges to achieve a 35% reduction and to recover lost revenue from reduced water sales.

Additional work for the City included updating the City's Storm Drain Impact Fee and miscellaneous fee for National Pollutant Discharge Elimination System (NPDES) inspections as part of the MS4 permit requirement. The storm drain fee had not been reevaluated in 20 years. Additionally, the City had recently completed a Storm Drain Master Plan which called for \$83 million in improvements to system deficiencies. Kevin developed a methodology to retain the existing impact fee structure while updating the fee paid by different land use classes.

In 2015 and 2016 Kevin developed a water budget rate model for the City to evaluate a new rate structure. The model integrated with the existing water financial plan model and designed parallel water budget rates for consideration by City staff and the Council.

### **City of Camarillo (CA)**

Raftelis has provided rate consulting services to the City of Camarillo (City) for the past seven years with Kevin serving as lead analyst the past three years. In the current rate cycle Kevin serves as project manager. The City adopts rates on a two-year cycle and the most recent study included rebuilding long term financial plan models, revising the wastewater utility's rate structure, and performing a cost-of-service analysis for the sewer utility. Kevin has made presentations to the City Manager, City's Utility Committee, and City Council in consecutive years. Kevin successfully presented rates to City Council in December 2016, November 2017, and November 2018.

During the height of the most recent state-wide drought, the City contracted with Raftelis to evaluate emergency drought rates as a conservation and revenue recovery tool. Kevin adapted the existing financial plan model and developed multiple scenarios based upon the City's water supply condition stages. Kevin developed drought rates utilizing the City's financial plan at each stage and estimating water reductions. The rates were not adopted prior to the end of the state-wide drought; however the drought tool is available for quick implementation should drought conditions return. Raftelis again contracted with the City for another two-year rate and capacity fee study in 2019.

### **City of Tustin (CA)**

Raftelis contracted with the City of Tustin (City) to develop a 10-year financial plan and evaluate a budget-based rate structure for its customers. Kevin worked extensively with City staff, Raftelis' data services team, and outside consultants of the City to develop the water budget allocation and rate model for the City's approximately 14,000 customer accounts. As part of the model build, data from GIS consultants had to be organized and validated for each of the City customers' parcels. Raftelis' data services team worked internally to ensure matches between assessor's data and GIS data for integration to the water budget model. Rates and customer impacts have been presented to City staff and a public outreach campaign is being devised in anticipation of the council workshop. The project is ongoing.

### **Placer County Water Agency (CA)**

In 2015 Placer County Water Agency (PCWA) contracted with Raftelis to evaluate its water system. PCWA provides retail and wholesale water service to treated water and raw water users throughout western Placer County. In Phase I of the project, Kevin evaluated the current system's four service zones and numerous service classes and customer classes. Raftelis then provided recommendations to consolidate and simplify the water system organization and structure. In Phase II Raftelis performed a cost allocation study between the four proposed classes of service to identify the cost of providing service to these distinct users. Phase III consisted of performing cost-of-service analyses for PCWA's four service classes and developing corresponding rates. The study was completed in October 2017 with new organization, rate structures, and associated rates implemented January 1, 2018.

Additional to the water system evaluation and cost-of-service study, Kevin developed a water budget model for PCWA's internal use. The water budget model allows PCWA to examine their Single Family Residential (SFR) customer's usage patterns relative to efficiency standards, climate, and account level characteristics. The model will aid in water management and give insight into water demand pattern changes with the PCWA's new rate structure and rates.

### **Borrego Water District (CA)**

Raftelis contracted with the Borrego Water District (District) to evaluate the impact of county growth projections as well as the Sustainable Groundwater Management Act (SGMA) of 2014. Kevin utilized the existing financial plan model, water supply analyses provided by other District consultants, and assumptions on land acquisitions to determine the effect of SGMA on long term water rates. The Borrego Groundwater Basin is critically over drafted, and users will need to decrease water production significantly to achieve sustainable yield by 2040. This will require the District to reduce per capita water use and acquire production credits within the basin by fallowing agricultural land. Kevin estimated water

rates in each year through 2040 incorporating assumptions on groundwater production, market values of land in the basin, debt financing, and water source alternatives.

In 2017 Kevin examined the affordability of water rates charged to the District's customers. The assessment analyzed both existing and future rates and affordability under the SGMA scenario identified in 2016. The affordability assessment relied upon the SGMA Impact Assessment and corresponding demand projections, basin yield assumptions, financing assumptions, and projected rates to the year 2040. The project allowed the District to understand affordability of existing rates and water allocation and to estimate the affordability impacts of SGMA compliance in the Borrego Groundwater Basin over the long term.

### **Borrego Valley Groundwater Sustainability Agency (CA)**

Raftelis was contracted by the Borrego Valley Groundwater Sustainability Agency (Agency) to develop a financial planning model and fee options for the new entity as mandated by the Sustainable Groundwater Management Act (SGMA). Tasks included working with the core project team to develop policy options for fee structuring and various fee recovery mechanisms. Project deliverables included a financing plan memorandum; an Excel-based financial plan Model, operating, and administrative budget creation; and a user manual for the Excel Model. The deliverables were used in the submission of the Groundwater Sustainability Plan (GSP) to the State Department of Water Resources (DWR) in 2019.

### **Monterey County Water Resources Agency - New Source Water Evaluation (CA)**

In 2017, Kevin performed a cost analysis and evaluation of new source waters from recycled water for its coastal agricultural users. Recycled water production from the several sources will require new infrastructure, treatment, and maintenance. Kevin built an electronic model which incorporated different climate scenarios, costs of capital, operating, maintenance, and treatment, and the water available from all sources under different weather conditions and water rights. The project is ongoing with a series of meetings with the Agency's agricultural customers, County Board of Supervisors, and stakeholder agencies.

## **PROJECT LIST**

- Antelope Valley (CA) - East Kern Water Agency
- Citrus Heights Water District (CA) - Groundwater supply analysis
- Coastside County Water District (CA) - Water rate study
- Elsinore Valley Municipal Water District (CA) - Drought surcharge study
- City of Lancaster (CA) - Wastewater cost-of-service study
- Madera County Groundwater Sustainability Agencies (CA)
- Montecito Basin Groundwater Sustainability Agency (CA)
- City of Torrance (CA) - Wastewater cost-of-service and rate study
- Triunfo Sanitation District (CA) - Water rate study
- Ventura County Waterworks District No. 8 Simi Valley (CA)

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**COLANTUONO**  
**HIGHSMITH**  
**WHATLEY, PC**

Holly O. Whatley  
(213) 542-5704  
HWhatley@chwlaw.us

January 4, 2022

**VIA E-MAIL**

Nicholas Turner, P.E.  
General Manager  
Montecito Water District  
583 San Ysidro Road  
Santa Barbara, CA 93108

Brad Rahrer  
General Manager  
Montecito Sanitary District  
1042 Monte Christo Lane  
Santa Barbara, CA 93108

**Re: Representation of MWD and MSD re LAFCO Issues**

Dear Mr. Nick Turner and Mr. Rahrer:

As asked, I write to propose the terms under which we agree to advise Montecito Water District ("MWD") and Montecito Sanitary District ("MSD") (collectively, the "Districts") regarding the potential reorganization of the Districts into one agency and in particular regarding LAFCO-related procedures and issues. The firm currently represents MWD on ratemaking and related public finance matters. This will be our sole project for MSD; if we can assist either of you on other matters, please let me know. Colantuono, Highsmith & Whatley, PC and all of its professionals are very pleased to have the opportunity to represent you in this matter.

This letter sets forth the basis upon which our firm will provide legal services to the Districts and bill you for services and costs. The firm maintains a conflict of interest index which lists all clients of our firm and matters in which we represent them. We will not represent any party with an interest that may be adverse to an indexed person without first determining if a professional conflict of interest would arise. We propose to index the following with respect to this matter:

Mr. Turner & Mr. Rahrer

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Client-Affiliated Parties:

Montecito Water District

Montecito Sanitary District

Adverse Parties:

None

Please let me know if any of these names are incorrect or if there are other parties with an interest in this matter that we should list such as, for example, an agency that might be affected by the potential merger of the two Districts. Unless we hear from you to the contrary, we will assume that the above listing is accurate and complete.

We have reviewed our files and our conflicts index and have no other client relationships which would interfere with our ability to represent you in this matter. Because our representation in this matter will be of two separate entities, careful consideration must be given to such joint representation, including express written consent to do so.

### **Joint Representation**

We must advise you about the pros and cons of joint representation under the California Rules of Professional Conduct. In a joint representation, all of the MWD and MSD's individual communications with us will be privileged as to third parties but will not be privileged as between the two Districts. As long as we represent the two Districts, there will be no privilege shielding our discussions with either of the two Districts about this project from others of you. Likewise, if a dispute arises between you about this representation, the law will not allow either District to invoke the privilege against another as to any information which any disclosed to us about this matter during our representation of both Districts. If such a lawsuit arose, section 962 of the California Evidence Code could require us to disclose such information.

### **Actual Conflicts**

At present, we are aware no actual conflicts of interest among you as to the possible reorganization into one special district — you have common interest in advancing the project and obtaining any necessary LAFCO approvals (if the project proceeds) in the most cost-effective manner to the Districts. However, if an actual conflict arises, we might need to withdraw from representing all of you on this matter. The Firm, however, would

Mr. Turner & Mr. Rahrer

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continue to represent MWD under the termination provision below in matters unrelated to this representation. We will advise you if an actual conflict becomes apparent. We ask that you advise us if you become aware of any conflicts between the Districts.

### **Potential Conflicts**

Conflicts can arise among jointly represented parties, as when they differ as to strategy. For example, you may have disagreement among you as to how to handle the transition from one governing board to two, or which principal act to use for the surviving special district. While these scenarios may seem remote at this time, we must disclose their potential. If a conflict arises, we will work with both Districts to resolve it. If we cannot, an actual conflict would develop, and we would withdraw from representing both of you as to this matter, and continue to represent MWD on unrelated matters.

We are not aware of any such circumstances nor of any threatened or potential claims between any of you. If you are aware of any differences among you which could make it difficult for us to represent all of you, please let me know immediately.

### **Agreement Between Districts**

Attached is a copy of an Agreement Regarding Apportionment of Legal Fees and Costs Related to Potential Reorganization ("Districts Agreement"). The Districts' entry into the Districts Agreement is a condition precedent to this letter agreement. We are an express third-party beneficiary of the Districts Agreement's provisions touching on our work for you and our compensation for performing it. By signing this agreement and retaining our firm to represent you in this matter, you agree to pay our legal fees as it prescribes. You also agree to notify us, and provide us executed copies, of any amendments to the Districts Agreement.

The Districts Agreement is a contract between the Districts. We cannot be involved in interpreting that contract or resolving any disputes regarding it, as doing so would necessarily involve us in a matter as to which our clients have conflicting interests. Accordingly, you agree that our firm and its professionals will represent no party in such a dispute.

Mr. Turner & Mr. Rahrer

January 4, 2022

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### **Termination of Representation**

We reserve the right to withdraw from representing one or both Districts if we conclude a conflict prevents us from adequately fulfilling our responsibilities to some or all of you. Either District may likewise terminate our services as to the party making that decision.

By signing below you agree that, if we cease representing one or both Districts in this engagement for any reason, we may continue to represent MWD on any matter unrelated to this representation. Thus, we are now asking MSD to consent to our continued and future representation of MWD. By signing below, MSD agrees not to assert any conflict of interest or to seek to disqualify us from continuing to represent MWD on matters not related to this representation, notwithstanding any present or future adversity between MSD and MWD. This includes a waiver of any right to object to our continued representation of MWD on the grounds that we obtained confidential information from you in this joint representation.

The nature of the matter makes it impossible for us to precisely estimate the fees you may incur. You will receive monthly statements informing you of the fees and costs incurred during the prior month. We will, of course, do our best to represent you efficiently and without undue expense.

Please make payments payable to Colantuono, Highsmith & Whatley, PC directly to our Grass Valley office at:

Colantuono, Highsmith & Whatley, PC  
420 Sierra College Drive, Suite 140  
Grass Valley, CA 95945-5091

Our federal employer identification number is 75-3031545.

I will have primary responsibility for your representation on this project, and the firm will use other attorneys and legal assistants in the best exercise of our professional judgment. If you have questions, concerns or criticisms at any time, please contact me at once. Naturally, we expect you to keep us reasonably informed of all significant developments regarding this representation.



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We review all statements before they are issued to ensure the amount charged is appropriate. The statement for fees is simply the product of the hours worked multiplied by the hourly rates for the attorneys and legal assistants who did the work.

Our hourly rates are based upon the experience, reputation and ability of the lawyer or legal assistant performing the services, and for 2021 range between \$220 and \$525 per hour for attorneys@time, and between \$135 and \$170 for the time of paralegals and legal assistants. As a courtesy to you, however, we agree to cap our standard rates at \$400. Our rate structure in general and the rates of particular lawyers may be increased from time to time and are usually adjusted as of the beginning of each calendar year. We also agree not to exceed fees of \$25,000 total without obtaining authorization from each of you in advance.

It may be necessary to bill you for items such as, but not limited to, authorized travel, long distance telephone calls, filing fees, photocopying, computerized legal research outside the scope of our Westlaw contract and the like. These items are separately itemized on our statement as "disbursements." These amounts will be billed in addition to our fees.

Generally, unless directed otherwise by the Districts, we will divide our fees and costs in this engagement evenly between the Districts with one exception. The full amount of fees and costs for tasks related solely to one of the Districts (e.g. attendance at a Board meeting) will be billed only to that District.

We will send you monthly statements and expect payment within 15 days of the billing date. If payment is not received within 30 days of the billing date, we reserve the right to charge interest on the unpaid balance at the rate of 1% per month and to terminate our representation.

We rarely have disputes with clients over our fees. Nevertheless, you should be aware that you are entitled to require that any fee dispute be resolved by binding arbitration in Los Angeles or Nevada Counties pursuant to the arbitration rules for legal fee disputes of the respective County Bar Association. We agree that all disputes between us regarding the services rendered or fees charged not resolved via County Bar fee arbitration will be submitted to binding arbitration in Los Angeles County county as agreed between CH&W and client] to be conducted by ADR Services, Inc. in accordance with its commercial arbitration rules. **YOU SHOULD REVIEW THIS**

**PARAGRAPH CAREFULLY AND, IF YOU WISH, SEEK INDEPENDENT LEGAL COUNSEL REGARDING IT, AS YOU AND WE ARE AGREEING TO FOREGO SIGNIFICANT RIGHTS IN THE EVENT OF A DISPUTE BETWEEN US, INCLUDING THE RIGHT TO A JURY TRIAL.**

You have the right to terminate our representation at any time. We have the same right, subject to an obligation to give you reasonable notice to arrange alternative representation. In either circumstance, you agree to secure new counsel to represent you as quickly as possible and to cooperate fully in the substitution of the new counsel as counsel of record in any litigation in which we may subsequently agree to represent you. Notwithstanding the termination of our representation, you will remain obligated to pay to us all fees and costs incurred previously.

You agree that we may, in our discretion, maintain all or part of your client file in electronic format. The firm may store part or all your documents using secure cloud storage services. If so, the firm will apply all reasonable methods to maintain the confidentiality of your files, just as it does for your non-digital information. Your data will be password protected and encrypted using currently available technology. Clients requiring information from their files may obtain that information only by written request to us.

You also agree that following termination of our attorney-client relationship, we will not be required to maintain your client file for more than two years. If you ask us to deliver your file to you, you agree that delivery of an electronic version, together with any materials that cannot be saved electronically, satisfies our obligation to release all your client papers and property to you. Two years after termination of our relationship, and after reasonable notice, you agree that we will be free to destroy your client file, including all electronic records. We may also discharge our obligation to maintain your file before two years expire by mailing a copy to you at your address last known to us. You agree that "reasonable notice" means our mailing a notice of our intent to destroy your client file to you at that address.

I apologize for the formality of this letter, but we are required by California law to provide this information to you in writing. We are also required to inform you that we currently maintain professional liability insurance coverage.

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Please review the foregoing and, if it meets with your approval, execute it and return it to me. If you have any questions, please feel free to call me at the direct-dial number above. Thank you for the opportunity to represent you!

Very truly yours,



Holly O. Whatley

HOW:sh

c: Robert Cohen, General Counsel, Montecito Water District  
Mark Manion, General Counsel, Montecito Sanitary District

On behalf of **Montecito Water District**, I agree to retain Colantuono, Highsmith & Whatley, PC to provide legal services as set forth above, to pay for its services as provide above and to the joint representation of MWD and MSD as described above.

\_\_\_\_\_  
Signature

Date: \_\_\_\_\_, 2022

By: \_\_\_\_\_

Title: \_\_\_\_\_

Mr. Turner & Mr. Rahrer

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On behalf of **Montecito Sanitary District**, I agree to retain Colantuono, Highsmith & Whatley, PC to provide legal services as set forth above, to pay for its services as provide above, to the joint representation of MWD and MSD as described above and to the consent for Colantuono, Highsmith & Whatley, PC to continue to represent MWD on other matters if they cease to represent either District in this representation.

\_\_\_\_\_  
Signature

Date: \_\_\_\_\_, 2022

By: \_\_\_\_\_

Title: \_\_\_\_\_



# Montecito Sanitary District

1042 Monte Cristo Lane    *A Public Service Agency*  
Santa Barbara, CA 93108

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## MONTECITO SANITARY DISTRICT STAFF REPORT

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**DATE:** JANUARY 31, 2022  
**TO:** STRATEGIC PLANNING COMMITTEE  
**FROM:** GENERAL MANAGER  
**SUBJECT:** REACTIVATION OF MONTECITO SANITARY DISTRICT'S  
RECYCLED WATER PILOT PLANT

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### RECOMMENDATION

1. For committee consideration

### DISCUSSION

Since late September 2021, the Montecito Water District and Montecito Sanitary District have been working with Carollo Engineers on the preparation of an Enhanced Recycled Water Feasibility Study, which builds on Montecito Water District's 2018 Recycled Water Feasibility Study and focuses on local and regional potable reuse opportunities. As part of this enhanced study, Carollo is analyzing the Montecito Sanitary District Wastewater Treatment Plant to determine necessary improvements for an advanced treatment system. Determining the necessary improvements involves understanding the wastewater quality and how it will impact the treatment systems. In the recent years, Montecito Sanitary District purchased and has operated a recycled water pilot treatment system to test and evaluate the effectiveness of pulse reverse osmosis technology in advanced treatment of wastewater. This pilot system was placed in standby mode in June 2021.

Carollo is recommending reactivating the recycled water pilot system to obtain additional operational data to support future decision making and ultimately system design. Incorporated into the agreement between the Districts and Carollo is an optional task to support the Montecito Sanitary District (MSD) Staff in its operation of the pilot system. This operational task has an associated cost of \$19,749 of which is being split 50/50 between the Districts. This optional task was previously approved by the Montecito Water District and the Montecito Sanitary District as part of their respective approvals of the

project but subsequently, the Montecito Sanitary District opted to temporarily suspend all work associated with this optional task until further notice.

The additional data gained from operating the pilot system would support decision making during the later phases of the enhanced study and if a project is implemented, could potentially avoid operational challenges that may result in costly modifications to achieve optimal performance.

Management recommends the Montecito Water District's Strategic Planning Committee support reactivation of the recycled water pilot system.

**ATTACHMENTS:**

None