

November 3, 2023

Mr. Mark Uribe
Director of Finance
City of Camarillo
601 Carmen Drive
Camarillo, CA 93010

Subject: Proposal for Water Enterprise and Camarillo Sanitary District Financial Plan Updates

Dear Mr. Uribe:

Raftelis Financial Consultants, Inc. (Raftelis) is pleased to submit this scope of services to provide the City of Camarillo (City) studies in updating the Water Enterprise and Camarillo Sanitary District (CSD) financial plans and the utilities' miscellaneous fee schedule. The proposed study includes updates and refinements to the long-range financial plans for the water and wastewater utilities, including evaluating up-to-date future capital scenarios and financing options for CSD, water supply and demand information, and mid-year financial information.

I, Kevin Kostiuk, will serve as Project Manager for this engagement, managing the day-to-day tasks of the project and ensuring that it stays on schedule and on budget. Steve Gagnon, PE, will serve as Project Director. Steve has 20 years of experience in financial analysis and environmental engineering, is registered with the Securities and Exchange Commission (SEC) as a Municipal Advisor Representative, and is a registered professional engineer. Steve will provide oversight and direction where necessary. Lindsay Roth, located in our Los Angeles office, will lead the model update efforts and assist with project deliverables and meetings.

Raftelis is proud of the team and resources we can offer. I am authorized to negotiate on behalf of and to bind Raftelis contractually. Should you have any questions, please do not hesitate to contact me.

If you have any questions, please do not hesitate to contact me. My contact information is below. We thank you for the opportunity to assist the City.

Kevin Kostiuk, Senior Manager
445 S Figueroa Street, Suite 1950, Los Angeles CA 90071
P: 213.262.9309 / E: kkostiuk@raftelis.com

Sincerely,

Kevin Kostiuk



Scope of Services

RATE STUDIES - FINANCIAL PLAN UPDATES

Task 1 Project Initiation and Management

KICK-OFF MEETING

The kick-off meeting will allow the City to provide input on the project's approach, work plan, schedule, and priorities. Raftelis will develop a kick-off meeting package that contains the meeting agenda and presentation materials to guide the discussion.

DATA COLLECTION AND REVIEW

Prior to the kick-off workshop, Raftelis will have reviewed the City's water and wastewater-related data provided through the data request. The data request will include customer information and financial documents such as adopted and proposed budgets, capital plans, and prior year water demands, among other items. The kick-off workshop will provide an opportunity to review a substantial portion of the requested data jointly.

PROJECT MANAGEMENT

Our project management approach stresses communication, teamwork, objectivity, and accountability to meet project objectives. This task includes general administrative duties, including client correspondence, billing, project documentation, and administration of the study plan.

Meetings/Workshops: One (1) project kick-off meeting

Deliverables: Kick-off meeting presentation materials and meeting minutes

Task 2 – Financial Plan Updates

WATER ENTERPRISE FINANCIAL PLAN UPDATE

Once all data has been collected and reviewed, Raftelis will utilize the existing Water Enterprise financial plan model to project the City's revenue requirements based on historical results, the current budget, the City's updated capital improvement program (CIP), and the most refined estimates for future water supplies and most recent demands.

Modeling the yearly ending cash balance and debt service coverage ratio allows staff, the Utilities Committee, and the City Council to determine the effects of the updated operating and capital budgets and to assess the proper use of future debt and reserves to fund future capital needs. This also allows for a comparison to prior year model results and a reconciliation of differences between the adopted two-year rate schedule and results of the financial plan update. Raftelis will project the amount of cash to be collected through water charges to meet the enterprise's costs, including O&M, capital, future debt service, and reserve funding.

CSD FINANCIAL PLAN UPDATE

Raftelis will conduct the same update to the CSD financial plan model. The updated financial plan results will be compared against the adopted rate schedule.

Meetings: Up to four (4) webinars with City and CSD staff

Deliverables: Updated Financial Plan Models for Water and CSD

Task 3 – Public Meetings

CITY MANAGER MEETING

Before our presentations to the Utilities Committee and the City Council, Raftelis will meet with the executive City staff and the City Manager to review preliminary financial plan results. This presentation will be the basis for the Utilities Committee and City Council presentations in the following sub-tasks.

UTILITIES COMMITTEE MEETING #1

Raftelis will present results at a working session with the Utilities Committee. The session will discuss the preliminary results of the financial plan updates and a comparison to the long-range plan which informed the two years of rates adopted in October 2023. Changes, comments, and feedback will be incorporated into final, revised results.

UTILITIES COMMITTEE MEETING #2

Raftelis will hold a second meeting with the Utilities Committee to review revised results and recommendations. Raftelis will incorporate feedback from the Utilities Committee into a presentation for the City Council.

CITY COUNCIL PRESENTATION

Raftelis will present the financial plan update results to the City Council. The presentation will highlight the primary drivers for any changes relative to the 2023 Study. It is envisioned that the presentation will provide the basis for implementing the year two rate increases for each utility, or rates lower than noticed, if financially prudent.

Meetings/Workshops: Four (4) total meetings: one (1) virtual meeting with the City's executive staff, two (2) on-site with the Utilities Committee, and one (1) presentation to City Council

Deliverables: Presentation materials

Task 4: Financial Plan Updates Memorandum

Raftelis will prepare a memorandum documenting the financial plan update and describing the recommendation for the upcoming fiscal year. The memo will provide supporting documentation of the study in addition to Raftelis' meeting presentations and Ventura Water staff reports.

Meeting(s): One (1) conference call to review comments on the draft report and Proposition 218 notice

Deliverable(s): Draft and Final Memorandums in Microsoft Office and Adobe PDF; presentation materials

WATER AND CSD MISCELLANEOUS FEE STUDY

Raftelis will work with City staff to update the administrative and non-rate fee schedule. These fees recover administrative costs associated with different City and CSD service work. Our approach involves calculating the average cost of performing specific tasks. We will work with staff to determine the average time spent on various tasks by varying levels of personnel and incorporate fully-burdened labor rates by personnel type; as well as the various rates for types of equipment used to perform these tasks and any materials involved. The summation of these items determines the total cost for each administrative and service task. Raftelis will consider the existing fee schedule and any prior analyses. Some fees may require discussion, or interviews, with City staff to determine the level of effort involved in the services provided for different fees.

The result of the study will be an updated schedule of miscellaneous fees and an Excel-based model for easy use for future updates. Raftelis will provide backup documentation of these calculations within the Financial Plan Update Memorandum if requested.

Meeting(s): Up to three (3) virtual meetings with City staff to discuss fee components, identify the level of effort from City personnel, and to review preliminary fee results

Deliverable(s): Final Miscellaneous Fee schedule; Miscellaneous Fee model in Microsoft Excel

Fee Schedule

Raftelis proposes to complete the scope of work outlined above on a time-and-materials basis with a not-to-exceed cost of \$41,317 for the Financial Plan Update Study and \$8,180 for the Miscellaneous Fee Study, for a total not-to-exceed amount of \$49,497. The following work plan provides a detail of the estimated level of effort required for completing each study and task described in the scope and the hourly billing rates for the personnel scheduled to complete the project.

Tasks	Web Meetings	In-person Meetings	Hours					Total Fees & Expenses
			SG	KK	LR	Admin	Total	
Rate Studies - Financial Plan Updates								
Task 1: Project Initiation and Management		1	2	8	12	4	26	\$5,792
Task 2: Financial Plan Updates	4		6	20	36		62	\$14,670
Task 3: Public Meetings	1	3	6	32	20		58	\$15,455
Task 4: Financial Plan Updates Memorandum	1			6	18	2	26	\$5,400
Miscellaneous Fee Study	3		2	10	24		36	\$8,180
Total Meetings / Hours	6	4	16	76	110	6	208	
Hourly Billing Rate			\$325	\$285	\$195	\$90		
Total Professional Fees			\$5,200	\$21,660	\$21,450	\$540	\$48,850	
<i>SG - Steve Gagnon, Project Director</i> <i>KK - Kevin Kostiuik, Project Manager</i> <i>LR - Lindsay Roth, Lead Consultant</i> <i>Admin - Raftelis Administration</i>							Total Fees	\$48,850
							Total Expenses	\$647
							Total Fees & Expenses	\$49,497