

**NOTICE OF SPECIAL MEETING
OF THE
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
BOARD OF DIRECTORS**

September 1, 2016

8:30 a.m.

NOTICE IS HEREBY GIVEN that a Special Meeting of the South Orange County Wastewater Authority (SOCWA) Board of Directors has called by the Chairman to be held on **Thursday, September 1, 2016 at 8:30 a.m. at the Dana Point Inn, in the Dana Point Room, located at 24800 Dana Point Harbor Drive, Dana Point, California.**

THE SOCWA MEETING ROOM IS WHEELCHAIR ACCESSIBLE. IF YOU REQUIRE ANY SPECIAL DISABILITY RELATED ACCOMMODATIONS (I.E., ACCESS TO AN AMPLIFIED SOUND SYSTEM, ETC.) PLEASE CONTACT THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY SECRETARY'S OFFICE AT (949) 234-5421 AT LEAST TWENTY-FOUR (24) HOURS PRIOR TO THE SCHEDULED MEETING. THIS AGENDA CAN BE OBTAINED IN ALTERNATE FORMAT UPON WRITTEN REQUEST TO THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY'S SECRETARY AT LEAST TWENTY-FOUR (24) HOURS PRIOR TO THE SCHEDULED MEETING.

AGENDA EXHIBITS AND OTHER WRITINGS THAT ARE DISCLOSABLE PUBLIC RECORDS DISTRIBUTED TO ALL, OR A MAJORITY OF, THE MEMBERS OF THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY BOARD OF DIRECTORS IN CONNECTION WITH A MATTER SUBJECT TO DISCUSSION OR CONSIDERATION AT AN OPEN MEETING OF THE BOARD OF DIRECTORS ARE AVAILABLE FOR PUBLIC INSPECTION IN THE AUTHORITY OFFICE, 34156 DEL OBISPO STREET, DANA POINT, CA ("AUTHORITY OFFICE"). IF SUCH WRITINGS ARE DISTRIBUTED TO MEMBERS OF THE BOARD LESS THAN TWENTY-FOUR (24) HOURS PRIOR TO THE MEETING, THEY WILL BE AVAILABLE IN THE RECEPTION AREA OF THE AUTHORITY OFFICE AT THE SAME TIME AS THEY ARE DISTRIBUTED TO THE BOARD MEMBERS, EXCEPT THAT, IF SUCH WRITINGS ARE DISTRIBUTED IMMEDIATELY PRIOR TO, OR DURING, THE MEETING, THEY WILL BE AVAILABLE IN THE BOARD MEETING ROOM.

AGENDA

- 1. Call Meeting to Order**
- 2. Public Comments**

THOSE WISHING TO ADDRESS THE BOARD OF DIRECTORS ON ANY ITEM LISTED ON THE AGENDA SHOULD SUBMIT A "REQUEST TO BE HEARD" FORM TO THE CLERK OF THE BOARD BEFORE THE PRESIDING OFFICER ANNOUNCES THAT AGENDA ITEM. YOUR NAME WILL BE CALLED TO SPEAK AT THAT TIME.

NOTICE OF SPECIAL MEETING – BOARD OF DIRECTORS

September 1, 2016

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3. SOCWA Joint Powers Authority Agreement (2 hours)

Facilitator Michele Tamayo will lead the Board of Directors in a Planning Session to:

- A. Review Weighted Voting Survey Information and discuss:
- a. Member Agency Representation on Authority Board of Directors
 - b. Member Agency Voting on Authority Business

Recommended Action

- Board to reach a determination as to further evaluation of JPA participation and voting issues.
- Review and discussion of opportunities.
- Discussion of approach and information needed for a meaningful resolution to issues.

Break (15 minutes)

4. Service Proposal Evaluation of Administrative Expense Allocation (15 minutes)

Recommended Action: Board to consider service proposal of Revenue and Cost Specialists, LLC to assist SOCWA in setting a “fair share” administrative expense allocation based on value received by member agencies from SOCWA. Estimated Cost \$8,000.

5. Closed Session (45 minutes)

A closed session will be conducted under Government Code Section 54956.9 for a discussion of Potential Litigation in 1 matter.

I hereby certify that the foregoing Notice was personally emailed or mailed to each member of the SOCWA Board of Directors at least 24 hours prior to the scheduled time of the Special Meeting referred to above.

I hereby certify that the foregoing Notice was posted at least 24 hours prior to the time of the above-referenced Board of Directors at the usual agenda posting location of the South Orange County Wastewater Authority and at www.socwa.com.

Dated this 29th day of August, 2016,



Betty C. Burnett, General Manager/Secretary
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

Agenda Item

Legal Counsel Review: No

Meeting Date: September 1, 2016

TO: SOCWA Board of Directors
FROM: Betty Burnett, General Manager
SUBJECT: SOCWA Policies on Agency Representation and Weighted Voting

Background

On June 28, 2016, the SOCWA Board passed the FY 2016-17 Budget by one motion approving the Authority and agreed that there was merit in further discussion of options for changing the one agency one vote method utilized for all decisions at SOCWA. The topic of agency representation for the JPA and weighted voting was put on the agenda and further discussed at the August 4, 2016 Board of Director Meeting. At that time, Member Moulton Niguel Water District representative Joone Lopez presented their request for a change in policy direction for SOCWA to align agency voting more closely with O&M cost contributions.

At the August 4, 2016 Board of Directors meeting, JPA research/survey information was presented to the Board (as provided by SOCWA Counsel, Pat Giannone). The survey detailed select information as to the various types of voting that some other Joint Powers Agencies and/or joint enterprise participants use (See attached). For the majority of entities researched, one agency one vote was the prevailing approach irrespective of size or cost contributions to the enterprise, some having requirements for unanimous voting for specific items. An example would be Orange County Sanitation Districts where very large contributors such as the City of Anaheim have one vote alongside smaller participants such as Midway City Sanitary District, which also participate with one vote.

The survey also reviewed agencies that did use some form of weighted voting or afforded larger participants (by population, assessed valuations or ownership) greater voting shares. The methods for a greater share of influence were varied. For example, with respect to San Diego County Water Authority, the City of San Diego holds 10 seats on a 34 member appointed Board of Directors, and at least 5 City representatives must be in attendance at SDCWA meetings to form a quorum. Assigned representative seats are set by an analysis of financial contribution and corresponding allocated percentages reviewed and adjusted annually. Another alternative example reviewed was Encina Wastewater Authority, where a weighted vote can be called for when actions address major facilities. The result of the vote is determined based on the majority of capacity ownership in the facilities.

Policy Statements

The August 4, 2016 Board meeting included a discussion of policy statements about which there was general agreement, as follows:

- a. Member agencies have a fiduciary responsibility to both their own customers and to their partners in SOCWA.
- b. Decision making at SOCWA is founded in the premise that the wastewater treatment needs of each community represented will be met equitably.

- c. Capital costs related to the upkeep and/or retirement of owned fixed assets are a core responsibility of each member agency and each agency should include such costs for purposes of setting rates, fees and charges such that no agency is without the resources to meet its needs and will not burden its partners in those assets.
- d. Capital Program adjustments should include a balance against the future needs of each agency toward eliminating where possible ongoing costs for facilities that may no longer be needed.
- e. As a collective, members of SOCWA and Project Committees recognize that a balance exists between their fiduciary responsibility to their ratepayers and their governing participation in regards to meeting water quality requirements, permitting obligations and ensuring appropriate facility maintenance and improvement.
- f. The diversity of ownership and project committees at SOCWA facilities calls for each agency to maintain its interest while working with partners to shed or resolve stranded capacity where possible, and to have its voice and opinion heard.
- g. The member agencies of SOCWA are committed to the productive use of our resources through review of our facilities for both technical and financially feasible opportunities for improvement.

Agency Comments

Various member agency representatives made the following points:

- (i) Unanimous approval would be needed for any change to JPA voting. Where an agency pays a fair share of costs in relationship to the assets it owns there is no need to change the structure. One vote per member agency protects each member. A consideration of the continued use of resources (money/time) expended on this issue is warranted.
- (ii) There is a perception of a need to have a larger say in how money is spent, that need is not necessarily a request for any agency to actually fund more of the costs. This member doesn't see a cost issue, rather describes the matter as a governance issue.
- (iii) Each agency will have to review any proposed change with its own board. Each agency's consideration and input to the process should be respected.
- (iv) A facilitated workshop is needed to allow for discussion of these concerns, and there should be a recognition that there may need to be a shorter, interim solution while the work is done. A decision to make this type of change to the JPA should be given enough time to be developed.
- (v) The agencies should be able to negotiate the issue of stranded assets and focus on an equitable solution.
- (vi) PC 15 should set a meeting to open discussion of the capital budget contributions.
- (vii) Any potential change should be straightforward and complexity to voting should be avoided.

Parking Lot Comments

A series of "parking lot" items were captured at the August 4, 2016 meeting as follows:

1. The coastal communities have experienced a change in assessed valuations for real properties which has impacted the ad valorem tax base.
2. There are stranded assets but also dramatic changes in flows to the plants.
3. Different agencies deliver differing types of wastewater to the SOCWA facilities, for some it is more solids than liquids for example due to upstream treatment.
4. There was consideration of a cost of use study to look into potential adjustments in allocations of liquids and solids plant usage and the impact over time of facilities changes.
5. There is a need to consider in closed session legal obligations and decision timeframes under the JPA Agreements.

Update on PC 15 Meeting

The PC 15 Committee met on August 22, 2016, and discussion regarding the MNWD capacity at the Coastal Treatment Plant focused on a review of the historical approach to cost distribution and the language of the PC 15 Agreement Amendment 2. SOCWA's Director of Engineering presented a power point discussion of the Engineering Committee work to consider the future of both the Coastal Treatment Plant and the J.B. Latham facility from the standpoint of currently oversized facilities. The engineering study now underway by CH2MHill will provide opportunity and cost information to this issue and will come back to the Engineering Committee at the September 2016 Engineering Committee (September 8, 2016). Staff is responding to a request for information about the historical pattern of distribution/payment of capital costs. After short review, historical budgets indicate that all capital has been shared based on capacity ownership under the PC Agreements and during the tenure of operations of facilities by various agencies, including AWMA and MNWD (for operation of RTP). Prior budget documentation will be provided for the next PC 15 meeting.

Information Related to the Discussion

For the upcoming Workshop, the Board will be asked to identify the information that would be useful or helpful to a better understanding of equitable participation in SOCWA decisions. The following efforts may yield useful information:

- (a) Completion of the CH2MHill and Carollo Engineering studies for CTP and JBL
- (b) Completion of the Cost of Use Study
- (c) Completion of the Administrative Cost Allocation Review
- (d) Participation in Strategic Plan Workshops to Identify SOCWA's Priorities

Recommended Action

1. Board to reach a determination as to further evaluation of JPA participation and voting issues.
2. Review and discussion of opportunities.
3. Discussion of approach and information needed for a meaningful resolution to issues.

Weighted Voting

A Survey of Agencies

August 4, 2016

SOCWA Board Meeting Presentation

Various Voting Options Found

- One Agency – One Vote
- Weighted based on Capacity Owned
- Weighted by Population
- Weighted by Assessed Value
- Based on Type of Work – i.e. “Major Repairs”
- Based on > to < Financial Contribution
- Based on Action – Budget Approval

Comparisons

Agency/Facility	Type Legal Entity	Service Area	Purpose	#Members/ Participants	Voting Authority	Quorum Voting Mechanics
SOCWA	Joint Powers Authority (Govt. Code Sect. 6500 <i>et seq.</i>)	South Orange County	Wastewater	10 (cities, water districts, community service district)	Joint Powers Agreement Appointed Board	<u>2/3rds (7 directors) quorum</u> One vote per Director, majority vote of those present Budgets: higher thresholds for O&M, unequal general
Encina Wastewater Authority	Joint Powers Authority	No. San Diego	Wastewater	6 (cities, water/sanitation districts)	Joint Powers Agreement, Project Operating Agreement 12- member Appointed Board/ Joint Advisory Committee	<u>Majority quorum</u> 1. One vote per Director, majority vote of those present 2. If “involving” either/both of two primary facilities: weighted voting on request of any director - majority of total capacity for approval Budgets for two primary facilities: unanimous approval by all member agency bodies

Agency/Facility	Type Legal Entity	Service Area	Purpose	#Members/Participants	Voting Authority	Quorum Voting Mechanics
Monterey Regional Water Pollution Control Authority	Joint Powers Authority	NW Monterey County	Wastewater	12 (cities, sanitation districts, county, military reservation)	Joint Powers Agreement Appointed Board	<u>Majority quorum</u> 1. One vote per Director, majority vote of those present 2. Weighted voting on request of any director – weighted by population, majority approval *No actions to establish, incur or increase financial obligation or liability of members w/t unanimous Board approval, plus express ratification by affected member's governing body
JRWSS Joint Regional Water Supply System (facility)	Joint Powers Agreement (Administrative Committee)	South Orange County/San Diego County	Water Transmission	6 (water districts, city)	Joint Powers Agreement Appointed Admin. Committee	<u>No quorum requirement</u> Majority vote of committee members present, except: (1) Repairs other than major repairs [major = necessary preserve ops] & new facilities: weighted vote by capacity in pipeline reach, greater than 50% (2) Change Operator: 2/3rds Committee members with more than 50% of overall capacity Budget requires ratification by all Member's governing bodies

Agency/Facility	Type Legal Entity	Service Area	Purpose	#Members/ Participants	Voting Authority	Quorum Voting Mechanics
Baker Water Treatment Plant (facility)	Regional Project Agreement (Project Committee)	Irvine/South Orange County	Water Treatment	5 (water districts)	Project Agreement Appointed Project Committee	<u>No quorum requirement</u> Weighted vote by capacity right*, simple majority. A non-vote becomes majority vote 60 days from decision date. Project Committee's approvals for major design-construction decisions for original construction; annual budget, subsequent operator <i>*note- 2 capacity right tables for treatment facilities, water product facilities</i>
Orange County Sanitation District	Sanitation District	Orange County	Wastewater	25 (cities, county, sanitary districts, water districts)	Health & Safety Code §4700, 4730.65 Appointed Board	<u>Majority quorum</u> One vote per Director, majority vote of those present

Agency/Facility	Type Legal Entity	Service Area	Purpose	#Members/ Participants	Voting Authority	<u>Quorum</u> Voting Mechanics
L.A. County Sanitation Districts	Sanitation Districts	Los Angeles County	Wastewater/ Solid Waste Management	24 sanitation districts w separate boards	<p>Health & Safety Code 54700 <i>et seq.</i></p> <p>No Joint Board – Joint Administrative Organization by contract, shared employees</p> <p>San District No. 2 acts on behalf all SD's for joint admin. purpose</p> <p>Personnel Committee - Chairs of each San District</p> <p>Collective Committee- All Directors of each San District</p>	<p>County San District No. 2 administers Joint Admin. Org.: Joint Admin Agreement allocates admin. costs by: (i) segregatable costs allocated to corresponding san district; (ii) non segregated costs allocated based on number of sewage units (average daily flow and strength)</p> <p><u>Majority Quorum</u> Special mtgs. as necessary</p> <p>One vote per member, majority vote of those present</p> <p><u>Majority Quorum</u> Annual Mtg. to approve MOUs, establish compensation for non-represented employees</p> <p>One vote per Director, majority vote of those present</p>

Agency/Facility	Type Legal Entity	Service Area	Purpose	#Members/Participants	Voting Authority	Quorum Voting Mechanics
East Bay MUD	Public Municipal Utility District	East San Francisco Bay: Oakland, other	Wastewater / Water	-0-	Public Utility Code §11501 <i>et seq.</i> Elected Board, 7 areas	<u>Majority quorum</u> One vote per Director, 4 affirmative votes required
MWD	Metropolitan Water District (special legislation)	Southern CA	Wholesale Water Supplier	26 (cities, municipal water districts, utilities agency)	Metropolitan Water District Act <i>Water Code Appendix 109</i> 38- member appointed Board	<u>Majority quorum</u> Voting based on one vote for every \$10 mil. of AV, per member Majority Approval by members with > 50% of total votes
San Diego County Water Authority	County Water Authority	San Diego	Wholesale Water Supplier	24 (county, cities, water districts, utility district, irrigation districts, military reservation)	County Water Authority Act WC §45-6 36-member appointed Board	Quorum is majority of membership that includes at least one-half of number of representatives of each member with more than 6 reps. serving on the board [City San Diego] Set by special statute: Voting based on financial contributions and corresponding allocated percentages, as annually updated. Majority approval by members with > 50% of total votes

Agency/Facility	Type Legal Entity	Service Area	Purpose	#Members/ Participants	Voting Authority	<u>Quorum</u> Voting Mechanics
San Diego Metro Transit System	Transit Development Board	City/County San Diego	Public Transportation	11 (cities, county, public member)	Public Utilities Code §120000 <i>et seq.</i> §120102.5 special voting rules 15 - member appointed Board	<u>Majority quorum</u> One vote per Director 1. Affirmative vote of majority of the members 2. Weighted voting on request of 2 members (at least 1 which is not City San Diego) Weighted by statutory numbers: - City San Diego- 12 1/2 weighted votes for 50 votes - County and other cities get 49 votes, apportioned annually by population - Chairperson- one weighted vote For Approval: at least 3 members from different jurisdictions with not less than 51% of total weighted vote to supersede original action

SOCWA - Flows Weighted Equally

Member Agency	2	5	15	17	24	250	Total Managed Flow	Total Managed Percent
CLB			1.76		1.76		3.52	6.426
CSJC	2.17	2.466				0.409	5.045	9.210
CSC		2.531					2.531	4.620
EBSD			0.051		0.051		0.102	0.186
ETWD					2.922	0	2.922	5.334
IRWD					3.472	0.528	4	7.302
MNWD	1.400	1.915		7.638	2.88	5.907	19.74	36.035
SCWD	1.760	1.760	1.164		0.65	0.941	6.275	11.455
SMWD	1.500	3.58				5.023	10.102	18.441
TCWD						0.543	0.543	0.991
Total	6.830	12.251	2.975	7.638	11.735	13.351	54.78	

SOCWA - Flows Weighted Equally

Member Agency	2	5	15	17	24	250	Total Managed Flow	Total Managed Percent
CLB			1.76		1.76		3.52	6.426
CSJC	2.17	2.466				0.409	5.045	9.210
CSC		2.531					2.531	4.620
EBSD			0.051		0.051		0.102	0.186
ETWD					2.922	0	2.922	5.334
IRWD					3.472	0.528	4	7.302
MNWD	1.400	1.915		7.638	2.88	5.907	19.74	36.035
SCWD	1.760	1.760	1.164		0.65	0.941	6.275	11.455
SMWD	1.500	3.58				5.023	10.102	18.441
TCWD						0.543	0.543	0.991
Total	6.830	12.251	2.975	7.638	11.735	13.351	54.78	

SOCWA Flows Weighted Equally –W/O Recycled Water

Member Agency	2	5	15	17	24	Total Managed Flow	Total Managed Percent
CLB			1.76		1.76	3.52	8.496
CSJC	2.17	2.466				4.636	11.190
CSC		2.531				2.531	6.109
EBSD			0.051		0.051	0.102	0.246
ETWD					2.922	2.922	7.053
IRWD					3.472	3.472	8.381
MNWD	1.400	1.915		7.638	2.88	13.833	33.390
SCWD	1.760	1.760	1.164		0.65	5.334	12.875
SMWD	1.500	3.58				5.079	12.260
TCWD						0	0.000
Total	6.830	12.251	2.975	7.638	11.735	41.429	

SOCWA Total Facility Capacity Ownership

Member Agency	2	5	15	17	24	Compiled Agency Percentage of Ownership
CLB			27.282	5.74	11.00	8.804
CSJC	30.320	11.080				8.280
CSC		16.620				3.324
EBSD			2.148	0.301	0.78	0.646
ETWD				10.44	16.3	5.348
IRWD					15.76	3.152
MNWD	22.222	15.510	21.052	78.93	43.85	36.313
SCWD	23.650	12.470	49.516	4.587	12.31	20.507
SMWD	23.809	44.32				13.626
TCWD						0.000
Total	100.00	100.00	100.00	100.00	100.00	100.00

Agenda Item

Legal Counsel Review: No

Meeting Date: September 1, 2016

TO: SOCWA Board of Directors
FROM: Betty Burnett, General Manager
SUBJECT: SOCWA Administrative Costs – Next Step - Services Proposals

At the June 28, 2016 Board Meeting the Board expressed a general consensus that there may be opportunities to further investigate methods of “fair share” allocation of administrative expenses.

Staff solicited two proposals from consultants with expertise that may assist SOCWA in setting a “fair share” administrative expense allocation. Both responding firms offered experience in expense/cost allocation and recovery. One of the firms could not be qualified due to a potential conflict of interest with one of the SOCWA member agency representatives. The following firm is recommended to the Board for consideration:

Revenue and Cost Specialists, LLC. Project Team Lead would be Eric Johnson, who would execute for SOCWA a Work Plan to Identify and Allocate Administrative Staff Time based on service delivery to operational sections of SOCWA. Revenue and Cost Specialists, LLC has provided Cost of Service Fee Studies and Cost Allocation Planning for a broad variety of California Cities, and offers assistance to SOCWA in creating a Cost Allocation Plan. Estimate services pricing is \$8,000. This pricing represents approximately 50 hours of work. Attendance at meetings is not included in the pricing and will be an additional \$195 per hour. SOCWA staff anticipates that 1-3 meetings may be needed with R&C and SOCWA staff to go over background information on administrative tasks.

As noted above, Eric Johnson is one of the Principals of the firm Revenue and Cost Specialists. His background includes providing services to conduct fees studies, cost allocations, long-range financial plans and utility rate studies. The firm’s expertise includes meeting with client staff to identify proper allocation of administrative costs for general fund recovery of support costs to enterprise operations. Revenue and Cost Specialists has the experience to assess and make recommendations on administrative expense sharing among the SOCWA member agencies.

Recommended Action

Board to concur in the General Manager retaining **Revenue and Cost Specialists LLC** to develop a “fair share” administrative expense allocation based on value received by member agencies from SOCWA.

**PROPOSAL
Cost Allocation Plan
for the
South Orange County
Wastewater Authority**

JULY 2016

Submitted by:

Revenue & Cost Specialists, LLC

**1519 East Chapman Avenue, Suite C
Fullerton, CA 92831**

www.revenuecost.com

(714) 992-9020

Revenue & Cost Specialists, LLC

1519 E. Chapman Avenue, Suite C
Fullerton, CA 92831

714.992.9020 FAX 714.992.9021
www.revenuecost.com

July 19, 2016

Ms. Betty Burnett, General Manager
South Orange County Wastewater Authority
34156 Del Obispo
Dana Point, CA 92629

IN RE: Request for Proposal - Cost Allocation Plan

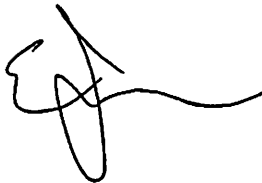
Revenue & Cost Specialists (RCS) appreciates the opportunity to respond with this Proposal to perform a Cost Allocation Plan. RCS principals have performed similar analysis for over two hundred agencies in five states. RCS has a long and respected history of performing our studies in a professional and expedient manner using only firm principals - we do not send out junior staff to perform these vital services to our clients.

RCS also has a history of satisfied clients and would strongly encourage the Authority to check our references.

The terms and prices in this Proposal will be honored until October 31, 2016.

RCS looks forward to being of assistance to the South Orange County Wastewater Authority and appreciates the opportunity to respond with this proposal. If there are any questions please contact me at (714) 992-9027 or eric@revenuecost.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'ERIC S. JOHNSON', with a long horizontal flourish extending to the right.

ERIC S. JOHNSON
Vice President

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Appendix A - Resume

South Orange County Wastewater Authority - Cost Allocation Plan Proposal

EXPERIENCE AND QUALIFICATIONS

Revenue and Cost Specialists' principals have been providing costing services to local government since 1975. We have provided services to over 200 agencies in 5 states. The three principals of RCS have a long and respected history of performing our studies in a professional and expedient manner - we do not send out junior staff to perform these vital services to our clients.

Revenue & Cost Specialists uses only firm principals to perform its services. The Project Team will be Eric Johnson. Mr. Johnson has performed costing services for more than 26 years for dozens of public agencies. Mr. Johnson will perform all of the interviews with staff as well as any public presentations.

A check of the references included in this proposal will confirm that Mr. Johnson has the experience to identify and allocate accurate costs. It is this experience that will insure that a report is produced that is understandable and defensible.

Mr. Johnson's resume is attached hereto as Appendix A.

South Orange County Wastewater Authority - Cost Allocation Plan Proposal

OUTLINE OF WORK PLAN

As is detailed in the task list below, RCS uses only firm principals to perform the necessary meetings with the departments. All meetings will be on-site at the Authority. RCS does not leave forms with staff and expect them to be filled out. We use our experience to work with staff, which makes the process quicker and the results more accurate.

Identify and Allocate Administrative Staff Time

Identify and allocate administrative staff time and costs to the operational sections of the Authority. We will also work with Authority to staff to develop methods to fairly allocate these costs to the member agencies. This will include a review of current proposals to determine various options going forward.

Prepare Draft Cost Allocation Plan and Review with Authority Staff

Based on the initial review with Authority staff, RCS will prepare a Draft Report with allocations to the operational sections of the Authority and the member agencies. RCS will review this Draft Report with Authority staff and make any necessary adjustments.

Prepare Final Cost Allocation Plan

Make any changes and prepare a Final Report with allocations to operational sections and member agencies. If requested, RCS will make a presentation to the Authority Board to assist in their understanding of the cost allocation process and its results.

South Orange County Wastewater Authority - Cost Allocation Plan Proposal

REFERENCES

Revenue & Cost Specialists has recently completed similar project for the following public agencies and would request you to contact them for references:

<u>Jurisdiction</u>	<u>Contact</u>	<u>Title</u>
City of Hermosa Beach 310/318-0225	Viki Copeland vcopeland@hermosabch.org	Finance Director
City of Lancaster 661/723-6035	Barbara Boswell bboswell@cityoflancafterca.org	Finance Director
City of San Bernardino Water 909/384-3184	Terri Willoughby terri.willoughby@sbmwd.org	Finance Director
City of Milpitas 408/586-3111	Russ Morreale rmorreale@ci.milpitas.ca.gov	Finance Director
City of Santa Clarita 661/255-4997	Carmen Magana cmagana@santa-clarita.com	Finance Manager
City of Simi Valley 805/583-6328	Rebekka Hosken rhosken@simivalley.org	Budget Officer
City of Fullerton 714/738-6522	Julia James juliaj@ci.fullerton.ca.us	Admin Svcs Director

South Orange County Wastewater Authority - Cost Allocation Plan Proposal

PROPOSED PROJECT TIMELINE

Work would begin immediately on notification by the Authority. RCS proposes the following schedule to fit the Authority's needs.

COST ALLOCATION STUDY PROJECT SCHEDULE

TASK	PERIOD
Identify Administrative Staff Allocation Costs	Weeks 1 – 2
Develop Allocation Methods	Weeks 1 – 2
Prepare Draft Report and Review with Staff	Week 4
Prepare 3 bound copies and a PDF copy of Final Report	Week 6

South Orange County Wastewater Authority - Cost Allocation Plan Proposal

PROJECT BUDGET

The project budget for RCS to perform the above tasks is as follows.

Cost Allocation Plan \$8,000

The above fees cover all costs except the following additional costs which the Authority may incur:

- actual time at public hearings or study sessions, including drive time, at the RCS hourly rate of \$195 per hour,
- any business license tax imposed on RCS which is not waived by the Authority,
- insurance coverage beyond our basic general liability and workers compensation requiring an additional premium¹,
- sales or use tax or any other tax imposed on these fees, and
- report reproduction beyond identified number of copies of the final Reports.

RCS will submit two equal invoices plus any miscellaneous costs from the previous paragraph. The first invoice will be submitted ten days after notice to proceed. Each invoice will be due within 30 days of submission.

¹ RCS standard coverage includes workers compensation pursuant to state law, comprehensive liability insurance with a combined single limit coverage of \$2,000,000 and professional liability insurance with a combined coverage of \$2,000,000.

APPENDIX A

RESUME

ERIC S. JOHNSON

EDUCATION

Bachelor of Arts - University of Redlands, Redlands, California

PROFESSIONAL EXPERIENCE

Revenue & Cost Specialists/Management Services Institute - Partner
(January 1990 - Present) Provide general financial management assistance to municipalities, counties, and special districts.

Unit Distribution - Customer Service Representative
(July 1989 - January 1990) Administered a distribution account for client and acted as a liaison between client and their customers.

City of Redlands Redevelopment Agency - Redevelopment Intern
(November 1987 - May 1989) Researched issues related to Redevelopment for the Director. Audited the Agency budget. Researched and reported on the Agency's 20% "set-aside" responsibilities for Low & Moderate Income Housing.

CLIENTS SERVED

COST OF SERVICE FEE STUDIES

City of Arcadia
City of Atascadero
City of Azusa
City of Banning
City of Barstow
City of Beverly Hills
City of Carlsbad
City of Carmel-by-the-Sea
Carpinteria-Summerland Fire District
City of Corona
Contra Costa County
City of Desert Hot Springs
City of Dublin, Ohio
City of El Segundo
City of Elk Grove
City of Eureka
City of Folsom
City of Glendale
City of Glendora
City of Hemosa Beach
City of Highland
City of Huntington Beach
Imperial County
City of La Canada-Flintridge
City of Lakewood
City of La Mirada
City of Lancaster
City of La Puente
City of Lincoln
City of Lindsay
City of Loma Linda
City of Long Beach Marine Bureau
City of Los Altos
Town of Mammoth Lakes
City of Manhattan Beach
City of Marina
City of Menifee
City of Milpitas
City of Monterey
City of Morgan Hill
City of Morro Bay
City of Needles
City of Oakdale
Orange County Fire Authority

COST OF SERVICE FEE STUDIES

City of Oroville
City of Oxnard
City of Palm Springs
City of Peoria, Arizona
City of Pico Rivera
City of Pismo Beach
City of Redlands
City of Rialto
City of San Clemente
City of San Gabriel
City of San Marino
City of Santa Clarita
City of Santa Paula
City of Seaside
City of Simi Valley
City of Solana Beach
City of South Lake Tahoe
City of South Pasadena
City of Stockton
City of Thousand Oaks
City of Tracy
Town of Truckee
Ventura County Fire District
City of West Covina
City of West Jordan, Utah
City of Westminster
City of Yuba City

COST ALLOCATION PLANS

City of Arcadia
City of Atascadero
City of Azusa
City of Barstow
City of Beverly Hills
City of Carlsbad
Coachella Valley Assoc of
Governments
County of Cobb, GA
City of Concord
City of Corona
City of Desert Hot Springs
City of El Segundo
City of Elk Grove

COST ALLOCATION PLANS

City of Folsom
City of Glendora
City of Hemosa Beach
City of La Canada-Flintridge
City of Lakewood
City of La Mirada
City of Lancaster
City of La Puente
City of Lathrop
City of Lincoln
City of Los Altos
City of Lynwood
City of Manhattan Beach
City of Menifee
City of Marina
City of Needles
City of Oakdale
City of Oroville
City of Oxnard
City of Palmdale
City of Pasadena
City of Peoria, Arizona
City of Pico Rivera
City of Pismo Beach
Placer County Water authority
Riverside County Transportation
Comm.
San Bernardino Assoc.
Governments
County of San Bernardino Special
Dist.
City of San Gabriel
City of San Marino
City of Santa Clarita
City of Santa Monica
City of Santa Paula
City of Seaside
City of Solana Beach
City of South Pasadena
City of Suisun City
City of Thousand Oaks
City of Tracy
County of Tulare
City of Westminster