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nbsgov.com

July 13, 2023

Rich Stevenson
Director of Finance
Sweetwater Authority
505 Garrett Avenue
Chula Vista, CA 91912

Dear Mr. Stevenson:

For the Water Rate Cost of Service Study, the Authority has requested that NBS prepare an additional analysis consisting of alternatives to the cost-of-service analysis and the rate design analysis.

Task Description – The Authority has requested NBS to review and evaluate additional alternatives for the cost-of-service and rate design analysis, including a five-year phase approach to the fixed versus variable charges. The Authority also requested for NBS to review additional alternatives for the single-family residential tier design, which includes a meter overlay alternative and additional alternatives to the source of supply analysis as well as the analysis for quantities and tier rates for each option.

Work Product – The work product for this task is additional rate alternatives prepared for Authority staff which include outlining the background, analysis, and recommendations. Key assumptions, methodologies, and factors affecting the development of proposed rates will be highlighted with charts and graphs. NBS will also prepare rate tables and bill comparisons for various customer classes to illustrate how the rate adjustments will affect customer bills.

Budget Amendment – The budget for this additional task (Task 8) is a lump sum/fixed fee of \$25,100. The original agreement for the water rate study was \$53,200. With this amendment, the maximum budget will be \$78,300, as shown in the table on the next page. This task will be billed to the Authority upon completion. Additional costs for site visits and presentations will be billed at the agreed upon rate in the contract.

Please let me know if you have any questions or would like to discuss this further. You can reach me at (916) 801-5496 or gclumpner@nbsgov.com.

Sincerely,

A handwritten signature in blue ink, reading "Greg Clumpner", with a stylized flourish at the end.

Greg Clumpner
Director

Letter to Rich Stevenson

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Sweetwater Authority - Proposal for Water Rate Cost of Service Study						
Study Tasks	Consultant Labor (Hours)					Grand Totals
	Senior Review ¹ (Clumpner)	Project Manager/ Consultant (Bou)	Engineering Review (Tamargo)	Consultant (Taylor)	Total Consultant Labor (Hrs.)	Consultant Costs (\$)
Hourly Rates	\$260	\$195	\$210	\$185		
Water Rate Cost of Service Study						
Task 1 – Data Collection and Kickoff Meeting	2.0	8.0	0.0	12.0	22.0	\$ 4,300
Task 2 – Financial Plan	2.0	12.0	0.0	16.0	30.0	5,820
Task 3 – Cost-of-Service Analysis	6.0	24.0	6.0	30.0	66.0	13,050
Task 4 – Rate Design Analysis	6.0	24.0	4.0	30.0	64.0	12,630
Task 5 – Prepare Written Study Report	4.0	20.0	2.0	4.0	30.0	6,100
Task 6 – Meetings and Presentations ²	8.0	24.0	2.0	4.0	38.0	7,920
Task 7 – Implementing Rates and Prop 218 Assistance	4.0	12.0	0.0	0.0	16.0	3,380
Task 8 – Alternative Rate Design Options	40.0	0.0	70.0	0.0	110.0	25,100
Grand Total: Water Rate Cost of Service Study	72.0	124.0	84.0	96.0	376.0	\$ 78,300

Additional Costs:						
Travel Costs Per In-Person Meeting (not to exceed)						\$ 1,000
Total: Per In-Person Meeting						\$ 1,000
Additional Costs for Optional Site Visits and Presentations						
Labor Cost Per Visit/Presentation		6.0				1,170
Travel Expenses per Meeting (not to exceed)						400
Total: Per Optional Visit/Presentation						\$ 1,570

1. If time is required for municipal advisor services (Sara Mares), senior review hours would be utilized.

2. Includes 4 progress meetings with Authority staff, two (2) Board meetings, and one (1) Finance and Administration Committee Meeting.