

Western Regional Water Commission

STAFF REPORT

DATE: May 15, 2020

TO: Chairman and Members, Western Regional Water Commission (“WRWC”)

FROM: Chris Wessel, Water Management Planner

SUBJECT: Discussion and action on Northern Nevada Water Planning Commission (“NNWPC”) recommendations for a Contract Agreement, not to exceed \$30,200 from the Regional Water Management Fund (“RWMF”), for Hansford Economic Consultants (“HEC”) to update the Cost and Finance Chapter of the Regional Water Management Plan (“RWMP”); and, if approved, authorize the Chairman to execute a Contract Agreement for that purpose

SUMMARY

Chapter 531, Statutes of Nevada 2007, the Western Regional Water Commission Act (the “Act”), Section 42(7) requires the Regional Water Management Plan to include an element on cost and financing of major facilities, sources of water and other requirements of the plan, an analysis of alternatives for financing and funding, and the effect of funding alternatives on other facilities included in the plan. Staff has determined that contract technical assistance is necessary to provide updated cost and financing information as part of the 2021 Regional Water Management Plan update.

In response to a request from staff, HEC has provided the attached proposal to perform the necessary work to update the Cost and Finance chapter of the plan. HEC was previously contracted to develop the update for the 2016 plan and based on that previous work, HEC has provided costs which include the updating of the required elements of the Cost and Finance chapter and development of a Fee Burden Analysis. The cost for the proposed scope of work is estimated at \$30,200.

Catherine Hansford, Principle of HEC, will be available to answer any questions regarding the proposed scope of services.

BACKGROUND

Completion of the proposed scope of work will provide necessary input to the NNWPC and the WRWC relative to the 2021 Regional Water Management Plan update.

FISCAL IMPACT

If approved, the fiscal impact to the RWMF will not exceed \$30,200 for Fiscal Years 2020-2021. The Fiscal Year 2020-2021 approved budget includes adequate budget for this project. Budget authority is located in Fund Group 766, Fund 7066, Account Number 710100, Professional Services, and Cost Object WP310600.

RECOMMENDATION

Staff recommends that the WRWC approval a Contract Agreement, not to exceed \$30,200 from the Regional Water Management Fund, for Hansford Economic Consultants to update the Cost and Finance Chapter of the Regional Water Management Plan.

POSSIBLE MOTION

“Move to Approve a Contract Agreement, not to exceed \$30,200 from the Regional Water Management Fund, for Hansford Economic Consultants to update the Cost and Finance Chapter of the Regional Water Management Plan; and, if approved, authorize the Chairman to execute a Contract Agreement for that purpose.”

HANSFORD ECONOMIC CONSULTING LLC

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April 2, 2020

Mr. Chris Wessel
Acting Water Resources Program Manager
Western Regional Water Commission
1001 East Ninth St.
Reno, NV 89512

Subject: **Financial Chapter – Regional Water Management Plan Update 2021**

Dear Mr. Wessel:

Hansford Economic Consulting LLC (HEC) is pleased to provide this proposal to update the financial chapter of the Western Regional Water Commission (WRWC) regional water management plan. HEC has more than 20 years of experience in municipal finance and economic consulting with specialization in the water industry.

EXPERIENCE

HEC is owned by Catherine Hansford, who has been working in the water utilities field since 2001 when she started working for Truckee Meadows Water Authority (TMWA). After four years with TMWA, Catherine founded HEC. Our qualifications are provided in **Attachment A**. Clients we have worked for in Nevada include:

- WRWC
- TMWA
- TMRPA
- Washoe County
- Eureka County
- Pershing County
- City of Fernley
- City of Fallon
- Carson City
- City of Henderson
- Sun Valley GID
- Star City Water System (near Winnemucca)
- Spring Creek HOA and Utilities Inc.
- Somerset HOA
- ArrowCreek HOA

PROPOSED SCOPE OF SERVICES

Task 1: Interview Service Providers

HEC will meet with the service providers and other agencies providing input to the RWMP. These include:

- Truckee Meadows Water Authority (water)
- Sun Valley GID (water, wastewater)
- Washoe County (wastewater, reclaimed water, storm drainage)
- City of Reno (wastewater, reclaimed water, storm drainage)
- City of Sparks (wastewater, reclaimed water, storm drainage)
- TMWRF (wastewater treatment)
- Truckee River Flood Management Authority (flood water)
- Central Truckee Meadows Remediation District (drinking water remediation)
- Truckee Meadows Regional Planning Agency (growth forecast)
- Utilities Inc. (private water and wastewater)

The goal of the interviews is to discuss and understand major capital improvement needs over the RWMP timeframe (next 20 years) and to document the rate and fee setting practices of each service provider. A list of data needs from each service provider and meeting agenda will be sent prior to the interviews. HEC has budgeted for one meeting with each service provider (or agency providing input to the RWMP).

Task 2: Sources and Uses of Funding

Using the information provided by each of the service providers, HEC will describe major capital improvements and associated costs for water, wastewater, reclaimed water, flood, and storm drainage. Costs of improvements may only be provided for the next five years as many service providers prepare Capital Improvement Plans (CIPs) spanning a five-year window and not the twenty-year timeframe of the RWMP. HEC will show the portion of CIP costs attributable to existing versus future users.

HEC will use the depreciation schedules of each provider to garner an indication of investment that should be collected for in rates for existing major infrastructure exclusive of new infrastructure necessary for growth. In addition, HEC will examine the costs of new infrastructure to be borne by future users beyond the CIP timeframes by determining an average cost per lineal foot of new infrastructure by area/location and applying these to population/employment projections used in the Regional Water Management Plan. Trigger points for major facilities such as treatment facilities for wastewater will be discussed with service providers and costs will be ballpark figures based on currently available planning documents.

This task will include a description of costs to be funded by already-identified sources as well as costs to be funded from currently unidentified funding sources. Potential funding

sources will be described where applicable. A comparison of total water-utility monthly fees by area within the Truckee Meadows will be provided.

Task 3: Prepare Financial Chapter

Information and analysis from tasks 1 and 2 will be synthesized into the updated financial chapter of the RWMP, and tables for accompanying appendices will be prepared. A preliminary draft version will be provided to NNWPC staff for review. HEC will incorporate staff comments into a draft chapter for NNWPC Board review. The final version will be provided in electronic Word file format for adoption by the WRWC.

Task 4: Meetings / Presentations

HEC has included four meetings for completion of the financial chapter; one or two with NNWPC staff; one or two with the NNWPC Board and one with the WRWC Board. This task includes time for preparation of materials as well as meeting time.

Task 5. Fee Burden Analysis (Optional)

The 2016 Regional Water Management Plan included an analysis of the financial feasibility of new development within the Truckee Meadows and how water-related utility connection fees impact overall feasibility. The findings of this analysis were included in the financial chapter of the RWMP.

The goal of task 5 is to examine the cumulative effect of connection/impact fees for a similar type of development in different parts of the region to understand the differences in total development costs. This task is limited to calculating fee burdens for residential development, and it does not examine policy implications or potential fee structures for service providers to further regional planning goals.

BUDGET AND SCHEDULE

The estimated budget for the scope of services described of \$30,200. If optional Task 5 is excluded the budget is estimated at \$24,760. This is a maximum not-to-exceed budget based on time and materials. An estimate of time and cost by task is included in **Attachment B**. Invoices are prepared monthly and are due on receipt.

HEC will complete the proposed tasks to meet the RWMP completion schedule. It is anticipated that the draft chapter will be provided to the Northern Nevada Water Planning Commission by the end of 2020, after which the chapter will be finalized.

We look forward to working with you. Please review this proposal and call with any questions or comments.

A handwritten signature in black ink, appearing to read "C. Hansford". The signature is written in a cursive, flowing style.

Catherine R. Hansford, Principal
HANSFORD ECONOMIC CONSULTING LLC

Enclosures:

Attachment A: HEC Qualifications

Attachment B: Estimated Budget

Attachment A

HEC Qualifications

About HEC

Hansford Economic Consulting LLC (HEC) provides planning, economic, and financial services for public and private clients in the Western United States. The company, founded in 2005, is owned and managed by Catherine Hansford, an applied economist with over 20 years of experience. HEC clients include regional agencies, counties and cities, special districts, non-profits, private entities, and homeowner associations.

Our high-quality work products span a breadth of land and water resource related topics that touch our human communities and environments. HEC endorses progressive and adaptive planning, understanding that plans are useful only if they are comprehensive, relevant to the specific local conditions, and lead to implementation.

HEC Services

Water Utilities Resource and Financial Plans

HEC helps municipalities with water utilities resource and financial plans, including: water and wastewater demand analysis; income surveys; water and wastewater rate and fee studies; and assistance with state and federal low-interest loan and grant program applications. Examples of projects include:

- ✓ *City of Newman* – Water and Wastewater Rate Studies
- ✓ *City of Phoenix* – Water Rates and SDC Fees Analysis
- ✓ *City of Livingston* - Water, Wastewater and Solid Waste Rate Studies
- ✓ *Donner Summit Public Utility District and Sierra Lakes County Water District* - State Revolving Fund Loan, USDA Financing, and CDBG Funding for \$24 Million Upgrade
- ✓ *California State Parks, Tahoe Regional Planning Agency and the US Army Corps of Engineers* - Economic Analysis for Restoration of the Upper Truckee River

Fee Nexus Studies

HEC conducts studies which show the linkage between a new development and the need for affordable housing, transit, public facilities, or other community resources. The study demonstrates the legal nexus that justifies the fees in support of the resource. Examples of projects include:

- ✓ *City of Williams* – AB1600 Nexus Study and City User Fees Update
- ✓ *City of Winters* – Development Impact Fees Nexus Study
- ✓ *City of West Sacramento* – Affordable Housing In-Lieu Fee Analysis
- ✓ *Placer County* – East and West County Affordable Housing Fee Nexus Studies
- ✓ *Mountain Housing Council* – Analysis of Development Impact Fees in the Tahoe region

Agency Governance, Mergers, and Organization

HEC has partnered with agencies to analyze organizational changes and strategies to better help the organization meet its goals and objectives. Structural, financial, functional, and strategic analyses are used, singularly or in combination, to provide key information to an organization's decision makers and stakeholders. Examples of projects include:

- ✓ *Truckee Donner Recreation and Parks District* – Strategic Plan
- ✓ *Truckee Meadows Regional Planning Agency* - Regional Governance Models Report
- ✓ *City of Coos Bay and Charleston Sanitary District* – Cost Allocation Agreements
- ✓ *Spring Creek Homeowners Association* – Governance Alternatives and Feasibility Analysis
- ✓ *State of Nevada and Carson City* – Operations and Cost Management of Marlette Water System

Infrastructure Networks Analysis

HEC provides comprehensive infrastructure networks analysis, including demand analysis, identification of areas with excess/constrained capacity, potential problems that arise from capacity issues, and examination of potential scenarios.

Examples of projects include:

- ✓ *City of Lincoln* – Asset Valuation and Replacement Analysis
- ✓ *Truckee Meadows Regional Planning Agency* - Capacity Constraints in Regional Infrastructure Networks Report
- ✓ *City of Sacramento* - Benefit Cost Analysis for TIGER funding of the Sacramento Valley Station Improvements
- ✓ *City of Fernley* - Safe Routes to Schools Report

Public Facilities and Services Financing Plans

HEC develops financing strategies for public facilities and services and evaluates the feasibility of new real estate. Available financing options specific to an entity may include different types of bonds, or fees, or assessments. Our financing plans consider debt limits and other restrictions that influence financing strategies for infill and greenfield developments. Examples of projects include:

- ✓ *Fresno County* – Financing Plan for Friant Ranch Active Adult Community
- ✓ *Placer County* – Financing and Operations Funding Plan for Royal Gorge
- ✓ *Placer County* - Urban Services Plans for Placer Vineyards and Bickford Ranch
- ✓ *City of Woodland* – Spring Lake Real Estate Feasibility Analysis

Economic Development and Business Impact Analysis

HEC assists communities with development, redevelopment and revitalization issues. Thorough analysis of historical background and present conditions, with identification of potential opportunities driven by solid economic analysis and the input of local residents and businesses, helps community leaders take steps forward.

Examples of projects include:

- ✓ *Town of Truckee* - Hilltop Development Commercial Use Economic Analysis
- ✓ *Mono County* - June Lake Economic Development and Job Creation Study
- ✓ *San Joaquin County* – Jobs Housing and Economic Competitiveness Study
- ✓ *Sierra Nevada Memorial Hospital* – Economic Impact of Hospital Operations to Nevada County
- ✓ *Nevada County* – Economic Analysis in Support of a General Plan Amendment

Fiscal Impact Studies

HEC provides projections of the local governmental costs and revenues generated by a new development or change in policy. Changes in tax revenues, demand for services, and infrastructure costs determine whether the estimated costs incurred are balanced with an increase in revenues.

Examples of projects include:

- ✓ *Fresno County* – Friant Ranch Active Adult Community Fiscal Impact Study
- ✓ *Tahoe Expeditionary Academy* – Fiscal Impact to Placer County of School Location
- ✓ *City of Lincoln* – Fiscal Impact Analysis of General Plan Update EIR Alternatives
- ✓ *Northstar Community Services District* – Annexation Tax Sharing Agreement Analysis
- ✓ *City of Live Oak* – General Plan New Development Areas Financial Feasibility

References

Client	Contact	Study
Carson City	Darren Schulz, Public Works Director (775) 283-7391 <i>dschulz@carson.org</i>	Marlette Water System Financial Analysis (2018)
Truckee Meadows Water Authority	Mark Foree, General Manager (775) -2761 <i>mforee@tmwa.com</i>	Consolidation Financial Analyses (2014)
Salinas Valley Basin Groundwater Sustainability Agency	Gary Petersen, General Manager (831) 682-2592 <i>peterseng@svbgsa.org</i>	Regulatory Fee Study (2019)
Donner Summit Public Utility District	Tom Skjelstad, General Manager (530) 426-3456 <i>tskjelstad@dspud.com</i>	Water and Wastewater Rates, Financing Plans, Cost Allocation Plans (various)
Northstar Community Services District	Mike Staudenmayer, General Manager (530) 562-1505 <i>mikes@northstarcsd.org</i>	Property Tax Analysis for Fire Service to Proposed Annexed Properties (2016)

Utility Rate Studies • Municipal Finance • Water Resources Planning • Economic Analysis

Catherine is a practitioner of financial, economic, and resource sciences. As a professional for more than 20 years, Catherine has built a reputation for creative problem solving, excellent speaking skills and written products. Catherine combines her powerful analytical skills with the invaluable ability to take complex topics, distill them into key components, and deliver relevant information in a clear and concise manner. She is particularly sensitive to the public process required to address most municipal finance issues; her presentations are crafted so that public finance decisions are understood, even if constituents do not favor them.

“Catherine is a rare combination of powerful analytical skills with an extraordinary ability to assess the big picture.”

Lori Williams, TMWA,
Former General
Manager

EXPERIENCE

Catherine has worked in both the public and private sectors over the course of her career. In the public sector, Catherine worked as a senior planner for the Truckee Meadows Water Authority (TMWA), performing management analyst functions such as cost-benefit analysis, managing interlocal agreements, performing rate and fee studies, and working with stakeholders. Catherine served as liaison/chair between TMWA and various customer groups. These included a Rate Making Review Committee and Landscape Subcommittee. Catherine served as the Chair of the Advisory Committee on Conservation for the Washoe County Regional Water Planning Commission from 2003 through 2005.

In the private sector, Catherine worked for Economic and Planning Systems (Sacramento office) helping clients with municipal bond sales, financing plans, special district formation, user fee studies, fiscal studies, and nexus fee studies. At ECO:LOGIC Engineering (now Stantec), Catherine specialized in water utilities public financing. Since 2005 Catherine has been the owner and principal of HEC, engaging in municipal planning and finance issues, primarily in the water industry.

EDUCATION

Master of Science, Agricultural Economics, University of Nevada, Reno
Bachelor of Science, Rural and Environmental Economics, University of Newcastle-upon-Tyne, UK

CAREER

Hansford Economic Consulting	Principal	Truckee, CA
ECO:LOGIC Engineering	Senior Economist	Rocklin, CA
Truckee Meadows Water Authority	Senior Water Planner	Reno, NV
Economic and Planning Systems	Senior Associate	Sacramento, CA

CATHERINE HANSFORD RESUME – PAGE 2

PRESENTATIONS

1. Utility Financial Planning: Facility Funding Options, What a Fee Study is, and Different Types of Fees, *3-Hour Videoconference class for the Nevada Rural Water Association, May 31 2019*
2. Stormwater Rate Calculation, *September 2018 Tri-State Seminar, Las Vegas*
3. Western US Water Issues, *March 2018 Women In Economics, University of Nevada Reno*
4. Funding for Flood Facilities, *September 2017 Nevada Water Resources Association Fall Event*
5. Financial Management: Understand your Cost Structure, Customer Cost-Share Responsibilities and Funding Options, *3-Hour Videoconference class for the Nevada Rural Water Association, November 2013 and March 2017*
6. Successful Strategic Planning Starts with Understanding Your Financial Position and Engaging A Wide Range of Stakeholders, *March 2014 Nevada Rural Water Association Conference*
7. The Cost of Rectifying Over-Appropriation of Groundwater in Diamond Valley, *February 2014 Nevada Water Resources Association Conference*
8. Rate Setting Fundamentals: Math or Art? *February 2013 Nevada Rural Water Association Conference*
9. A Misunderstood Relationship: Economic Vitality and Environmental Improvement in the Tahoe Basin, *May 2012 Tahoe Science Conference*
10. What is a Reasonable Water Rate? *February 2011 Nevada Water Resources Association Conference*
11. Finding Funding for Energy Efficiency Projects, *April 2010 California Rural Water Association Conference*
12. Projecting Population and Employment: A Platform for Projecting Water Purveyor Demands in an Urban Area, *February 2003 Nevada Water Resources Association Conference*
13. Water Conservation Recommendations from a Consumer Outreach Group, *October 2002 AWWA Cal-Neve Section Conference*

ATTACHMENT B

Estimated Cost for Chapter 9 Regional Water Management Plan Update 2021

The cost estimate is based on HEC's 2020 standard hourly rates of \$160 per hour for Catherine Hansford and \$80 per hour for administrative and clerical work. HEC charges for services on a cost not-to-exceed basis; therefore, you will only be billed for the work completed up to the authorized budget amount. Invoices are issued monthly and are due on receipt. Direct expenses (vehicle mileage reimbursement, photocopying, and postage expenses for example) are charged with no markup and are included in monthly invoices.

If additional work is requested that is beyond the original scope of services, or if work efforts are greater than anticipated in development of the budget, HEC will request authorization for additional budget.

The total cost estimate is \$30,200 as shown in **Table 1** below. Task 5 is optional and can be removed.

Table 1
Estimated Cost

Task/Item Description <i>2020 Hourly Billing Rate</i>	Catherine Hansford <i>\$160</i>	Clerical / Administration <i>\$80</i>	Estimated Cost
1 Interview Service Providers	33	4	\$5,600
2 Sources & Uses of Funding	56	8	\$9,600
3 Prepare Chapter	24	8	\$4,480
4 Meetings / Presentations	22	8	\$4,160
5 Fee Burden Analysis	30	8	\$5,440
Subtotal	165	36	\$29,280
Direct Expenses / Contingency			\$920
Total Estimated Budget			\$30,200

Note: HEC reserves the right to move budget between tasks up to the authorized budget amount.

Billing rates are subject to adjustment January 1 each year.