

AMADOR WATER AGENCY

SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE AMADOR WATER AGENCY HAS BEEN CALLED BY THE PRESIDENT FOR

February 12, 2015
11:30 a.m. or as soon thereafter as may be heard
12800 Ridge Rd
Sutter Creek CA 95685

Public Notice: Members of the public will have the opportunity to directly address the Agency Board of Directors concerning any item listed on this Special Meeting Notice before or during consideration of that item.
There is a three minute time limit per person.

1. CALL TO ORDER

2. AWA WATER

A. Water Shortage financial and rate analysis

1. Discussion and possible authorization to the General Manager to execute a contract with Bob Reed of the Reed Group Inc. to conduct a water shortage financial and rate analysis for the Agency with a not to exceed amount of \$12,250

3. ADJOURNMENT

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, then please contact Cris Thompson at (209) 223-3018 or (209) 257-5281 (fax). Requests must be made as early as possible, and at least two-full business days before the start of the meeting.



THE REED GROUP, INC.

February 9, 2015

Gene Mancebo
Amador Water Agency
12800 Ridge Road
Sutter Creek, CA 95685

Subject: Proposal to Develop Water Shortage Financial and Rate Analysis

Dear Gene,

In response to your request, this letter describes the scope and cost associated with developing a water shortage financial and rate analysis for the Agency. This analysis is warranted because of the continuing drought conditions affecting the state and region. The analysis will lead to recommendations for a water shortage financial strategy including water rate surcharges, which may be implemented during periods of defined water shortage emergency. The surcharges will help the Agency generate the revenues necessary to meet the financial obligations even with reduced water sales.

In providing this assistance, The Reed Group, Inc. will do the following:

- Review relevant information including:
 - Water demand patterns over the past several years
 - FY 14-15 budget and current water rates
 - Current fund and reserve balances and reserve policies
 - Information pertaining to the current water shortage and response measures
 - The Agency's water shortage contingency plan
- Perform an analysis of the Agency's annual costs for operations and maintenance, debt service, and capital improvement program to assess the relative variability in expenses with changes in water sales. The analysis will include consideration of increases costs that may be associated with drought measures.
- Perform an analysis of the Agency's current water rates and revenues relative to variability in revenue with changes in water sales.
- Develop recommendations for a financial strategy associated with each stage of water shortage emergency (as defined by the Agency). The strategy will consider (1) potential for water shortage surcharges, (2) availability of financial reserves to buffer the financial deficit created by reduced water sales, and (3) potential for deferred capital program expenditures to preserve financial reserves during periods of shortage.



- Develop recommendations for water shortage surcharges and/or excess use charges, at each stage of water shortage, to (1) provide customers a financial incentive for meeting water use reduction goals, and (2) help close the financial deficit associated with reduced water sales.
- If necessary, develop financial policy or other recommendations to facilitate the recommended water shortage financial strategy.
- Prepare a draft and final report describing the water shortage financial analyses and related recommendations.
- Present recommendations to the Board of Directors in a regular board meeting.
- Assist in preparing a Proposition 218 Notice of Public Hearing necessary to inform customers of proposed changes to water rates (i.e., the inclusion of water shortage emergency surcharges and/or excess use charges).
- Attend and present recommendations during a public hearing to consider and adopt study recommendations.

The water shortage rate recommendations will be developed such that they could be implemented immediately or at a future date, when the Board of Directors declares emergency conditions.

The estimated cost to provide the requested analyses, develop recommendations, prepare draft and final reports, and present results, as outlined above, will not exceed **\$12,250**, including expenses. A draft report can be completed within 30 days of receiving a notice to proceed and all requested information. The actual cost will be based on the actual time and expenses required to perform the work. My hourly billing rate remains \$250.

I appreciate the opportunity to be of continued service to the Agency. Please let me know if you have any questions regarding this proposal for services.

Sincerely,

Robert Reed
The Reed Group, Inc.