



May 6, 2021

Mr. Michael Wackman, General Manager
Omochumne – Hartnell Water District
8970 Elk Grove Blvd.
Elk Grove, CA 95624

RE: 2021 Groundwater Fee Study

Dear Mr. Wackman:

HDR Engineering Inc. (HDR) was recently contacted to assist the Omochumne – Hartnell Water District (District) in the development of a groundwater fee study based on the cost allocations in the South American Subbasin that will apply to the District. HDR is in the process of completing the groundwater fee study for Sacramento Central Groundwater Authority (SCGA) and assisting Sacramento County staff in developing a study for the Cosumnes Basin. Given the results and assumptions of these two studies, HDR will collaborate with District staff to develop the technical analysis and written documentation for the District's Groundwater Fee Study (Study). Provided in the following is a summary of the scope of services, project team, and fee estimate for the water system acquisition analysis.

Scope of Services

Task 0—Project Management

Perform project management activities and work collaboratively and effectively with the District's Project Manager to keep the District informed of the project status, time schedule, and budget. As needed bi-weekly conference calls with the District Project Manager and HDR Project Manager.

Expected District staff support for Task 0:

- Bi-weekly conference calls with the HDR Project Manager
- Review and process monthly invoices and written progress reports

Task 0 Deliverables:

- Monthly invoices and written progress reports

Task 1—Kick-Off Meeting

At the start of the project, the HDR project team and District project team will hold a one-hour virtual kick-off meeting. Key to this discussion will be a review of the study key assumptions and goals and objectives. This includes projection of costs, approach to establishing the proposed groundwater fees, and overall billing approach.

Expected district staff support for Task 1:

- Attend and participate in a one-hour kick-off meeting

Task 1 Deliverables:

- A one-hour virtual kick-off meeting to establish the study goals and objectives
- Review and discuss the Study approach and timing
- Review and discuss the data necessary to complete the project

Task 2—Data Collection, Review, and Assessment

A written data request will be provided to the District which details the data and information required to develop the Study. As development of the Study progresses, additional data may be necessary. HDR will collaborate with the District to collect the necessary information to complete the Study.

Expected District staff support for Task 2:

- Gather the requested data
- Provide feedback on data constraints

Task 2 Deliverables:

- A written data request outlining the data needed to complete the Study
- Identification of data constraints

Task 3—Development of the Fee Study Technical Analysis

This task will develop the technical analysis (e.g., methodology) to determine the revenues that should be collected (i.e., cost basis) from the District's customers for and from each of the subbasins. HDR will collaborate with the District, Sacramento County, and the SCGA to develop a projection of the expenses that will be funded by the District's customers. It will be the District's responsibility to provide the parcel and billing information for the Study. This task does not include the development or calculation of parcel data and billing records. During the development of this task, up to two virtual project meetings, one-hour each, will be held with District staff to discuss the methodology, approach, and results of the analysis. These project meetings will be to review and discuss the analysis, initial results, additional data needs, overall review of the analyses, and review of District legal comments.

Expected District staff support for Task 3:

- Attend and participate in up to two virtual project meetings
- Assist in the development of the draft technical analysis

Task 3 Deliverables:

- Development of the draft Fee Study Technical Analysis
- Up to two, one-hour virtual project meetings to review and discuss the Fee Study Technical Analysis

Task 4—Written Documentation

At the completion of the technical analysis, a draft report will be developed based on the technical analysis and review meetings with District staff. The report will document the approach, results, and recommendations of the fee study to establish the administrative record and support the Study recommendations. An electronic version (e.g., Word, PDF) of the draft report will be provided to the District for review and comment. A final electronic report will be provided after final edits and comments are received from District staff and District legal review.

Expected District staff support for Task 4:

- Review and comment on the draft report
- Coordinate District legal review and comments

Task 4 Deliverables:

- An electronic version of the draft report
- An electronic version of the final report

Task 5—Implementation Assistance

HDR will assist the District in developing the implementation approach (e.g., Proposition 218), and, if requested by the District, HDR will assist in the development of outreach and implementation materials for the District to distribute to customers. This will include input in the development of the summary study, results, recommendations, and basis for the proposed fees for up to 28 hours of effort. It will be the District's responsibility to notify customers of the proposed rates, public hearings, and process to establish fees.

Expected District staff support for Task 5:

- Lead the development of the implementation materials
- Printing and mailing the customer notification to affected customers
- Provide legal review of Proposition 218 implementation materials

Task 5 Deliverables:

- Assist in the development of implementation approach and materials

Task 6—Board Meetings/Hearings

At the completion of the Study, HDR will participate virtually in up to two District Board meetings or public hearings to assist in the presentation of Study documentation, final proposed Study results, and process of adopting the proposed groundwater fees.

Expected District staff support for Task 6:

- Schedule, at a mutually agreeable time, Board meetings or public presentations to discuss the proposed fees

Task 6 Deliverables:

- Up to two Board meetings or public presentations

This concludes the discussion of the scope of services to provide a groundwater fee study for the District. If additional services are requested, they can be provided on an hourly basis at current hourly billing rates. Any additional services will be agreed to in writing between HDR and the District. At this time, no in person meetings or presentations are anticipated.

Proposed Project Team

The proposed project team is composed of individuals that assisted Sacramento County and SCGA in their groundwater fee studies. The proposed project team is as follows:

Shawn Koorn – Project Manager/QC

Shawn will guide the overall analysis and provide overall quality control for the Study. Shawn has over 20 years of utility rate and finance experience across the U.S. Shawn is currently managing the Sacramento County and SCGA groundwater fee studies.

Grady Reed – Task Lead

Grady will lead the development of the technical analysis for the District. Grady has over 15 years of experience in developing cost allocations and rate and fee studies.

Jafar Faghiih – Water Resource Lead

Jafar will assist in the development of the Study, with a focus on customers and cost allocations. Jafar is providing similar assistance in the development of the Sacramento County and SCGA groundwater fee studies.

Melissa Diamant – Public Outreach Assistance

Melissa will provide assistance with public outreach materials and public outreach presentations. Melissa is an experienced public outreach expert.

If additional staff are needed to assist the District, HDR will work with the District to determine the appropriate staff to include in the project.

Schedule

A key element of the schedule is the timing of the Sacramento County and SCGA fee studies to establish the cost components for the District's study. In initial discussions with the District, the proposed fees will need to be implemented in July 2021 if placed on the property tax rolls. HDR will work with the District to develop a final detailed schedule during the kick-off meeting.

Billing Rates and Project Fee

For each task, labor hours by individual was developed. The total labor hours were then applied to the current hourly billing rates for each individual. The following hourly billing rates were used to establish the fee for this study. The following rates will be in effect January 1, 2021 through December 31, 2021.

<u>Individual</u>	<u>Project Role</u>	<u>Hourly Rate</u>
Shawn Koorn	Project Manager	\$290.00/hour
Jafar Faghiih	Local Liaison	235.00/hour
Grady Reed	Task Lead	200.00/hour
Melissa Diamant	Public Outreach	230.00/hour
Others	Administrative/Clerical Support	130.00/hour

The billing rates shown above cover payroll cost, employee benefits, and HDR overhead and profit.

In-House Expenses:

Vehicle Mileage	Current Federal Travel Regulation (FTR)
Black/white Photocopies (per copy)	\$0.05 to \$0.09
Color Copies (per copy)	\$0.15 to \$0.30

Direct Expenses:

No markup on expenses. Other direct expenses (e.g., parking, meals, mileage) will be billed at cost.

Given the hourly billing rates and the scope of services previously outlined, the fee for the District's Study was developed on a task basis. Provided on the following page is a summary of the project fee.

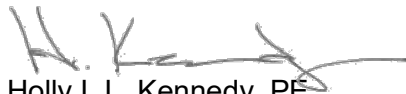
**Omochumne – Hartnell Water District
2021 Groundwater Fee Study**


Task Description	Total
Labor:	
Task 0: Project Management	\$1,880
Task 1: Kick-Off Meeting	\$925
Task 2: Data Collection, Review, and Assessment	\$925
Task 3: Development of the Fee Study Technical Analysis	\$9,220
Task 4: Written Documentation	\$4,030
Task 5: Implementation Assistance	\$6,920
Task 6: Board Meetings/Hearings	<u>\$ 3,930</u>
Total Labor	\$27,830
Total Expenses	<u>\$35</u>
Grand Total Fee	<u>\$27,865</u>

The project fee is based on the scope of services previously presented. Should the District request any additional services under this contract, the services will be provided at the hourly billing rates previously stated and agreed to in writing between the District and HDR.

We appreciate the opportunity to provide this proposal to the District. Should you have any questions about our approach, or any information contained herein, please call Shawn directly at (425) 450-6366.

Sincerely,
HDR ENGINEERING, INC.


Holly L.L. Kennedy, PE
Vice President


Shawn W. Koorn
Associate Vice President