

RESOLUTION 2022-10

**AUTHORIZING A TASK ORDER AMENDMENT IN THE AMOUNT OF \$47,000
TO THE CONTRACT BETWEEN THE MID-PENINSULA WATER DISTRICT
AND HF&H CONSULTANTS, LLC, FOR COMPLETION OF THE WATER RATE STUDY**

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MID-PENINSULA WATER DISTRICT

WHEREAS, the Mid-Peninsula Water District (District) entered into a contract with HF&H Consultants, LLC (HF&H) on June 25, 2020, to provide consulting services for the preparation of the 2020 Water Rate Study, in the amount of \$47,926 plus a 10-percent contingency of \$4,800, for a total budget of \$52,726; and

WHEREAS, HF&H was on target and budget for the completion of the 2020 Water Rate Study, including several meetings with District staff on their findings and recommendations and a meeting with the Board Finance Committee, and presentation to the Board, on their findings and recommendations when the District received critical information from the SFPUC in January 2021 regarding the potential for reduced water supplies in the future due to the potential implementation of the Bay-Delta Plan and the severe cutbacks in water supply to the Regional Water System, which information led to the need to more carefully study and understand the potential ramifications of a reduced water supply to the District that could come from the potential implementation of the Bay-Delta Plan; and

WHEREAS, District management placed the 2020 Water Rate Study in abeyance until the District better understood ramifications from the potential reduction in water supplies, and were appropriately addressed in the District's 2020 Urban Water Management Plan and Water Shortage Contingency Plan, which was submitted to the state Department of Water Resources on October 1, 2021; and

WHEREAS, the SFPUC declared a water shortage emergency in November 2021 and requested a voluntary 10-percent water use reduction, and in March 2022 proposed a 15.9 percent rate increase to wholesale customers rates from \$4.10 to \$4.75 per hundred cubic feet effective July 1, 2022; and

WHEREAS, the District received a proposal from HF&H on May 9, 2022, which will focus on developing a five-year rate structure for the Board to adopt by: updating the rate model with projected revenues; expenses and cash reserves over a 10-year financial planning period, including operation and capital budgets; revenue projections using customer water use trends; reviewing the past three-year period to update the cost-of-service and rate design analysis and develop and recommend rates for normal and drought years, during periods of mandatory water restrictions, that allow the District to automatically adjust water rates without having to have an annual Proposition 218 process; present their findings to staff, the Board Finance Committee and full Board in a timely fashion so that a Proposition 218 process can take place and the Board consider a rate adjustment for implementation as early as January 1, 2023.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Mid-Peninsula Water District authorizes Task Order No. 22-24 for additional work to be performed by HF&H as stated in its proposal dated May 9, 2022, in the amount of \$47,000 for a new total budget of \$99,726.

REGULARLY PASSED AND ADOPTED this 26th day of May 2022 by the following vote.

AYES: Zucca, Schmidt, Vella, Wheeler

NOES: None

ABSTENTIONS: None

ABSENCES: Jordan

DocuSigned by:

Kirk Wheeler

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Board President

ATTEST:
DocuSigned by:

Monique Madrid

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District Secretary