

Assessor's Parcel Number: N/A

Date: OCTOBER 22, 2018

Recording Requested By:

Name: HEATHER MACDONNELL, PUBLIC WORKS
(RR)

Address: _____

City/State/Zip: _____

Real Property Transfer Tax: \$ N/A



KAREN ELLISON, RECORDER

AMENDED CONTRACT #2018.218
(Title of Document)

CONTRACT AMENDMENT NO. 001

A Contract between Douglas County

and

Financial Consulting Solutions Group, Inc.

for

Water Utility Rate Analysis

DOUGLAS COUNTY
CLERK
BY: *[Signature]*
DEPUTY

WHEREAS, on August 16, 2018, Douglas County, a political subdivision of the State of Nevada (“COUNTY”), and **Financial Consulting Solutions Group, Inc.**, an independent contractor (“INDEPENDENT CONTRACTOR”) (hereinafter collectively referred to as “THE PARTIES”), entered into a contract for engineering services in connection with the Water Utility Rate Analysis in an amount not to exceed \$82,880 (“CONTRACT”); and

WHEREAS, the County desires to modify the contract to have Independent Contractor to incorporate a comparison of northern Nevada water service rates for the following entities (“Water Utilities”) as set forth below.

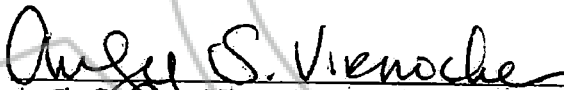
1. Carson City
2. Churchill County
3. City of Fallon
4. Edgewood Water Company
5. Gardnerville Ranchos General Improvement District
6. Gardnerville Water Company
7. Glenbrook Water Cooperative
8. Lyon County
9. Town of Minden
10. Silver Springs Mutual Water Company
11. Stagecoach General Improvement District
12. Storey County
13. South Tahoe Public Utility District
14. Topaz Ranch Estates General Improvement District
15. Truckee Meadows Water Authority
16. Round Hill General Improvement District
17. Kingsbury General Improvement District
18. Incline Village General Improvement District

WHEREAS, the County desires to modify the contract to have Independent Contractor conduct a County Study Session for the purposes of reviewing the preliminary consolidation plan for the water utilities as described in Task 3.8 of the attached scope of services.

WHEREAS, the County desires to have Independent Contractor evaluate enterprise fund financial policies as described in Task 3.2 of the attached scope of services.


NOW, THEREFORE, in consideration of the agreements herein made, the parties mutually agree as follows:

1. INDEPENDENT CONTRACTOR shall complete the following tasks, to be incorporated within Task 6 of the CONTRACT:
 - o complete an analysis comparing water service rates, connection charges, and other charges for the Water Utilities selected by COUNTY. The analysis should include costs by customer class (residential, commercial, irrigation), and a comparison of utility size, asset base, and charges that may not be in a monthly rate, but may be assessed in another manner such as through a tax rate that is used to help fund water system operations at a not to exceed cost of \$8,940.
 - o Conduct a study session with the County to review the preliminary results, solicit the County's feedback, and present such preliminary findings at a public meeting at a not to exceed cost of \$6,060.
 - o Evaluate financial policies at a not to exceed cost of \$2,520.
2. The additional services set forth in paragraph 1, above shall be completed on a time and material basis not to exceed a cost of \$17,520, and must be completed and presented during Workshop No. 1.
3. The Contract amount of \$82,880 is changed to \$100,400.
4. Except as specifically set forth herein, all of the terms and conditions of the original Contract remain unchanged by this amendment and remain in full effect.



Angie Sanchez-Virnoche, Vice President
FCS Group


10/5/18
Date



Steven J. Thaler, Chairman
Board of County Commissioners

10/18/18
Date

Attest:



County Clerk

10/18/18
Date

To: Ron Roman **Date:** July 24, 2018
From: Jason Mumm
CC: Angie Sanchez-Virnoche, Vice President FCS Group
RE Proposed Scope of Work for Consolidation of Carson Valley and Lake Tahoe Water Systems

The following is a proposed scope of work to provide Douglas County with a plan to consolidate the water rates, financial resources and indebtedness of the Carson Valley and Lake Tahoe Water Systems. FCS GROUP has provided analyses related to the consolidation of the water systems, including a 2013 analysis of the Lake Tahoe systems of Cave Rock, Skyland, and Zephyr Cove, and an older study from 2010 that first evaluated the possibility of consolidating the then eight (8) water system enterprises in the County.

Today, the Lake Tahoe Systems of Cave Rock/Uppaway, Skyland, and Zephyr are combined in name as one enterprise fund but are still truly separate enterprises. The Carson Valley Water Utility, including the Fairgrounds, West Valley, East Valley, Foothill, and Sierra Country Estates, is consolidated fully.

The purpose of the below, proposed scope is to develop a plan for the financial consolidation of the Carson Valley system with the three Lake Tahoe Water Utility funds. The expected outcome is to have a single water utility enterprise with a single set of rates and charges so that similarly situated water customers will have the same charges.

TASK 1: KICK-OFF MEETING

What

A project kickoff meeting will be scheduled by commencement of the project with the consultant and County's project team. The meeting will be held at a location TBD by the County.

How

Ideally, the meeting should include appropriate representatives from the County and stakeholders from the Carson Valley and Lake Tahoe Water Systems. Representatives from the Cave Rock/Uppaway, Skyland, and Zephyr have specifically expressed their desire to be a part of any water rate setting process.

Benefits/Project Relevance

This meeting will establish the goals and objectives of the overall project and focus the efforts of the project team. The items covered at the meeting include review of the scope of work, identify project objectives, expectations and deliverables, outline the project schedule and key milestone review points and discuss appropriate lines of communication. It will also serve to make reference to previous work and achieve consensus on how future work will be developed and presented.

Deliverable

A project schedule with task completion and key milestone review points. Identification of project team communication leads. Select frequency of project team meetings to calendar. Identify issues and areas of concern to address during study.

TASK 2: DATA ACQUISITION AND VALIDATION

What

Information requests encompassing historical and projected financial, operational, billing and planning information for each separate enterprise (we expect there are currently two separate enterprise funds with at least five separate departments).

How

There will be two information requests: a preliminary request sent to the County prior to the kick-off meeting, and a second request after the kick-off meeting based on our review of the preliminary responses. FCS GROUP ("FCS") will circulate the preliminary request within a week of receiving notice to proceed on this scope of work, and will circulate the second within a week after the initial kickoff meeting. There will be sufficient time allotted for County staff to gather the information and send it to FCS, after which FCS will review the responses and file them in to the project data warehouse. If there are any information gaps or clarifications needed, FCS will provide subsequent rounds of requests and/or conduct follow-up phone calls.

Benefits/Project Relevance

The data and information provided is foundational to the analyses FCS will prepare for the County. For example, validation of the customer data and calibration of the revenue forecast is critical to the rate study. As FCS reviews the requested information, we are also evaluating it for consistency. In this case, FCS has data and information from previous analyses that it can use as a starting point and also as a basis for validation. It is this evaluation process that is truly the benefit for the project as it help ensure we are not only starting from the right place, but also projecting the future outlook consistently and accurately.

Deliverable

Consolidated input tables with validated customer statistics and profiles that tie to the revenue projections

TASK 3: PRELIMINARY PLAN FOR WORKSHOP NO. 1

What

As a first step, FCS will prepare a preliminary recommendation for consolidation that will address combining the financial resources and obligations of the Carson Valley Water Utility and the three separate enterprise funds within the Lake Tahoe Water Utility. It includes a comprehensive review of the existing financial forecasts brought up to date with the most recent information (updates to the FCS studies in 2010 and 2013). Updating the past studies will also include recommendations for consolidating the systems' connection fees and rates. Given the expected transitional issues, we will evaluate alternatives for the County to consider in terms of timing the convergence of rate structures.

How

We will first develop a consolidated financial plan inclusive of the combined revenues and obligations of all separate enterprises. Then, after evaluating the outcomes of the consolidated financial forecast, we will work on developing up to three (3) alternatives for merging the rates and connection fees into a single schedule. We will summarize these analyses into presentation materials and submit the findings in a workshop setting hosted on-site at the County. The workshop will offer stakeholders the opportunity to review the preliminary efforts and provide additional input, which we will then use as the basis for finalizing the plan in Task 4, below. The following sub-tasks are included:

Task 3.1: Update Stand-Alone Financial Plans

Update the financial plans prepared during the 2010 and 2013 FCS GROUP studies regarding consolidation.

Task 3.2: Evaluate and recommend updates to financial policies

FCS will evaluate the existing financial policies for enterprise funds to include policies for sufficient operating reserves, capital project reserves, emergency reserves, and system replacement reserves. FCS will compare the existing policies against industry benchmarks and other best management practices and recommend updates as appropriate.

Task 3.3: Establish Preliminary Combined Plan

Evaluate the consolidation issues, including evaluation of the FTE allocations, do develop a single, consolidated financial forecast as a single utility enterprise. FCS will provide an analysis showing the preliminary plan at existing enterprise fund policies and under the proposed policies in order to demonstrate the financial impact from the proposed policy changes.

Task 3.4: Connection Charge Consolidation

Evaluate the connection charges in each service area and develop a preliminary plan to merge the charges under up to three alternative timelines.

Task 3.5: Rate Schedule Consolidation

Evaluate the rate schedules and develop a preliminary plan to merge the rate schedules under up to three alternative timelines.

Task 3.6: Preliminary Consolidation Proposal w/ Alternatives for Merging Rate Schedules

Document the consolidation plans and corresponding alternatives in technical memorandum.

Task 3.7: County Workshop

Present the consolidation plan and alternatives for merging rate schedules at an on-site workshop of stakeholders in Douglas County.

3.8: Attend Board Study Session

After the workshop, FCS will attend a meeting with the County's Board to facilitate a discussion on the preliminary results and the feedback received from the workshop.

Benefits/Project Relevance

This task leverages the findings from past studies into a preliminary proposal for consolidation that stakeholders can evaluate. It organizes the information and places it all into the proper context with tangible alternatives for merging the rate structures under alternative timelines. Once the preliminary proposals are ready, the workshop provides a forum for stakeholders to interact with the County and FCS to provide additional, valuable input. The first workshop is an important interim step to achieving a final, approved plan. It will be the first opportunity to gauge stakeholder buy-in, which will be necessary for a successful consolidation.

Deliverables

The major deliverable is the County Workshop (Subtask 3.6), but FCS GROUP will also be providing the following items:

- Updated stand-alone financial plans for the enterprise funds (MS Excel models),
- Consolidated financial plan (MS Excel model),
- Connection charge calculations (technical memorandum)
- Rate schedules (technical memorandum)
- Alternatives for merging rate schedules (technical memorandum)

TASK 4: REVISED PLAN FOR WORKSHOP NO. 2

What

Prepare a revised consolidation plan based on the comments and input received in the first workshop. Present the revised plan at a 2nd workshop for final validation.

How

This task begins *during* the presentation of the first workshop, which is when we will be receiving input and comments from the stakeholders in the County. Taking those comments from the first workshop into account, the next step is to create a revised consolidation plan that will incorporate the inputs received. Our task here is to ensure that the revisions we make are responsive to those inputs such that it is clear as to how we have addressed each of them, and how our revisions impacted the outcomes in our earlier analysis. The following subtasks are included:

Task 4.1: Consolidate Comments from Workshop No. 1

Based on notes taken during Workshop No. 1, consolidate the comments and inputs and develop strategy for incorporating them into the revised plan.

Task 4.2: Revise Consolidation Plan

Make revisions to the models developed in Task 3 based on the comments and inputs from Workshop No. 1.

Task 4.3: Prepare Revised Consolidation Proposal

Document the revised plan in a technical memorandum highlighting the comments and inputs received, how those comments and inputs were incorporated into the revised plan, and a narrative on the change in outcomes achieved from the same.

Task 4.4: County Workshop No. 2

Present the revised consolidation plan and alternatives at an on-site workshop of stakeholders in Douglas County.

Benefits / Project Relevance

This task creates what will be proposed as the “final” consolidation plan with a path toward merging the connection fees and rates into one schedule. Once that plan has been prepared, we will once again provide a workshop setting for stakeholders to review the plan in a supportive forum.

Deliverables

The deliverables will include updates to all deliverable items from Task 3 and will include a 2nd workshop presentation held on-site in Douglas County at a time and location TBD.

TASK 5 PREPARE COMPREHENSIVE CONSOLIDATION REPORT

What

FCS GROUP will prepare comprehensive documentation of the final consolidation plan that will include a summary-level discussion of the process used to arrive at the final plan together with all relevant work papers, presentation materials, and technical memoranda issued during the project.

How

FCS GROUP will provide an initial draft report for the County to review. A final report will be prepared after the County has had the opportunity to provide comments. The task includes the following sub-tasks:

Task 5.1: Prepare Draft Report

Includes drafting of the draft report.

Task 5.2: Review and Commenting on Draft Report

FCS GROUP will allow for an initial window of 10 working days to circulate the draft and receive comments back from the County stakeholders.

Task 5.3: Prepare Final Report

Based on comments received from the County, prepare a final report along with all work papers, memoranda, working models, and presentation material to be included in the report.

Benefits/Project Relevance

A comprehensive reference to the analysis and discussions leading to the consolidation plan will be useful to the County as it works through the implementation in coming years. The report itself will be written in a way to assist in guiding the implementation rather than simply as a retelling of the events that occurred up to that point.

Deliverables

The deliverables for this task include an electronic draft report in MS Word to be used as a method of gathering comments from the County and those stakeholders who wish to review the document. The final report will be provided in PDF format along with an appendix of work papers, model outputs, presentation materials, and other reference materials conducive to the documentation of the report's discussion and findings.

TASK 6: ADDITIONAL SERVICES

What

This task allows for additional labor resources and expense budget for the performance of tasks unknown at the time of scoping and contracting. Any budget set aside under Task 6 shall only be used at the written request of the County with the specific tasks and budget noted in the request.

Deliverables

Deliverable materials, if any, shall be determined at the time the request is made by the County.

PROJECT BUDGET

Task Detail	Mths	Mumm			Admin		Total Hours	Expense Budget	Budget Estimate
		Principal	PM	Sr. Analyst	Support				
Task 1 Kickoff Meeting	1	4	4	2	2	12	\$0	\$2,230	
Task 2 Data Collection/Validation	0	2	3	3	2	20	\$0	\$3,230	
Task 3 Preliminary Plan for Workshop No. 1	2	44	34	120	0	228	\$5,000	\$45,030	
3.1 Update Stand-Alone Financial Plans		4	8	24	0	36	\$0	5,880	
3.2 Evaluate Financial Policies		4	3	0	0	12	\$0	2,520	
3.3 Establish Preliminary Combined Plan		4	8	24	0	36	\$0	5,880	
3.4 Connection Charge Consolidation		4	3	24	0	36	\$0	5,880	
3.5 Rate Schedule Consolidation		4	8	24	0	36	\$0	5,880	
3.6 Preliminary Proposal and Alternatives		3	3	24	0	48	\$0	8,920	
3.7 County Workshop No. 1	1	8	8	0	0	16	\$2,500	6,060	
3.8 County Study Session	1	3	3	0	0	16	\$2,500	6,060	
Task 4 Revised Plan for Workshop No. 2	1	20	32	36	0	108	\$2,500	\$24,430	
4.1 Consolidate Comments from Workshop No. 1		4	8	8	0	20	\$0	3,640	
4.2 Revise Consolidation Plan		4	3	24	0	35	\$0	5,880	
4.3 Prepare Revised Consolidation Proposal		4	8	24	0	36	\$0	5,880	
4.4 County Workshop No. 2	1	3	3	0	0	16	\$2,500	6,060	
Task 5 Prepare Comprehensive Report	0	20	16	32	0	68	\$0	\$12,640	
5.1 Draft Report		8	8	16		32	\$0	5,880	
5.2 Review and Commenting on Draft Report		0	0	0		0	\$0	0	
5.3 Prepare Final Report		12	8	16		36	\$0	6,840	
Task 6 Additional Services		16	8	8	0	32	\$0	\$6,760	
Expenses		\$27,560	\$24,420	\$31,640	\$340	\$83,960	\$7,500	\$91,460	
Budget Estimate								\$91,460	

Douglas County

State of Nevada

CERTIFIED COPY

I certify that the document to which this certificate is attached is a full and correct copy of the original record on file in the Clerk-Treasurer's Office on this

22nd day of August, 2018
By: *[Signature]* Deputy