

February 28, 2025

Chad Davisson, Interim General Manager
Graton Community Services District
250 Ross Lane
Sebastopol, CA 95472

RE: Proposal to Conduct a Sewer Rate and Capacity Fee Study

Dear Mr. Davisson,

Lechowicz & Tseng Municipal Consultants (L&T) is pleased to submit a proposal to conduct a Sewer Rate and Capacity Fee Study for the Graton Community Services District (GCSD or District). L&T is a women-owned firm located in the Bay Area that focuses on financial planning, utility rate and fee studies, and management consulting for California public agencies. Both principals have over 17 years of consulting experience and we have completed over 100 studies compliant with Propositions 218 and 26.

L&T specializes in providing services to small public agencies. Recent assignments include sewer rate studies for the Summerland Sanitary District (480 customers), Terra Bella Sewer Maintenance District (500 customers), Nipomo CSD Blacklake Area (560 customers), Jamestown Sanitary District (840 customers), water rate studies for the City of Loyalton (350 customers), the Spring Valley service area of Lake County (410 customers), and the Christian Valley Park Community Services District (630 customers), and water and sewer rate studies for the Quail Lake Estates service area of Fresno County (710 customers) and the Kelseyville service area of Lake County (1,200 customers). We will bring our experience working with these agencies to our work with Graton CSD.

SCOPE OF SERVICES

Provided below is L&T's proposed scope of services for the Sewer Rate and Capacity Fee Study. We remain flexible to add or remove tasks to meet the District's needs and adjust our budget accordingly.

1. Project Kickoff & Data Gathering: Assemble the necessary data to complete the study. The goal is to understand the District's financial standing, current rate structure, funding needs, and utility billing information. We will gather readily available information from the District's website and submit a data needs list for remaining items prior to a virtual kickoff meeting. The virtual kickoff meeting with the project team will be to review available information and resolve questions.
2. Financial Plan: With staff input, we will estimate future operating and capital expenditures to determine annual revenue needs. L&T will evaluate and recommend targets for emergency reserves, rate stability reserves, long term capital reserves, or other categories as appropriate.

We will develop up to three draft cash flows illustrating the impacts of various funding options on rates over the next five years.

3. Cost Allocation & Rate Design: We will evaluate historical and current winter water consumption (if available from the water utility), wastewater flow, pollutant loading, and customer billing information. L&T will functionalize expenses by major operating activities for the District and allocate the cost of service to customers. Potential categories include customer service, flow, and pollutant strength. L&T will review rate options and propose a 5-year plan of rate changes. This task will also include a survey comparing the proposed rates to the rates of other local agencies.
4. Draft & Final Reports: Prepare a draft report explaining the alternatives, documenting costs, and calculating updated sewer rates. Drafts will be revised as directed and resubmitted as the final report. All staff comments and input from elected officials will be incorporated and recommendations will be updated accordingly. The report will serve as the District's Proposition 218 administrative record. Under this task, L&T will also draft the Proposition 218 notice of public hearing and translate the notice to Spanish. We will coordinate with the District's legal counsel for review.
5. Meetings & Presentations: As needed throughout the study, L&T proposes to conduct virtual meetings with the project team to review progress, answer questions, and revise the calculations. In addition to these progress meetings, we propose to conduct up to (2) in-person meetings consisting of a presentation of rate recommendations to the Board and attendance at the Proposition 218 hearing. L&T will prepare PowerPoint files and accompanying documents in advance for project team review and inclusion with meeting materials.
6. Capacity Fee Study: Concurrent with the sewer rate study, L&T proposes to review and update the District's capacity (connection) fees. We will review potential future development in the community and the need to expand capacity. L&T will work with District staff and West Yost to determine the cost of facilities needed to accommodate new customers. Most often, the value of facilities includes both a buy-in to existing facilities that have available capacity plus an expansion component for facilities that must be upsized to meet the needs of growth. The cost of facilities is divided by the capacity of those facilities to determine the capacity fee. As needed, L&T will scale the fees for various types of development such as multi-family residential, accessory dwelling units, and commercial customers. To complete our work, we will provide the District with a comprehensive report and assist with fee adoption.

STAFF ASSIGNMENT

Alison Lechowicz will be the principal-in-charge and lead financial analyst on this assignment. She will be assisted by Calvin Weinstock, Financial Analyst I. Principal Catherine Tseng act as a substitute for Ms. Lechowicz if needed. Ms. Lechowicz's resume is provided as an attachment.

AVAILABILITY AND FEES

1. L&T is prepared to begin work upon your authorization to proceed. We commit to completing the Sewer Rate Study such that new rates can be implemented July 2025 (or in time to be placed on the FY2026 tax roll).
2. All work will be performed by Lechowicz & Tseng Municipal Consultants. Alison Lechowicz will be placed in charge of the work and will devote time and effort to the project as needed.
3. The billing rate for firm Principals Alison Lechowicz and Catherine Tseng is \$210/hr and the billing rate for Financial Analyst I Calvin Weinstock is \$110/hr. Expenses are billed at cost without markup.
4. L&T's total not-to-exceed cost to complete this assignment is \$26,140 including expenses for two (2) in-person meetings as shown in the table below. Fee and expenses are payable monthly in accordance with the Billing Rate Schedule 2025/26. Additional in-person meetings can be added at a cost of \$1,500 per meeting.

PROJECT TASKS	HOURS		Total	DIRECT EXPENSES	BUDGET
	Lechowicz Project Mgr \$210/hour	Weinstock Financial Analyst I \$110/hour			
1. Kickoff & Data Gathering	2	2	4		\$640
2. Financial Plan	18	14	32		\$5,320
3. Cost Allocation & Rate Design	12	8	20		\$3,400
4. Draft & Final Reports	14	20	34		\$5,140
5. Meetings & Presentations	12	6	18	\$600	\$3,780
6. Capacity Fee Study	28	18	46		\$7,860
TOTAL PROJECT BUDGET	86	68	154	\$600	\$26,140

BILLING RATE SCHEDULE 2025/26

Lechowicz & Tseng's hourly rates are \$210 for Principals, \$140/hr for Financial Analyst II, and \$110/hr for Financial Analyst I. Principal Alison Lechowicz will serve as project manager and be the primary consultant for the assignment. No subconsultants are needed for this assignment. The professional time rate includes all overhead and indirect costs. Direct expenses incurred on behalf of the client will be billed at cost. Direct expenses include, but are not limited to:

- Travel, meals, lodging
- Automobile mileage
- Printing and mailing
- Courier services and mailing costs
- Special legal services

L&T's hourly rate schedule is part of the quote for use in invoicing for progress payments and for any work that is requested by the District in addition to this scope of services.

SCHEDULE

Below is L&T’s draft schedule for the Sewer Rate and Capacity Fee Study with the Proposition 218 hearing in June 2025 (i.e. in time for the FY2026 tax roll). We propose focusing heavily on the sewer rate study in March and April due to the tax roll deadline. L&T proposes to focus on the capacity fee study tasks later in April and into May during the Proposition 218 rate study waiting period. Our final meeting for this project will likely be a special meeting of the Board of Directors in June where we will conduct the Proposition 218 hearing for the sewer rates and present final recommendations for the capacity fee study. We are happy to adjust the schedule as needed.

PROJECT TASK	MAR	APR	MAY	JUN
1. Kickoff & Data Gathering				
2. Financial Plan				
3. Cost Allocation & Rate Design				
4. Draft & Final Reports			D	F
5. Meetings & Presentations	V	V	I	V
6. Capacity Fee Study			D	F

V – virtual meeting; I & 2 – in-person meetings; D – draft report submitted; F – final report submitted

- Virtual meeting #1: review data collection, study objectives, and questions with the project team
- Virtual meeting #2: present draft rate tables to the project team; revise the calculations as needed
- In-person meeting #1: present draft rate recommendation to the Board of Directors
- Virtual meeting #3: present the final rate study report and draft capacity fee results to the Board of Directors and request authorization to conduct Proposition 218 notifications
- In-person meeting #2: attend the Proposition 218 hearing as well as present the final capacity fee report during this trip

Lechowicz & Tseng would very much like to work for the District on this assignment and hope that this proposal will constitute a suitable basis for our selection. We remain flexible to revise our scope and fee to meet your needs. If the proposed scope and budget are acceptable to you, please sign and return the attached engagement letter.

Very truly yours,
LECHOWICZ & TSENG MUNICIPAL CONSULTANTS



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- Attachment A: Engagement Letter
- Attachment B: Recent Experience
- Attachment C: Alison Lechowicz's Resume

ATTACHMENT A: ENGAGEMENT LETTER

Lechowicz & Tseng Municipal Consultants is authorized to conduct a Sewer Rate and Capacity Fee Study for the Graton Community Services District at a rate of \$210 per hour for principals and \$110 per hour for Financial Analysts I. The total not-to-exceed fee is \$26,140 including two (2) in-person meetings for the scope of work shown in the attached proposal.

By: _____

Date: _____

Chad Davisson, Interim General Manager
Graton Community Services District
250 Ross Lane
Sebastopol CA 95472

ATTACHMENT B: RECENT EXPERIENCE

Provided below is a sampling of L&T's recent projects for small public agencies.

CLIENT	ACCOUNTS OR PARCELS	PROJECT
Hayward Mobile Country Club	238	Water Rate Study (2023)
City of Loyalton	350	Water Rate Study (2024)
Spring Valley Waterworks District	410	Water Rate Study (2024)
Summerland Sanitary District	480	Sewer Rate Study (2023 & 2025)
Terra Bella Sewer Maintenance District	500	Sewer Rate Study (2025)
Nipomo CSD (Blacklake)	560	Blacklake Sewer Rate Study (2018) Blacklake Streetlight Rate Study (2022)
Christian Valley Park CSD	630	Water Rate Study (2024)
Biggs West-Gridley Water District	670	Standby Fee Study and Balloting (2024)
Quail Lakes Estates	710	Water and Sewer Rate Study (2025)
Jamestown Sanitary District	840	Sewer Rate Study (2024)
McMullin Area GSA	1,150	Groundwater Fee Study (2018 & 2023)
Kelseyville Waterworks District	1,200	Water and Sewer Rate Study (2024)
Maywood Mutual Water Co.	1,200	Water Rate Study (2022)
South Fork Kings GSA	1,200	Proposition 218 Assessment Balloting (2023)
City of Rio Dell	1,300	Water and Sewer Rate Study (2022)
City of Brisbane	2,000	Water and Sewer Rate Study (2023)
City of Gonzales	2,000	Water and Sewer Rate Study (2023)
Calaveras Public Utility District	2,100	Water Rate Study (2023)
City of Waterford	2,600	Sewer Rate Study (2019 & 2024)
Templeton CSD	2,800	Water and Sewer Rate Study (2018) Fire Impact Fee Study (2023)
City of Tehachapi	3,000	Water and Sewer Connection Fee Study (2020) Parks and Civic Connection Fee Study (2021)
City of Kerman	3,900	Water and Sewer Rate Study (2018) Water, Sewer, and Storm Drain Rate Study (2024)
City of Kingsburg	4,000	Solid Waste Rate Study (2022) Water Rate Study (2025 – ongoing)

CSD – Community Services District; GSA – Groundwater Sustainability Agency

ATTACHMENT C: RESUME

Alison Lechowicz



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909 Marina Village Parkway #135
Alameda, CA 94501

EXPERIENCE

- 17 years consulting experience: 7 years Co-founder and Principal at L&T Municipal Consultants, 7 years as Principal and Financial Analyst at Bartle Wells Associates, 3 years as Financial Analyst at Carollo Engineers
- Testified as an expert witness at the CA Public Utilities Commission in electric rate cases of Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric
- Prior certifications: Municipal Securities Rulemaking Board, Series 50 – Municipal Advisor Representative
Series 54 – Municipal Advisor Principal

EDUCATION

- **Columbia University**
Master of Public Administration
- **University of California, Berkeley**
Bachelor of Science
Conservation & Resource Studies

EXAMPLE ASSIGNMENTS

Root Creek Water District (Madera County):

Financial plan for the District's groundwater basin and agricultural water service. Water, sewer, and storm drain rates and development fees for municipal service.

City of Kerman (Fresno County):

Completed a water, sewer, and storm drain rate study for the City. Updated winter water use estimates for single family residential sewer rates. Phased-out discounts for multifamily sewer customers.

City of Hanford (Kings County):

Conducted a water, sewer, and storm drain rate study for the City. Proposed a rate plan to make up for past deferral of rate adjustments, cover upcoming capital costs on a pay-go basis, and to replenish reserves.

Stege Sanitary District (Contra Costa County):

Sewer rate and connection fee study. Conducted extensive review of water usage patterns to determine flow rates of customer classes. Proposed a 5-year phase-in for a new multifamily rate.

City of Waterford (Stanislaus County):

Completed sewer rate studies in 2019 and 2024. Reviewed alternative rate structures such as volume/flow-based billing. Ultimately, assigned fixed rates to customers based on class average flows and pollutant loading.

City of Wasco (Kern County):

Completed a water and sewer rate study. Designed a new water rate structure and documented sewer flow and loading assumptions as the basis of the sewer rates.