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January 8, 2025

Katherine Woodhull-Fuget
City of Visalia
Engineering and Building Department
315 E Acequia Ave.
Visalia, CA 93291

Subject: Water Reclamation Facility Nexus Study

Dear Katherine:

Enclosed is a Scope and Fee prepared by Carollo Engineers, Inc. (Carollo), to provide a nexus study for the City of Visalia (City) Water Reclamation Facility (WRF) and sewer collection system. In addition to rate study analysis, updates to the sewer master plan will be incorporated. The following sections outline our project team, scope, and fee for this work.

Project Team

We have selected a team that is both familiar with the City of Visalia and can provide specialized expertise in wastewater and sewer systems. Our team will provide the City with a technically sound and comprehensive plan to guide future project cost to support the WRF improvements. **Ryan Sellman** is the proposed principal-in-charge and will lead the project team. He brings extensive wastewater treatment experience and is familiar with handling facilities with similar operational and maintenance challenges. The project manager will be **Reace Fisher**, who will be responsible for day-to-day communication with the City and the project team. Reace will be supported by a team of qualified staff essential to meeting the project goals. **Isalah Barnes**, who has been supporting the City on the collection system rate study and has over 16 years of related financial experience, will serve as the project's financial technical advisor. She has not only served the City of Visalia, but numerous clients with rate study/nexus study projects throughout California. **Ryan Orgill** will lead the planning efforts team. Ryan has over 20 years of hydraulic modeling support and helped the City on their last two master plan updates.

Scope of Work

The following scope of work is our interpretation of the City's base scope of work provided and our understanding of the desired changes after City review. There are sub-tasks included in this scope of work without associated sub-task fees in the detailed cost schedule. These tasks are described in detail to provide clarity on the overall completion of the project per City direction, however were included in the original project and therefore, are not double counted in the fee.

Wastewater Reclamation Facility Tasks

New Task WRF-1 Fund 232 Treatment Plant Expansion Impact Fee Development

Using the newly adopted Water Reclamation Facility Master Plan as a starting point, Carollo will calculate Development Impact Fees for the Treatment Plant Expansion (232) Fund in compliance with AB 1600, the California Mitigation Fee Act. The scope of work on the following pages outlines our proposal for this study.

WRF-1.1: Project Initiation

A kickoff meeting will be used to formalize lines of communication between Carollo and the City's team, finalize the project schedule, and ensure project goals and objectives are clearly defined, delineated, and understood by all parties. Additionally, milestones for project deliverables will be established.

Carollo will prepare a data request list and submit it to the City staff upon Notice to Proceed. As data is received, we will review each data item for completeness and clarity so we can follow up with additional requests or questions if needed.

Task WRF-1.1 Deliverables

- Kick-off meeting workshop with City staff.
- Data request list.

WRF-1.2: Review Existing Impact Fee

Carollo will review impact fees, including methodology, for reasonableness and adherence to industry best practices and California legal requirements.

Task WRF-1.2 Deliverables

- Technical memorandum on methodology review.

WRF-1.3: Calculate Development Impact Fees

Carollo will calculate the costs associated with adding new connections to its water reclamation system. Under this task we will assess the current capacity available and estimate capacity added by growth-related projects.

Task WRF-1.3 Deliverables

- Identify impact fee methodology.
- Calculate impact fee.
- Meeting to discuss results (web-based).

WRF-1.4: Benchmarking

Carollo will compare City existing and proposed impact fees to up to 10 comparative California cities. We will confirm with the City the comparative cities and use in any fee comparison data and materials the City has previously prepared.

Task WRF-1.4 Deliverables

- Benchmarking results in PowerPoint or Excel format.

WRF-1.5: Stakeholder Outreach

Carollo will facilitate two stakeholder meetings to present and work through key objectives, challenges, project updates, and preliminary Study results. The first stakeholder meeting should occur towards the beginning of the study, while the second stakeholder meeting should occur after preliminary results are discussed with City staff.



Task WRF-1.5 Deliverables

- Facilitate two stakeholder outreach meetings (in-person).
- Minutes for each meeting.

WRF-1.6: Documentation and Presentation

Carollo will present preliminary findings and recommendations in successive drafts for review and comment by City staff (up to 2 revisions of each report before authorization to produce final). Carollo will incorporate City comments and revisions into the Final Nexus Study Report. The Nexus Study Report will comply with the most recent California legal requirements (such as AB 602) and include all aspects identified in the California Department of Housing and Community Development Impact Fee Nexus Studies Template.

Carollo will attend and present the Final Nexus Study Report to City Council at a public hearing for adoption.

Task WRF-1.6 Deliverables

- Draft Report (in both Microsoft Word and PDF formats) with up to two (2) revision cycles.
- Final Nexus Study Report (in both Microsoft Word and PDF formats).
- Attendance and presentation (in both Microsoft PowerPoint and PDF formats) of Final Nexus Study Report at one (1) City Council meeting
- Present the Final Nexus Study Report to City Council at one (1) public hearing for adoption.

New Task WRF-2 – Fund 431 Wastewater Operations Rate Study

Fund 431, known as both “Wastewater Operations” and “Wastewater Treatment Plant”, is the main wastewater fund and covers operation and maintenance of both the Water Reclamation Facility and the sanitary sewer collection system. The following scope of work outlines our proposal for this study.

WRF-2.1: Project Initiation

A kickoff meeting will be used to formalize lines of communication between Carollo and the City’s team, finalize the project schedule, and ensure project goals and objectives are clearly defined, delineated, and understood by all parties. Additionally, milestones for project deliverables will be established. This kickoff meeting will be in conjunction with the kickoff meeting for Task WRF-1 Fund 232 Treatment Plant Expansion Impact Fee Development.

Carollo will prepare a data request list and submit it to the City staff upon Notice to Proceed. As data is received, we will review each data item for completeness and clarity so we can follow up with additional requests or questions if needed.

Task WRF-2.1 Deliverables

- Kick-off meeting workshop with City staff.
 - Data request list.
- 

WRF-2.2: Revenue Requirements

Carollo will analyze the short- and long-term sufficiency of the fund's existing revenues against existing and forecasted operational and capital expenditures, including potential repair and replacement needs that have been identified in the City's capital improvement program. The revenue requirements analysis will be undertaken in close collaboration with City staff. Future changes in expenditures due to regulatory requirements, including both capital and level of service objectives, can be evaluated and incorporated into the forecast.

A multi-year financial plan will be prepared with projections of expenses, revenues, and reserves. These expense projections will focus on providing adequate funding for operating and capital expenses. The projected reserve fund balances are a critical element of the revenue requirements and financial plan. Carollo will evaluate the types, sources, and uses of reserve funds to appropriately forecast uses and funding requirements. The multi-year financial plans will indicate the annual revenue increases needed to fund the project expenses and to maintain adequate reserves.

Task WRF-2.2 Deliverables

- 10-Year revenue requirement forecast.
- Workshop with City staff (web-based).

WRF-2.3: Cost of Service Analysis

The cost of service analysis will justify and allocate the revenue requirements among customer classes. A cost of service analysis will be conducted, beginning with updating the functional and cost component allocations to customer service, flow, BOD5, and TSS. Separate allocations for O&M and capital costs will be developed. Carollo uses methodologies endorsed by the Water Environment Federation (WEF) to allocate costs to functional categories, cost components, and customer classes. However, we do not rely on industry standard allocation factors; we determine the appropriate allocation factors that reflect how you operate your system, how you determine capital needs, and how your customers use your system. The cost of service analysis will also consider allocation of costs to the community of Goshen and industrial customers.

WRF-2.4: Rate Design

Where the cost of service analysis determines the allocation of costs between various functions, a rate design is used to ensure each customer, within a class, is paying their appropriate and reasonable share. Carollo will evaluate up to two rate structure alternatives. We will develop a five-year rate plan to transition the City from your existing rates to cost-based rates by Year 5. Any proposed rates will be in compliance with City ordinances and voter-approved propositions, and state and federal regulations and requirements.

Carollo will determine the impact of proposed rates on varying customer types, ranging from residential to industrial, low volume to high volume.

Task WRF-2.4 Deliverables

- 5-year rate schedule.
- Up to two (2) rate design alternatives.



- Bill impacts.

WRF-2.5: Review Industrial User Fees and Penalties

Carollo will review existing industrial user fees and penalties for industrial users and calculate updated cost-based fees and penalties. This process includes identifying direct and indirect costs associated with non-compliance.

Task WRF-2.5 Deliverables

- 5-year schedule industrial user fees.
- Cost-based industrial user penalties.

WRF-2.6: Community Outreach

Carollo will facilitate with City staff up to two community meetings to present study updates and findings. We will assist City staff to prepare presentation materials prior to each meetings. Some community members may not be familiar with cost of service and rate design, so much of the material may be focused on educating members about cost of service and rate design principles and methodologies. We will help ensure that the attendees understand the process and calculations that result in our recommendations.

Task WRF-2.6 Deliverables

- Facilitate two community outreach meetings (in-person).
- Minutes for each meeting.

WRF-2.7: Documentation and Presentation

Carollo will present preliminary findings and recommendations in successive drafts for review and comment by City staff (up to 2 revisions of each report before authorization to produce final). Carollo will incorporate City comments and revisions into the Final Nexus Study Report.

Carollo will attend and present the draft and Final Rate Study Report to City Council at up to two meetings.

Task WRF-2.7 Deliverables

- Draft Report (in Microsoft Word and PDF formats) with up to two (2) revision cycles.
- Final Sewer Rate Study Report (in Microsoft Word and PDF formats).
- Attendance and presentation (in Microsoft PowerPoint and PDF formats) of Final Sewer Rate Study Report at two (2) City Council meetings.

WRF-2.8: Proposition 218 Support

Carollo will prepare draft Proposition 218 notifications to property owners (English and Spanish). Carollo will incorporate City staff and the City attorney's comments and revisions into the final Proposition 218 notifications. The City will send notifications to property owners.

Task WRF-2.8 Deliverables

- Draft Proposition 218 notice (in native file and PDF formats).



- Final Proposition 218 notice(in native file and PDF formats),

Task WRF-3 – WRF Project Management

Project management activities associated with tasks WRF-1 and WRF-2 will be conducted as part of this task, including day-to-day administration, communication with the City, coordination, and progress meetings. Carollo will administer the project to maintain project schedule and budget. The project progress and budget status will be included in monthly progress reports that will be attached to billing invoices. Additionally, monthly progress reports shall include a list of work completed for the period and meeting minutes for all meetings held during the time period.

Biweekly project status meetings/calls between the project team and the City will also be conducted as a part of this task. Carollo shall clearly state in their proposal what the expected project duration is and how many biweekly calls are anticipated. Carollo will be responsible for providing meeting agendas and minutes for each meeting. Meeting agendas shall be provided to the City 2 working days prior to the meeting and meeting minutes shall be provided to the City within 2 working days after the meeting. These agendas and minutes shall clearly outline any needs from the City and dates when the information is needed by.

Sewer Tasks

Task SS-1 – Sewer Nexus Study Additional Work

In addition to the scope outlined in the original Task 10 Nexus Study, the Sewer Impact Fee Nexus Study Approach will need to be updated to meet the requirements of recent California legislation such as AB 602 from 2021. The Nexus Study Report shall include all aspects identified in the California Department of Housing and Community Development Impact Fee Nexus Studies Template. The below scope is to account for the additional effort required beyond the scope outlined in Task 10 of the original contract.

Task SS-1.1: Project Initiation

A kickoff meeting will be used to formalize lines of communication between Carollo and the City's team, finalize the project schedule, and ensure project goals and objectives are clearly defined, delineated, and understood by all parties. Additionally, milestones for project deliverables will be established.

Carollo will prepare a data request list and submit it to the City staff upon Notice to Proceed. As data is received, we will review each data item for completeness and clarity so we can follow up with additional requests or questions if needed.

Task 1.1 Deliverables

- Kick-off meeting workshop with City staff.
- Data request list.

Task SS-1.2: Calculate Sewer Impact Fees

Carollo will review and confirm the previously agreed upon impact methodology for appropriateness. Carollo will utilize the model developed in the original Task 10 Study. The recommended impact fee will be in line with industry best practices and in compliance with California legislation.



Task 1.2 Deliverables

- Identify impact fee methodology.
- Calculate impact fee.
- Meeting to discuss results (web-based).

Task SS-1.3: Sewer Impact Fees Documentation and Presentation

Carollo will present preliminary findings and recommendations in successive drafts for review and comment by City staff (up to 2 revisions of each report before authorization to produce final). Carollo will incorporate City comments and revisions into the Final Nexus Study Report. The Nexus Study Report will be a standalone document, separate from the Sewer Master Plan, and will include all aspects identified in the California Department of Housing and Community Development Impact Fee Nexus Studies Template.

Carollo will attend and present the draft and Final Rate Study Report to City Council one meeting.

Task 1.3 Deliverables

- Draft Sewer Impact Fee Nexus Report (in Microsoft Word and PDF format) with up to two (2) revision cycles.
- Final Sewer Impact Fee Nexus Report (in Microsoft Word and PDF format).
- Attendance and presentation (in Microsoft PowerPoint and PDF format) of Final Sewer Rate Study Report at one City Council meeting.

Task SS-2 – SS Project Management

Project management activities associated with task SS-1 will be conducted as part of this task, including day-to-day administration, communication with the City, coordination, and progress meetings. Carollo will administer the project to maintain project schedule and budget. The project progress and budget status will be included in monthly progress reports that will be attached to billing invoices. Additionally, monthly progress reports shall include a list of work completed for the time period and meeting minutes for all meetings held during the time period.

Biweekly project status meetings/calls between the project team and the City will also be conducted as a part of this task. Carollo shall clearly state in their proposal what the expected project duration is and how many biweekly calls are anticipated. Carollo will be responsible for providing meeting agendas and minutes for each meeting. Meeting agendas shall be provided to the City 2 working days prior to the meeting and meeting minutes shall be provided to the City within 2 working days after the meeting. These agendas and minutes shall clearly outline any needs from the City and dates when the information is needed by.

Fee Proposal

The following proposed fee schedule is included to provide a lump sum effort to complete the above-described scope of work.



Task	Lump Sum Cost
Task WRF-1 Fund 232 Treatment Plant Expansion Impact Fees	\$79,200
Task WRF-2 Fund 431 Wastewater Operations Rate Study	\$134,700
Task WRF-3 WRF Project Management	\$7,900
Task SS-1 Sewer Nexus Study Additional Work	\$14,100
Task SS-1 SS Project Management	\$3,000
Total	\$238,900

Work will be completed on a Lump Sum basis and billed by percent complete for each task provided in the above fee proposal table. Schedule will be updated and adjusted to meet the City's timeline and allow for proper internal review of the deliverables, along with updates for council/public presentations. The project management tasks are estimated for a project duration of 18-months from notice to proceed.

We look forward to working with you on this project. Please feel free to contact Reace Fisher (559)-696-4961 for questions, comments, or changes.

Sincerely,
CAROLLO ENGINEERS, INC.



Ryan Sellman, PE
Principal-in-Charge



Reace Fisher, PE
Project Manager

RS:sm



FEE

Nexus Study Support
CITY OF VISALIA

January 8, 2025

		Carollo Labor							Other Direct Costs			
		Principal-in-Charge Ryan Sellman	Project Manager Reace Fisher	Technical Advisor Isalah Barnes	Project Engineer	Staff Analyst	Engineering Support Ryan Orgill	Document Processing/ QC	Total Hours	Labor Cost	Total ODC Cost	Total Cost ^(1,2)
Task	Task Description	\$311	\$291	\$325	\$240	\$154	\$291	\$142				
Wastewater Project												
WRF-1	Fund 232 Treatment Expansion Impact Fee Development	4	116	8	8	148	26	0	310	\$69,878	\$9,300	\$79,200
WRF-1.1	Project Initiation	4	8	0	0	14	2	0	28	\$6,310	\$0	\$6,300
WRF-1.2	Review Existing Impact Fee	0	12	2	2	6	0	0	22	\$5,546	\$0	\$5,500
WRF-1.3	Calculate Development Impact Fees	0	24	2	2	48	8	0	84	\$17,834	\$0	\$17,800
WRF-1.4	Benchmarking	0	8	1	1	24	0	0	34	\$6,589	\$0	\$6,600
WRF-1.5	Stakeholder Outreach	0	32	1	1	16	12	0	62	\$15,833	\$0	\$15,800
WRF-1.6	Documentation and Presentation	0	32	2	2	40	4	0	80	\$17,766	\$0	\$17,800
WRF-2	Fund 431 Wastewater Operations Rate Study	8	212	20	20	228	32	4	524	\$120,472	\$14,200	\$134,700
WRF-2.1	Project Initiation	8	8	0	0	8	2	0	26	\$6,630	\$0	\$6,600
WRF-2.2	Revenue Requirements	0	40	6	6	60	2	0	114	\$24,852	\$0	\$24,900
WRF-2.3	Cost of Service Analysis	0	40	2	2	40	8	0	92	\$21,258	\$0	\$21,300
WRF-2.4	Rate Design	0	22	2	2	32	2	0	60	\$13,042	\$0	\$13,000
WRF-2.5	Review Industrial User Fees and Penalties	0	16	2	2	24	2	0	46	\$10,064	\$0	\$10,100
WRF-2.6	Community Outreach	0	30	2	2	16	12	0	62	\$15,816	\$0	\$15,800
WRF-2.7	Documentation and Presentation	0	48	4	4	40	4	4	104	\$24,120	\$0	\$24,100
WRF-2.8	Proposition 218 Support	0	8	2	2	8	0	0	20	\$4,690	\$0	\$4,700
WRF-3	Project Management	2	16	0	8	0	0	0	26	\$7,198	\$700	\$7,900
Wastewater Total Hours:		14	344	28	36	376	58	4	860			
Wastewater Total:		\$4,354	\$100,104	\$9,100	\$8,640	\$57,904	\$16,878	\$568		\$197,548	\$24,200	\$221,800
Sewer Project												
SS-1	Sewer Nexus Study Additional Work	20	2	2	20	6	0	0	50	\$13,176	\$900	\$14,100
SS-1.1	Project Initiation	8	0	0	8	2	0	0	18	\$4,716	\$350	\$5,000
SS-1.2	Calculate Sewer Impact Fees	12	2	2	12	4	0	0	32	\$8,460	\$550	\$9,000
SS-1.3	Sewer Impact Fees Documentation and Presentation	0	0	0	0	0	0	0	0	\$	\$0	\$0
SS-2	Sewer Project Management	1	8	0	0	1	0	0	10	\$2,793	\$200	\$3,000
Sewer Total Hours:		21	10	2	20	7	0	0	60			
Sewer Total:		\$6,531	\$2,910	\$650	\$4,800	\$1,078	\$0	\$0		\$15,969	\$1,100	\$17,100
Total Project Costs:		\$10,885	\$103,014	\$9,750	\$13,440	\$58,982	\$16,878	\$568		\$213,517	\$25,300	\$238,900

Notes:

- Budget is based on an estimated level of effort based on our interpretation of the project requirements based our discussions with the Owner.
- Budget is based on a 18-month overall project completion schedule.
- Other Direct Costs include, project expenses and materials, public comment workshops, workshop materials, expert necessary travel.