

March 29, 2021

# Santa Rosa Plain, Sonoma Valley, and Petaluma Valley Groundwater Sustainability Agencies

## REQUEST FOR QUALIFICATION FOR GROUNDWATER SUSTAINABILITY AGENCY DATA REVIEW, FEE ANALYSIS AND RATE SETTING SERVICES

### Deadline for Submission

5:00 p.m., Wednesday, April 28, 2021

**RE: REQUEST FOR STATEMENTS OF QUALIFICATIONS FOR FEE ANALYSIS AND RATE SETTING SERVICES**

**April 19:** Updated to provide responses to questions received. Question is provided in *italics* and revised RFQ text is highlighted in yellow.

### INTRODUCTION

The Santa Rosa Plain Groundwater Sustainability Agency, Sonoma Valley Groundwater Sustainability Agency, and Petaluma Valley Groundwater Sustainability Agency (collectively, Agencies) are requesting qualification submittals from consultants with experience in data and fee analysis and rate setting for public agencies. The Agencies are primarily interested in the consultant's experience in relation to setting fees and rates pursuant to Propositions 26 and 218, specifically as they relate to the Sustainable Groundwater Management Act.

Services provided may include: review of previous rate and fee studies conducted by the Agencies; review of the groundwater user fee implemented by the Santa Rosa Plain GSA; review of and recommendations for improving existing databases regarding groundwater users and uses; update or development of parcel specific database of groundwater use and supply; review of current fees and rates by other California Groundwater Sustainability Agencies; evaluation of fee/rate alternatives; and development of fee/rate schedules to fund the costs of implementation of the Groundwater Sustainability Plans (GSPs) and ongoing administration of the Agencies.

Services will also include development of a fee study report detailing available options and methods, and presenting at the Advisory Committee, Board, and community meetings. Services may include the preparation of outreach materials. Preference will be given to local respondents.

If the Agencies, collectively or individually, determine to award a contract for services as a result of this request for qualifications (RFQ), a Scope of Work will be negotiated, and a contract will be executed establishing the terms and compensation for the subject services. The Agencies do not guarantee work to any qualified firm or consultant.

## BACKGROUND INFORMATION

### Sustainable Groundwater Management Act (SGMA) and the Groundwater Sustainability Agencies

On September 14, 2014, then-Governor Brown signed into law three bills collectively referred to as the Sustainable Groundwater Management Act (SGMA). SGMA requires the formation of groundwater sustainability agencies (GSAs) in state-designated medium and high priority basins. Sonoma County has two medium priority basins: Santa Rosa Plain and Petaluma Valley. Sonoma Valley is a high priority basin. As authorized by SGMA, the GSA-eligible entities formed a Joint Powers Authority for each basin and are working together to implement the requirements of SGMA. The Agencies were formed as follows:

*Santa Rosa Plain Groundwater Sustainability Agency* was formed through a JPA between the cities of Cotati, Rohnert Park, Santa Rosa, and Sebastopol, Town of Windsor, County of Sonoma (County), Sonoma County Water Agency (Sonoma Water), Gold Ridge Resource Conservation District, and Sonoma Resource Conservation District (Sonoma RCD), and has a participation agreement with mutual water companies and CPUC-regulated water corporations to allow them to participate in the GSA.

*Sonoma Valley Groundwater Sustainability Agency* was formed through a JPA between the City of Sonoma, County, North Bay Water District (NBWD), Sonoma Water, Sonoma RCD, and Valley of the Moon Water District.

*Petaluma Valley Groundwater Sustainability Agency* was formed through a JPA between the City of Petaluma, County, NBWD, Sonoma Water, and Sonoma RCD.

The Agencies were formed for the purpose of developing, adopting, and implementing a Groundwater Sustainability Plan (GSP) for each basin to implement SGMA's requirements and achieve the sustainability goals outlined in SGMA. All three Agencies are governed by Boards of Directors, which receive stakeholder feedback from Advisory Committees (one per basin).

The Agencies coordinate activities where appropriate and involve the public and local stakeholders through outreach and engagement in developing and implementing the GSP. More information on the GSAs can be found at <https://petalumavalleygroundwater.org/>, <https://santarosaplaingroundwater.org/> and <https://sonomavalleygroundwater.org/>.

In Sonoma County, where all three basins are located, the County's land-use and planning department, Permit Sonoma, issues all well permits. Many of these permits are in paper format, and data gaps exist. For GSP development purposes, all three basins received grants from the California Department of Water Resources that provide Permit Sonoma with funding to improve its databases regarding groundwater wells and groundwater usage. These improvements should also allow for more accurate information regarding rate studies. This work has been underway since January 1, 2020 and must be completed by April 2022.

### Prior Rate Studies

Per the requirements of the JPAs, in 2017, the Agencies issued a Request for Qualifications for fee analysis and rate-setting services to fund the Agencies through June 30, 2022. The intent was to fund the Agencies through the submission of the GSPs, or "Phase 1" of the Agencies' lifecycle.

Raftelis Financial Consulting was selected to provide services in all three basins. The rate/fee studies began in

December 2017, and after multiple options were eliminated due to data shortfalls and legal or political barriers, all three Agencies requested Raftelis do further analysis on a groundwater-user fee, based on actual or estimated groundwater pumped annually.

The groundwater-user fee in Santa Rosa Plain was determined to be \$19.90 per acre-foot. In June 2019, the Agency approved the groundwater-user fee. Municipal water suppliers pay the fee, but the County and Sonoma Water provide annual contributions to the Agency to offset the fees that would be levied against all other groundwater users in the basin (including rural residents, agriculture, commercial, mutual water companies, and any other users). More information about the Santa Rosa Plain fee, how it is calculated and the annual contributions can be found at <https://santarosaplainingroundwater.org/finances/fee/>.

As part of its current fee, the Santa Rosa Plain GSA is implementing a Groundwater User Information Data Exchange (GUIDE) program that serves to 'regulate' *de minimis* groundwater users. The GUIDE program will be launched this March 2021 and it is anticipated that the feedback received will produce new information and lead to more accurate data on groundwater use in the basin.

An early analysis found that in Petaluma Valley a fee based on estimated or actual groundwater use would be approximately \$50-\$80 per acre-foot (depending on assumed groundwater use). In Sonoma Valley, a groundwater-use fee would range from \$50-\$70 per acre-foot (depending on assumed groundwater use). The Boards in both basins elected to end the rate studies and instead renegotiated funding agreements between the member agencies. Both agencies are funded through member agency contributions through June 30, 2022. The rate study process reports can be found at [http://petalumavalleygroundwater.org/wp-content/uploads/PV\\_RATE\\_STUDY\\_ADA.pdf](http://petalumavalleygroundwater.org/wp-content/uploads/PV_RATE_STUDY_ADA.pdf) and <http://sonomavalleygroundwater.org/wp-content/uploads/SV-Rate-Study.pdf>.

The final rate study process reports for both Petaluma and Sonoma Valley GSAs recommended that the Agencies enact groundwater-user registration programs (similar to Santa Rosa Plain's GUIDE program) to help close data gaps and to familiarize groundwater users with the Agencies. The Petaluma Valley and Sonoma Valley GSAs intend to initiate GUIDE programs in 2021, after the Santa Rosa program is launched.

All three agencies seek to be fully self-funded by July 1, 2022.

*On page three of the RFQ there is a sentence that states, "All three agencies seek to be fully self-funded by July 1, 2022". Please can you describe what is meant by this sentence. Is the intention that the GSA be funded by the users of groundwater?*

**Rather than relying fully or partially on contributions from member agencies, by July 1, 2022, the three GSAs intend to be funded by users of groundwater or by property owners in the basin.**

## **THIS PROJECT**

Petaluma Valley and Sonoma Valley GSAs are seeking to conduct new rate studies to identify funding sources for implementation of the GSPs in both basins. The Agencies anticipate having draft implementation budgets completed in early summer 2021, as part of developing the GSPs.

The Santa Rosa Plain GSA is also seeking an updated/new rate study for implementation of the GSP, and its draft budget will also be completed in early summer 2021. The existing Santa Rosa Plain groundwater user fee structure may be adequate to fund implementation of the GSP.

This work may include and is not limited to:

- Review of previous rate and fee studies conducted by the Agencies;
- Review of the groundwater user fee implemented by the Santa Rosa Plain GSA;
- Review of and recommendations for improving existing databases regarding groundwater users and uses;
- Update and/or development of parcel specific databases regarding groundwater use and supply;
- Review of current fees and rates by other California Groundwater Sustainability Agencies;
- Evaluation of fee/rate alternatives;
- Incorporation of collective feedback and input of the three Agencies and their members; and
- Development of fee/rate schedules to fund the costs of implementation of the Groundwater Sustainability Plans (GSPs) and ongoing administration of the Agencies.

*The RFQ reads as though the GSAs may choose different consultants. Is this the case or is the intention to award work to only one consultant (team) who would work with all three GSAs?*

The GSAs are three separate legal entities with three boards of directors. So, while the intention is to work with one consultant team, the GSAs could choose different consultants.

## SCHEDULE

To the extent achievable, the following schedule shall govern the RFQ. The Agencies reserve the right to modify the dates below.

Availability of the Request for Qualifications: **March 29, 2021**

Deadline for Submission of Interpretation and/or Questions: **April 14, 2021**

All questions should be submitted via email to: [ann.dubay@scwa.ca.gov](mailto:ann.dubay@scwa.ca.gov)

Closing date for the Request for Qualifications: **April 28, 2021**

Interview date for short listed firms (if needed): **May 14, 2021**

## QUALIFICATIONS

1. Firm's Background and Experience
  - a. Discussion of the firm's experience in water rate studies, cost of service analysis, and rate design services for agencies of similar size, and services provided.
  - b. Discussion of the firm's experience working with other GSAs, and services provided.
  - c. Experience and qualifications of project manager and key project staff.
2. Firm's Data Analysis and Database Development Experience
  - a. Discussion of the firm's experience in data analysis and database development for agencies of similar size and in communities with similar composition of groundwater users.
  - b. Discussion of the firm's preferred software for data analysis and database development.
  - c. Discussion of the firm's GIS capabilities and experience.

*Can the GSAs share what database platform is currently being used by the County, and how the data is being hosted by the GSA's to store their data?*

The groundwater registration database is stored in an ESRI ArcGIS cloud based database, hosted by

Permit Sonoma GIS. The primary groundwater registration database is stored in a single flat file structure. Preferably, the consultant is experienced in GIS and can provide datasets in formats that are consistent with the existing Santa Rosa Plain groundwater registration database (Sonoma Valley and Petaluma Valley GSAs will also be implementing groundwater user registration programs and will be using the template developed for Santa Rosa Plain). The consultant should provide complete metadata for all database deliverables, and description of methods that are sufficiently detailed to allow the work to be repeated.

*Can the GSAs elaborate on what the scope of improvements to the existing databases might look like? We realize this would be part of the consultant recommendations but are trying to understand the depth of potential improvements needed.*

The scope of the database improvements is expected to be limited and involve the addition and removal of a limited number of fields, and creation of supplementary database files (example: updated public water and irrigation water system service areas and connected parcels). The database structure changes will occur in close coordination with GSA staff. Updates are expected to be focused on improving transparency, repeatability, and the ability to update, and track updates through time.

3. Experience with 5-year revenue requirement projections for recently formed agencies
  - a. Discussion of firm's experience with short to mid-range financial planning for new public agencies and development of fees/rates to cover projected expenses of new public agencies.

*Can you please provide a brief update on the current status of GSP development? Specifically, it is mentioned in the RFP that the GSAs are on track to have preliminary budgets for GSP implementation developed by early Summer 2021. Will these budgets include any estimated costs of necessary infrastructure (if any is identified in the GSP) by that time?*

*In all three basins, the GSAs are on schedule to have preliminary budgets completed for the first phase of GSP implementation (the first five years) in June. The first phase anticipates voluntary and incentive-based conservation and water use efficiency or alternate water source programs (eg, rural residential and agricultural programs) and expanded recycled water for irrigation in lieu of groundwater (planned alignments/upgrades for agricultural and landscaping uses). The first phase budget also includes monitoring, annual reporting, and basic management.*

4. Experience with Proposition 26 and 218 compliant fees and rates
  - a. Demonstrate experience with development of fee-based rates.
  - b. Demonstrate experience with development of "tax"-based rates.

*May we assume that the funding recommendations will also be reviewed by the GSAs' legal counsel?*  
Yes, funding recommendations will be reviewed by the GSA's legal counsel.

5. Experience with fee and rate design and implementation
  - a. Discussion of experience working with Boards, citizen advisory committees and stakeholders

- in the rate design process.
- b. Experience with creating compelling community outreach information pertaining to new fees and rates.

*Please describe any challenges faced by the Raftelis team in terms of public outreach, communications, and stakeholder participation.*

The major outreach challenge in the three basins is communicating with a large number of individual well owners, both residential and agricultural. There are no irrigation districts and no organizations that directly represent rural residential well owners. The Boards and Advisory Committees include stakeholder representatives, but it is impossible for a small number of people to represent the thousands of de minimis users.

That being said, public turnout was high, and people were engaged at the prior fee study community meetings.

Currently, the three GSAs are in the information-gathering stage for a rural community outreach campaign. Surveys have been conducted in the three basins to assess well owner priorities and focus groups will be held in late April and early May. The engagement campaign will be launched in summer 2021. The purpose of the campaign is to educate groundwater owners about groundwater sustainability and to raise awareness of the Groundwater Sustainability Plan.

*In addition to the preparation of outreach materials and participation/presentations to Boards, advisory committees and other stakeholder working groups, will any meeting facilitation services also potentially be desired in? Approximately how many meetings are envisioned per GSA throughout the contract period?*

It is anticipated that in addition to meetings with the Advisory Committee, Boards, and other stakeholder working groups (most likely a board ad hoc that will be comprised of one representative from each GSA Board), and possibly one meeting in each basin with member agency staff, there will be two or three community meetings held in each basin.

It is anticipated that the board ad hoc and staff meetings would be held remotely. Currently, the Advisory Committees and Boards are meeting virtually, but they will likely return to in-person meetings in Summer/Fall 2021.

Facilitation will be needed for the community meetings, and it could be provided by the consulting team or by a facilitator contracted by the GSAs.

6. Additional pertinent information the Agencies should consider.
7. Ability to perform work subject to the following tentative schedule:

June 2021	Work with GSA Staff and Boards to create and finalize scope of services and total compensation
August 2021	Commence work
August 2021-February 2022	Proceed with work including significant input from Boards, Advisory Committees, Public and Staff
March 2022	Final report and recommendations to Boards

## SUBMISSION REQUIREMENTS

Statement of qualifications should be emailed to Ann DuBay, Administrator for the Petaluma Valley and Sonoma Valley Groundwater Sustainability Agencies at [ann.dubay@scwa.ca.gov](mailto:ann.dubay@scwa.ca.gov).

1. Cover letter (no longer than 1 page)

The cover letter should convey a clear understanding of the requirements and objectives, and why the respondent is uniquely qualified to be awarded a contract.

2. Respondent's Qualifications

Responses to the items in the Qualifications section of this RFQ.

3. Proposed Respondent Team

The statement of qualifications shall identify the Project Manager who will be primarily responsible for providing services to the Agencies, and other staff to be assigned to the team. Please include the qualifications, training, and certifications of the Project Manager, and all other staff who will perform the services outlined herein. Include a resume for each, listing education, experience, and expertise in this type of work.

4. Fee Schedule

This section should identify the billing rates for listed personnel, as well as other costs or expenses that would be charged in conjunction with the work.

5. Conflicts

This section should identify whether respondent anticipates it would need to obtain conflict waivers from any existing clients and how respondent anticipates addressing any potential conflicts with respect to any member agencies and/or between GSAs.

*We have a number of current groundwater related contracts with DWR. Will this be viewed as a conflict in any way?*

**Existing contracts with DWR for groundwater-related services would not be considered a conflict.**

6. References

The names, addresses, and telephone numbers of three (3) public agency clients who have contracted with the Respondent for services similar to those described in this RFQ within the last five years.

## 7. Proposed Scope of Work and Schedule

Submit a proposed scope of work and schedule that demonstrates how the consultant would proceed with the work within the timeframe specified, the proposed project elements, tentative list of data needs, opportunities for advisory committee and Board participation, and approach to community outreach and engagement.

*Item 7. Proposed Scope of Work and Schedule is very difficult to respond to at this point in time without knowing the direction that the agencies are going. Was this item meant to be in the RFQ? If it is intentional, please can you provide greater detail of what you are looking for – a high level approach?*

The GSAs are looking for a list of major tasks typically involved in completing fee studies, and a schedule that would include the typical time needed to accomplish these tasks. The Santa Rosa Plain GSA major tasks may differ somewhat from the other two basins as the intention is to update the rate and fee established in 2019.

*What is the approximate anticipated budget per GSA for this work?*

The Petaluma Valley and Sonoma Valley GSAs have each included \$40,000 in the current fiscal year and \$50,000 in the 2021-22 fiscal year for fee studies. Santa Rosa Plain GSA has budgeted \$10,000 in the current fiscal year and \$35,000 in the upcoming fiscal year for rate and fee studies.

### **EVALUATION CRITERIA**

The following criteria will be used by the Agencies in evaluating submissions:

1. Experience and demonstrated competence of the identified key areas of service outlined in the Qualifications section of this RFQ.
2. Reference recommendations.
3. Comprehensive consultant fee schedule.
4. Thoroughness of submission.

The Agencies reserve the right to award a contract based on written responses only, however oral presentations and written questions for further clarifications may be required of some or all the respondents.