

**OC LAFCO RFPs on
San Juan Capistrano Utility System Municipal Services Review
Pre-proposal Conference Questions and Answers**

On August 24, 2017, the Orange County Local Agency Formation Commission (LAFCO) released two RFPs – the *San Juan Capistrano Utility Systems Municipal Services Review Fiscal Assessment of Alternative Service Options* and the *San Juan Capistrano Utility Systems Municipal Services Review – Technical Assessment*. As discussed in the RFPs, LAFCO received an application from the City of San Juan Capistrano to conduct a focused Municipal Service Review (MSR) to analyze and review the potential transfer of the City's water and wastewater operations and facilities to a successor public agency or combination of public agencies. The three potential successor agencies are: Moulton Niguel Water District (MNWD), Santa Margarita Water District (SMWD) and South Coast Water District (SCWD).

On September 7, 2017, representatives from LAFCO and the City of San Juan Capistrano conducted a pre-proposal conference during which individuals from any potential proposing firm could ask questions. The following provides the responses to the questions posed at that meeting:

Questions related to the RFP/Contract process:

Which agency will be managing the contract?

LAFCO will be awarding and managing the contract.

What is the deadline for submitting questions?

As delineated in the RFP, all inquiries must be submitted in writing by September 28th.

Will the consultants be making the MSR determinations?

No, the technical and fiscal assessment reports will be used by LAFCO staff to develop the determinations and the related recommendations to the Commission.

Is the sphere change part of the scope of the RFP?

No, however, the final MSR prepared by LAFCO will include determinations for each local agency covered in the MSR and may include recommendations regarding the districts' SOIs.

What population growth forecasting method is the consultant to use?

LAFCO uses the data from the Center for Demographic Research which provides projections for both cities and special districts.

If a firm is currently or has previously performed work for the City or any of the successor agencies, will it be considered a conflict of interest?

The Consultants are to confer with their own attorneys as to whether they have a conflict of interest liability based on the information provided in paragraph H of Section IIB of the RFP.

The schedule appears very aggressive; what flexibility is there?

The schedule is compatible with LAFCO's experience with similar projects. However, LAFCO and the City do understand that the consultant's work is dependent upon receiving information from the City and the potential successor agencies. If there are unanticipated delays not within the control of the consultant(s), such as obtaining data and other pertinent materials from the City or successor agencies, the schedule may be adjusted accordingly.

Will the consultants be able to propose additional service option alternatives?

As described in the Section 3 of the Scope of Work, the consultant is to identify potential governance alternatives that includes, but may not be limited to, transferring the systems to a single public-sector agency, to multiple public-sector providers, using contractual service agreements, or other jurisdictional options identified by the consultant.

Is there a budget range for the award of these contracts?

No, there is no specified budget for the award of these contracts. The City Council initially authorized \$150,000 for the total project, however, it is expected that the budget will need to be augmented.

Are representatives from the potential successor agencies available to answer questions?

The potential successor agencies have agreed to cooperate with the Consultant to provide information as needed for the MSR study. Questions for the potential successor agencies should be posed and coordinated through LAFCO.

Is there an Advisory Committee associated with this project?

No. However, the City and LAFCO staff will work together on reviewing and monitoring the work of the consultants.

Does the RFP require a formal, independent asset condition assessment by the successful bidder or does it anticipate the contractor's use of existing Utility documentation with field verification?

The Consultant should develop its own independent assessment of the system condition. As stated in the scope of work, the consultant firm is to perform a reconnaissance review of the condition and operations of the City's water and wastewater utilities. The Consultant may use the data from the HDR report, other City system documents, and any information available from the potential successor agencies or other sources as reference.

Can you share the list of participants in the pre-proposal conference?

The following is the list of firms that participated in the pre-proposal conference or submitted questions. Please note that attendance at the conference was not mandatory.

Company
Albert Webb
Arcadis
Berkson Associates
Hanson Associates
Management Partners
Michalczyk Consulting Engineers
TRC Solutions
E. Mulberg & Associates
Policy Consulting Associates
Public & Environmental Finance Associates
QK
Raftelis Financial Consultants
SRHA (Stanley R. Hoffman Associates)

Questions related to the City’s Systems:

Given the current rate structure, are the City’s systems profitable or losing money?

The City currently takes in only enough money to operate the system. It has significant capital projects totaling some \$50M (See HDR Study) for which financing is not included in the current rate.

Does the Utility System have any major debts?

The Water Utility has a bond debt of \$27 million and a \$6.7 million debt owed to the Sewer Fund from to internal fund loan.

Is the issue of potential deficits a reason why the City wants to divest from the utilities?

No, the City wants to divest from the utilities to take advantage of the efficiencies and streamlining offered by being a component of a larger more focused water system.

Are there operational deficiencies within the system that require a merger with another agency?

No.

Three potential public sector successor agencies have been identified; can the recommendation include taking the system and dividing it between several agencies?

The sewer system and the water system can go to different agencies. However, the City notes that the wastewater system cannot feasibly be split up nor can the water system.

Have the potential successor agencies expressed an interest in the City's system?

Yes, all three agencies have expressed interest in being part of this MSR process.

Will the Technical Assessment involve determining if the connections to the potential successor agencies allow for the transfer of the system?

Connections to other systems exist in the form of mutual aid emergency interconnections at all points feasible. These could be augmented to provide consistent supply. The San Juan system can operate independently without further connection to any adjacent water systems. In other words, constructing additional connections to its domestic water system, or sewer system will not improve either San Juan nor adjacent water systems.

Does the City's current rate structure differentiate between locations within the City?

No. All the rate payers pay the same unit (\$/ccf) rate depending on their classification of service. The meter charges vary depending on size and type. See the current rate and charges schedule.

When it is transferred to another public agency, is the intention to keep the water rates at the current level?

From the City's perspective, that would be desirable.

The RFP provides a list of documents to be reviewed during the analysis, will those documents be available prior to the response submittal deadline?

Yes, a copy of the supporting documents for the HDR study, plus other relevant documents are available to the consultants on LAFCO's web page. Also, the Consultants will have access to the City's GIS data through the GovClarity program on the web. During the actual assessment process access to a copy of the source GIS data will be provided.

The City has established separate temporary access codes and passwords for RFP respondents to review the City's GIS data on an organized format. There is only enough

to have one per firm responding. Contact Eric Bauman at ebauman@sanjuancapistrano.org for a user name and password. Provide your firm's name; or the name of your team if you are joining with another firm to make the proposal, the email(s) of the persons from your firm, partner firm or a sub-consultants firm you expect may be accessing the database. Once you have the user name and password you can access the data as noted below:

Log into the site at the following link:

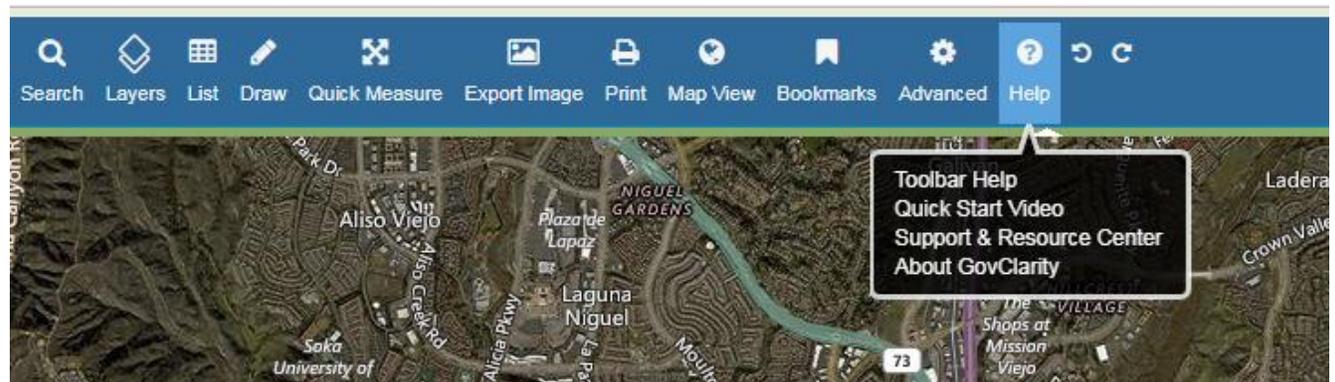
<https://login.digitalmapcentral.com/Account/sanjuancapistrano.aspx>

User ID: _____

Password: _____

For help in navigating there are a number of resources for new users to get started. The Help button on the tool bar has several options including a quick start instructional video and a link to the DMP resources site that has more options such as: Documentation with step-by step directions, video tutorials, and FAQs.

<https://www.digmap.com/onlinehelp/localgov/localgovernmenthelp.html>



Under “Layers”, in the “Utilities” section turn on the Sewer and Water and Non-Domestic Water (Recycled) features of interest. Under other sections there are other useful layers – Contours, Creeks, FEMA Flood Zones, Storm Drain, City Boundary, Water Service Boundary, Sewer Service Boundary, Private Streets, Potential Landslide Areas, Ridgelines, and Parcels.

What is the current source of water for the utility?

Currently, the system is supplied from MET (Metropolitan Water District of Southern California) import through the Municipal Water District of Orange County (MWDOC), and locally produced domestic water. It also receives some imported recycled water from MNWD, and SMWD, along with locally produced non-domestic water. See the 2015 Urban Water Master Plan for a full explanation of the water supply and demand projections.

What is the source of the imported water and is there a contract for that source?
MET (Metropolitan Water District of Southern California) supplies imported water to San Juan through MWDOC and SMWD. The City has contracts with each of these agencies.

Do the potential successor agencies contract with MWDOC as well?
Yes, SMWD, MNWD, and SCWD are all members of MWDOC.

Does the system have a sufficient supply of resources for future growth?
It is the City's perspective that it does. See the 2015 UWMP for a full explanation of the water supply and demand projections.

Does MWDOC have a desalination program as part of their system?
No, MWDOC does not currently have desalinization supply as part of its system. It is coordinating interested agencies in participation in the Poseidon Desal project in Huntington Beach, and the Dana Point Ocean Desal Plant in Dana Point. San Juan does not plan to participate in either project; its cost of water will not be impacted by other agencies using the MWDOC supply system to transfer water from either project.

Do the water and wastewater utilities have the same service area?
No, the service areas are different. Maps of the water and sewer service areas are available on the LAFCO website. The boundaries of the City, the Water Service Area, and the Sewer Service area can also be seen on the GovClarity (GIS) site.

Do any of the potential successor agencies currently serve any portion of the City's service area?
Yes, San Juan provides sewer service to several areas in the MNWD service areas. MNWD provides service to several areas internal to San Juan. San Juan provides service to the County Landfill that is in SMWD service territory. There are also cross border services, mostly consisting of single lot developments that physically could not be served by one or the other agency.

Are there any parts of the system that are under regulatory or compliance orders?
The City's South Coast Farms area is under an Administrative Order from the Water Quality Board, Region 9, for a Low-Threat Underground Storage Tank Case Closure for the Kinoshita Farm Site (Site), located at 32701 Alipaz Street. The Site is under regulatory oversight of the Regional Water Quality Control Board – San Diego Region (RWQCB-SD; Case No. 2090044). The case is nearing closure.

Is there a document that provides an overview of the system?
A system overview is included in the data provided through the link on the LAFCO web page. The 2004 Domestic Water Master Plan (DWMP), the 2006 Recycled Water Master Plan (RWMP), and the 2004 Sewer System Master Plan (SSMP) provide overviews of the water, recycled water, and sewer systems respectively.

What system(s) does San Juan Capistrano Water and Wastewater use to track assets?

The City uses ESRI ArcGIS to map and account for its major assets. The system data is maintained in a geodatabase format.

If different from the system above, what maintenance management system does San Juan Capistrano use?

The City uses GranetNet Software to track its sewer and storm drain maintenance data. This system was only recently implemented but the data thus far can be seen on the GovClarity GIS (see above explanation), on the layer titled "Sewer CCTV Inspections"

What was the nature of the Utility Asset Summary by HDR? Did it include an asset condition assessment?

The HDR report is available on the LAFCO website for review. In Section 3 there is some treatment of the issue of forecasting replacement cost in the next 10 years, including costs of replacing facilities identified by staff reports as undersized or failing and requiring replacement. The report does not look past a 10 year horizon.