

RESOLUTION NO. 2025-01

**RESOLUTION AWARDING CONTRACT TO SCHNEIDER WATER SERVICES,
ST. PAUL, OREGON, FOR REMOVING AND INSPECTING THE PUMP AND
CONDUCTING A VIDEO INSPECTION OF INTERSTATE 5 WELL NO. 2**

WHEREAS, Rainbow Water District is a domestic water supply district organized under Oregon Revised Statutes (ORS) Chapter 264, and ORS 263.410 provides that “the power and authority given to districts is vested in and shall be exercised by a board of five commissioners, each of whom shall be an elector of the district”, and

WHEREAS the Rainbow Water District Board of Commissioners also serves as the Local Contract Review Board, and for contracts less than \$25,000 ORS 279B.065 provides that contracting agencies may award a contract for public goods or services in any manner deemed practical or convenient including by direct selection or award, and

WHEREAS, due to an apparent mechanical failure of the pump in I-5 Well #2, a bid was sought from a qualified and available company to pull the pump from the well and disassemble at their shop and provide an inspection report of findings and also video the well to inspect for condition and possible damage, and Schneider Water Services of St. Paul, Oregon, reported next week availability and provided an estimate of \$13,570 to perform this work on short notice, and

WHEREAS, the Rainbow Superintendent authorized the work as time was of the essence, but notified the Board of Commissioners on January 22 that a request for retroactive board approval would be made at the February 12 board meeting, and

WHEREAS, adequate funds are available for this project in the adopted Materials & Services and Capital Outlay budgets for fiscal year 2024-25, and

THEREFORE, be it resolved that the Board of Commissioners and Local Contract Review Board of Rainbow Water District awards the contract to Schneider Water Services of St. Paul, Oregon, in an amount not to exceed \$20,000, to remove and inspect the pump and conduct a video inspection of the Interstate (I-5) Well #2 and provide a report of their findings.

ADOPTED by a vote of _____ Yes votes and _____ No votes, this 12th day of February, 2025.

Doug Keeler, President
Board of Commissioners

Doug Keeler, President
Local Contract Review Board

ATTEST:

ATTEST:

Lou Allocco, Secretary-Treasurer
Board of Commissioners

Lou Allocco, Secretary-Treasurer
Local Contract Review Board

WELL DRILLING
PUMPS • CONTROLS
SALES & SERVICE

SAINT PAUL, OR
(503) 633-2666



SINCE 1945
OR CCB No. 39265
WA SCHNEEI940R8

RICHLAND, WA
(509) 943-0331

ESTIMATE TO: Rainbow Water District
PROJECT: I-5 Well 2 Pump
ATTN: Eric Carlson, Assistant Superintendent
SITE ADDRESS: Near 1000 Royal Caribbean Way
Springfield, OR 97477

DATE: 1/15/2025
EST BY: Patrick Schneider, VP
PHONE: 503-633-2666
EMAIL: pat@schneiderwater.com

Item	Description	Est Qty	Units	Unit \$	Amount
1	Mobilization	1	LS	\$ 2,000.00	\$ 2,000.00
2	Pump Removal & Inspection with Report	1	LS	\$ 10,320.00	\$ 10,320.00
3	Well Video	1	LS	\$ 1,250.00	\$ 1,250.00
Subtotal					\$ 13,570.00
0.00% Sales Tax					\$ -
Total Estimate Price					\$ 13,570.00

Notes:

** OR Prevailing Wages NOT Included.

** Estimate based on current SEI Insurance coverage. Additional coverage requested will change price.

** Subject to any contract terms to be drafted and negotiated that all parties will agree to adhere by.

** Signed estimate and/or PO issued will constitute as the contract.

** Net 30 day payment terms.

Accepted by: _____

Date: _____

Title: _____

RESOLUTION NO. 2025-02

RESOLUTION AWARDING CONTRACT TO WESTON BUICK GMC OF GRESHAM, OREGON, FOR ONE 2024 GMC SIERRA 2500 TRUCK

WHEREAS, Rainbow Water District is a domestic water supply district organized under Oregon Revised Statutes (ORS) Chapter 264, and

WHEREAS, ORS 263.410 provides that “the power and authority given to districts is vested in and shall be exercised by a board of five commissioners, each of whom shall be an elector of the district” and the Board of Commissioners also serves as the Local Contract Review Board, and

WHEREAS, informal bids were sought from qualified Oregon companies for an intermediate procurement of one pickup with the following specifications: ¾-ton capacity, 4-wheel drive, extended cab, utility box with flip up tox on side boxes, lumber/pipe rack on top, vinyl seat and floor covering, base/work truck trim level, white color, and

WHEREAS, at least three competitive quotes were requested and provided in conformance with ORS 279B.070 (and OAR 137-047-0270), with bids of \$72,107 and \$71,341 from Northside Ford of Portland, a bid of \$67,534 from Power Chevrolet of Sublimity, a bid of \$66,429 from Newberg Ford, and a low bid of \$65,097.05 from Weston Buick GMC of Gresham, and

WHEREAS, the fiscal year 2024-25 budget was adopted with \$140,000 in Capital Outlay for new kitchen flooring and the replacement of two trucks, and \$64,689 was spent in August 2024 for the first truck replacement and sufficient funds remain to purchase a second truck, and

THEREFORE, be it resolved that the Board of Commissioners and Local Contract Review Board of Rainbow Water District authorizes the purchase of one 2024 GMC Sierra 2500 truck for \$65,097.05 from Weston Buick GMC of Gresham, Oregon, with the expenditure authorized from the FY 2024-25 Capital Outlay budget.

ADOPTED by a vote of _____ Yes votes and _____ No votes, this 12th day of February, 2025.

Doug Keeler, President
Board of Commissioners

Doug Keeler, President
Local Contract Review Board

ATTEST:

ATTEST:

Lou Allocco, Secretary-Treasurer
Board of Commissioners

Lou Allocco, Secretary-Treasurer
Local Contract Review Board

* ROYAL *

4X4

* 2024

Good buy!

(A)

(yes)



Vehicle Locator

Dealer Information

WESTON BUICK GMC, INC.
22555 SE STARK
GRESHAM, OR 97030
Phone: 503-665-2166
Fax: 503-665-3708

Note just take off the cover?
Top open rail

1GD59LE78RF272448

Model Year: 2024
Make: GMC
Model: 2500HD Sierra
TK20953-Double Cab Long Box, 4WD

Event Code: 5000-Delivered to Dealer
Order #: CVMBJF
Total Price including Upfit: \$69,348.00

PEG: 1SA-PRO
Primary Color: GAZ-Summit White
Trim: H1T-1SA-Cloth, Jet Black, Interior Trim
Engine: L8T-Engine: 6.6L, Gasoline V-8, SIDI
Transmission: MKM-10-Speed Automatic

Order Type: TSC-SVC Commercial
Stock #: GC0334
Inventory Status: Available

Fleet cash \$66,850

-3000 Dealer cash

Additional Vehicle Information

Vehicle Options

No Cost Options

Other Options

1SA-PRO

9J4-Bumper: Rear Delete
AKO-Deep Tinted Glass
AZ3-Seats: Front 40/20/40 Split-Bench, Full Feature
BG9-Floor Covering: Rubberized Vinyl, Black
Body Type Description-Service Truck
C7G-GVW Rating 10,500 Lbs

Fuel Type-Gasoline
GAZ-Summit White
H1T-1SA-Cloth, Jet Black, Interior Trim
JL1-Integrated Trailer Brake Controller
K47-Heavy Duty Air Filter
L8T-Engine: 6.6L, Gasoline V-8, SIDI
NQF-Transfer Case: w/ Rotary Dial Control, Electronic Shift
On Lot Notes-2024 GMC Sierra 2500HD Pro Summit White 4WD 10-Speed Automatic, 4WD, Black Cloth.
PDI-GMC Pro Safety
QXT-Tires: LT265/70 R17 All Terrain, Blackwall
TQ5-Headlamps, Intellibeam
UE1-OnStar Communication System
UEU-Sensor, Forward Collision Alert
Upfit Condition-New
V46-Bumper, Front, Chrome
YF5-California Emissions
ZW9-Delete: Pick-Up Bed

9N5-Rear Camera Kit for ZW9 Bed Delete or Chassis Cab (SEO)
9L7-Upfitter / Accessory Electrical Switches
AU3-Power Door Locks
B3P-Special Vehicle Sales
Body Manufacturer-Royal
C49-Defogger, Rear Window Electric
DBG-Mirrors, O/S: Man. Ext & Folding, Heat, Turn Indicator
G80-Auto Locking Differential, Rear
GT4-Rear Axle: 3.73 Ratio
IOR-GMC Infotainment System
K34-Cruise Control
KI4-120 Volt Electrical Receptacle, In Cab
MKM-10-Speed Automatic
NZZ-Skid Plates

PCI-Convenience Package

PYN-Wheels: 17" Steel, Painted
SFW-Back-Up Alarm Calibration (SEO)
UBI-2-USBs, Second Row Charge/Data Ports
UE4-Following Distance Indicator
UHY-Automatic Emergency Braking
Upfit Model Description-Sierra 2500
VK3-Front License Plate Mounting Provisions
YK6-SEO Processing Option
ZXT-Tire, Spare: LT265/70 R17 Blackwall

CASH Price \$63,850

"~" indicates vehicle belongs to Trading Partner's inventory

Example Penny avail

+ Lic/Title/Tax

WESTON DEALERSHIPS

KIA | BUICK | GMC | HUMMER

EVERYONE WINS AT WESTON



BUYER		CO-BUYER		Deal #: 199073
RAINBOW WATER DISTRICT 1550 N 42ND ST SPRINGFIELD, OR 97477				Deal Type: Retail
Cell #: (541) 954-9941				Deal Date: 02/07/2025
Email: ERIC@RWDONLINE.NET				Print Time: 08:51am
				Salesperson: VINCENT A CURLETTO

VEHICLE				
New <input checked="" type="checkbox"/>	Stock #:	Description:	VIN:	Mileage:
Used <input type="checkbox"/>	GC0334	2024 GMC SIERRA 2500	1GD59LE78RF272448	660
Demo <input type="checkbox"/>				

TRADE	

AFTERMARKETS		MSRP:	
ROYAL TRUCK UPFIT	\$ 15,797.00		\$ 53,353.00
		Discount: <i>Dealer Disc</i>	\$ 3,000.00
		Sale Price:	\$ 50,353.00
		Total Financed Aftermarkets:	\$ 15,797.00
		Total Trade Allowance:	\$ 0.00
		Trade Difference:	\$ 66,150.00
		Doc Fee:	\$ 250.00
		State & Local Taxes:	\$ 618.05
		Total License and Fees:	\$ 379.00
		Total Cash Price:	\$ 67,397.05
		Total Trade Payoff:	\$ 0.00
		Delivered Price:	\$ 67,397.05
		Cash Down Payment + Deposit:	\$ 0.00
		Total Rebates: <i>Fleet cash + upfit cash</i>	\$ 2,300.00
		Sub Total:	\$ 65,097.05
Total Aftermarkets:	\$ 15,797.00		
Amount Financed:	\$ 65,097.05	Amount Financed:	\$ 65,097.05

*A 63950 quoted
+ w/title/tax
1247.05
65097.05*

1247.05

*Vincent Curletto
Fleet MGR
Weston*

(Signature)

Buyer

(Signature)

Dealer

**RESOLUTION 2025-03
OF THE RAINBOW WATER DISTRICT
AWARDING A PROFESSIONAL SERVICES CONTRACT FOR A
WATER COST OF SERVICE AND RATE STUDY TO DONOVAN ENTERPRISES INC**

WHEREAS, Rainbow Water District is a domestic water supply district under Oregon Revised Statutes Chapter 264 which provides that “the power and authority given to districts is vested in and shall be exercised by a board of five commissioners, each of whom shall be an elector of the district”, and the Rainbow Water District Board of Commissioners also serves as the Local Contract Review Board, and

WHEREAS, Rainbow Water District desires assistance with a Cost of Service Analysis and Water Rate Study, to project future expenditures and determine the rates necessary to fund operations and maintenance and debt service costs, and Donovan Enterprises Inc. is a qualified professional firm able to provide such assistance, and

WHEREAS, the Oregon Administrative Rules (OAR) provide procedures for selecting consultants for engineering and related services, and OAR 137-048-0200(1)(b) allows direct appointment of a consultant if the estimated fee is less than \$100,000, and Donovan Enterprises Inc. has proposed to perform the necessary services for a not-to-exceed cost of \$25,150 to be billed on a time and material basis that includes attendance at two board meetings for a work session and final report presentation, and

NOW THEREFORE BE IT RESOLVED that the Rainbow Water District Board of Commissioners and Local Contract Review Board authorizes the Superintendent to execute a contract with Donovan Enterprises Inc. for professional services related to the Cost of Service and Water Rate Study and authorizes the expenditure of up to \$30,000 from FY 2024-25 funds budgeted for Materials & Services in the Water Operating Fund and/or Resilience Fund.

ADOPTED by a vote of _____ Yes votes and _____ No votes this 12th day of February 2025.

Doug Keeler, President
Board of Commissioners

Doug Keeler, President
Local Contract Review Board

ATTEST:

ATTEST:

Lou Allocco, Secretary-Treasurer
Board of Commissioners

Lou Allocco, Secretary-Treasurer
Local Contract Review Board

Professional Services Proposal

February 4
2025

Prepared for



Water Cost of Service and Rate Study



Presented by:



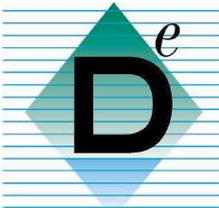
D O N O V A N
enterprises, inc.

9600 SW Oak Street, Suite 335
Tigard, Oregon 97223-6596
☎ 503.517.0671

www.donovan-enterprises.com

Vital Information Table

Rainbow Water – 2025 Water Rate Study	
Name of firm submitting	Donovan Enterprises, Inc. Federal Tax I.D.: 41-2180168
State of Oregon Emerging Small Business Certification	ESB Tier 1 Certification No.: 6756
Insurances in force	<p><i>Professional liability insurance:</i> Philadelphia Insurance Company; coverage: aggregate limit: \$2,000,000, each wrongful act limit: \$1,000,000</p> <p><i>Commercial general liability insurance:</i> American Family Insurance Company; products-completed operations aggregate limit: \$2,000,000, liability and medical expenses: \$1,000,000</p> <p><i>Commercial liability umbrella policy:</i> American Family Insurance Company; aggregate limit: \$2,000,000</p>
Project manager & officer in charge	Steven J. Donovan
Project manager contact information and professional affiliations	<p>Office address: 9600 SW Oak Street, Suite 335, Tigard, Oregon 97223 Telephone: 503.517.0671 Fax: 503.517.0672 e-mail: steve.donovan@donovan-enterprises.com</p> <p>American Public Works Association American Water Works Association Water Environment Federation Institute of Electrical and Electronic Engineers Oregon Municipal Finance Officers Association Oregon Association of Clean Water Agencies</p>



D O N O V A N
enterprises, inc.

INFRASTRUCTURE
FINANCIAL
MANAGEMENT
MANAGEMENT
CONSULTING
LAND USE PLANNING

February 4, 2025

Mr. Jamie Porter, PE
Superintendent, Rainbow Water District
1550 North 42nd Street
Springfield, Oregon 97477

Dear Mr. Porter,

Donovan Enterprises, Inc. (DEI) is pleased to submit this response to your request for proposals to conduct a comprehensive water rate study. I will be the project manager for this engagement and bring over thirty (30) years of experience in engineering, public works programming, economics, and policy analysis. Our knowledge of accounting and planning systems will be invaluable for this project.

We are extremely excited at the prospect of working with you and the Board on this project. The enclosed proposal demonstrates our Oregon-specific experience. It includes project understanding and approach, qualifications, schedule, communication plan, references, and budget. Our involvement in infrastructure and planning projects for Oregon cities, counties, and special districts provides an excellent basis for understanding the current need for a stable funding basis for the District now and into the future. We believe that our best indicator of success is the track record we have established with our clients. We can point to a consistent record of efficient, within budget, and on-schedule delivery of work products.

We have laid out a number of requirements for the study that are clearly challenging, and in some cases will either increase system revenue requirements or change the way revenues are recovered from customers. We will itemize the policy issues that we see as drivers for either increasing costs or shifting cost recovery from customers. The key to this rate study will be to balance the District's desire to incorporate policy issues, and keep resulting rates and charges affordable, understandable, and defensible. Our scope of work and task plan for this engagement will achieve these outcomes.

In closing, we are able to commit ourselves to working on this project from beginning to completion and our proposal content and price will be valid for ninety (90) days from our submittal date. We see ourselves as the "hands on" team to assist you in answering the key technical and financial questions that will result in a thorough analytical review of the District's financial requirements and the options for funding those requirements. The value is in cost savings for the District with no up-front learning curve and therefore no investment required by the District. We know utilities and municipal finance. We can hit the ground running and will continue this level of effort through successful completion of the project. We look forward to working on this project with you and your team. If you have any questions concerning our proposal, please do not hesitate to call.

Very truly yours,

Steven J. Donovan
President

Voice: 503.517.0671
Fax: 503.517.0672

Plaza West
Business Center

9600 SW Oak Street,
Suite 335

Tigard, Oregon 97223

Water Rate Study

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Project Background and Understanding

Rainbow is the sole water service provider within the District's statutory boundary. Monthly user fees, set by the District Board, fund these services. Operating, maintaining, and improving the system has become more costly over time. The District has managed its finances well and has ample reserves for its current needs. The future resources and requirements of the District are anything but clear. Because of its location within the greater Springfield metropolitan area, Rainbow is “getting squeezed.” The Springfield Utility Board (SUB) is Rainbow's biggest water customer, buying about 80% of its water for Springfield residents. For the current fiscal year 2024-2025, this accounts for roughly 30 percent of Rainbow's annual gross revenue. SUB is constructing a new water intake and treatment plant on the McKenzie River to increase and diversify its supply, which will eventually serve areas in Springfield currently supplied by Rainbow. When the new SUB supply project is completed, Rainbow will continue to serve its own customers. As of this writing, the McKenzie supply project is estimated to be completed in the Fall of 2028. This will reduce Springfield's reliance on Rainbow's system, though Rainbow will still contribute to the overall water supply and meet regional peak demands or emergencies. However, Rainbow will lose income and face new treatment requirements.

By way of background, Rainbow has provided water to north and west Springfield for over 50 years under agreements with SUB and the City of Springfield (i.e., via wholesale Intergovernmental Agreements). The Rainbow Water District was formed in 1949 to supply water to north and west Springfield, and McKenzie Highway Water District was formed in 1950 for east Springfield. They partnered to drill the first wells in 1956. SUB, originally an electric utility, acquired McKenzie Highway Water District in 1960 and began operating a water system east of 28th Street.

In addition to being faced with upcoming structural rate revenue losses, the District is having to cope with new and unidentified costs. A new federal drinking water regulation for PFAS (per- and polyfluoroalkyl substances) could impact multiple well locations. PFAS are human-made chemicals used in various products and are found in the drinking water supplies of millions of Americans, including the District. Oregon has non-regulatory health advisory levels for PFAS, and the levels found in several District wells are below this advisory level. In April 2024, the Environmental Protection Agency (EPA) established National Primary Drinking Water Regulations for PFAS. These regulations set enforceable limits on PFAS concentrations in drinking water and mandate utilities to implement remediation protocols within a period of five years. Rainbow is proactively addressing PFAS contamination by studying existing facilities, taking regular water samples, and investigating possible contamination sources.

To fund water operations, Rainbow has a three-tiered water usage rate. In June 2024, the Board raised the rates as shown below in Table 1. Based on correspondence we have reviewed; it is likely annual rate increases are anticipated to prepare for future costs and lost revenues.

Table 1 -Rainbow Water Rate Schedule as of February 2025

Rate Category	Rate (\$)	Billing Units
Monthly Base Rates:		
	\$26.00	¾" meter
	\$51.00	1" meter
	\$104.70	1.5" meter
	\$126.40	2" meter
Usage Rates:		
	\$1.85	One to 25 ccf
	\$2.65	26 to 50 ccf
	\$3.55	Over 50 ccf

The purpose of this study is to develop a methodology that will accurately determine the rates required from customers for the District to deliver utility services under the most likely future conditions discussed above. This methodology will have to account for the loss of wholesale revenue from SUB and the higher costs of treatment due to PFAS regulations.

Project Approach

There are a number of specific issues that the Board would like incorporated into the project. Beyond the cost of service analysis (COSA), which will be developed as part of our proposed scope of work, concerns related to rate structures, conservation incentives, and rate equity between customer classes will be specifically addressed. The District is also interested in modeling the adopted capital improvement plans for water services. This will most likely require the future issuance of long term debt. The cost of this capital financing plan can be incorporated into the COSA and included in the account or base elements of the rates under either a pay as you go approach or under a phased repayment program. The options will be developed in close coordination with the District with a focus on mitigating the impacts on customers while assuring that costs are equitably recovered from ratepayers. All of the above must be assessed in terms of the District’s existing billing system software to accommodate these rate alternatives which the project team will evaluate as part of this work plan.

Our approach for this study will be incremental, taking each of the utilities and breaking them down into distinct cost centers related to equipment, labor, materials, and overhead. This process will result in the

cost to provide the District’s “current service level.” From there, we will work with District staff to calculate the full cost of water services at the department and division level. These cost pools will then be used to calculate the full rates that should be charged to recover the total cost of delivering services.

The process to develop this level of service cost schedule will be done in conjunction with the District and will be transparent, defensible, and above all, make sense to the Board and ratepayers. Experience has taught us that we have to pay careful attention to policy considerations in this area. In particular, we will develop the cost of service models with the flexibility to allow for support of rates from other District sources. Ultimately, the level of Resiliency Fund support to “buy down” utility revenue requirements are a matter of District Board policy. The models developed through this study will allow a clear understanding of the cost implications resulting from various levels of service.

The outcomes from this study are:

1. A thorough understanding of the true cost to provide water service levels, and
2. What additional services or higher service levels the District is interested in undertaking and what that would translate into regarding a local rate or alternative funding source requirement.

Scope of Work

Task 1 – Rate Study Kickoff and Data Collection

...We have developed a task plan to meet the District’s short-term needs and adequately address long-term policy objectives....

There are three separate elements of a rate study: revenue requirements, cost of service allocation, and rate design. Our approach uses these steps as basic elements of a study tailored to the District’s specific interests and needs. We have highlighted some of the utility management issues that we often address through the rate study process in the task plan outlined below. In the interest of brevity, we will highlight the key tasks, analyses, and considerations that will be essential to a successful study.

Data Collection - This initial project task is essential to timely completion of the engagement. A rate study requires data from various sources, including financial statements (income statement and balance sheet), budgets, asset schedules or inventories, and customer billing data. We have already collected a considerable amount of data in preparation for this engagement. We also schedule an initial project kick-off meeting to review available data, clarify unfulfilled data needs, identify key contact persons, and assign responsibilities. Data collection will also include identifying the steps required to obtain the customer statistics for use in the cost of service analysis. Finally, as part of our analysis, we will identify standard reports and formats which will improve management review capability and simplify future updates.

As this database takes shape it will be important to keep the process oriented on the objective for this study, which is an accurate, comprehensive, and clearly documented cost basis for each enterprise. To be useful, the project must produce maintenance standards and costs that are mutually understood and ultimately “owned” by the District as the process moves forward before the Board and ratepayers.

Task 2 – Preliminary Model and Revenue Requirements Development

Once the data collection and validation task are completed and vetted by the District project manager, the consultant team will develop a model in Microsoft Excel format. We design our models for easy use by District staff and build in flexibility for the inclusion of future water services. The model will function as the utility’s financial plan. We will develop the financial plan models to allow for evaluation of

alternative policies and strategies. The models typically perform several revenue sufficiency tests, such as cash flow, coverage, and earnings, against which the sufficiency of current rates to fund enterprise activities is measured. The revenue requirements analysis determines the amount of revenue needed from rates. This is related to utility cash flow or income requirements, constraints of bond covenants, and specific fiscal policies related to the water utility. The matter of compliance with bond & loan covenants is particularly important in this case because the District has borrowed money from the following funding agencies:

Funding Agency/Lender	Outstanding 6-30-2024
2018 Financing Reimbursement Contract – Business Oregon IFA (Safe Drinking Water Revolving Loan Fund)	\$1,941,923

In the case of the Business Oregon IFA loan, the District pledges to charge rates and fees in connection with the operation of the water system which, when combined with other gross revenues, are adequate to generate net revenue each fiscal year at least equal to 120% of the annual debt service due in the fiscal year on the loan.

To meet the need to implement a rate adjustment to meet requirements, we recommend evaluating the revenue requirements as follows: review of the utility’s current fiscal policies and their impact on the revenue requirements to ensure that the rate models reflect the financial objectives of the District. We will evaluate the impact of changes in policy, such as capital improvement funding approaches or reserve levels, to determine the impact of changes on revenue requirements. Through the linkage of the analysis to a model of fund balances, rate strategies such as uniform increases, single or multi-year increases, or other strategies can be evaluated on an ongoing basis in terms of compliance with all fiscal constraints.

The specific tasks that will be included in development of the financial plan model will be:

1. Review historical costs and revenues and project revenue under existing rates (this will provide information on the current capacity of rates to support revenue requirements). During this work, we will also identify and develop applicable revenue sufficiency tests. Finally, we will determine projected revenue shortfalls (if any) for the test year and present results to staff.
2. Develop long-term financial model (planning period consistent with adopted capital improvement plan(s) and policies). Based on the work done to establish the historical review of costs and revenues, we will expand the logic to a forecast horizon consistent with other District planning timeframes (currently set at a ten-year forecast horizon). Consistency between the adopted Capital Improvement Plan(s) and the financial plan will be essential. Critical work in this sub task will be:
 - a. Project revenue under existing rates and determine overall revenue shortfalls by year for the forecast horizon. Identify annual increases needed to meet annual revenue requirements. Forecast when SUB wholesale revenues will stop.
 - b. Forecast O&M and capital costs based on the adopted Capital Improvement Plan (CIP). It is clear that the CIP will result in increases to operations and maintenance expenses. New costs (life cycle) to operate and maintain these the facilities will be identified, vetted, and loaded into the financial plan model.
 - c. Evaluate capital funding alternatives, including bonding strategies. This task will include evaluating fiscal policies related to capital financing, including preferences for debt or equity funding. Also, analyses will be done to evaluate reserve levels for debt or equity funding, reserve

levels for contingencies, and replacement of funding (i.e., explicit funding of depreciation). Finally, the feasibility of developing alternative sources of funds, including grants, special low interest loans, special fees, and SDC's will also be integrated into the analysis.

- d. Develop rate increase strategy. In this sub task, we will evaluate rate implementation strategies for effects on utilities financial performance and condition.
- e. Evaluate rate implementation strategies for effects on utility financial performance and condition.
- f. Review revenue requirements findings with staff and the Board.

Upon the completion of the model building work, the consultant team will present the preliminary models to District's project team for review and comment. We suggest the District reserve a specific date and time for a staff workshop. This will allow a thorough briefing on the models contents and capabilities. Copies of the draft models will be left with the District team to use and beta test. Upon completion of this internal review, the consultant team will adjust the models to bring them in line with District staff requirements.

After incorporating District staff comments into the models, the consultant team will be prepared to make a presentation to the District Board at a work session (or perhaps to a District Board subcommittee). At this meeting, the consultant team will present the preliminary study results and demonstrate the use of the models to the Board. The presentation will also offer the Board a number of funding alternatives and implementation strategies. The agenda and format for the meeting will be prepared by the consultant team and reviewed with the District's project manager.

Task 3 - Detailed Financial Analysis (including policy on current and future indebtedness)

...A cost of service analysis generally addresses the basis for recovering revenues from customers according to the demands which they place on the utility...

Cost of Service - The cost of service analysis allocates costs to functional categories, classifies customers, and defines their service characteristics, and distributes costs to customer classes. It also develops unit costs appropriate for recovering revenue requirements by customer class. An essential element of the cost of service analysis and rate review is to define customer service characteristics. This effort relies on the information contained in the customer billing system. The level of detail needed often exceeds that provided in summary reports. For example, to evaluate increasing block water rates, customer usage needs to be compiled by usage level. We pursue this information early in the assignment, recognizing the difficulties that can arise in developing necessary reports or downloading necessary raw data. Specific cost of service tasks include:

1. Develop functional allocation of costs. For water, this would include customers, fire protection, base usage, and extra capacity (peak demand). Also included at this stage are any special allocations associated with providing service to wholesale customers. This allocation relies primarily on utility planning documents and generally available statistics.
2. Develop customer statistics. The specific structure of the statistics needed will depend on the types of rate structures that the District wishes to consider. We would work with the billing system staff and, if necessary, the billing system programmers to obtain either summary statistics or raw customer data.
3. Distribute costs to customer classes. Develop class revenue requirements based on usage/demand characteristics. Develop functional unit costs.

...The cost of service analysis will likely result in different percentage rate increases among the customer classes, which may be more equitable based on the supporting analysis. ...

Task 4 – Rate Analysis

The rate design effort examines and evaluates alternative rate structures. The analysis compares existing rates with alternative rate design and compares results with the allocated costs by customer class. The rate model can be designed to accommodate various rate alternatives, such as seasonal rates, block rates, and varying customer classifications if appropriate. Due to the nature of restructuring rates, impacts are not limited to customer classes nor necessarily uniform within them. The rate model also documents impacts on representative customers, as well as customer classes as a whole, in order to provide full information on the range of rate impacts which would result.

...The District may want to consider implementing changes to the rate structure on a calendar year basis rather than fiscal year ...

This avoids dramatic change during the summer peak period when customer sensitivity is highest and allows an education program to be implemented during the winter period when impacts will tend to be smaller. Specific tasks would include:

1. Review rate objectives and various alternatives for attaining those objectives with the District. Identify rate structures to be developed and quality of data to support them.
2. Develop rate model and incorporate customer statistics. Integrate with revenue requirements and cost of service models to automate the rate development process.
3. Develop and evaluate each rate alternative. Evaluation will be based on equity, sufficiency, and impacts.
4. Review preliminary rate findings with District staff. Refine analyses based on review. If appropriate, develop phased strategies for restructuring rates.

Task 5 – Draft Report, Staff Comments, Final Report, and Presentation to the District Board

As described above, the rate study is a blend of policy directive and technical follow-through. Our study approach emphasizes ongoing interaction and review with staff and the Board to assure the direction of the study. The documentation task is simply the culmination of that effort. We have found the most effective reporting method to be a policy-level document describing objective, general methods, summary results, considerations, and recommendations. This report, typically 15-20 pages in length including exhibits, provides a document, which is both meaningful and useful for decision-makers. Along with this, a detailed printed record of the analyses is also provided.

An equally important element of successfully completing the study is presentation. We will conduct a presentation to the Board and/or other forums as appropriate, or support staff presentations if this is preferred. Additional presentations or workshops can also be incorporated. We have often worked with Citizen Advisory Committees, particularly in potentially controversial efforts. Specific tasks include:

1. Present Draft Rates Proposal - As discussed above, when the draft models have been completed and vetted by the District staff team, the consultant team will present the proposals regarding rates to the District Board via work session.
2. Prepare Draft Report - Prepare and submit a draft report for District review and comment. Review the report with the District and determine revisions for the final version. In this step, we will prepare

PDF copies of the draft report, and one (1) unbound copy. We will also present the preliminary report to the District Board and Staff at a public meeting.

3. Prepare Final Report - Prepare and submit the final report to the District. The final report submittal will consist of ten (10) bound copies and one unbound copy. These final versions will be given to the staff for distribution to the Board and other interested parties. We will also provide Staff with a disk that will contain the final report in MS Word format and all related Excel spreadsheet models.
4. Present a Resolution for District Board consideration that will adopt the recommended rates.

Timeframe

Proposed Schedule for the Water Rate Study

ID	Task Name	Start	Finish	2025							
				Jan	Feb	Mar	Apr	May	Jun	Jul	
1	Water Rates and Study proposal due date	2/4/2025	2/4/2025	★							
2	Task 1: Rate study kickoff and data collection	3/3/2025	3/17/2025								
3	Task 2: Preliminary model and revenue requirements development	3/3/2025	3/28/2025								
4	Task 3: Detailed financial analysis	3/3/2025	4/4/2025								
5	Task 4: Rate analysis	3/3/2025	4/11/2025								
6	Task5: Draft Report Preparation, Staff Comments Review and Final Report Preparation, Presentation to the Cooperative Board	4/1/2025	5/15/2025								
7	Presentation of draft rate models to the Board via work session	5/15/2025	5/15/2025						★		
8	District staff review of draft and final report	5/12/2025	6/16/2025								★
9	Present final rate study results to the Board	6/16/2025	6/16/2025								★
10	Implement rate changes (if recommended) and publish final report	7/1/2025	7/1/2025								★

★ Intermediate milestone

★ Project completion milestone

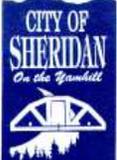
Firm Experience and Past Projects

Similar Projects by Type and Location

Client	Year	Cost of Service Studies	Policy Analysis of Program Delivery	Increased Costs for New Programs or Services	Shifting of Cost Recovery from Customer Classes
City of Independence – 2024 sewer and transportation SDCs update	Underway	✓	✓	✓	
City of St. Helens – Utilities rates and SDCs study	Underway	✓	✓	✓	✓
City of Scappoose – Utilities rates and SDCs study	Underway	✓	✓	✓	✓
City of Molalla – SDCs methodology Update for all Municipal Services; Molalla, Oregon	Underway	✓	✓	✓	✓
City of Coquille – Utilities rate study	2022	✓	✓	✓	✓
City of Gresham – 2022 Water revenue bond feasibility study	2022	✓	✓	✓	✓
Water Environment Services of Clackamas County - Wastewater and stormwater rate studies	Underway	✓	✓		
City of Coos Bay – 2022 WWTP funding options study; Coos Bay, Oregon	Underway	✓	✓	✓	✓
City of Astoria – Industrial strength wastewater rates analysis	2022	✓	✓	✓	✓
City of Wood Village – utilities rates and SDCs study	Underway	✓	✓	✓	✓
City of Willamina – SDC methodology update	2022	✓	✓	✓	✓
City of Sublimity – Policy support on SDC credits policy	2021		✓		
City of Lebanon – Stormwater Master Plan financial analysis	2021	✓	✓	✓	✓
Polk County/City of Falls City – Wastewater treatment plan funding feasibility study	2021	✓	✓	✓	✓

Representative Study Descriptions and Client References

Itemized below is a brief listing of very similar projects to the Rainbow rate study. We have chosen these projects because they are also very current.

<i>Project Information</i>	
<p>City of St. Helens 2023 Utilities Rates and SDCs Study. City population 13,779. Over the last five years, the City of St. Helens has experienced a growth phase. The infrastructure in place to serve this growth is old and in many case under capacity. In March of 2022, the City embarked on a utilities rates and SDC methodology update study to address these issues. In consultation with City Staff and the Council, we developed ten-year financial plans for water, sewer, storm, transportation, and parks. These plans called for roughly seven percent (7%) per year annual rate increases for each of the next five years. With the benefit of newly completed water, sewer, and stormwater master plans, we proposed substantial increases in the SDCs for these municipal services. During April and May of 2022, the proposed rates and SDCs were presented to the City Council and the Budget Committee. On June 1, 2022, the City Council adopted the recommended rates and SDCs.</p> <p>City Project Manager – Mouhamad Zaher, Public Works Director</p> <p>265 Strand Street St. Helens, Oregon 97051 (503) 366-8235 mzaher@sthelensoregon.gov</p>	
<p>City of Coquille 2023 Water and Sewer Rate Study. City population 3,925. The City recently completed new water and sewer master plans that recommended substantial investments in both systems. In 2021, the City implemented some 20% sewer rate increases to affect critical repairs and improvements to the wastewater treatment system. The primary purpose of this rate study was to focus on what would be required to fund the critical improvements for the water system. In consultation with the City Council and Staff, we developed a 20-year base case water financial forecast model that funded the 2020 water master plan priority projects. This called for an immediate water rate increase of \$12 per month for the average single family residential customer. On February 7, 2022, the City Council adopted the proposed water rate increases for implementation on July 1, 2022.</p> <p>City Project Manager – Forrest Neuerburg, City Manager</p> <p>851 North Central Boulevard Coquille, OR 97423 (541) 396-2115 x201 fneuerburg@cityofcoquille.org</p>	
<p>City of Sheridan 2023 Utilities Rate Study. City population 6,122. We have been the City's utilities rates and financial evaluations consultant since 1996. Over that time, we have provided annual rate reviews and ten (10) year financial plans for the City's water, wastewater, and stormwater utilities. This year's study was completed in August, and the rate recommendations and ten-year financial plans were presented to the City Council at their August 15th business meeting. Key components of the 10-year financial plans include the future siting and construction of a new water treatment plant and the funding strategy for construction of a new 20-inch sewer interceptor line that will cross the South Yamhill River in 2023.</p> <p>City Project Manager – Heidi Bell, City Manager</p> <p>120 Mill Street Sheridan, OR 97378 (503) 843-2347 hbelle@cityofsheridanor.com</p>	

City of Donald 2023 Utilities Rates and SDCs Study. City population 1,128. The City of Donald is in the midst of a comprehensive plan change that will double the population of the City in less than five (5) years. As planned, the growth will come from one planned unit development (Harvest Gardens Agrihood). We were retained by the City to update the 2016 water and wastewater revenue requirements and rate models and calibrate them for the fiscal 2020-2021 start year. Upon completion of the start year calibration, we created a new five (5) year forecast for water and sewer rates and charges based on cost-of-service principals. We were also tasked with working with the City's consulting engineers (TetraTech) to formulate a schedule of SDCs specifically for the new Harvest Gardens phased development. This project was completed in June and the resulting rates and SDCs recommendations were adopted by the City Council on July 13, 2021.

City Project Manager – Eric Underwood, City Manager

10710 Main Street
Donald, Oregon 97020
(971) 715-8571

manager@donaldoregon.gov



City of Molalla 2023 water rates and SDCs update. City population 9,155. This water cost-of-service study was undertaken in concert with the development and completion of the City's 2020 Water Master Plan Update. The SDC component of the study dovetailed with the master plan capital improvement plan (CIP) formulation. The rate study focused on the rate implications of funding the high priority master plan storage and distribution system projects over the next five (5) years. As in the case of Scappoose, the Molalla City Council was particularly interested in implementing conservation-based water rates. In this study, we used statistical analyses to create a recommended three (3) block water rate structure. The City Council will be reviewing the Staff recommended water rate structure at an October 27, 2021, work session.

City Project Manager – Dan Huff, City Manager

117 North Molalla Avenue
Molalla, Oregon 97038
(503) 759-0224

dhuff@cityofmolalla.com



City of Scappoose 2023 water and wastewater rates and SDCs study. City population 7,270. This cost-of-service study was started in early 2021 and completed in July. The City Council adopted the recommended water rates and SDCs in May of this year and will visit the wastewater rates and SDCs at a City Council meeting on October 18th. A key component of the water rates was the implementation of conservation-based rates (i.e., inverted block pricing). The wastewater rates are critically important to the City because the City is in the process of reconstructing its wastewater treatment plant at a cost of approximately \$20 million with the priority phase 1 costs at \$9.2 million over the next two years.

City Project Manager – David Sukau, Public Works Director

33568 East Columbia Avenue
Scappoose, Oregon 97056
(503) 543-7145 extension 4

dsukau@cityofscappoose.org



Resume for Steve Donovan



- ◆ Over thirty (30) years of experience in engineering, public works programming, economics, and public policy analysis.
- ◆ Principal author or collaborator on dozens of utilities rate and SDC studies throughout the United States. These skills transfer directly to the scope of services required for Rainbow.
- ◆ Experience in the development and adoptions of System Master Plans throughout Oregon

Steve Donovan

Donovan Enterprises, Inc.
President

EDUCATION

B.S., Electrical Engineering,
University of Wisconsin, 1977

MBA, University of Wisconsin,
1979

YEARS OF EXPERIENCE

43

PROFESSIONAL AFFILIATIONS

American Public Works
Association
American Water Works
Association
Water Environment
Federation
Institute of Electrical and
Electronic Engineers
Oregon Municipal Finance
Officers Association
Oregon Association of Clean
Water Agencies

REFERENCES

Jolynn Becker, City of Banks
jbecker@cityofbanks.org
(503) 324-5112
Gerald Fisher PE, City of
Independence
gfisher@ci.independence.or.us
(503) 829-6855
Greg Geist, Clackamas County
ggeist@clackamas.us
(503) 742-2802

UTILIITES RATE STUDY UPDATES

- ◆ Heceta Water PUD 2022
- ◆ City of Sutherlin 2020
- ◆ City of Creswell 2020
- ◆ City of Sisters 2024
- ◆ City of Molalla 2024
- ◆ City of Sublimity 2024
- ◆ City of Independence 2024
- ◆ City of Dallas 2018
- ◆ City of Silverton 2019
- ◆ City of Scappoose 2024
- ◆ City of St. Helens 2023

UTILITIES PLANNING & CIP DEVELOPMENT

- ◆ City of Creswell 2022
- ◆ Clackamas County 2024
- ◆ City of Molalla 2024
- ◆ City of Astoria 2022
- ◆ City of Coos Bay 2024
- ◆ City of Sheridan 2024
- ◆ City of Silverton 2019
- ◆ Marion County 2020
- ◆ City of Tillamook 2022
- ◆ City of Ashland 2015

Individual Experience

Steve Donovan will serve as our project manager on the study. Steve is well suited to this task for three reasons. First, he is extremely familiar with the project scope and objectives having served as a project/task manager for similar studies in Oregon and Lane County. Second, he is an efficient, well-organized manager whose skills coordinating a diverse team and keeping projects on schedule and budget have been proven many times. Lastly, he has extensive experience leading similar efforts and producing financial studies.

The project team will consist of Steve and DEI support staff. Over the past thirty years, Steve has worked extensively on rate, cost of service, and bond sale projects. Right now, Steve is working for Water Environment Services in Clackamas County on the financing of their wastewater Capacity Management Program.

Steve's role will be to lead the study development process, coordinate the review and decision process with the District's project manager, review the work products, and quality assurance reviews. Steve will also be the financial modeler for the cost of service analysis, and his primary focus will be on the updating the revenue requirements and cost of service allocations elements. His extensive rate making experience specific to Oregon municipal organizations will be drawn upon to validate the analysis. He will be available at critical meetings and will be working together on all study issues. Continuity and commitment will be maintained throughout the project. As the financial modeler, Steve will focus on updating the revenue requirements and cost of service allocations elements. His extensive rate making experience specific to Oregon Cities will be drawn upon to validate the analysis. Steve is a talented manager, and his analytical and presentation skills will be used throughout the project.

Our current work schedules are locked in on Oregon-specific projects at this time. However, we are able to commit ourselves to working on this project from beginning to completion and our proposal content and price will be valid for ninety (90) days from our submittal date.

We are very familiar with the Rainbow "landscape" given our current rate work for the Marcola Water District. We commit to assist you in answering key technical and financial questions that will result in a thorough analytical review of the District's financial requirements and the options for funding those requirements. As we stated in our cover letter to this proposal, the value is in cost savings for the District with no up-front learning curve and therefore no investment required by the District. We know utilities and municipal finance. We can hit the ground running and will continue this level of effort through successful completion of the project. We look forward to working on this project with you and your team.

Level of Effort/Budget

Itemized below is the cost proposal for the utilities rate study. The consultant team is proposing a time and materials contract with a “not to exceed” fee that cannot be altered without prior written approval of the District. **Travel costs:** will be billed at the current IRS mileage allowance (i.e., 70 cents per mile). If the IRS adjusts the standard mileage allowance during the term of this engagement, the updated value will be used for mileage reimbursement. **Final reports printing and binding:** The cost of producing the final reports and technical memoranda will be billed on actual cost basis (i.e., without markup). **Project materials:** will be billed to the project on an “as needed” basis. No materials will be billed to the project without the prior review and consent of the District’s project manager.

Task and Subtask Description	\$175	\$88	Rate Study Project Totals	
	Steve Donovan	DEI Staff	Hours	Dollars
<i>Project management and initiation</i>				
a Project review workshop	2	-	2	\$ 350
b Develop detailed work plan	-	2	2	175
c Finalize project schedule	-	2	2	175
d Schedule and attend District staff meetings	8	-	8	1,400
e Schedule and attend Board work sessions	6	-	6	1,050
f Document decision processes via issue papers	-	4	4	350
<i>Task 1 - Data collection and validation</i>				
a Collect and validate water financial data	2	4	6	700
b Collect and validate forecast assumptions	2	4	6	700
c Create and vet cost of service database	2	4	6	700
d Compare and contrast Rainbow data	2	4	6	700
e Develop preliminary gap analysis	2	4	6	700
<i>Task 2 - Preliminary model and revenue requirements development</i>				
a Review historical costs and revenues; perform revenue sufficiency tests	2	2	4	525
b Project revenue under existing rates and determine revenue shortfalls	4	2	6	875
c Forecast O&M and capital costs for each utility	8	4	12	1,750
c Evaluate capital funding alternatives, and fiscal policies	8	4	12	1,750
d Develop rate increase strategy	4	2	6	875
e Evaluate rate implementation strategies for effect on utility financial performance	4	2	6	875
f Review revenue requirements findings with Staff and the Rainbow Board	4	2	6	875
<i>Task 3 - Detailed financial analysis</i>				
a Develop functional allocation of costs	4	4	8	1,050
b Develop customer statistics	4	4	8	1,050
c Distribute costs to customer classes	4	4	8	1,050
<i>Task 4 - Rate analysis</i>				
a Review rate objectives and alternatives	4	2	6	875
b Develop rate model and incorporate customer statistics	8	2	10	1,575
c Develop and evaluate each rate alternative	4	2	6	875
d Review preliminary rate findings with District Staff	4	2	6	875
<i>Task 5 - Draft report, staff comments, final report, & Board presentation</i>				
a Present draft rates proposal	2	-	2	350
b Prepare draft report	8	-	8	1,400
c Prepare final report	2	2	4	525
Total labor hours	104	68	172	
Total labor cost	\$ 18,200	\$ 11,900		\$ 24,150
Graphics, printing, mileage and binding				1,000
Total not to exceed budget				\$ 25,150

**RESOLUTION 2025-04
RAINBOW WATER DISTRICT
RESOLUTION AFFIRMING AND APPOINTING BUDGET COMMITTEE MEMBERS**

WHEREAS, Rainbow Water District is a domestic water supply district organized under Oregon Revised Statutes (ORS) Chapter 264, and ORS 264.410 provides that “the power and authority given to districts is vested in and shall be exercised by a board of five commissioners, each of whom shall be an elector of the district”, and

WHEREAS, ORS 294.905 requires the formation of a budget committee made up of the governing body and an equal number of members appointed to three year terms, and ORS 294.331 requires that the governing body designate one person to serve as budget officer to prepare or supervise the preparation of the budget document, and

WHEREAS, the Rainbow Water District Board of Commissioners has established a Budget Committee which consists of five Commissioners and five other District customers, and

WHEREAS, the appointed members serve for a three year term of office.

NOW THEREFORE BE IT RESOLVED

That Superintendent Jamie Porter is designated as the FY 2025-26 Budget Officer, and

That the following non-Commissioner budget committee members, and positions and terms of office are hereby appointed and/or affirmed:

<u>Position</u>	<u>Name & Address</u>	<u>Term Expiration</u>
#1	Erik Westerholm, 3564 Hayden Bridge Road	June 30, 2026
#2	James Burrington, 3890 Hayden Bridge Road	June 30, 2025
#3	Ian Kimball, 2288 Greenbriar Street	June 30, 2026
#4	Devin Thompson, 2960 Hayden Bridge Road	June 30, 2026
#5	Rob Hallett, 2415 Corral Drive	June 30, 2025

ADOPTED AND APPROVED by a vote of _____ Yes votes and _____ No votes, this 12th day of February 2025.

President, Board of Commissioners

Attest:

Secretary-Treasurer