




# City of Sierra Madre Agenda Report

*Gene Goss, Mayor*  
*Rachelle Arizmendi, Mayor Pro Tem*  
*John Capoccia, Council Member*  
*Denise Delmar, Council Member*  
*John Harabedian, Council Member*

*Melinda Carrillo, City Clerk*  
*Michael Amerio, City Treasurer*

TO: Honorable Mayor and Members of the City Council

FROM: Elaine I. Aguilar, City Manager 

INITIATED BY: Bruce Inman, Director of Public Works  
Marcie Medina, Finance Director

DATE: May 24, 2016

SUBJECT: **Water System Financing Options and Monthly Utility Billing**

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## **SUMMARY**

This staff report considers financing options for the water system. Included are debt financing options, such as Bonds and Loans. Also, included are cost savings due to change in operations and public private partnerships.

## **ANALYSIS**

### **Current Status of Water Operation**

#### **Capital Needs of the Water System:**

At the October 2015 Strategic Plan meeting, under the three-year goal of Updating our Outdated Infrastructure, the City Council directed staff to "Recommend to the City Council for action a list of 9 infrastructure areas to be updated in priority order, including known funding sources. At the January 12, 2016 City Council meeting a report was presented providing the information requested. The report's #1 priority was the Water Distribution System.

Staff presented a list of the top 20 high maintenance water mains in need of replacement, see Table A below. The shaded rows 1A, 1B, 2, 3, 6, and 7 have been included in the FY 2015-16 CIP by prior Council action. From that top 20 list, 15 remain to be addressed, at an estimated combined cost of \$2,065,360. Replacing the top 20 high maintenance mains will leave 91 segments in the distribution system that are 75 years old or older, with an estimated total replacement cost of \$11,177,425. The total amount needed for infrastructure replacement that has not been funded is estimated at \$13,242,800.

Table A

1A	Skyland/Idlehour from Orange to Orange (1930)	\$ 406,680
1B	Canyon Crest from Idle Hour to Orange (1930)	75,960
2	Fern Glen from Canyon Crest to Fern Dr.(1932)	63,315
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	<b>Total</b>	<b>\$3,258,470</b>

#### Current Utility Billing System

Under the current drought conditions, the City has instituted multiple water conservation programs. One such measure is the implementation of water conservation goals, a mandatory 30% reduction in customers' water use over that of FY 12-13. A concern over that program which is commonly heard by the City Council and staff is that with the current bi-monthly billing system, the customers are not able to accurately or conveniently track their water use in real time; their first indication that their water use is too high comes on their water bill, long after the water has been used.

With bi-monthly water billing it is impossible to determine the amount of non-revenue water (leakage) that is being produced. While the amount of water going into the water distribution system is being accurately measured and tracked, and the amount of water used is also accurately measured and tracked, the production data and consumption data cannot be accurately correlated in order to determine the daily, monthly or even annual difference between the two datasets. One solution that has been proposed in order to provide correlation between production and consumption and to provide customers more timely water consumption information is to go to monthly water billing.

The City's water billing system/procedure is currently provided by an available staff of one Administrative Clerk in City Hall and six Public Works water department field staff. This staff provides billing activities on a monthly basis but provides that service to only one-half the city each month. The east side of the City (East of Baldwin Avenue) is billed odd-numbered months; the west side is billed even-numbered months. The billing process continues to be evaluated by staff and adjusted when new efficiencies are realized. The current billing process and the hours spent each month are described as follows:

1. *One-two days before the second Tuesday of each month water staff and the water billing administrative clerk coordinate to ensure all meter change-outs have been entered into the handheld meter reading data recorders (handhelds)*
2. *The water billing process begins on the second Tuesday of each month when the handhelds are loaded for reading.*
3. *Meter reading takes three men 1-2 days to complete all the reading routes.*
4. *Water billing administrative clerk prepares a billing packet in the Tyler system.*
5. *Handhelds are downloaded Tuesday or Wednesday and an exception report is generated by water department noting re-reads, high exceptions, low or no consumption, and any field notes taken by the meter reader.*
6. *Field staff is provided copies of the first exception report, which they then use to:*
  - a. *Repair leaking, stopped or damaged meters; then*
  - b. *Verify high reads and low consumption, checking for leaks and stuck meters*
  - c. *This takes 2 men 1 day to complete*
  - d. *Field staff meets with water billing administrative clerk and provides clerk with register sheets noting all of the corrections made in the raw data from the initial meter reading.*
7. *Water billing staff processes the raw handheld data which creates an error list, then utilizes the field staff register lists to correct the raw data.*
8. *If there are remaining errors or suspected errors, the administrative clerk generates a second exception list.*
9. *Field staff utilizes the second exception list to make additional re-reads, inspections and/or repairs. This takes 1 man 1 day.*
10. *Once the second exceptions report is completed, the handheld data is turned over for billing.*
11. *The billing process is completed. Billing is reviewed by Account Manager.*
12. *Bills are printed and prepared for mailing house pick-up.*

*Altogether, the administrative clerk spends about 5 hours on this process beginning to end. Water Department field staff spend approximately 81 man-hours. This is for the billing process alone. It does not include handling calls and service orders resulting from billing, issuance of late notices, posting of 24 hour notices, shut-offs, and the overtime hours typically required for turning water back on after shutoffs.*

In order to go to a monthly water billing program in which all city water customers are billed at the same time for the same use period, utilizing the current manual meter reading process, the amount of staff time described above would double. This would severely impact Public Works water department operations, requiring all of the field staff to concentrate on meter reading for 1-2 days a month. First exception report follow-up would take 4 men two days, and second exception list corrections would take two men one day. During these periods, the staff members involved in the water billing operations are unavailable for emergency operations (leak repair) if billing is to be kept on schedule.

Switching to monthly billing with the current metering system would add a significant workload and cost to the existing billing process. However, monthly utility billing would work well with implementation of AML. Advanced Metering Infrastructure would reduce the cost of transitioning to a monthly billing system, would streamline the process, and provide for timely & accurate data availability to the customer and the City.

#### Current Meter Situation:

The water operations use a combination of meter reading methods, including touchpad, radio reading and primarily manual/visual inspection for meter reading to collect data for utility billing on a bi-monthly basis. On average the City spends about \$75,000 a year in meter replacement, and about 70% of the meters are over 15 years old and need to be replaced. As water meters age, they lose their accuracy which means meters to be replaced are only about 92% accurate.

As a part of the infrastructure needs, the City has an outdated meter reading system with over 70% of the meters in need of replacement. The meter system does not provide timely information that is of utmost importance in meeting the state conservation requirements. Furthermore, meters lose their accuracy as they age which translates to loss of revenues.

#### Water Rates:

The water rates implemented as a result of the 2013 Water & Wastewater Rate Study have not increased water revenues as originally projected. For Fiscal Year 2015-2016, Water Revenues from charges for services excluding penalties have decreased from prior year. The rate increase has not kept up with the decrease in water consumption due to water conservation.

The rate study is not meeting its objectives and not meeting its targets. The study did not account for current water conservation, and is not generating the revenues needed to: ensure capital replacement and maintenance, provide adequate reserves, meet debt service coverage requirements and improve the financial health of the enterprise. A new rate study is needed in order to properly meet the financial objectives of the Water operation.



Debt Obligations:

The Water Operation has two outstanding Bonds, the 1998-A Water Revenue Refunding Bonds with an outstanding balance of \$1,415,000 and the 2003 Water Revenue Parity Bonds with an outstanding balance of \$6,750,000. The total bond debt outstanding is \$8,165,000 with an annual debt service payment of \$850,000.

**Financial Options**

City staff has conducted research and met with various vendors in order to explore ways of financing the various needs of the Water Fund. The options vary from debt financing to public private partnerships. Some of the options can work alone or in conjunction with other options.

Debt Financing:

The current low interest environment provides the City with the opportunity to refund current bond debt at significant savings and to issue additional debt to provide funding for infrastructure needs. There are two debt financing options, bonds or a loan.

Bonds:

- Pro's:
  - Larger amount of capital financing, up to \$20,975,000. Sufficient to refinance current bond debt, purchase an AMI system and fund the \$13.2 million of identified capital projects. 30 year term provides for a longer repayment period and therefore a larger amount of financing.
- Con's:
  - High cost of issuance. Total cost of issuing bonds is estimated at \$723,689 (\$210,000 cost of issuance, \$209,750 underwriter's discount, and \$ 303,939 bond insurance).
  - Higher interest cost overtime. Estimated average rate of 4.87% (rate may vary based on market conditions). Semi-Annual payments of debt service. 30 year term results higher interest costs.
  - Higher cost of over the term of the bonds: trustee fees, annual bond disclosure, and compliance costs.

Loan:

- Pro's:
  - Loan proceeds up to \$18,769,522, sufficient to refinance current bond debt, purchase an AMI system and fund a large portion of identified capital projects.
  - Low cost of issuance. Total cost of loan processing \$5,000.
  - Low interest cost over the term of the loan. Estimated rate of 3.85% fixed over life of loan (rate may vary based on market conditions). Quarterly payments provide for savings due to faster payment of interest and principal.

- Con's:
  - Lower amount of capital financing available, due to higher debt service payments due to shorter repayment period, 20 year term.

Debt financing is an option that would work well together with the acquisition of an Advanced Metering Infrastructure System. This would also provide for additional monies available to fund a significant portion of the water main replacement needs. The refinancing of existing debt would result in cost savings that can then be reinvested into the water operation. Furthermore, the restructuring of the existing debt would release the City from current debt coverage restrictions and allow the City to be in compliance with new terms.

#### Advanced Metering Infrastructure (AMI):

Advanced Metering Infrastructure (AMI) has been seen as an alternative to the doubling up on staff time to do monthly billing. In fact, with an AMI system's ability to provide almost real-time water use data, this alternative is superior to monthly billing in that it can provide a customer with high use notifications or leak alerts at any time during a billing period. AMI would free field staff from almost all meter reading functions, allowing for those staff members more time in maintenance of the infrastructure and in customer service at City Hall.

This report considers standard city-hosted AMI only. Cloud based AMI offerings are not proposed at this time due to their high implementation costs.

The City's water system would greatly benefit from a new metering system. Advance Metering Infrastructure (AMI) is not only a purchase of new meters. AMI goes beyond reading meters quickly and accurately, it provides for timely two-way communications between the utility system and metering endpoints.

#### Benefits of AMI:

- Financial Benefits:
  - Improved meter accuracy should increase City's consumptive water revenue. Estimated increase in billings of \$135,000 a year.
  - Cost savings due to operational efficiencies estimated at \$35,000 per year. Elimination of manual reads and re-reads. Virtual turn-ons & turn-offs. Reduction in customer service calls.
- Non-Financial Benefits:
  - Advance leak detection.
  - Improved water conservation.
  - Enhanced customer service.
  - Consumption behavior available online.

- Other increased operational efficiencies. Elimination of human error in meter-reading. Availability of timely & accurate data for staff to work with.

The cost of an AMI system is about \$1,365,000. With revenue recovery and cost savings of about \$180,000 a year, the system would pay for itself in about 7.6 years and provide for ongoing efficiencies and cost savings for the life of the system, 20 years.

### Ferguson Waterworks/ Equarius Waterworks Proposal.

Included with this staff report is a conceptual proposal from Equarius Waterworks for the installation of AMI citywide. This is a basic approach to AMI installation, without the significant operational changes associated with the other two AMI-related proposals included with this report.

### Utility Partnership - FATHOM:

FATHOM Solutions offers an integrated Advanced Metering Infrastructure (AMI) system & Customer Information System (CIS) with a Utility Billing Solution. Below is a comparison of the City's cost of service for monthly billing purchasing AMI to the monthly billing costs with FATHOM.

City Monthly Billing Cost with purchase of AMI		
Description	Per Meter Per Month	Annual
Hard Costs	\$ 8.98	\$ 402,921
Revenue Loss	8.58	385,395
Adjustment for monthly bill printing & Postage	0.29	12,981
AMI Equipment Cost	2.90	130,190
<b>Total Cost of Service</b>	<b>\$ 20.75</b>	<b>\$ 931,487</b>
Monthly Billing Cost with FATHOM		
Description	Per Meter Per Month	Annual
<b>FATHOM Full Bundle:</b>		
Managed Services and SaaS	\$ 4.37	\$ 196,178
Meters and AMI Infrastructure	5.27	236,734
<b>Total FATHOM Full Bundle</b>	<b>9.64</b>	<b>432,912</b>
<b>Retained Costs:</b>		
59% Labor Costs Retained by City	\$ 4.77	\$ 214,320
60% Unrecoverable Water Loss	4.85	217,557
<b>Total Retained Costs</b>	<b>9.62</b>	<b>431,877</b>
<b>Total Cost of Service with FATHOM</b>	<b>\$ 19.26</b>	<b>\$ 864,789</b>
<b>POTENTIAL SAVINGS</b>	<b>\$ 1.49</b>	<b>\$ 66,698</b>

The City has the option of obtaining the Managed billing and customer service and purchasing the AMI system independently or contract for the full bundle of FATHOM services. However, the FATHOM solution can only be implemented with an AMI system.

Public-Public Partnership – Veolia:

This option provides for a partnership for management of the water and waste water systems through a newly formed entity, a joint powers authority (JPA) or other quasi-public structure.

The partnership would work as follows:

- A new entity is formed which will act on behalf of the City.
- The Water & Sewer Systems are leased to a third party, the newly formed entity, under a long-term agreement (usually 30 years)
- The new entity is responsible for the system operation and maintenance.
  - The new entity operates under a contract which outlines performance standards agreed to by the City. Compliance is monitored by the City.
  - The new entity performance is supported by an operational contract with Veolia.
  - The new entity collects rate payments and funds operations and usually capital.
- The new entity makes payments to the City's General Fund.
  - The new entity can make upfront payments to the City based on a portion of future savings.
  - The new entity can also make annual payments during the life of the contract to reflect: 1) the value of the lease agreed in the contract and 2) growth in the system.
- Transparency to City and Community.
  - Performance on operations and environmental compliance is reported to the City according to agreed metrics.
  - The City or designated Board of Directors participate in performance monitoring and establish rates.

This solution provides for savings from outsourcing the management and maintenance of the water and wastewater systems. The savings are realized through operational and administrative cost savings, capital program and debt management, and revenue enhancement from meter management and energy generation.

An estimated \$750 thousand of cost reductions and other savings could result in an upfront payment of about \$7 million and an annual lease payment of \$300 thousand to the City.

Veolia has recently entered into this type of arrangement with the nearby City of Rialto. Rialto is using a 30-year public-private concession model to strengthen the city's financial position and improve infrastructure services. As part of the concession, the City of Rialto and the Rialto Utility Authority created Rialto Water Services (RWS).

Under the RWS concession, the City retains full possession of its water and wastewater systems, retains all water rights and supply, and possesses the rate-setting authority associated with those facilities. RWS provides financial backing, oversight and concession services for the life of the agreement. RWS hired Veolia to manage the city's water and wastewater systems, provide billing and customer service, and oversee a \$41 million capital improvement program to upgrade/replace aging facilities. This long-planned upgrade to the infrastructure introduces cost and energy efficiencies for the City, seismic retrofits, and improved water supply and wastewater capacity.

The concession generates annual lease payments to the City, in addition to a \$35 million upfront payment committed to key jobs-creating economic development projects of the City. The concession can be seen as an important and innovative solution to aging infrastructure.

Veolia has only limited competition in this field, with French firm Suez Environment as the only other firm found to offer these services.

#### **FISCAL IMPACT**

There is no financial impact from this action.

#### **PUBLIC NOTICE PROCESS**

This item has been noticed through the regular agenda notification process. Copies of the report are available via the City's website at [www.cityofsierramadre.com](http://www.cityofsierramadre.com), at the City Hall public counter, and the Sierra Madre Public Library.

#### **RECOMMENDATION**

Staff recommends the City obtain 20-year loan financing to: refund the current outstanding bond debt; purchase an AMI system and fund identified water infrastructure in priority order.

#### **ATTACHMENTS**

- |           |  |
|-----------|--|
| Exhibit A | Review of September 2012 Infrastructure Report.                          |
| Exhibit B | Bond Financing - Presentation to the City of Sierra Madre                |
| Exhibit C | Loan Financing – Debt Service Schedule                                   |
| Exhibit D | Ferguson/Equarius - City of Sierra Madre and AMI Investment              |
| Exhibit E | FATHOM – A Partnership Opportunity with City of Sierra Madre, California |
| Exhibit F | Veolia – Sierra Madre Water and Sewer “Public-Public Partnership”        |
| Exhibit G | September 24, 2013 Staff Report recommending purchase of AMI System      |





## City of Sierra Madre Agenda Report

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*Rachelle Arizmendi, Council Member*  
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*John Harabedian, Council Member*

*Nancy Shollenberger, City Clerk*  
*Richard Mays, City Treasurer*

TO: Honorable Mayor Capoccia and Members of the City Council

FROM: Elaine I. Aguilar, City Manager 

INITIATED BY: Bruce Inman, Director of Public Works 

DATE: January 12, 2016

SUBJECT: **REVIEW OF SEPTEMBER 2012 INFRASTRUCTURE REPORT  
(October 2015 Strategic Plan Item)**

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### **SUMMARY**

Staff recommends that the City Council direct staff to continue with the implementation of street, sewer, and water improvement projects as provided for in the FY 2015-16 budget and in previous Council direction.

### **ANALYSIS**

At the October 2015 Strategic Planning retreat, under the three-year goal of Updating our Outdated Infrastructure, the City Council directed staff to "Recommend to the City Council for action a list of 9 infrastructure areas to be updated in priority order, including known funding sources." This report, based on the September 25, 2012 Sierra Madre State of the Infrastructure report to City Council identifies and prioritizes 9 infrastructure areas which should be addressed in the near future.

#### **Priority 1 – Water Distribution System**

In light of the significant increase in distribution system leakage since 2012, repairs and replacement of distribution system components has swapped places on the priority list with Water Supply to become the highest priority.

The City's water distribution system is comprised of 328 one-block segments of water main totaling about 214,100 liner feet. Of that total, 104 segments (58,600 lf) were constructed prior to 1940. Some of those segments are on the list of high maintenance mains, however, there are 13 additional segments totaling 13,500 linear feet on the high maintenance list that were built since 1940, some as recently as 1963.

On October 19<sup>th</sup>, staff presented a list of the top 20 high maintenance water mains for prioritization of replacement. Table A below is updated from the similar table in the

10/129 staff report. The shaded rows 1A, 1B, 2, 3, 6, and 7 have been included in the FY 2015-16 CIP by prior Council action. From that top 20 list, 15 remain to be addressed, at an estimated combined cost of \$2,065,360.

**Table A**

1A	Canyon Crest/Skyland/Idlehour from Orange to Orange (1930)	\$ 406,680
1B	Canyon Crest from Idle Hour to Orange (1930)	75,960
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	<b>Total</b>	<b>\$3,258,470</b>

Replacing the top 20 high maintenance mains will leave 91 segments in the distribution system that are 75 years old or older, with an estimated total replacement cost of \$11,177,425.

#### Priority 2 – Water Supply

In spite of El Nino conditions, California's ongoing drought and concerns about sustainable water supplies remain critical. The City has undergone two years of strict reliance on the direct use of imported water, with far less than satisfactory results. While at this time the imported water is being used for groundwater recharge to replace that which the City is producing from its wells, this process is costly, at more than three times the City's cost to simply pump from its wells and rely on groundwater recharge.

One effort to improve the City's water supply is already in the design stages with the Los Angeles County Department of Public Works and is expected to begin construction in late 2016. This is the Santa Anita Headworks/Diversion Structure that will improve the capture and diversion of water released from Santa Anita Dam to Sierra Madre's spreading grounds. The City made the first of its two \$450,470 payments to the County for the project in FY 2014-15, with the final installment delayed until FY 2016-17 to preserve funding for water main replacements this fiscal year.

Staff is in discussions with the City of Arcadia regarding the potential for developing a joint use well agreement under which Sierra Madre could access its imported water from the Main San Gabriel Basin via Arcadia's production and distribution system. This would reduce the cost of purchasing the water via MWD by 50 percent, however the savings would be offset by San Gabriel Basin Watermaster fees and Arcadia's fees for production, treatment and pumping the water to Sierra Madre.

In addition, page 17 of the attached report notes an option for the construction of the City's own well in the Main San Gabriel Basin and a pipeline connecting the well to Sierra Madre. The cost of that option is estimated at \$6,441,065. The City sent a letter in march of 2013 to the San Gabriel Valley Municipal Water District requesting their assistance with such a project, there has been no movement towards initiating the project. Both SGVMWD Director Tom Love and general Manager Darin Kasamoto have expressed support for the project and City staff has repeatedly brought the matter up at SGVMWD Strategic Planning meetings.

#### Priority 3 – Storm Drain/NPDES/EWMP

While compliance with the current Los Angeles regional NPDES permit is not a popular topic, it is nevertheless should be considered a high priority as good faith effort towards compliance and as a potential method to diversify the City's water resources and as a potential component of a program to improve the city's streets and streetscapes at the same time.

To the extent possible, a green street component should be included in the FY 2015-16 street improvement project. This could include modifications to sidewalks and parkway tree plantings.

#### Priority 4 – Streets

The 2012 report noted that the City's Pavement Condition Index (PCI) of 69.4 was slightly better than the State average PCI of 66 and the L.A. region at 62.4. However the report further noted that these PCI levels should be viewed as a warning that increased costs lie ahead if adequate pavement management efforts are not soon implemented. Recent work done on South Michillinda, Sierra Madre Boulevard and South Baldwin. Have improved the PCI value on the City's arterial streets to about 75. Local street PCI has not improved; pavement damage due to water system leaks and repairs, as well as normal wear and tear have negated any improvement in average PCI



that has been gained by street repairs done since the last Engineering report was done in 2013, the next update will be required in 2016.

The FY 2015-16 budget provides limited funding for street repairs. One hundred thousand is set aside from Proposition C funds for street resurfacing; these funds can only be used for re-paving (not slurry seal) on streets utilized by scheduled transit services. Inasmuch as the City's streets which are used by Foothill Transit have all been paved very recently, use of the Prop C funds will be limited to use on streets on the City's Round-a-Bout service. In addition to the Prop C funding, the City Council has previously set aside a one-time allocation of \$404,000 in general funds for street resurfacing. That sum is included in the FY 2015-16 budget. Beyond \$510 thousand proposed in the FY2016-17 budget fiscal year, there are no further funds programmed in the CIP for street repair, although the estimated cost for streets citywide currently exceeds \$5.5 million.

The streets proposed for repair in FY 2015-16 are:

Skyland Drive, Idle Hour Lane, & portion of Canyon Crest		
General Fund	Estimated Cost	\$316,455
West Grandview, Michillinda Avenue to Jameson Court		
Court Prop C and General Fund	Estimated Cost	<u>\$181,930</u>
Estimated project total		\$498,385

Street repairs are funded through the use of Gas Tax, or more recently Highway User Taxes (HUTA), Measure R funds, Proposition C funds, federal STP-L funds, and general funds. For FY 15-16 projected revenues for the three primary sources of street maintenance funding are as follows:

Gas Tax/HUTA	\$241,859
Prop C	\$166,170
Measure R	\$124,629
STP-L	\$32,900

Under current general fund limitations, a large portion of Public Works operational budget is taken from Gas Tax/HUTA, leaving only prop C, Measure R, and STP-L funds for capital projects. STP-L funds are not used annually, as their use is extremely limited and the high level of administrative effort to get projects approved and costs reimbursed via Caltrans makes small projects ( $\pm$ \$33,000) unattractive to contractors. Staff therefore allows annual allocations to accrue into larger amounts to make more contractor-attractive projects, or has been done in the past, the City sells the funds to the County for street funds that may be used at the City's sole discretion.

#### Priority 5 – Trees

The City has an inventory of approximately 5200 trees in its parks, city properties and street parkways. According to the International Society of Arboriculture most trees should be trimmed every 3-5 years.

Environmental Fund revenue is projected to be \$88,971 for FY 15-16. The funds are derived from franchise fees from Athens Services and revenue received as a portion of the proceeds of Athens' sale of recyclable materials collected from Sierra Madre.

The FY 15-16 Environmental Fund budget provides \$10,000 for tree removals and \$41,000 for tree maintenance (trimming). The City has been utilizing West Coast Arborists for a number of years based on "piggybacking" on other cities bid processes. The current cost per tree for WCA grid trimming is \$42.30 per tree. Grid trimming describes the contractor coming in and trimming every tree within a staff-generated grid covering a portion of the city. All trees in the grid are trimmed for the single specified cost, regardless of size or specie. Indications from WCA are that the cost will go up in 2016.

The FY 2015-16 budget provides \$41,000 for grid trimming and \$10,000 for tree removals. A 5-year interval grid trimming program would cost \$44,000; a three year program \$73,350. With the funding in the current budget if tree removals are kept to a minimum, the funding allocated for tree work could be used to carry out a 5-year scaled grid trimming program this fiscal year. This will depend as well on whether or not WCA raises its grid-trimming rate before we can get the trimming done.

#### Priority 6 – Sidewalks

In February 2015 the City Council adopted a Sidewalk Master Plan. Since that time sidewalk replacements have been made through the ongoing Sidewalk Partnership Program and temporary repairs are made when sidewalk defects are identified through inspection.

Sidewalk installation and repair funding is derived from Transportation Development Act of 1971, a state measure to assist in the implementation of transit and pedestrian programs and projects. Sierra Madre receives about \$7,000 per year from this funding source. The funds are typically used for the purchase of sidewalk replacement and repair materials. This year's capital funding includes an accumulated \$23,125 that could be utilized for a sidewalk infill project if so directed by Council. The top priority for installation of new sidewalk would be the south side of Esperanza Avenue, as described in option 2b(1) of the Sidewalk Master Plan.

Staff proposes to utilize the funding for materials purchase for replacement of existing damaged sidewalk in locations where the repairs can be done without removing or seriously harming parkway trees. Under this recommendation, staff will utilize the inventory provided in the Sidewalk Master Plan to identify the locations to be addressed

and will then undertake the work by Public Works field staff, with the goal to be completed by the end of FY 2015-16.

#### Priority 7 – Sewers

The City's Sewer System Management Plan (SSMP) is a document required by the State; a planning tool for sewer repairs and maintenance activities. The SSMP was first prepared for the City in 2007 and was updated as required in 2012. The next update will be required in 2017.

The SSMP identifies one location at which sewer capacity is inadequate; that situation was corrected during FY 2014-15. Beyond the capacity limitation, the SSMP notes (in 2015 dollars) a total of \$382,285 in priority 3-priority 5 to priority sewer repairs:

Priority 5 (Worst Condition) \$231,425 in repairs needed, including replacement of a manhole, replacement of 7 sections of sewer main, and lining 3,318 lf of existing 8-inch mains to seal cracks and broken sections. Per SSMP these mains may fail at any time in the next 5 years.

Priority 4 (Bad Condition) \$84,968 in repairs needed in 8 locations, consisting of the lining 1,916 lf of existing 8-inch pipe. These sections may become priority 5 sections if not repaired soon.

Priority 3 (Poor Condition) \$66,432 in repairs, including one section of main replacement, and lining of an additional 1,294 lf of main.

The adopted FY 2015-16 Budget provides for the expenditure of \$82,000 this fiscal year for sewer improvements, which will address a portion of the Priority 5 mains. The following 3 fiscal years are projected to include \$100,000 each year for sewer repair.

#### Priority 8 – ADA Compliance

The City's programs and facilities must meet the requirements of the federal Americans with Disabilities Act. The first step in complying with the Act relative to the City's infrastructure (Buildings and Rights-of-Way) is the performance of a citywide inspection and preparation of a "Transition Plan" to identify areas of non-compliance and improvements to buildings, parks, and city streets to bring the City into compliance.

The Act, which was passed in 1990, is enforced by the US Justice Department through complaints, lawsuits, consent decrees, settlement agreements, and alternate dispute resolution (mediation). While the Act has been in place for 25 years and city buildings have been brought up to ADA standards when remodeling is done, there is no known existence of a Sierra Madre ADA Plan or Transition Plan. Although it is assumed that the City did at one time prepare, or have prepared such a plan, no record of such a plan has been located. Having such a Plan would not only be a major step towards ADA compliance; it would also be of assistance in identifying local uses for CDBG funds. ADA compliance improvements are one of the few projects or programs that the City may use CDBG funds for. Currently CDBG funds are programmed for use in ADA improvements to the Sierra Madre Public Library.

The City's insurer, the California Joint Powers Insurance Authority (CJPIA), is very supportive of its member cities doing everything possible to limit liability against ADA-related claims. The CJPIA has provided a proposal to the City for the preparation of an inspection and Transition Plan. The total Plan cost is proposed at \$54,550, with the CJPIA underwriting \$26,300 of that cost and the City's share being \$26,300.

Without the inspection and ADA Plan staff is not able to provide a comprehensive list of necessary ADA improvements to be made citywide. The City was recently provided a list of needed ADA improvements for the Library, totaling an estimated \$47,300. There are a total of \$43,920 in CDBG funds to cover a portion of those costs.

#### Priority 9 – Facilities Maintenance

The attached Status of the Infrastructure report lists a large number of parks and building repairs and improvements that were necessary in 2012. The Building facilities list begins on page 37; staff has lined through those items which are no longer on the list, as a representation of what has been accomplished since September of 2012. Most notably removed from the list are the roofs of the City Hall and Public Safety Buildings, where roof repairs have kept the buildings dry through recent rains, several modifications to the Library, the elimination of the need to replace the emergency generators, and the elimination of the Duty Man House.

For the current Fiscal Year the remaining facility and parks projects are:

Library Painting \$35,000

Civic Center Parking Lot Resurface \$45,000

However, a great number of building maintenance issues remain. With a current balance in the Facilities Maintenance Internal Services Fund of slightly over \$1.6 million, it may be possible to move some of the items in the 5-year CIP from the unfunded list into the upcoming FY 2016-17 budget. While it is an attractive option to move some of the unfunded projects now, staff recommends waiting until the next fiscal year budget is approved, based on the outcome of the UUT ballot measure.

#### **FINANCIAL (Funding Sources from 2012 State of the Infrastructure report)**

As stated in the September 2012 report, "Much of Sierra Madre's infrastructure is old, and regular infrastructure maintenance has often been deferred due to a lack of adequate funding. The situation that Sierra Madre finds itself in is not new; infrastructure maintenance funding shortages are chronic in Sierra Madre as they are elsewhere in the state." This statement remains true today, because there are no *existing* funding sources that are sufficient to address the continual deterioration of infrastructure.

#### General Funds

The City can use General funds for any municipal purpose. However, the City's General fund revenues are barely adequate to fund City services and programs. Allocating General fund revenues to capital projects would necessitate a reduction in services or programs. The City also has General Fund reserves, and the reserves could be used to fund capital projects; but would result in lower reserves available for future emergencies.

#### Parcel Taxes

Parcel Taxes can be used as a mechanism to generate revenue. Since the passage of Proposition 218, all parcel taxes require 2/3 voter approval. Therefore any parcel tax, regardless of the service, program or project it funds, would require a 2/3rd majority to pass. Placing a parcel tax on the ballot will require professional services to determine the actual amount of the tax and the method that the tax would be distributed to properties in order to be legally defensible.

As a very rough estimate, there are approximately 4,100 parcels in the City. If each parcel was assessed \$500, approximately \$2 million in revenues would be generated. The parcel taxes are placed on property tax bills and are paid along with the property taxes.

#### Dedicated Sales Tax Increase

The City currently receives approximately \$200,000 in sales taxes each year. The imposition of a dedicated sales tax would not result in an increase in revenues sufficient to meet financial needs.

#### Assessments

An assessment is not assessed on "property ownership" like a parcel tax. It is based upon the value received by the parcel for the service rendered. Parcels can only be assessed for the special benefit they receive and general public services cannot be financed through an assessment. This is the mechanism currently used by the City for lighting assessment districts and maintenance districts.

An assessment requires an enabling statute, and the implementation process requires the preparation of a resolution of intent ordering the preparation of an engineer's report.

Once the report is ready, a second resolution must be passed to approve the report and order the holding of a mail ballot election (for property owners only). There are two hearings required, and if a majority of the ballots, weighted by dollars is received in favor of the assessment, it passes.

#### Bonds

Bonds can be issued for infrastructure improvements. There are costs associated with issuing bonds, and a revenue source must be identified to repay the bonds. However, the issuance of bonds can be accomplished without a public vote.

**PUBLIC NOTICE PROCESS**

This item has been noticed through the regular agenda notification process. Copies of the report are available via the City's website at [www.cityofsierramadre.com](http://www.cityofsierramadre.com), at the City Hall public counter, and the Sierra Madre Public Library.

**STAFF RECOMMENDATION**

Staff recommends that the City Council direct staff to continue with the implementation of street, sewer, and water improvement projects as provided for in the FY 2015-16 budget and in previous Council direction.

Attached: 2012 State of the Infrastructure Report

Exhibit B

Presentation to the:  
**City of Sierra Madre**

Date of Presentation: **February 17, 2016**



## Role of the Working Group and Introductions

- **Financial Advisor**: Advises the Issuer on Structure, Timing, Marketing, Fairness of Pricing, Terms and Bond Ratings; Oversees, Coordinates, and Manages the Financing Team in Connection with the Issuance of Bonds
- **Bond Counsel**: Opines that the Bonds have been Validly Issued and, if Tax Exemption is Intended, that the Bonds are Tax-Exempt Bonds
- **Disclosure Counsel**: Provides Advice on Issuer Disclosure Obligations and to Prepare the Official Statement and/or Continuing Disclosure Agreement

### **Financial Advisor**

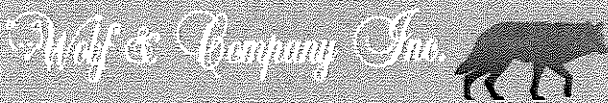
**Wolf & Company, Inc.**

#### **Wes Wolf, President**

- Over 35 Years of Financial and Government Experience
- Over \$9 Billion of State and Local Tax-Exempt and Taxable Bonds

#### **Manny De Dios, Municipal Advisor**

- 45 Years of Municipal Experience; Last 25 Years as Series 24 Municipal Securities Principal



### **Bond/Disclosure Counsel**

**Norton Rose Fulbright**

#### **Danny Kim, Partner**

- 18 Years Experience with one of the Largest Public Finance Practices in the Nation
- Worked as Bond and Disclosure Counsel on Prior Financings

#### **Jonathan Guz, Senior Associate**

- Joined Norton Rose Fulbright in 2008
- Has Assisted Clients in Various Credits(Including Enterprise Financings)





## Role of the Working Group and Introductions (cont.)

- **Underwriter**: Purchases New Issue of Municipal Securities from the Issuer for Resale in a Primary Offering
- **Underwriter's Counsel**: Represents the Interests of an Underwriter in Connection with the Purchase of a New Issue of Municipal Securities

### **Underwriter** **Stifel**

#### **Jose Vera, Managing Director**

- 16 Years of Experience with Largest and Most Active Underwriter Firm in California
- Assisted Issuer Clients on the Issuance of Over \$6 billion of Par Amount

#### **Tom Jacob, Vice President**

- 9 Years of Public Finance Experience
- Assisted Issuer Clients on the Issuance of Over \$4 billion of Par Amount

**STIFEL**

### **Underwriter's Counsel** **Nossaman LLP**

#### **Albert Reyes, Partner**

- 14 years of Public Finance Experience as Underwriter's Counsel, Bond Counsel and Disclosure Counsel
- Has Assisted Underwriters and Various Cities and Water Districts on Multiple Water System Bond Financings



## Understanding of the City's Water System

- **The City's Water System Service Area Coincides with the City of Sierra Madre Boundary**

- Approx. 3,800 Connections Serving a Population of 11,133 as of January 1, 2015<sup>1</sup>

- **Customer Base Primarily Residential**

- Some Commercial, Institutional, Industrial, and Landscape Irrigation Users
  - Limited Customer Growth Potential due to Built-Out Nature of City

- **Main Source of Water Supply is Groundwater; Pumped from Santa Anita Sub-Area of the Raymond Basin**

- Drought Conditions have led to Additional Source of Purchased Water from MWD

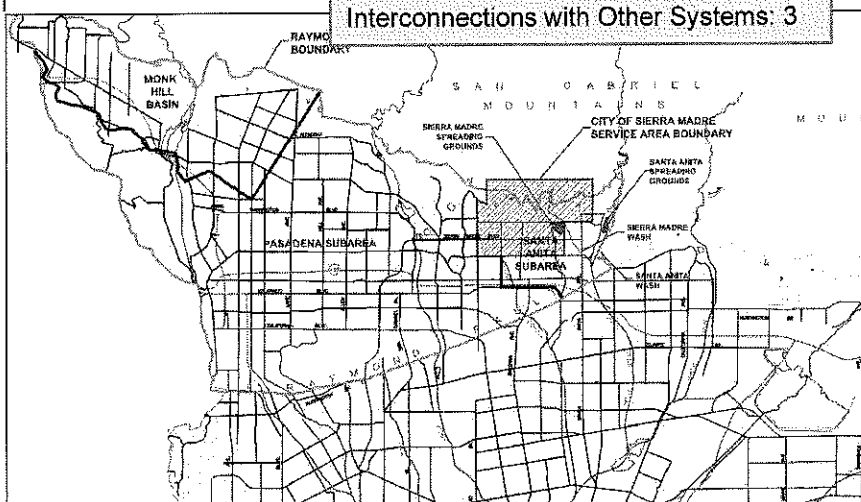
### Water System Statistics<sup>2</sup>

#### Background

Population Served: 11,133  
Connections: Approx. 3,800  
User Accounts: Residential, Commercial/Institutional, Industrial, Landscape Irrigation

#### Infrastructure

Wells: 4  
Reservoirs: 8 (7.46 MG Capacity)  
Miles of Pipeline: 46  
Interconnections with Other Systems: 3



<sup>1</sup>California Department of Finance, Population as of Jan. 1 2015

<sup>2</sup>Statistics Taken from 2015 Urban Water Management Plan RFP and Final 2010 Urban Water Management Plan

## Rating Agency Views of the Water System

- Both S&P and Moody's have Assigned Credit Ratings to the Water System
- S&P Suspended its Rating in Late 2007 Due to Lack of Financial Information; Moody's Most Recently Assigned a "Ba1" in May 2015
  - Primary Reason: Coverage Reported to have Fallen Below Rate Covenant (1.20x)
  - Cited Coverage Increases and Regular Rate Increases as Factors that could Move Credit Rating Higher
- Moody's Most Recent Review of the Water System's Credit (May 2015)
  - + Affluent Community Located within LA Metro Area
  - + Recent Management Action to Implement Revenue-Neutral Conservation Measures
  - Expected Rise in Operating Expenses Tied to Increased Cost of Water Purchases
  - History of Rate Covenant Violations
  - Aging Infrastructure Requiring Significant Reinvestment
  - Uncertain Water Supply

## Rating Agency Considerations

- **Local Economic Conditions: Job Base, Population Growth, Wealth Levels**
  - Local Area Economy Noted Strength of the City by both S&P and Moody's
- **Customer Profile: Customer Type, Current & Future Demand, Concentration**
  - High Residential Customer Base (~85%) is Notable Strength
- **Operational Factors: Capacity, Assets, Supply, Management, Regulatory Compliance**
  - Increasing Reliance on Imported Water, Aging Infrastructure Cause for Concerns
- **Rate Criteria: Rate Sufficiency, Comparative Rates, Rate Affordability, Rate-Setting**
  - Perceived Rate Covenant Violations Major Factor of Moody's Downgrade
- **Financial Data: Stability and Consistency of Revenues, Liquidity, Collections History, Reserves, Debt Service Coverage**
  - Financial Performance/Debt Service Coverage Listed as Credit Challenges
- **Legal Structure and Covenants: Revenue Pledge, Rate Covenant, Reserve Fund, Debt Structure, Additional Bonds Test**
  - Cash-Funded Reserves Notable Credit Positive; Rate Covenant/ABT Standard

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Source: S&P and Moody's Credit Rating Reports

## Current Credit Profile of the Water System

- Upon Review by Staff and the Proposed Team, Historical Debt Service Coverage Calculation did not take into Account Certain Revenues and Expenses
  - O&M Costs Allow for the Exclusion of “Reasonable Administrative and In Lieu Costs of the City Attributable to the Operation and Maintenance of the Water Enterprise”

- Revised Coverage Indicates that Water System has met its Covenant Most Years

- Council Recently Adopted Rate Increases in FY 2014
  - Further Increases Expected

- Sufficient Revenues to Cover Proposed Capital Improvements

Statement of Revenues and Expenses; Debt Service Coverage (\$ in Thousands)					
	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Draft FY 2015
<b>Revenues:</b>					
Charges for Services	\$ 2,887.53	\$ 3,027.67	\$ 3,554.36	\$ 3,828.24	\$ 4,373.85
Licenses and Permits	0.62	10.39	3.80	5.78	-
Miscellaneous	267.50	-	-	-	-
Grants (Non-Oper)	29.62	-	316.93	258.88	242.50
Investment Income (Non-Oper)	7.65	-	-	4.49	4.27
Other Income (Non-Oper)	-	-	-	12.69	-
<b>TOTAL REVENUES</b>	<b>\$ 3,192.92</b>	<b>\$ 3,038.06</b>	<b>\$ 3,875.09</b>	<b>\$ 4,110.07</b>	<b>\$ 4,620.62</b>
<b>Expenses:</b>					
Total Operating Expenses	\$ 2,751.54	\$ 3,314.33	\$ 3,477.29	\$ 3,084.06	\$ 4,121.62
Less: Depreciation	(568.25)	(553.62)	(552.12)	(551.52)	(563.94)
Less: Personnel Services	(555.95)	(757.19)	(798.08)	(800.22)	(802.85)
<b>TOTAL EXPENSES</b>	<b>\$ 1,627.33</b>	<b>\$ 2,003.52</b>	<b>\$ 2,127.09</b>	<b>\$ 1,732.32</b>	<b>\$ 2,754.83</b>
<b>Net System Revenues</b>	<b>\$ 1,565.58</b>	<b>\$ 1,034.54</b>	<b>\$ 1,748.00</b>	<b>\$ 2,377.76</b>	<b>\$ 1,865.79</b>
<b>Debt Service</b>	<b>\$ 863.27</b>	<b>\$ 842.67</b>	<b>\$ 847.18</b>	<b>\$ 848.03</b>	<b>\$ 843.01</b>
<b>Debt Service Coverage</b>	<b>1.81x</b>	<b>1.23x</b>	<b>2.06x</b>	<b>2.80x</b>	<b>2.21x</b>
Revenues for Personnel Services	\$ 702.32	\$ 191.87	\$ 900.82	\$ 1,529.72	\$ 1,022.78
Revenues Net of Personnel Services	146.36	(565.32)	102.74	729.50	219.93
<b>Days Cash (Liquidity)</b>	<b>515</b>	<b>305</b>	<b>223</b>	<b>300</b>	<b>196</b>

Source: City Provided Comprehensive Annual Financial Reports (2011-Draft of 2015)  
Liquidity Calculation Equals Unrestricted Cash and Investments Divided by O&M Expenses Divided by 365 Days

## Capital Needs of the Water System

- **\$13.2 Million of Capital Projects Identified to Address Water System's Aging Infrastructure**

Identified Projects	Cost
Skyland/Idlehour to Orange	\$ 406,680
Canyon Crest from Idle Hour to Orange	75,960
Fern Glen from Canyon Crest to Fern Dr.	63,315
W. Montecito from Baldwin to Auburn	132,420
Fane from Colony to Holdman	63,315
Colony from SACT to Fane	123,110
X-County Canyon Crest to Middle Brookside	176,450
Woodland 16" Transmission Line	338,285
N. Michillinda from Alegria to Edgeview	282,200
Santa Anita Ct. from Sierra Pl to Mt Trail	76,910
Santa Anita Ct. Between Mt. Trail and Rancho	63,315
San Gabriel Ct. from Sierra Pl to Mt. Trail	69,930
Sierra Pl from E SMB to Lowell	121,100
W. Alegria from Sunnyside east to end	34,110
Fairview Ave. from Grover St. to Michillinda	222,250
Key Vista from Sierra Keys to end	35,510
Cross-country above Lower Brookside	103,680
Gatewood Ln from Michillinda to include Gatewood Terr.	180,900
W. Bonita between Baldwin and Hermosa	203,700
Liliano from Arno to Stonehouse	359,990
Manzanita Ave. from Hermosa to Lima St.	125,340
Top 20 High Maintenance Replacement Costs	\$ 3,258,470
Less: Completed Projects	(1,493,110)
Plus: Segments Over 75 Years Old Replacement Costs	11,177,425
<b>Total Replacement Costs</b>	<b>\$ 13,242,785</b>

## Debt Obligations of the Water System

- Water System has Two Long-Term Outstanding Obligations which are Currently Callable**

- 1998A Water Bonds: \$1.4 million Callable On Any Date @ Par
- 2003 Water Bonds: \$6.8 million Callable On Any Date/Any Interest Payment Date @ Par\*

Series	Original Amount	Outstanding Amount	Final Coupon	Final Maturity	Ratings (M/S&P/F)	Call Features
1998 Water Bonds	\$ 6,740,000	\$ 1,415,000	5.00%	11/01/18	Ba1/WD/–	Currently Callable @ Par
2003 Water Bonds	6,750,000	6,750,000	5.00%	11/01/33	Ba1/WD/–	2016-2032: Any Interest Payment Date @ 100 2033-Maturity: Any Date @ 100
SGVMWD Loan	1,456,880	874,124	0.00%	06/30/21		Not Available
<b>Total</b>	<b>\$14,946,880</b>	<b>\$ 9,039,124</b>				

- Current Low Interest Environment Provides City with an Opportunity to Refinance the 1998A and 2003 Water Revenue Bonds for Meaningful Savings**

- \*Before the Issuance of New Debt, the City will Need to Address Past Continuing Disclosure Non-Compliance and Adopt a New Continuing Disclosure Policy

Debt Outstanding as of Fiscal Year 2015 (June 30, 2015)  
\*Different Maturities Subject to Different Call Provisions

## Financial Impact of Proposed Bonds

- **Analysis:** Refinance 1998A and 2003 Bonds and Issue New Debt to Fund \$13.25 million of Identified Capital Improvements
- **Revenue Assumptions**
  - Zero Growth Based on Revised FY 2015 Net Revenues
- **Interest Rate Assumptions**
  - All Current Rates are Based on Market Conditions as of February 9, 2016
- **Structuring Assumptions**
  - Debt Service Reserve Fund
  - Bond Insurance
  - Standard 10-Year Par Call
  - May (Interest) and November (Principal) Payment Dates

Fiscal Year	Pledged Revenues <sup>1</sup>	Refunding Bonds	New Money Bonds	Total Debt	Coverage
2017	\$ 1,866	\$ 646	\$ 647	\$ 1,293	1.44x
2018	1,866	645	647	1,292	1.44x
2019	1,866	646	647	1,293	1.44x
2020	1,866	559	720	1,279	1.46x
2021	1,866	557	722	1,280	1.46x
2022	1,866	554	723	1,278	1.46x
2023	1,866	559	719	1,278	1.46x
2024	1,866	558	720	1,278	1.46x
2025	1,866	556	720	1,276	1.46x
2026	1,866	558	715	1,274	1.46x
2027	1,866	560	716	1,275	1.46x
2028	1,866	555	720	1,275	1.46x
2029	1,866	559	715	1,274	1.46x
2030	1,866	558	714	1,272	1.47x
2031	1,866	560	713	1,273	1.47x
2032	1,866	561	712	1,273	1.47x
2033	1,866	560	711	1,271	1.47x
2034	1,866	559	714	1,273	1.47x
2035	1,866	-	1,268	1,268	1.47x
2036	1,866	-	1,271	1,271	1.47x
2037	1,866	-	1,267	1,267	1.47x
2038	1,866	-	1,267	1,267	1.47x
2039	1,866	-	1,264	1,264	1.48x
2040	1,866	-	1,265	1,265	1.48x
2041	1,866	-	1,263	1,263	1.48x
2042	1,866	-	1,264	1,264	1.48x
2043	1,866	-	1,262	1,262	1.48x
2044	1,866	-	1,258	1,258	1.48x
2045	1,866	-	1,261	1,261	1.48x
2046	1,866	-	1,256	1,256	1.49x
	<b>\$ 55,974</b>	<b>\$ 10,310</b>	<b>\$ 27,858</b>	<b>\$ 38,168</b>	

<sup>1</sup>Revised FY 2015 Revenue Figure  
Figures in Chart in Thousands (\$)



## Projected Cash Flow of Water System (Post 2016 Bonds)

- Approved Rate Increases Expected to Increase Revenues by \$400,000 in FY 2017 and by \$600,000 in FY 2018
- Sufficient Revenues to Absorb Capital, Maintain Rate Covenant and Pay Expenses

Statement of Revenues and Expenses; Debt Service Coverage (\$ in Thousands)					
	Draft		Projected		
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Revenues:</b>					
Charges for Services	\$ 4,373.85	\$ 4,373.85	\$ 4,773.85	\$ 5,373.85	\$ 5,373.85
Licenses and Permits	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Grants (Non-Oper)	242.50	247.35	252.30	257.34	262.49
Investment Income (Non-Oper)	4.27	4.36	4.44	4.53	4.62
Other Income (Non-Oper)	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 4,620.62</b>	<b>\$ 4,625.55</b>	<b>\$ 5,030.59</b>	<b>\$ 5,635.72</b>	<b>\$ 5,640.96</b>
<b>Expenses:</b>					
Total Operating Expenses	\$ 4,121.62	\$ 4,204.05	\$ 4,288.13	\$ 4,373.90	\$ 4,461.37
Less: Depreciation	(563.94)	(575.22)	(586.72)	(598.46)	(610.42)
Less: Personnel Services	(802.85)	(818.91)	(835.29)	(851.99)	(869.03)
<b>TOTAL EXPENSES</b>	<b>\$ 2,754.83</b>	<b>\$ 2,809.93</b>	<b>\$ 2,866.13</b>	<b>\$ 2,923.45</b>	<b>\$ 2,981.92</b>
<b>Net System Revenues</b>	<b>\$ 1,865.79</b>	<b>\$ 1,815.63</b>	<b>\$ 2,164.46</b>	<b>\$ 2,712.27</b>	<b>\$ 2,659.04</b>
<b>Debt Service</b>	<b>\$ 843.01</b>	<b>\$ 845.72</b>	<b>\$ 1,299.48</b>	<b>\$ 1,302.80</b>	<b>\$ 1,299.00</b>
<b>Debt Service Coverage</b>	<b>2.21x</b>	<b>2.15x</b>	<b>1.67x</b>	<b>2.08x</b>	<b>2.05x</b>
Revenues for Personnel Services	\$ 1,022.78	\$ 969.91	\$ 864.99	\$ 1,409.47	\$ 1,360.04
Revenues Net of Personnel Services	219.93	151.00	29.70	557.48	491.01

Zero Growth (Year-over-Year) Assumed for FY 2016 and FY 2019

## Preliminary Financing Schedule

Preliminary Schedule: 2016 Water Revenue Bonds	
Date	Activity
Wednesday, February 17 <sup>th</sup>	Presentation to the City
Wednesday, March 9 <sup>th</sup>	Distribute 1 <sup>st</sup> Draft of POS and Legal Docs
Tuesday, March 15 <sup>th</sup>	Conference Call to Review POS and Legal Docs
Tuesday, March 22 <sup>nd</sup>	Distribute 2 <sup>nd</sup> Draft of POS and Legal Docs
Thursday, March 24 <sup>th</sup>	Distribute 1 <sup>st</sup> Draft of Rating Agency Presentation
Tuesday, March 29 <sup>th</sup>	Conference Call to Review POS and Legal Docs
Tuesday, April 5 <sup>th</sup>	Distribute 3 <sup>rd</sup> Draft of POS and Legal Docs; Distribute Package to Rating Agency (and Bond Insurer)
Thursday, April 7 <sup>th</sup>	Rating Agency Presentations
Monday, April 11 <sup>th</sup>	Finalize POS and Legal Docs
Tuesday, April 12 <sup>th</sup>	Agenda Deadline (~2 Weeks Prior)
w/o April 18 <sup>th</sup>	Obtain Underlying Ratings; Bond Insurance Commitment Letter (if applicable)
Tuesday, April 26 <sup>th</sup>	Approval of the 2016 Water Revenue Bonds
Wednesday, April 27 <sup>th</sup>	Post Preliminary Official Statement; Begin Pre-Marketing
Wednesday, May 4 <sup>th</sup>	Pre-Pricing
Thursday, May 5 <sup>th</sup>	Price the 2016 Bonds; Execute BPA
w/o May 9 <sup>th</sup>	Draft Verification Report Distributed
w/o May 16 <sup>th</sup>	Final Verification Report Distributed; Submit Final Official Statement to the Printer
Wednesday, May 18 <sup>th</sup>	Pre-Closing
Thursday, May 19 <sup>th</sup>	Closing

## Summary of Estimated Fees

- **Except Rating Agency Fees, All Costs will be Contingent Upon the Successful Sale of the Proposed Bonds**

Estimated Par Amount		\$19,870,000
Service	Firm	Total
Bond/Disclosure Counsel	Norton Rose Fulbright	\$ 82,500
Financial Advisor	Wolf & Company, Inc.	60,000
Rating Agency	Standard & Poor's/Moody's*	25,000
Underwriter's Counsel	Nossaman LLP	20,000
Verification Agent	[To be Determined]	3,500
Continuing Disclosure Consultant	[To be Determined]	2,000
Trustee, Escrow Agent & Counsel	Bank of New York Mellon	6,750
Printing	[To be Determined]	3,000
Contingency	-	7,250
<b>Total Estimated Costs of Issuance**</b>		<b>\$ 210,000</b>
Underwriter's Discount	Stifel	\$ 198,700

\*New Series of Bonds may Necessitate Only Rating from One Credit Rating Agency

\*\*Bond Insurance Quotes may be Solicited Depending on Market Conditions at the Time of Sale

## Disclosure

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# SOURCES AND USES OF FUNDS

Sierra Madre Financing Authority  
2016 Water Revenue Refunding Bonds

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1998 & 2003 Refunding + New Money

Dated Date 09/01/2016  
Delivery Date 09/01/2016

Sources:	2003 Bonds	1998 Bonds	New Money Bonds	Total
Bond Proceeds:				
Par Amount	5,835,000.00	1,000,000.00	14,140,000.00	20,975,000.00
Premium	1,019,431.60	19,785.80	2,006,207.70	3,045,425.10
	<u>6,854,431.60</u>	<u>1,019,785.80</u>	<u>16,146,207.70</u>	<u>24,020,425.10</u>
Other Sources of Funds:				
Debt Service Reserve Fund	619,029.38	522,695.00		1,141,724.38
	<u>7,473,460.98</u>	<u>1,542,480.80</u>	<u>16,146,207.70</u>	<u>25,162,149.48</u>
Uses:	2003 Bonds	1998 Bonds	New Money Bonds	Total
Project Fund Deposits:				
Project Fund			14,750,000.00	14,750,000.00
Refunding Escrow Deposits:				
Cash Deposit	0.26	1,444,479.17		1,444,479.43
SLGS Purchases	<u>6,897,903.00</u>			<u>6,897,903.00</u>
	<u>6,897,903.26</u>	<u>1,444,479.17</u>		<u>8,342,382.43</u>
Other Fund Deposits:				
Debt Service Reserve Fund	372,897.53	63,907.03	903,645.44	1,340,450.00
Delivery Date Expenses:				
Cost of Issuance	58,419.55	10,011.92	141,568.53	210,000.00
Underwriter's Discount	58,350.00	10,000.00	141,400.00	209,750.00
Bond Insurance (75 bps)	<u>84,552.40</u>	<u>14,490.56</u>	<u>204,896.48</u>	<u>303,939.44</u>
	<u>201,321.95</u>	<u>34,502.48</u>	<u>487,865.01</u>	<u>723,689.44</u>
Other Uses of Funds:				
Additional Proceeds	1,338.24	-407.88	4,697.25	5,627.61
	<u>7,473,460.98</u>	<u>1,542,480.80</u>	<u>16,146,207.70</u>	<u>25,162,149.48</u>

**UNIVERSAL BOND SOLUTION**

Sierra Madre Financing Authority  
2016 Water Revenue Refunding Bonds

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1998 & 2003 Refunding + New Money  
Universal Bond Solution Component

Period Ending	Proposed Principal	Proposed Debt Service	Existing Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
11/01/2016		117,267	470,042	587,308	1,865,788	1,278,480	317.68457%
11/01/2017		703,600	636,850	1,340,450	1,865,788	525,338	139.19117%
11/01/2018		703,600	634,950	1,338,550	1,865,788	527,238	139.38874%
11/01/2019	85,000	788,600	544,450	1,333,050	1,865,788	532,738	139.96384%
11/01/2020	80,000	780,200	548,650	1,328,850	1,865,788	536,938	140.40622%
11/01/2021	85,000	782,000	547,250	1,329,250	1,865,788	536,538	140.36396%
11/01/2022	90,000	783,600	545,450	1,329,050	1,865,788	536,738	140.38509%
11/01/2023	95,000	785,000	548,250	1,333,250	1,865,788	532,538	139.94285%
11/01/2024	100,000	785,250	547,250	1,332,500	1,865,788	533,288	140.02161%
11/01/2025	100,000	780,250	550,500	1,330,750	1,865,788	535,038	140.20575%
11/01/2026	110,000	785,250	547,750	1,333,000	1,865,788	532,788	139.96909%
11/01/2027	110,000	779,750	549,250	1,329,000	1,865,788	536,788	140.39037%
11/01/2028	115,000	779,250	549,750	1,329,000	1,865,788	536,788	140.39037%
11/01/2029	125,000	783,500	549,250	1,332,750	1,865,788	533,038	139.99535%
11/01/2030	125,000	777,250	552,750	1,330,000	1,865,788	535,788	140.28481%
11/01/2031	135,000	781,000	550,000	1,331,000	1,865,788	534,788	140.17941%
11/01/2032	140,000	779,250	551,250	1,330,500	1,865,788	535,288	140.23209%
11/01/2033	145,000	777,250	551,250	1,328,500	1,865,788	537,288	140.44321%
11/01/2034	705,000	1,330,000		1,330,000	1,865,788	535,788	140.28481%
11/01/2035	740,000	1,329,750		1,329,750	1,865,788	536,038	140.31119%
11/01/2036	780,000	1,332,750		1,332,750	1,865,788	533,038	139.99535%
11/01/2037	815,000	1,328,750		1,328,750	1,865,788	537,038	140.41678%
11/01/2038	860,000	1,333,000		1,333,000	1,865,788	532,788	139.96909%
11/01/2039	900,000	1,330,000		1,330,000	1,865,788	535,788	140.28481%
11/01/2040	945,000	1,330,000		1,330,000	1,865,788	535,788	140.28481%
11/01/2041	995,000	1,332,750		1,332,750	1,865,788	533,038	139.99535%
11/01/2042	1,045,000	1,333,000		1,333,000	1,865,788	532,788	139.96909%
11/01/2043	1,095,000	1,330,750		1,330,750	1,865,788	535,038	140.20575%
11/01/2044	1,150,000	1,331,000		1,331,000	1,865,788	534,788	140.17941%
11/01/2045	1,205,000	1,328,500		1,328,500	1,865,788	537,288	140.44321%
11/01/2046	1,265,000	1,328,250		1,328,250	1,865,788	537,538	140.46964%
	14,140,000	30,550,367	9,974,892	40,525,258	57,839,428	17,314,170	

# BOND PRICING

## Sierra Madre Financing Authority 2016 Water Revenue Refunding Bonds

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1998 & 2003 Refunding + New Money

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Serial Bond:									
	11/01/2016	420,000	2.000%	0.600%	100.232				974.40
	11/01/2017	345,000	2.000%	0.860%	101.320				4,554.00
	11/01/2018	350,000	3.000%	0.990%	104.297				15,039.50
	11/01/2019	355,000	4.000%	1.150%	108.836				31,367.80
	11/01/2020	365,000	4.000%	1.340%	110.743				39,211.95
	11/01/2021	380,000	4.000%	1.540%	112.170				46,246.00
	11/01/2022	395,000	4.000%	1.700%	113.409				52,965.55
	11/01/2023	415,000	5.000%	1.820%	121.273				88,282.95
	11/01/2024	435,000	5.000%	1.990%	122.582				98,231.70
	11/01/2025	455,000	5.000%	2.170%	123.406				106,497.30
	11/01/2026	480,000	5.000%	2.310%	122.104 C	2.521%	11/01/2025	100.000	106,099.20
	11/01/2027	500,000	5.000%	2.490%	120.454 C	2.848%	11/01/2025	100.000	102,270.00
	11/01/2028	525,000	5.000%	2.620%	119.279 C	3.087%	11/01/2025	100.000	101,214.75
	11/01/2029	555,000	5.000%	2.690%	118.652 C	3.247%	11/01/2025	100.000	103,518.60
	11/01/2030	580,000	5.000%	2.740%	118.206 C	3.372%	11/01/2025	100.000	105,594.80
	11/01/2031	610,000	5.000%	2.800%	117.674 C	3.489%	11/01/2025	100.000	107,811.40
	11/01/2032	640,000	5.000%	2.860%	117.145 C	3.592%	11/01/2025	100.000	109,728.00
	11/01/2033	670,000	5.000%	2.920%	116.618 C	3.685%	11/01/2025	100.000	111,340.60
	11/01/2034	705,000	5.000%	2.980%	116.094 C	3.768%	11/01/2025	100.000	113,462.70
	11/01/2035	740,000	5.000%	3.040%	115.573 C	3.844%	11/01/2025	100.000	115,240.20
	11/01/2036	780,000	5.000%	3.100%	115.055 C	3.913%	11/01/2025	100.000	117,429.00
		10,700,000							1,677,080.40
Term Bond 2041:									
	11/01/2037	815,000	5.000%	3.270%	113.602 C	4.126%	11/01/2025	100.000	110,856.30
	11/01/2038	860,000	5.000%	3.270%	113.602 C	4.126%	11/01/2025	100.000	116,977.20
	11/01/2039	900,000	5.000%	3.270%	113.602 C	4.126%	11/01/2025	100.000	122,418.00
	11/01/2040	945,000	5.000%	3.270%	113.602 C	4.126%	11/01/2025	100.000	128,538.90
	11/01/2041	995,000	5.000%	3.270%	113.602 C	4.126%	11/01/2025	100.000	135,339.90
		4,515,000							614,130.30
Term Bond 2046:									
	11/01/2042	1,045,000	5.000%	3.330%	113.094 C	4.228%	11/01/2025	100.000	136,832.30
	11/01/2043	1,095,000	5.000%	3.330%	113.094 C	4.228%	11/01/2025	100.000	143,379.30
	11/01/2044	1,150,000	5.000%	3.330%	113.094 C	4.228%	11/01/2025	100.000	150,581.00
	11/01/2045	1,205,000	5.000%	3.330%	113.094 C	4.228%	11/01/2025	100.000	157,782.70
	11/01/2046	1,265,000	5.000%	3.330%	113.094 C	4.228%	11/01/2025	100.000	165,639.10
		5,760,000							754,214.40
		20,975,000							3,045,425.10

Dated Date	09/01/2016	
Delivery Date	09/01/2016	
First Coupon	11/01/2016	
Par Amount	20,975,000.00	
Premium	3,045,425.10	
Production	24,020,425.10	114.519309%
Underwriter's Discount	-209,750.00	-1.000000%
Purchase Price	23,810,675.10	113.519309%
Accrued Interest		
Net Proceeds	23,810,675.10	

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**BOND DEBT SERVICE BREAKDOWN**Sierra Madre Financing Authority  
2016 Water Revenue Refunding Bonds\*\*\*\*\*  
1998 & 2003 Refunding + New Money

Period Ending	2003 Bonds	1998 Bonds	New Money Bonds	Total
06/30/2017	278,616.67	337,350	469,066.67	1,085,033.34
06/30/2018	284,850.00	348,550	703,600.00	1,337,000.00
06/30/2019	284,600.00	345,100	703,600.00	1,333,300.00
06/30/2020	539,050.00		786,900.00	1,325,950.00
06/30/2021	542,950.00		778,600.00	1,321,550.00
06/30/2022	541,350.00		780,300.00	1,321,650.00
06/30/2023	539,350.00		781,800.00	1,321,150.00
06/30/2024	540,250.00		782,625.00	1,322,875.00
06/30/2025	538,875.00		782,750.00	1,321,625.00
06/30/2026	541,625.00		777,750.00	1,319,375.00
06/30/2027	538,500.00		782,500.00	1,321,000.00
06/30/2028	539,500.00		777,000.00	1,316,500.00
06/30/2029	539,500.00		776,375.00	1,315,875.00
06/30/2030	538,500.00		780,375.00	1,318,875.00
06/30/2031	541,375.00		774,125.00	1,315,500.00
06/30/2032	538,125.00		777,625.00	1,315,750.00
06/30/2033	538,750.00		775,750.00	1,314,500.00
06/30/2034	538,125.00		773,625.00	1,311,750.00
06/30/2035			1,312,375.00	1,312,375.00
06/30/2036			1,311,250.00	1,311,250.00
06/30/2037			1,313,250.00	1,313,250.00
06/30/2038			1,308,375.00	1,308,375.00
06/30/2039			1,311,500.00	1,311,500.00
06/30/2040			1,307,500.00	1,307,500.00
06/30/2041			1,306,375.00	1,306,375.00
06/30/2042			1,307,875.00	1,307,875.00
06/30/2043			1,306,875.00	1,306,875.00
06/30/2044			1,303,375.00	1,303,375.00
06/30/2045			1,302,250.00	1,302,250.00
06/30/2046			1,298,375.00	1,298,375.00
06/30/2047			1,296,625.00	1,296,625.00
	8,943,891.67	1,031,000	30,550,366.67	40,525,258.34



# SUMMARY OF BONDS REFUNDED

Sierra Madre Financing Authority  
2016 Water Revenue Refunding Bonds

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1998 & 2003 Refunding + New Money

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Water Revenue Refunding Bonds, Series 1998A, 1998A:					
TERM18	11/01/2016	5.000%	450,000.00	10/01/2016	100.000
	11/01/2017	5.000%	470,000.00	10/01/2016	100.000
	11/01/2018	5.000%	495,000.00	10/01/2016	100.000
			1,415,000.00		
Water Revenue Parity Bonds, Series 2003, 2003:					
TERM25	11/01/2019	5.000%	310,000.00	10/01/2016	100.000
	11/01/2020	5.000%	325,000.00	10/01/2016	100.000
	11/01/2021	5.000%	340,000.00	10/01/2016	100.000
	11/01/2022	5.000%	360,000.00	10/01/2016	100.000
	11/01/2023	5.000%	380,000.00	10/01/2016	100.000
	11/01/2024	5.000%	395,000.00	10/01/2016	100.000
TERM33	11/01/2025	5.000%	420,000.00	10/01/2016	100.000
	11/01/2026	5.000%	440,000.00	10/01/2016	100.000
	11/01/2027	5.000%	460,000.00	10/01/2016	100.000
	11/01/2028	5.000%	485,000.00	10/01/2016	100.000
	11/01/2029	5.000%	180,000.00	10/01/2016	100.000
	11/01/2030	5.000%	190,000.00	10/01/2016	100.000
TERM33_2	11/01/2031	5.000%	195,000.00	10/01/2016	100.000
	11/01/2032	5.000%	210,000.00	10/01/2016	100.000
	11/01/2033	5.000%	215,000.00	10/01/2016	100.000
	11/01/2029	5.100%	330,000.00	11/01/2016	100.000
	11/01/2030	5.100%	350,000.00	11/01/2016	100.000
	11/01/2031	5.100%	370,000.00	11/01/2016	100.000
	11/01/2032	5.100%	385,000.00	11/01/2016	100.000
	11/01/2033	5.100%	410,000.00	11/01/2016	100.000
			6,750,000.00		
			8,165,000.00		

All Numbers and Interest Rates are Preliminary; Subject to Change

# SUMMARY OF REFUNDING RESULTS

## Sierra Madre Financing Authority 2016 Water Revenue Refunding Bonds

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### 1998 & 2003 Refunding + New Money

	2003 Bonds	1998 Bonds	Total
Dated Date	09/01/2016	09/01/2016	09/01/2016
Delivery Date	09/01/2016	09/01/2016	09/01/2016
Arbitrage Yield	3.135989%	3.135989%	3.135989%
Escrow Yield	0.181882%		0.181882%
Value of Negative Arbitrage	21,422.25		21,422.25
Bond Par Amount	5,835,000.00	1,000,000.00	6,835,000.00
True Interest Cost	3.061393%	1.777382%	3.036432%
Net Interest Cost	3.393467%	1.795278%	3.364176%
All-In TIC	3.310958%	3.921095%	3.322872%
Average Coupon	4.911943%	2.623413%	4.870000%
Average Life	10.847	1.182	9.433
Par amount of refunded bonds	6,750,000.00	1,415,000.00	8,165,000.00
Average coupon of refunded bonds	5.037618%	5.000000%	5.036785%
Average life of refunded bonds	11.097	1.198	9.382
PV of prior debt	8,031,239.46	1,469,048.01	9,500,287.47
Net PV Savings	1,033,536.17	15,728.65	1,049,264.82
Percentage savings of refunded bonds	15.311647%	1.111565%	12.850763%
Percentage savings of refunding bonds	17.712702%	1.572865%	15.351351%

# SAVINGS

## Sierra Madre Financing Authority 2003 Bonds

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 09/01/2016 @ 3.1359890%
06/30/2017	339,345.00	278,616.67	60,728.33	59,919.71
06/30/2018	339,345.00	284,850.00	54,495.00	52,071.34
06/30/2019	339,345.00	284,600.00	54,745.00	50,707.54
06/30/2020	641,595.00	539,050.00	102,545.00	92,501.47
06/30/2021	640,720.00	542,950.00	97,770.00	85,505.98
06/30/2022	639,095.00	541,350.00	97,745.00	82,899.19
06/30/2023	641,595.00	539,350.00	102,245.00	84,110.63
06/30/2024	643,095.00	540,250.00	102,845.00	82,032.29
06/30/2025	638,720.00	538,875.00	99,845.00	77,210.20
06/30/2026	643,345.00	541,625.00	101,720.00	76,273.23
06/30/2027	641,845.00	538,500.00	103,345.00	75,140.41
06/30/2028	639,345.00	539,500.00	99,845.00	70,384.72
06/30/2029	640,720.00	539,500.00	101,220.00	69,189.78
06/30/2030	640,680.00	538,500.00	102,180.00	67,729.47
06/30/2031	644,090.00	541,375.00	102,715.00	66,021.54
06/30/2032	641,105.00	538,125.00	102,980.00	64,187.56
06/30/2033	641,727.50	538,750.00	102,977.50	62,243.48
06/30/2034	640,830.00	538,125.00	102,705.00	60,201.24
	10,636,542.50	8,943,891.67	1,692,650.83	1,278,329.78

### Savings Summary

PV of savings from cash flow	1,278,329.78
Less: Prior funds on hand	-619,029.38
Plus: Refunding funds on hand	374,235.77
Net PV Savings	1,033,536.17

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### SAVINGS

#### Sierra Madre Financing Authority 1998 Bonds

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 09/01/2016 @ 3.1359890%
06/30/2017	509,500.00	337,350.00	172,150.00	171,018.79
06/30/2018	506,500.00	348,550.00	157,950.00	152,210.52
06/30/2019	507,375.00	345,100.00	162,275.00	151,695.19
	1,523,375.00	1,031,000.00	492,375.00	474,924.50

#### Savings Summary

PV of savings from cash flow	474,924.50
Less: Prior funds on hand	-522,695.00
Plus: Refunding funds on hand	63,499.15
Net PV Savings	15,728.65

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**DISCLOSURE**

Sierra Madre Financing Authority  
2016 Water Revenue Refunding Bonds

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1998 & 2003 Refunding + New Money

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Exhibit C

FOR DISCUSSION PURPOSES ONLY

HOLMAN CAPITAL CORPORATION

CITY OF SIERRA MADRE INDICATIVE FINANCING RATES DATED MAY 16, 2016

OPTION	TOTAL FINANCING AMOUNT	REFINANCING AMOUNT	NEW DEBT AMOUNT	INTEREST RATE	TERM	FIRST PAYMENT DUE	PERIODIC PAYMENTS	QUARTERLY PAYMENTS	TOTAL PAYMENTS
A	\$ 15,293,684.77	\$ 8,165,000.00	\$ 7,128,684.77	3.85%	20 YEARS	90 DAYS	80	\$ 275,000.00	\$ 22,000,000.00
B	\$ 18,769,522.22	\$ 8,165,000.00	\$10,604,522.22	3.85%	20 YEARS	90 DAYS	80	\$ 337,500.00	\$ 27,000,000.00
C	\$ 17,138,506.56	\$ 8,165,000.00	\$ 8,973,506.56	3.85%	20 YEARS	90 DAYS	80	See Amortization	\$ 25,200,000.00



PREPARED BY:  
FRANK J. GILL IV  
HOLMAN CAPITAL CORPORATION  
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949-400-0969



FOR DISCUSSION PURPOSES ONLY

**BORROWER:** CITY OF SIERRA MADRE  
**LENDER:** HOLMAN CAPITAL CORPORATION  
**COMMENCEMENT:** 15-Jun-2016  
**TERM:** 20 YEARS (\$275,000 LEVEL PRINCIPAL & INTEREST PAYMENTS)  
**1ST PAYMENT DUE:** 15-Sep-2016  
**RATE:** 3.8500%

Payment No.	Date	Payment	Interest	Principal	Purchase Option
0	6/15/2016				
1	9/15/2016	\$ 275,000.00	\$ 147,201.72	\$ 127,798.28	\$ 15,620,863.08
2	12/15/2016	\$ 275,000.00	\$ 145,971.66	\$ 129,028.34	\$ 15,487,963.89
3	3/15/2017	\$ 275,000.00	\$ 144,729.76	\$ 130,270.24	\$ 15,353,785.54
4	6/15/2017	\$ 275,000.00	\$ 143,475.91	\$ 131,524.09	\$ 15,218,315.73
5	9/15/2017	\$ 275,000.00	\$ 142,209.99	\$ 132,790.01	\$ 15,081,542.02
6	12/15/2017	\$ 275,000.00	\$ 140,931.89	\$ 134,068.11	\$ 14,943,451.86
7	3/15/2018	\$ 275,000.00	\$ 139,641.48	\$ 135,358.52	\$ 14,804,032.58
8	6/15/2018	\$ 275,000.00	\$ 138,338.65	\$ 136,661.35	\$ 14,663,271.40
9	9/15/2018	\$ 275,000.00	\$ 137,023.29	\$ 137,976.71	\$ 14,521,155.38
10	12/15/2018	\$ 275,000.00	\$ 135,695.26	\$ 139,304.74	\$ 14,377,671.50
11	3/15/2019	\$ 275,000.00	\$ 134,354.45	\$ 140,645.55	\$ 14,232,806.59
12	6/15/2019	\$ 275,000.00	\$ 133,000.74	\$ 141,999.26	\$ 14,086,547.35
13	9/15/2019	\$ 275,000.00	\$ 131,634.00	\$ 143,366.00	\$ 13,938,880.37
14	12/15/2019	\$ 275,000.00	\$ 130,254.10	\$ 144,745.90	\$ 13,789,792.10
15	3/15/2020	\$ 275,000.00	\$ 128,860.92	\$ 146,139.08	\$ 13,639,268.85
16	6/15/2020	\$ 275,000.00	\$ 127,454.33	\$ 147,545.67	\$ 13,487,296.81
17	9/15/2020	\$ 275,000.00	\$ 126,034.21	\$ 148,965.79	\$ 13,333,862.04
18	12/15/2020	\$ 275,000.00	\$ 124,600.41	\$ 150,399.59	\$ 13,178,950.46
19	3/15/2021	\$ 275,000.00	\$ 123,152.81	\$ 151,847.19	\$ 13,022,547.86
20	6/15/2021	\$ 275,000.00	\$ 121,691.28	\$ 153,308.72	\$ 12,864,639.88
21	9/15/2021	\$ 275,000.00	\$ 120,215.69	\$ 154,784.31	\$ 12,705,212.04
22	12/15/2021	\$ 275,000.00	\$ 118,725.89	\$ 156,274.11	\$ 12,544,249.71
23	3/15/2022	\$ 275,000.00	\$ 117,221.75	\$ 157,778.25	\$ 12,381,738.11
24	6/15/2022	\$ 275,000.00	\$ 115,703.14	\$ 159,296.86	\$ 12,217,662.34
25	9/15/2022	\$ 275,000.00	\$ 114,169.90	\$ 160,830.10	\$ 12,052,007.34
26	12/15/2022	\$ 275,000.00	\$ 112,621.91	\$ 162,378.09	\$ 11,884,757.91
27	3/15/2023	\$ 275,000.00	\$ 111,059.02	\$ 163,940.98	\$ 11,715,898.71
28	6/15/2023	\$ 275,000.00	\$ 109,481.09	\$ 165,518.91	\$ 11,545,414.23
29	9/15/2023	\$ 275,000.00	\$ 107,887.97	\$ 167,112.03	\$ 11,373,288.84
30	12/15/2023	\$ 275,000.00	\$ 106,279.52	\$ 168,720.48	\$ 11,199,506.75
31	3/15/2024	\$ 275,000.00	\$ 104,655.58	\$ 170,344.42	\$ 11,024,052.00
32	6/15/2024	\$ 275,000.00	\$ 103,016.02	\$ 171,983.98	\$ 10,846,908.50
33	9/15/2024	\$ 275,000.00	\$ 101,360.67	\$ 173,639.33	\$ 10,668,060.00
34	12/15/2024	\$ 275,000.00	\$ 99,689.40	\$ 175,310.60	\$ 10,487,490.07
35	3/15/2025	\$ 275,000.00	\$ 98,002.03	\$ 176,997.97	\$ 10,305,182.17
36	6/15/2025	\$ 275,000.00	\$ 96,298.43	\$ 178,701.57	\$ 10,121,119.54
37	9/15/2025	\$ 275,000.00	\$ 94,578.42	\$ 180,421.58	\$ 9,935,285.32
38	12/15/2025	\$ 275,000.00	\$ 92,841.87	\$ 182,158.13	\$ 9,747,662.44
39	3/15/2026	\$ 275,000.00	\$ 91,088.59	\$ 183,911.41	\$ 9,558,233.69
40	6/15/2026	\$ 275,000.00	\$ 89,318.45	\$ 185,681.55	\$ 9,366,981.69


  
 HOLCOMB & SONS

Payment No.	Date	Payment	Interest	Principal	Purchase Option
41	9/15/2026	\$ 275,000.00	\$ 87,531.26	\$ 187,468.74	\$ 9,173,888.89
42	12/15/2026	\$ 275,000.00	\$ 85,726.87	\$ 189,273.13	\$ 8,978,937.57
43	3/15/2027	\$ 275,000.00	\$ 83,905.12	\$ 191,094.88	\$ 8,782,109.84
44	6/15/2027	\$ 275,000.00	\$ 82,065.83	\$ 192,934.17	\$ 8,583,387.65
45	9/15/2027	\$ 275,000.00	\$ 80,208.84	\$ 194,791.16	\$ 8,382,752.76
46	12/15/2027	\$ 275,000.00	\$ 78,333.98	\$ 196,666.02	\$ 8,180,186.75
47	3/15/2028	\$ 275,000.00	\$ 76,441.07	\$ 198,558.93	\$ 7,975,671.05
48	6/15/2028	\$ 275,000.00	\$ 74,529.94	\$ 200,470.06	\$ 7,769,186.88
49	9/15/2028	\$ 275,000.00	\$ 72,600.41	\$ 202,399.59	\$ 7,560,715.31
50	12/15/2028	\$ 275,000.00	\$ 70,652.32	\$ 204,347.68	\$ 7,350,237.19
51	3/15/2029	\$ 275,000.00	\$ 68,685.47	\$ 206,314.53	\$ 7,137,733.23
52	6/15/2029	\$ 275,000.00	\$ 66,699.69	\$ 208,300.31	\$ 6,923,183.91
53	9/15/2029	\$ 275,000.00	\$ 64,694.80	\$ 210,305.20	\$ 6,706,569.55
54	12/15/2029	\$ 275,000.00	\$ 62,670.61	\$ 212,329.39	\$ 6,487,870.29
55	3/15/2030	\$ 275,000.00	\$ 60,626.94	\$ 214,373.06	\$ 6,267,066.04
56	6/15/2030	\$ 275,000.00	\$ 58,563.60	\$ 216,436.40	\$ 6,044,136.55
57	9/15/2030	\$ 275,000.00	\$ 56,480.40	\$ 218,519.60	\$ 5,819,061.36
58	12/15/2030	\$ 275,000.00	\$ 54,377.15	\$ 220,622.85	\$ 5,591,819.83
59	3/15/2031	\$ 275,000.00	\$ 52,253.66	\$ 222,746.34	\$ 5,362,391.09
60	6/15/2031	\$ 275,000.00	\$ 50,109.72	\$ 224,890.28	\$ 5,130,754.11
61	9/15/2031	\$ 275,000.00	\$ 47,945.15	\$ 227,054.85	\$ 4,896,887.62
62	12/15/2031	\$ 275,000.00	\$ 45,759.75	\$ 229,240.25	\$ 4,660,770.16
63	3/15/2032	\$ 275,000.00	\$ 43,553.31	\$ 231,446.69	\$ 4,422,380.07
64	6/15/2032	\$ 275,000.00	\$ 41,325.64	\$ 233,674.36	\$ 4,181,695.48
65	9/15/2032	\$ 275,000.00	\$ 39,076.52	\$ 235,923.48	\$ 3,938,694.30
66	12/15/2032	\$ 275,000.00	\$ 36,805.76	\$ 238,194.24	\$ 3,693,354.23
67	3/15/2033	\$ 275,000.00	\$ 34,513.14	\$ 240,486.86	\$ 3,445,652.77
68	6/15/2033	\$ 275,000.00	\$ 32,198.45	\$ 242,801.55	\$ 3,195,567.17
69	9/15/2033	\$ 275,000.00	\$ 29,861.49	\$ 245,138.51	\$ 2,943,074.51
70	12/15/2033	\$ 275,000.00	\$ 27,502.03	\$ 247,497.97	\$ 2,688,151.60
71	3/15/2034	\$ 275,000.00	\$ 25,119.86	\$ 249,880.14	\$ 2,430,775.06
72	6/15/2034	\$ 275,000.00	\$ 22,714.77	\$ 252,285.23	\$ 2,170,921.27
73	9/15/2034	\$ 275,000.00	\$ 20,286.52	\$ 254,713.48	\$ 1,908,566.39
74	12/15/2034	\$ 275,000.00	\$ 17,834.90	\$ 257,165.10	\$ 1,643,686.34
75	3/15/2035	\$ 275,000.00	\$ 15,359.69	\$ 259,640.31	\$ 1,376,256.82
76	6/15/2035	\$ 275,000.00	\$ 12,860.65	\$ 262,139.35	\$ 1,106,253.29
77	9/15/2035	\$ 275,000.00	\$ 10,337.56	\$ 264,662.44	\$ 833,650.98
78	12/15/2035	\$ 275,000.00	\$ 7,790.19	\$ 267,209.81	\$ 558,424.87
79	3/15/2036	\$ 275,000.00	\$ 5,218.29	\$ 269,781.71	\$ 280,549.71
80	6/15/2036	\$ 275,000.00	\$ 2,621.64	\$ 272,378.36	\$ 0.00
<b>Totals</b>		<b>\$ 22,000,000.00</b>	<b>\$ 6,706,315.23</b>	<b>\$ 15,293,684.77</b>	

OPTION A - 20 YEARS (\$275,000 LEVEL PRINCIPAL & INTEREST PAYMENTS)



FOR DISCUSSION PURPOSES ONLY

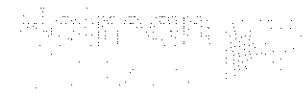
**BORROWER:** CITY OF SIERRA MADRE  
**LENDER:** HOLMAN CAPITAL CORPORATION  
**COMMENCEMENT:** 15-Jun-2016  
**TERM:** 20 YEARS (\$337,500 LEVEL PRINCIPAL & INTEREST PAYMENTS)  
**1ST PAYMENT DUE:** 15-Sep-2016  
**RATE:** 3.8500%

Payment No.	Date	Payment	Interest	Principal	Purchase Option
0	6/15/2016				
1	9/15/2016	\$ 337,500.00	\$ 180,656.65	\$ 156,843.35	\$ 19,171,059.24
2	12/15/2016	\$ 337,500.00	\$ 179,147.03	\$ 158,352.97	\$ 19,007,955.68
3	3/15/2017	\$ 337,500.00	\$ 177,622.89	\$ 159,877.11	\$ 18,843,282.26
4	6/15/2017	\$ 337,500.00	\$ 176,084.07	\$ 161,415.93	\$ 18,677,023.85
5	9/15/2017	\$ 337,500.00	\$ 174,530.44	\$ 162,969.56	\$ 18,509,165.20
6	12/15/2017	\$ 337,500.00	\$ 172,961.86	\$ 164,538.14	\$ 18,339,690.92
7	3/15/2018	\$ 337,500.00	\$ 171,378.18	\$ 166,121.82	\$ 18,168,585.44
8	6/15/2018	\$ 337,500.00	\$ 169,779.26	\$ 167,720.74	\$ 17,995,833.08
9	9/15/2018	\$ 337,500.00	\$ 168,164.95	\$ 169,335.05	\$ 17,821,417.97
10	12/15/2018	\$ 337,500.00	\$ 166,535.10	\$ 170,964.90	\$ 17,645,324.12
11	3/15/2019	\$ 337,500.00	\$ 164,889.56	\$ 172,610.44	\$ 17,467,535.36
12	6/15/2019	\$ 337,500.00	\$ 163,228.18	\$ 174,271.82	\$ 17,288,035.39
13	9/15/2019	\$ 337,500.00	\$ 161,550.82	\$ 175,949.18	\$ 17,106,807.73
14	12/15/2019	\$ 337,500.00	\$ 159,857.31	\$ 177,642.69	\$ 16,923,835.76
15	3/15/2020	\$ 337,500.00	\$ 158,147.49	\$ 179,352.51	\$ 16,739,102.67
16	6/15/2020	\$ 337,500.00	\$ 156,421.23	\$ 181,078.77	\$ 16,552,591.54
17	9/15/2020	\$ 337,500.00	\$ 154,678.34	\$ 182,821.66	\$ 16,364,285.23
18	12/15/2020	\$ 337,500.00	\$ 152,918.68	\$ 184,581.32	\$ 16,174,166.48
19	3/15/2021	\$ 337,500.00	\$ 151,142.09	\$ 186,357.91	\$ 15,982,217.83
20	6/15/2021	\$ 337,500.00	\$ 149,348.39	\$ 188,151.61	\$ 15,788,421.68
21	9/15/2021	\$ 337,500.00	\$ 147,537.44	\$ 189,962.56	\$ 15,592,760.23
22	12/15/2021	\$ 337,500.00	\$ 145,709.05	\$ 191,790.95	\$ 15,395,215.55
23	3/15/2022	\$ 337,500.00	\$ 143,863.06	\$ 193,636.94	\$ 15,195,769.50
24	6/15/2022	\$ 337,500.00	\$ 141,999.30	\$ 195,500.70	\$ 14,994,403.78
25	9/15/2022	\$ 337,500.00	\$ 140,117.61	\$ 197,382.39	\$ 14,791,099.92
26	12/15/2022	\$ 337,500.00	\$ 138,217.80	\$ 199,282.20	\$ 14,585,839.26
27	3/15/2023	\$ 337,500.00	\$ 136,299.71	\$ 201,200.29	\$ 14,378,602.96
28	6/15/2023	\$ 337,500.00	\$ 134,363.16	\$ 203,136.84	\$ 14,169,372.01
29	9/15/2023	\$ 337,500.00	\$ 132,407.97	\$ 205,092.03	\$ 13,958,127.22
30	12/15/2023	\$ 337,500.00	\$ 130,433.96	\$ 207,066.04	\$ 13,744,849.19
31	3/15/2024	\$ 337,500.00	\$ 128,440.95	\$ 209,059.05	\$ 13,529,518.37
32	6/15/2024	\$ 337,500.00	\$ 126,428.75	\$ 211,071.25	\$ 13,312,114.98
33	9/15/2024	\$ 337,500.00	\$ 124,397.19	\$ 213,102.81	\$ 13,092,619.09
34	12/15/2024	\$ 337,500.00	\$ 122,346.08	\$ 215,153.92	\$ 12,871,010.54
35	3/15/2025	\$ 337,500.00	\$ 120,275.22	\$ 217,224.78	\$ 12,647,269.02
36	6/15/2025	\$ 337,500.00	\$ 118,184.43	\$ 219,315.57	\$ 12,421,373.99
37	9/15/2025	\$ 337,500.00	\$ 116,073.52	\$ 221,426.48	\$ 12,193,304.71
38	12/15/2025	\$ 337,500.00	\$ 113,942.29	\$ 223,557.71	\$ 11,963,040.27
39	3/15/2026	\$ 337,500.00	\$ 111,790.55	\$ 225,709.45	\$ 11,730,559.53
40	6/15/2026	\$ 337,500.00	\$ 109,618.09	\$ 227,881.91	\$ 11,495,841.17

OPTION B - 20 YEARS (\$337,500 LEVEL PRINCIPAL & INTEREST PAYMENTS)

Payment No.	Date	Payment	Interest	Principal	Purchase Option
41	9/15/2026	\$ 337,500.00	\$ 107,424.73	\$ 230,075.27	\$ 11,258,863.64
42	12/15/2026	\$ 337,500.00	\$ 105,210.25	\$ 232,289.75	\$ 11,019,605.20
43	3/15/2027	\$ 337,500.00	\$ 102,974.47	\$ 234,525.53	\$ 10,778,043.90
44	6/15/2027	\$ 337,500.00	\$ 100,717.16	\$ 236,782.84	\$ 10,534,157.57
45	9/15/2027	\$ 337,500.00	\$ 98,438.12	\$ 239,061.88	\$ 10,287,923.84
46	12/15/2027	\$ 337,500.00	\$ 96,137.15	\$ 241,362.85	\$ 10,039,320.11
47	3/15/2028	\$ 337,500.00	\$ 93,814.03	\$ 243,685.97	\$ 9,788,323.56
48	6/15/2028	\$ 337,500.00	\$ 91,468.56	\$ 246,031.44	\$ 9,534,911.18
49	9/15/2028	\$ 337,500.00	\$ 89,100.50	\$ 248,399.50	\$ 9,279,059.70
50	12/15/2028	\$ 337,500.00	\$ 86,709.66	\$ 250,790.34	\$ 9,020,745.65
51	3/15/2029	\$ 337,500.00	\$ 84,295.80	\$ 253,204.20	\$ 8,759,945.32
52	6/15/2029	\$ 337,500.00	\$ 81,858.71	\$ 255,641.29	\$ 8,496,634.80
53	9/15/2029	\$ 337,500.00	\$ 79,398.16	\$ 258,101.84	\$ 8,230,789.91
54	12/15/2029	\$ 337,500.00	\$ 76,913.93	\$ 260,586.07	\$ 7,962,386.26
55	3/15/2030	\$ 337,500.00	\$ 74,405.79	\$ 263,094.21	\$ 7,691,399.23
56	6/15/2030	\$ 337,500.00	\$ 71,873.51	\$ 265,626.49	\$ 7,417,803.94
57	9/15/2030	\$ 337,500.00	\$ 69,316.86	\$ 268,183.14	\$ 7,141,575.31
58	12/15/2030	\$ 337,500.00	\$ 66,735.59	\$ 270,764.41	\$ 6,862,687.97
59	3/15/2031	\$ 337,500.00	\$ 64,129.49	\$ 273,370.51	\$ 6,581,116.34
60	6/15/2031	\$ 337,500.00	\$ 61,498.30	\$ 276,001.70	\$ 6,296,834.59
61	9/15/2031	\$ 337,500.00	\$ 58,841.78	\$ 278,658.22	\$ 6,009,816.62
62	12/15/2031	\$ 337,500.00	\$ 56,159.69	\$ 281,340.31	\$ 5,720,036.10
63	3/15/2032	\$ 337,500.00	\$ 53,451.79	\$ 284,048.21	\$ 5,427,466.45
64	6/15/2032	\$ 337,500.00	\$ 50,717.83	\$ 286,782.17	\$ 5,132,080.82
65	9/15/2032	\$ 337,500.00	\$ 47,957.55	\$ 289,542.45	\$ 4,833,852.09
66	12/15/2032	\$ 337,500.00	\$ 45,170.71	\$ 292,329.29	\$ 4,532,752.92
67	3/15/2033	\$ 337,500.00	\$ 42,357.04	\$ 295,142.96	\$ 4,228,755.67
68	6/15/2033	\$ 337,500.00	\$ 39,516.28	\$ 297,983.72	\$ 3,921,832.44
69	9/15/2033	\$ 337,500.00	\$ 36,648.19	\$ 300,851.81	\$ 3,611,955.08
70	12/15/2033	\$ 337,500.00	\$ 33,752.49	\$ 303,747.51	\$ 3,299,095.15
71	3/15/2034	\$ 337,500.00	\$ 30,828.92	\$ 306,671.08	\$ 2,983,223.94
72	6/15/2034	\$ 337,500.00	\$ 27,877.21	\$ 309,622.79	\$ 2,664,312.47
73	9/15/2034	\$ 337,500.00	\$ 24,897.09	\$ 312,602.91	\$ 2,342,331.47
74	12/15/2034	\$ 337,500.00	\$ 21,888.29	\$ 315,611.71	\$ 2,017,251.42
75	3/15/2035	\$ 337,500.00	\$ 18,850.53	\$ 318,649.47	\$ 1,689,042.46
76	6/15/2035	\$ 337,500.00	\$ 15,783.53	\$ 321,716.47	\$ 1,357,674.49
77	9/15/2035	\$ 337,500.00	\$ 12,687.01	\$ 324,812.99	\$ 1,023,117.11
78	12/15/2035	\$ 337,500.00	\$ 9,560.68	\$ 327,939.32	\$ 685,339.61
79	3/15/2036	\$ 337,500.00	\$ 6,404.27	\$ 331,095.73	\$ 344,311.01
80	6/15/2036	\$ 337,500.00	\$ 3,217.47	\$ 334,282.53	\$ 0.00
<b>Totals</b>		<b>\$ 27,000,000.00</b>	<b>\$ 8,230,477.78</b>	<b>\$ 18,769,522.22</b>	

OPTION B - 20 YEARS (\$337,500 LEVEL PRINCIPAL & INTEREST PAYMENTS)



FOR DISCUSSION PURPOSES ONLY

**BORROWER:** CITY OF SIERRA MADRE  
**LENDER:** HOLMAN CAPITAL CORPORATION  
**COMMENCEMENT:** 15-Jun-2016  
**TERM:** 20 YEARS (CUSTOMIZED PAYMENTS)  
**1ST PAYMENT DUE:** 15-Sep-2016  
**RATE:** 3.8500%

Payment No.	Date	Payment	Interest	Principal	Purchase Option
0	6/15/2016				
1	9/15/2016	\$ 237,500.00	\$ 164,958.13	\$ 72,541.87	\$17,577,943.62
2	12/15/2016	\$ 237,500.00	\$ 164,259.91	\$ 73,240.09	\$17,502,506.33
3	3/15/2017	\$ 237,500.00	\$ 163,554.97	\$ 73,945.03	\$17,426,342.95
4	6/15/2017	\$ 237,500.00	\$ 162,843.25	\$ 74,656.75	\$17,349,446.51
5	9/15/2017	\$ 237,500.00	\$ 162,124.68	\$ 75,375.32	\$17,271,809.93
6	12/15/2017	\$ 237,500.00	\$ 161,399.19	\$ 76,100.81	\$17,193,426.10
7	3/15/2018	\$ 237,500.00	\$ 160,666.72	\$ 76,833.28	\$17,114,287.82
8	6/15/2018	\$ 237,500.00	\$ 159,927.20	\$ 77,572.80	\$17,034,387.85
9	9/15/2018	\$ 237,500.00	\$ 159,180.57	\$ 78,319.43	\$16,953,718.83
10	12/15/2018	\$ 237,500.00	\$ 158,426.74	\$ 79,073.26	\$16,872,273.37
11	3/15/2019	\$ 237,500.00	\$ 157,665.66	\$ 79,834.34	\$16,790,044.00
12	6/15/2019	\$ 237,500.00	\$ 156,897.26	\$ 80,602.74	\$16,707,023.18
13	9/15/2019	\$ 287,500.00	\$ 156,121.45	\$ 131,378.55	\$16,571,703.27
14	12/15/2019	\$ 287,500.00	\$ 154,856.94	\$ 132,643.06	\$16,435,080.92
15	3/15/2020	\$ 287,500.00	\$ 153,580.25	\$ 133,919.75	\$16,297,143.57
16	6/15/2020	\$ 287,500.00	\$ 152,291.27	\$ 135,208.73	\$16,157,878.58
17	9/15/2020	\$ 287,500.00	\$ 150,989.88	\$ 136,510.12	\$16,017,273.16
18	12/15/2020	\$ 287,500.00	\$ 149,675.97	\$ 137,824.03	\$15,875,314.41
19	3/15/2021	\$ 287,500.00	\$ 148,349.42	\$ 139,150.58	\$15,731,989.32
20	6/15/2021	\$ 287,500.00	\$ 147,010.09	\$ 140,489.91	\$15,587,284.71
21	9/15/2021	\$ 287,500.00	\$ 145,657.88	\$ 141,842.12	\$15,441,187.33
22	12/15/2021	\$ 287,500.00	\$ 144,292.65	\$ 143,207.35	\$15,293,683.76
23	3/15/2022	\$ 287,500.00	\$ 142,914.28	\$ 144,585.72	\$15,144,760.46
24	6/15/2022	\$ 287,500.00	\$ 141,522.64	\$ 145,977.36	\$14,994,403.78
25	9/15/2022	\$ 337,500.00	\$ 140,117.61	\$ 197,382.39	\$14,791,099.92
26	12/15/2022	\$ 337,500.00	\$ 138,217.80	\$ 199,282.20	\$14,585,839.26
27	3/15/2023	\$ 337,500.00	\$ 136,299.71	\$ 201,200.29	\$14,378,602.96
28	6/15/2023	\$ 337,500.00	\$ 134,363.16	\$ 203,136.84	\$14,169,372.01
29	9/15/2023	\$ 337,500.00	\$ 132,407.97	\$ 205,092.03	\$13,958,127.22
30	12/15/2023	\$ 337,500.00	\$ 130,433.96	\$ 207,066.04	\$13,744,849.19
31	3/15/2024	\$ 337,500.00	\$ 128,440.95	\$ 209,059.05	\$13,529,518.37
32	6/15/2024	\$ 337,500.00	\$ 126,428.75	\$ 211,071.25	\$13,312,114.98
33	9/15/2024	\$ 337,500.00	\$ 124,397.19	\$ 213,102.81	\$13,092,619.09
34	12/15/2024	\$ 337,500.00	\$ 122,346.08	\$ 215,153.92	\$12,871,010.54
35	3/15/2025	\$ 337,500.00	\$ 120,275.22	\$ 217,224.78	\$12,647,269.02
36	6/15/2025	\$ 337,500.00	\$ 118,184.43	\$ 219,315.57	\$12,421,373.99
37	9/15/2025	\$ 337,500.00	\$ 116,073.52	\$ 221,426.48	\$12,193,304.71
38	12/15/2025	\$ 337,500.00	\$ 113,942.29	\$ 223,557.71	\$11,963,040.27
39	3/15/2026	\$ 337,500.00	\$ 111,790.55	\$ 225,709.45	\$11,730,559.53
40	6/15/2026	\$ 337,500.00	\$ 109,618.09	\$ 227,881.91	\$11,495,841.17

WYOMING  
COUNTY

Payment No.	Date	Payment	Interest	Principal	Purchase Option
41	9/15/2026	\$ 337,500.00	\$ 107,424.73	\$ 230,075.27	\$11,258,863.64
42	12/15/2026	\$ 337,500.00	\$ 105,210.25	\$ 232,289.75	\$11,019,605.20
43	3/15/2027	\$ 337,500.00	\$ 102,974.47	\$ 234,525.53	\$10,778,043.90
44	6/15/2027	\$ 337,500.00	\$ 100,717.16	\$ 236,782.84	\$10,534,157.57
45	9/15/2027	\$ 337,500.00	\$ 98,438.12	\$ 239,061.88	\$10,287,923.84
46	12/15/2027	\$ 337,500.00	\$ 96,137.15	\$ 241,362.85	\$10,039,320.11
47	3/15/2028	\$ 337,500.00	\$ 93,814.03	\$ 243,685.97	\$ 9,788,323.56
48	6/15/2028	\$ 337,500.00	\$ 91,468.56	\$ 246,031.44	\$ 9,534,911.18
49	9/15/2028	\$ 337,500.00	\$ 89,100.50	\$ 248,399.50	\$ 9,279,059.70
50	12/15/2028	\$ 337,500.00	\$ 86,709.66	\$ 250,790.34	\$ 9,020,745.65
51	3/15/2029	\$ 337,500.00	\$ 84,295.80	\$ 253,204.20	\$ 8,759,945.32
52	6/15/2029	\$ 337,500.00	\$ 81,858.71	\$ 255,641.29	\$ 8,496,634.80
53	9/15/2029	\$ 337,500.00	\$ 79,398.16	\$ 258,101.84	\$ 8,230,789.91
54	12/15/2029	\$ 337,500.00	\$ 76,913.93	\$ 260,586.07	\$ 7,962,386.26
55	3/15/2030	\$ 337,500.00	\$ 74,405.79	\$ 263,094.21	\$ 7,691,399.23
56	6/15/2030	\$ 337,500.00	\$ 71,873.51	\$ 265,626.49	\$ 7,417,803.94
57	9/15/2030	\$ 337,500.00	\$ 69,316.86	\$ 268,183.14	\$ 7,141,575.31
58	12/15/2030	\$ 337,500.00	\$ 66,735.59	\$ 270,764.41	\$ 6,862,687.97
59	3/15/2031	\$ 337,500.00	\$ 64,129.49	\$ 273,370.51	\$ 6,581,116.34
60	6/15/2031	\$ 337,500.00	\$ 61,498.30	\$ 276,001.70	\$ 6,296,834.59
61	9/15/2031	\$ 337,500.00	\$ 58,841.78	\$ 278,658.22	\$ 6,009,816.62
62	12/15/2031	\$ 337,500.00	\$ 56,159.69	\$ 281,340.31	\$ 5,720,036.10
63	3/15/2032	\$ 337,500.00	\$ 53,451.79	\$ 284,048.21	\$ 5,427,466.45
64	6/15/2032	\$ 337,500.00	\$ 50,717.83	\$ 286,782.17	\$ 5,132,080.82
65	9/15/2032	\$ 337,500.00	\$ 47,957.55	\$ 289,542.45	\$ 4,833,852.09
66	12/15/2032	\$ 337,500.00	\$ 45,170.71	\$ 292,329.29	\$ 4,532,752.92
67	3/15/2033	\$ 337,500.00	\$ 42,357.04	\$ 295,142.96	\$ 4,228,755.67
68	6/15/2033	\$ 337,500.00	\$ 39,516.28	\$ 297,983.72	\$ 3,921,832.44
69	9/15/2033	\$ 337,500.00	\$ 36,648.19	\$ 300,851.81	\$ 3,611,955.08
70	12/15/2033	\$ 337,500.00	\$ 33,752.49	\$ 303,747.51	\$ 3,299,095.15
71	3/15/2034	\$ 337,500.00	\$ 30,828.92	\$ 306,671.08	\$ 2,983,223.94
72	6/15/2034	\$ 337,500.00	\$ 27,877.21	\$ 309,622.79	\$ 2,664,312.47
73	9/15/2034	\$ 337,500.00	\$ 24,897.09	\$ 312,602.91	\$ 2,342,331.47
74	12/15/2034	\$ 337,500.00	\$ 21,888.29	\$ 315,611.71	\$ 2,017,251.42
75	3/15/2035	\$ 337,500.00	\$ 18,850.53	\$ 318,649.47	\$ 1,689,042.46
76	6/15/2035	\$ 337,500.00	\$ 15,783.53	\$ 321,716.47	\$ 1,357,674.49
77	9/15/2035	\$ 337,500.00	\$ 12,687.01	\$ 324,812.99	\$ 1,023,117.11
78	12/15/2035	\$ 337,500.00	\$ 9,560.68	\$ 327,939.32	\$ 685,339.61
79	3/15/2036	\$ 337,500.00	\$ 6,404.27	\$ 331,095.73	\$ 344,311.01
80	6/15/2036	\$ 337,500.00	\$ 3,217.47	\$ 334,282.53	\$ 0.00
<b>Totals</b>		<b>\$ 25,200,000.00</b>	<b>\$ 8,061,493.44</b>	<b>\$ 17,138,506.56</b>	

**OPTION C - 20 YEARS (CUSTOMIZED PAYMENTS)**



## City of Sierra Madre Meter and AMI Investment

April 14<sup>th</sup>, 2016

Price Partnership Performance



*Nobody expects more from us than we do®*



Price Partnership Performance

July 29, 2013

Recap – Why Now?



*Nobody expects more from us than we do®*

## Price Partnership Performance

### YOUR REQUEST:

- Compatibility with existing smart meters
- How AMI interfaces with Tyler Billing software
- How many AMI systems you have installed
- Cover the installation process
- Product guarantees and warranty
- The overall cost of a installed turnkey AMI System
  - Neptune equipment
  - Number of collectors
  - Customer web portal
  - Annual re-occurring cost
  - Finance options



*Nobody expects more from us than we do®*

## Price Partnership

## 20 –Year System Return on Investment



*Nobody expects more from us than we do®*



Partnership Performance

32897456

Neptune Monthly Meter Reads  
Collected From 2800 Active Systems



Nobody expects more from us than we do®



Partnership Performance

15537812

Neptune Automated Radio Units in Service



Nobody expects more from us than we do®

## Partnership Performance

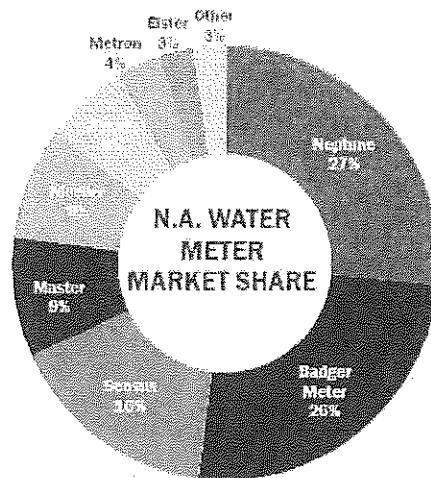
1103943

Meters and Endpoints Installed by  
Ferguson In-House Team Since 2004



Nobody expects more from us than we do®

## Partnership Performance



SOURCE: IHS Research, 2015



Nobody expects more from us than we do®





Partnership

**\$13,000,000,000**



More Than All Top 5 Combined



*Nobody expects more from us than we do®*



Performance

Proven Established Technology



*Nobody expects more from us than we do®*



Performance

Designed To Eliminate Risk



*Nobody expects more from us than we do®*



Partnership Performance

665,760,000 Meter Reads Over 20-Year Life



*Nobody expects more from us than we do®*



## Performance

Alarms - Leak Detection, Theft, Tamper



*Nobody expects more from us than we do®*



## Performance

Enhanced Conservation Tools



*Nobody expects more from us than we do®*



Performance

15 More Features



*Nobody expects more from us than we do®*



Performance

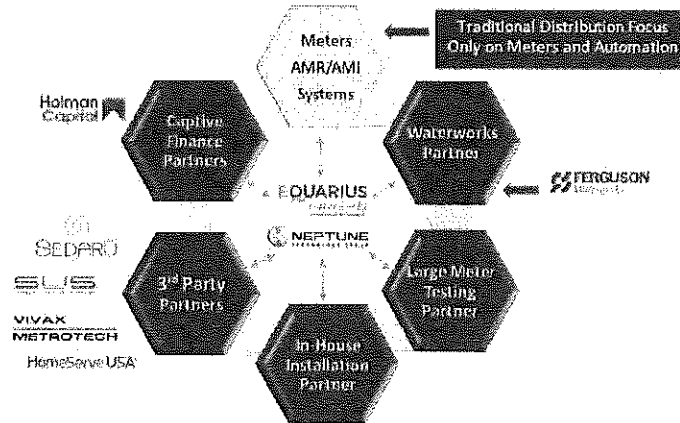
AWWA Meter Accuracy



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## Partnership

### EQUARIUS PERFORMANCE PARTNERSHIP MODEL

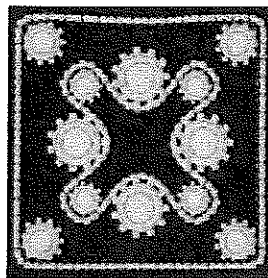


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## Price Partnership Performance

### FERGUSON IN-HOUSE INSTALLATION TEAM

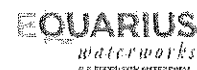
Proven Products



Proven Partners

Proven Processes

Proven Project Management



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## FERGUSON IN-HOUSE INSTALLATION TEAM



City of  
**SACRAMENTO**  
Department of Utilities


February 25, 2010

To whom it may concern

I am writing to recommend the services of Ferguson Waterworks. We have been using Ferguson Waterworks for our AMI installation and purchases for the past seven years. During which time they have provided the City's Department of Utilities with excellent support in the areas of AMI endpoint installation, vendor project management, material acquisition and site/system planning. Their work has been a major factor in the City's water meter AMI success. They do an excellent job and stand by their product and services.

I can confidently recommend Ferguson Waterworks as a solid supplier and experts in their field.

Sincerely,

  
Michael Malone  
Operations and Maintenance Manager  
City of Sacramento  
Department of Utilities



Nobody expects more from us than we do®



Price

Performance

## UNIQUE ADVANTAGES OF FERGUSON INSTALLATION TEAM AND TOOLS

MORE

BETTER

FASTER



Nobody expects more from us than we do®



## Price Partnership Performance

### One Proven Vendor for Hardware, Software, Installation, Project Management

Smooth, Streamlined Process

Everyone Knows Everyone – No Multi-Contractor Finger-Pointing

No On-The-Job Training – We are Neptune Experts

### Complete Turnkey Services

Notification Process for Residential and Commercial Accounts

Meter Data Collection and Management

Installation Labor, Services, Project Management and Monitoring

### Modified Back Office Services

Data Collection and Management

Electronic, Streamlined Data Transfer Process

### No Other Vendor With as Much Invested as the Utility Except...

...Ferguson. With a Successful Project We Won't Risk Losing Your Future Waterworks Business. It's not just about selling meters and systems.



*Nobody expects more from us than we do®*



## Price Partnership Performance

### Ferguson has created a web-based installation database application to process and share all customer data including:

- Initial Installation Data – Error Free Barcode Scan, Photo, and GPS
- Daily Work Order, Route, and Site Scheduling
- Inventory Monitor
- Completed Installation Data Profiles
- Near Real-Time Meter Change Out Data to Utility Billing Software
- Completed Door Knocks & Phone Calls
- Custom Reports and Statistics – Both Individual and Summary
- Invoicing
- Installer Tracking

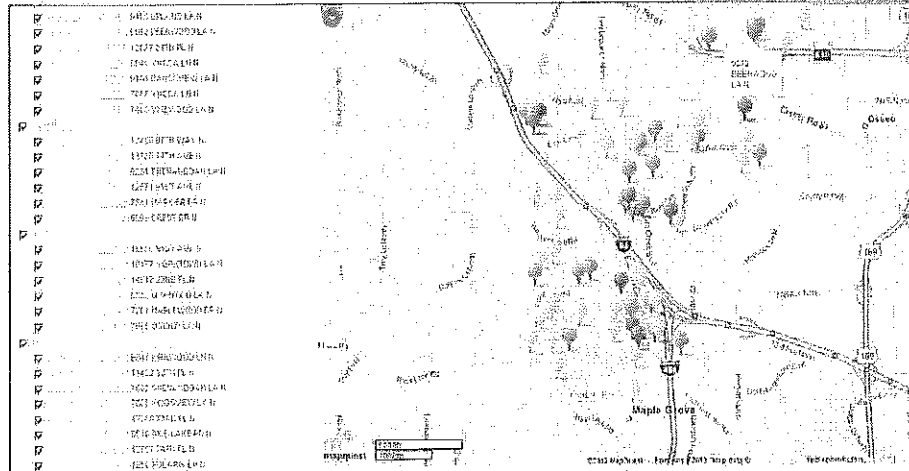


*Nobody expects more from us than we do®*

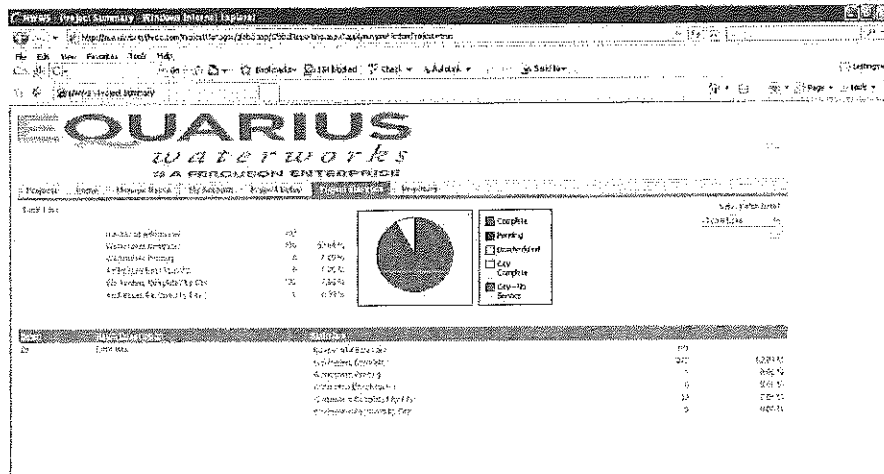




## Field Installer Tracking – Map and Summary



## Project Analysis – Overview



## Summary of Advantages

- Your Success is *OUR* Success. It's not about just Meters/Automation
- Experienced Local Installation - More than a million!
- Competitive in the Market
- Web Based Access for the District to Track Each Installation
- Automated, Improved Workflow Processes
  - Route Scheduling
  - Error Free Data Capture
  - Data Reporting
  - Installation/Installer Tracking
  - Inventory Control
  - Neptune Experts – NO On-The-Job Training/Finger Pointing



*Nobody expects more from us than we do®*

## Sierra Madre Current Meter Situation

- City has 3,793 active accounts\*
- City standardized on bronze water meters
- City utilizes touchpad & radio for meter reading
- ~1,100 new meters installed since 1/1/2011
- Remaining ~2,700 meters average 15.9 years old and need to be replaced
- On average, City spends \$75K per year for meter replacement
- As water meters age, they lose their accuracy



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## Increased Billings from New Accurate Meters

	<u>FY 2015-16</u>
Water Revenues:	\$4,373,849
Wastewater Revenues:	<u>\$806,077</u>
Total Revenues:	\$5,179,926

- ~70% of meters need to be replaced (2,700 / 3,800)
- ~70% of meters represents ~\$3.1M of revenue (70% \* \$4.4M)
- Water bill is based on fixed and variable charges (50% variable & 50% fixed)
- Wastewater is flat-rate billed for residential & variable for commercial (ignored for purpose of these calculations)
- Share of revenue based on variable charge = \$1.55M (50% \* \$3.1M)
- Meters to be replaced are only 92% accurate based on analysis
- Increased billings from new meters is \$135K (((\$1.55M/.92) - \$1.55M)



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## Financial Benefits from AMI System

- Improved meter accuracy should increase City's consumptive water revenue
  - Increased billings = \$135,000 per year
- AMI will increase City's operational efficiencies
  - \$35,000 in cost savings per year
  - Elimination of manual reads
  - Elimination of re-reads / estimating
  - Reduction in customer service calls
  - Virtual turn-ons & turn-offs
  - Reduction in bill credits



*Nobody expects more from us than we do®*

## Summary of Project Financials

- Funding Source

Accuracy Improvement =	\$135,000
Operational Savings (reads & re-reads) =	\$35,000
TOTAL	\$180,000

- Project Cost

New Radio Meters =	\$675,000
Retrofit Radio Registers =	\$125,000
New Meter Box Lids =	\$100,000
Meter and Retrofit Register Installation =	\$260,000
Reading Infrastructure & Installation =	\$120,000
Sales Tax on Materials =	\$85,000
TOTAL =	\$1,365,000

- Payback period of 7.6 Years. Solution Life = 20 years



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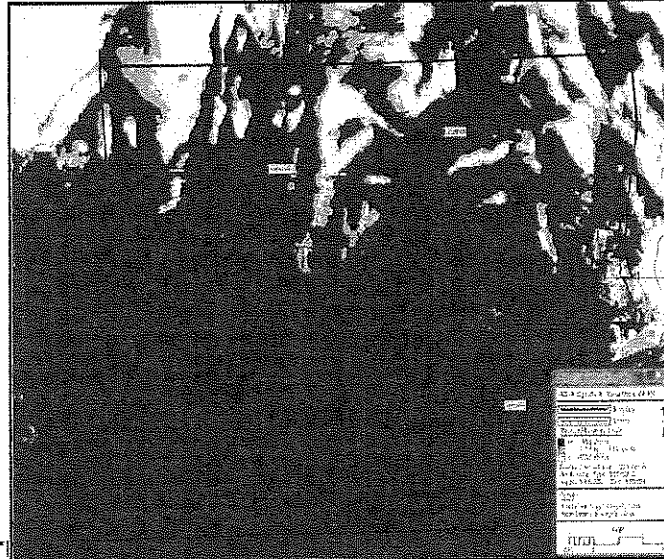
## Non-Financial Benefits of AMI

- Advanced leak detection
- Improved water conservation
- Enhanced customer service
- Consumption behavior available to residents online
- Ability to provide hourly consumption data
- Increased operational efficiencies
- Elimination of human error in meter reading
- Elimination of estimated reads
- Elimination of truck roll for move-ins/move-outs
- Recovery of lost revenue
- Green initiative - Reduction in carbon footprint



Nobody expects more from us than we do®

## Propagation Analysis



## Propagation Collector Locations

Name	Latitude	Longitude	Elev (ft)	Anthgt (ft)
Auburn Reservoir 800 Auburn Avenue	34.174476	-118.055065	1334	40
Little Santa Anita Dam 850 Woodland Drive	34.176159	-118.043155	1177	30
Sierra Vista Park 631 E. Sierra Madre Blvd.	34.163133	-118.039194	697	60

## Further Refinement to Financial Model

- Refine analysis and costs for Capital Projects Budget which is due ???
- Determine cut-off year for retrofit vs replacement (to verify exact quantity of meter change-outs vs. retrofits)
- Discuss locations to install reading infrastructure
- Discuss hosted versus non-hosted software solution
- Discuss potential of reusing lid holes vs. replacing
- Discuss condition and accuracy of large meters (3"+)
- Provide live demonstration of software & customer portal
- Discuss procurement methodology for AMI project

Price Partnership Performance

Meters and Endpoints

NO WARRANTY GIMMICKS  
(Let Us Explain)



## Challenges for Utility Managers

An AMR or AMI system can help solve these challenges.  
But which does a utility choose?

AMR

OR

AMI



NEPTUNE  
TECHNOLOGY GROUP

EQUARIUS  
waterworks  
A FERGUSON ENTERPRISE

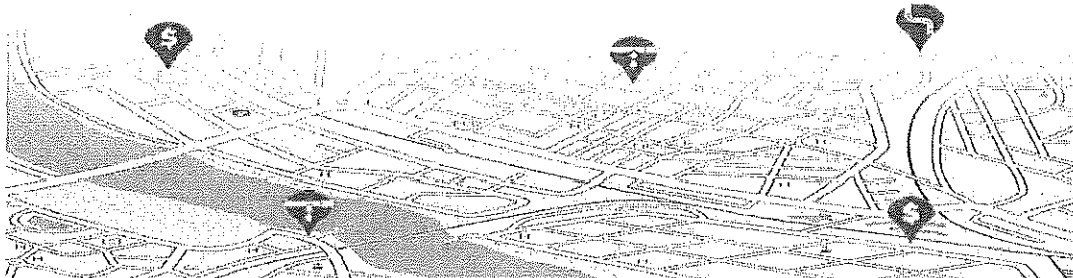
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## Neptune R900 System – PEACE OF MIND

At Neptune, We Deliver Real World Results

- Flexibility
- Accuracy
- Actionable Data
- ROI



NEPTUNE  
TECHNOLOGY GROUP

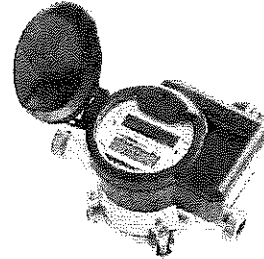
EQUARIUS  
waterworks  
A FERGUSON ENTERPRISE

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## T-10 Meter



Exceeds AWWA Specifications

USA Manufactured – Tallahassee, AL

Over 25 Million Manufactured since 1982

Extended Low Flow To .125 GPM w/ 95% Accuracy

No Components Licensed From Overseas Competitors

Typical Lead-Time < 30-days

Bronze Body - No PLASTIC



**NEPTUNE**  
TECHNOLOGY GROUP

**EQUARIUS**  
waterworks  
A FERGUSON WATERWORKS COMPANY

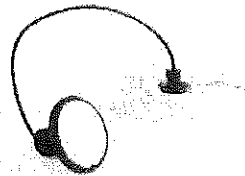
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## All-in-One Technology

Reduce Training Time with Easy-to-Install Products

- R900 simplifies the installation process
  - No programming required for register types
  - No programming to activate feature set
  - No programming to "change modes" for AMI
- E-Coder® R900/™ is intuitive
  - No wiring
  - Easy to read – Large LCD
  - No programming required
  - E-Coder flags
  - Industry best accuracy
- 100 mW AMR signal – every 14 seconds
- 1W AMI signal – every 7.5 minutes



**NEPTUNE**  
TECHNOLOGY GROUP

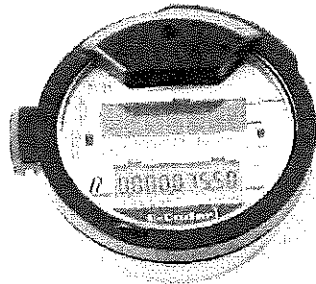
**EQUARIUS**  
waterworks  
A FERGUSON WATERWORKS COMPANY

*Nobody expects more from us than we do®*

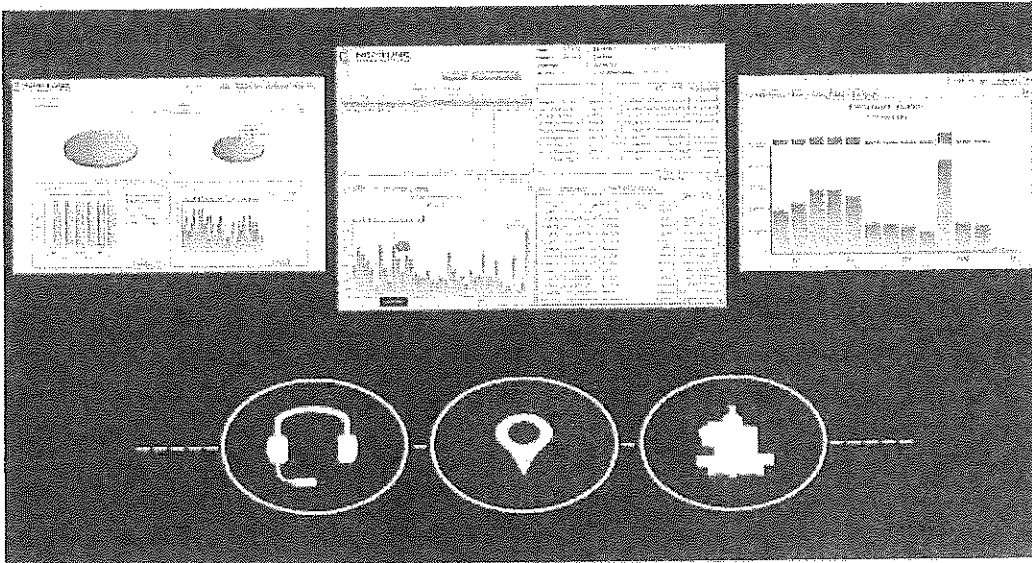


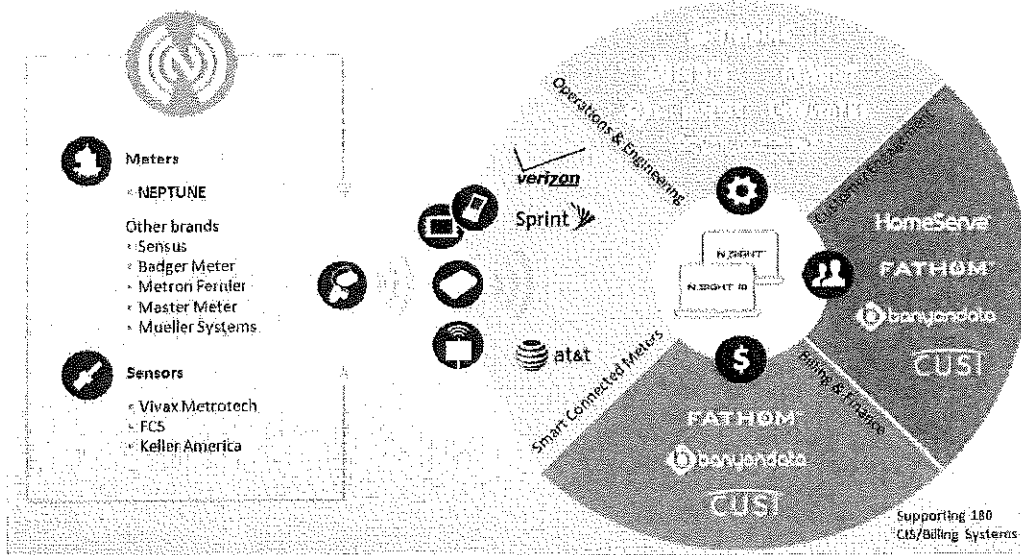
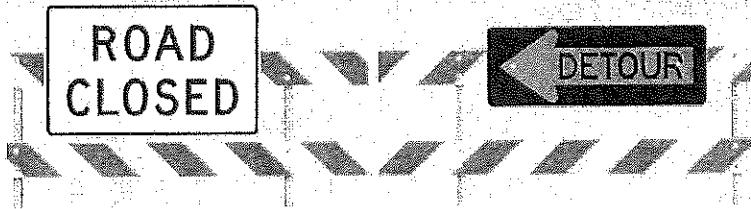
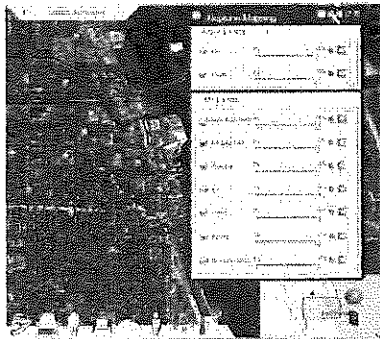


## Visual + RF Value



	<b>FLOW INDICATOR</b> Indicates direction of flow through the meter. Arrows to the left indicate flow in the reverse direction. Arrows to the right indicate flow in the forward direction.
	<b>LEAK INDICATOR</b> Indicates a possible leak. If the indicator is active, the meter will display a leak code and the word 'LEAK' on the LCD display. If the indicator is not active, the meter will display 'NO LEAK' on the LCD display.
<b>RATE</b>	<b>RATE OF FLOW</b> Indicates the rate of flow through the meter. The rate of flow is displayed on the LCD display.
	<b>BAR DISPLAY</b> Indicates the amount of water used. The bar display is shown on the LCD display. The bar display is composed of 10 bars. Each bar represents 100,000 gallons of water used.







## Summation

- Experienced In-House Installation Partner
- Made in USA – No Plastic Meters
- Efficient No Meter or Endpoint Programming
- Backwards Compatible/Forward Migration
- No Warranty Gimmicks
- One Supplier – No Finger Pointing or Sub-Contractors
- Local In House Technical Support
- Proven Performance to Drive Your Customer Portal
- You Control Your System and Data



*Nobody expects more from us than we do®*

MAY 16, 2016

**FATHOM**™

THERE IS STRENGTH IN NUMBERS

A PARTNERSHIP OPPORTUNITY  
WITH  
CITY OF SIERRA MADRE, CALIFORNIA

## COVER LETTER

On behalf of FATHOM, we are excited to provide a proposal for the Integrated Fixed-Network Advanced Metering Infrastructure (AMI) System & Customer Information System (CIS) with Utility Billing Solution. We are a national utility and are a provider of an integrated AMI and CIS solution that we believe offers the City of Springfield ("the City") a rapid, proven and guaranteed turn-key project to support the City's vision.

Our experience as a utility and our proven, low-risk solutions will provide immediate and direct benefit, delivering maximum value to the City. In addition, FATHOM ensures that the City's current and future objectives will be met:

- FATHOM is a completely **turn-key**, advanced suite of integrated utility services.
- FATHOM is cloud based, and as such, requires **no additional staff or IT resources**.
- FATHOM is a **risk-free solution** to purchasing, implementing and maintaining a billing system of your own.
- With FATHOM, The City will realize and maintain **increased revenue, decreased costs, and enhanced customer experience** while saving water.

Thank you in advance for your consideration of our offering. We look forward to a successful partnership that offers the City the best opportunity to leverage the economic, social and environmental management of this vital resource—and access state-of-the-art technology solutions that save money, time and water.

Jason Bethke  
President and Growth Officer  
480.252.2189

[Jason.Bethke@gw.fathom.com](mailto:Jason.Bethke@gw.fathom.com)  
UTILITY-TO-UTILITY SOLUTIONS

## CITY CHALLENGES

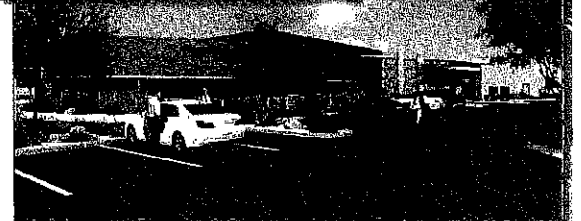
- Aged Meter Infrastructure
- Antiquated technology
- Meter re-reads
- Tyler Incode software difficult to use and provides no reporting to the field
- Customer has limited access to monitoring water bills and usage
- Loss of water revenue due to Sec. 865. Mandatory Action by Water Suppliers
- No mobile apps for customers
- Limited payment options

## PROJECT GOALS

- Provide the most advanced Smart Grid for water technology platform
- Restore confidence in meter accuracy and utility billing
- Replace aging meter Infrastructure
- Stabilize revenue
  - Revenue Assurance Audit
  - Timely, regular, accurate billing
  - Improve collections
  - Finance with no upfront capital and no impact on budget until system is up and running
- Implement Advanced Metering Infrastructure (AMI)
- Replace Tyler Incode software and existing third-party services
- Provide Call Center execution with high customer satisfaction rating
- Enhance customer experience with Web and mobile access

# FATHOM HISTORY

Developed by Global Water, a water and wastewater UTILITY  
founded in 2003, FATHOM is one of the world's leading  
innovators in TOTAL WATER MANAGEMENT



- Global Water owns and operates 12 regulated utilities with over 42,500 connections that experienced unprecedented organic growth and area expansion
- Developed FATHOM to better manage water scarcity and improve system efficiencies within our own systems
- Utilizing FATHOM, now recognized as "PERHAPS THE MOST TECHNOLOGICALLY SOPHISTICATED UTILITY IN THE US" with automated and efficient operations
- FATHOM is operating in 150 public water systems on over 4 million meters, providing services to utilities both large and small with the scalability to serve even the largest utilities in North America, bringing economies of scale to our fragmented market
- The City will find the FATHOM solution to be the most robust, full-featured and water-focused system available to water and wastewater utilities.
- The FATHOM offering provides the best technology solutions—with the least amount of risk to the City and its residents.

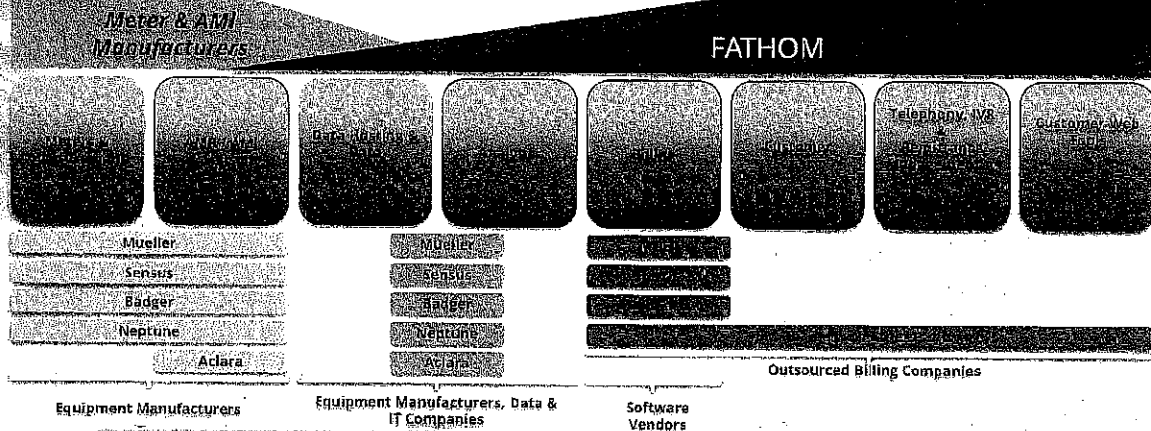
UTILITY TO UTILITY SOLUTIONS



# FATHOM SMART GRID FOR WATER

## FATHOM Utility-to-Utility (U2U) Solutions

Integrated, turnkey, cloud-based, customer-focused platform designed to help municipalities save time, money and water.



UTILITY-TO-UTILITY SOLUTIONS

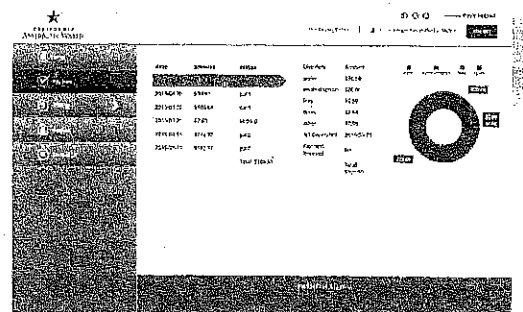
# FATHOM SCOPE OF SERVICES

## FATHOM GIS WITH UTILITY BILLING AND CUSTOMER CARE

- Bill preparation, printing, mailing and payments
- Branded billing
- Paperless billing options
- Customer care center (Water and Wastewater Utilities Only)
- After-hours emergency call center
- Inbound and outbound automated phone system

## FATHOM U<sub>2</sub>YOU CUSTOMER PORTAL

- 24/7 account access
- Multiple ways to pay
- Alerts and notifications
- Water messaging and tips



# FATHOM SCOPE OF SERVICES

## FATHOM REVENUE ASSURANCE AUDIT

- Verify logical assets match physical assets
- Verify bill codes, multipliers and services

## FATHOM Meter Data Management

- Historical database
- Advanced analytics
- Geospatial, map view of meter system infrastructure

## Computerized Maintenance Management System (AMS)

- Meter Service Order Management

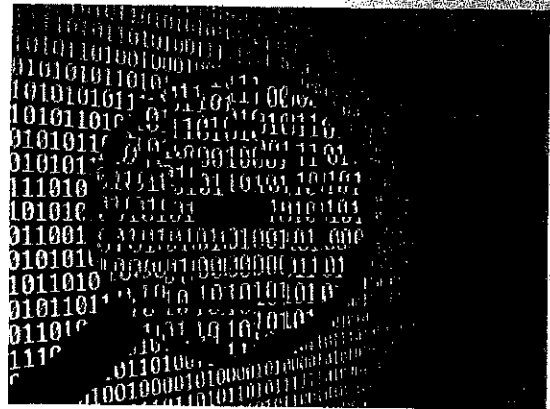


# FATHOM PROCESS – REVENUE ASSURANCE

## TASK 1: DATA COLLECTION AND PAPER AUDIT

FATHOM performs data collection meetings with the City to confirm and obtain information on key aspects of the service. Sessions include:

- Customer Service & Billing
- Customer Communication
- Public Works or Field Services
- Finance
- Customer Database

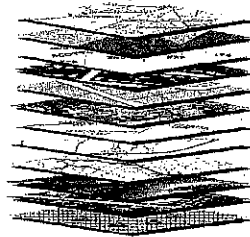


# FATHOM PROCESS – REVENUE ASSURANCE

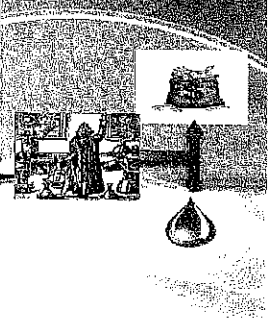
## TASK 2: FIELD AUDIT

Once the Paper Audit is complete, FATHOM performs a field audit of every water meter location within the service territory boundary.

Based upon the analysis created in the Paper Audit, GIS-based mapping services are created and deployed by iPad to each field technician.



- Tax Parcel Data
- Aerial Photographs
- Infrastructure Data
- Asset Data
- Census Data
- Customer Engagement
- Geospatial Data
- Meter Data
- CIS Data



# FATHOM PROCESS

## PHASE 3: CIS CONFIGURATION

With FATHOM Utility Best Practices, along with work templates and preconfigured workflows, the FATHOM CIS configuration can be performed in a matter of months rather than years.

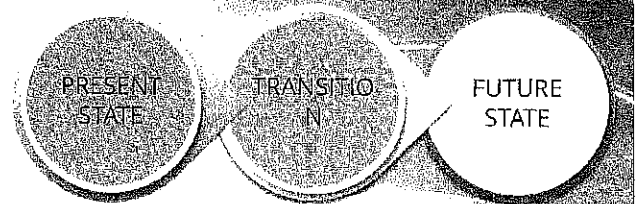
- The preliminary configuration of the CIS begins soon after the completion of the business requirements process. Configuration and testing include:

- Customer Care
- Self Service (IVR, Web)
- Meter Reading
- Account Management
- Customer Portal
- Service Order Management
- Billing
- Bill Print
- Collection
- Payments and Cashiering

# FATHOM PROCESS

## STEP 4: TRANSITION PLANNING

Transition planning actually begins with the first information gathering session and is ongoing throughout the project. Items planned for include:



- Cutover from legacy system
- If desired, a parallel operation test can be provided
- Meter reading and billing calendars for the previous six months and the following six months
- Customer communication campaign to detail the upcoming changes to ease transition

# FATHOM PROCESS

## PHASE 5: 'GO LIVE' AND FULL CYCLE TESTING

- Go Live occurs when the City stops transacting in the legacy CIS and FATHOM starts transacting within FATHOM CIS for day to day operations and will occur on an agreed upon date.
- Both the implementation team as well as the operations team will test and review the product for the first two cycles of billings.
- The testing protocols include:
  - Listening to live customer service calls
  - Transacting within the Interactive Voice Response (IVR) system
  - Review of PDF bills

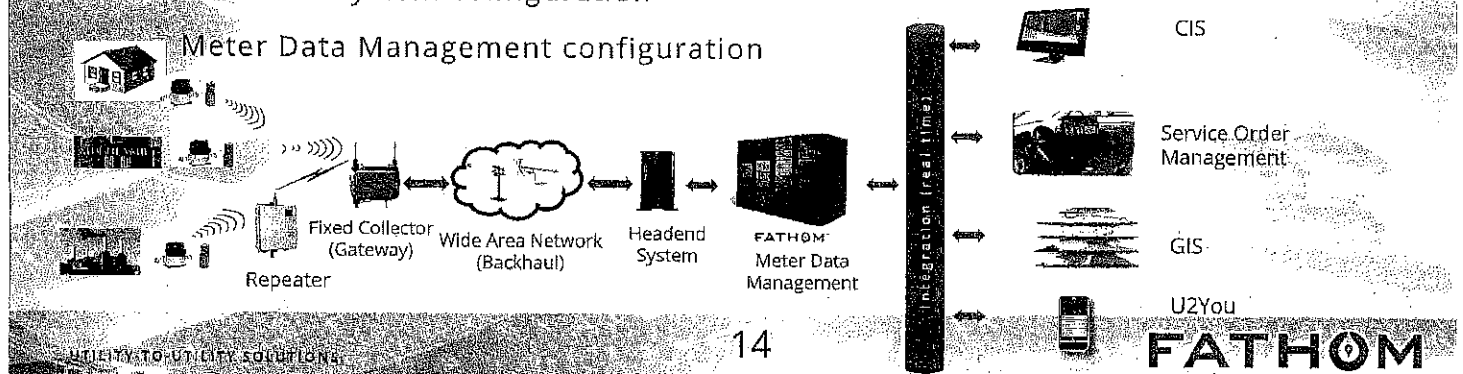


# FATHOM PROCESS

## PHASE 1: AMI INSTALLATION AND METER EXCHANGE

- Once the CIS is implemented, FATHOM will begin the meter exchange and AMI installation components of the scope.

- Meter, register and MIU installation and retrofit
- Collectors installation
- Head-end system configuration
- Meter Data Management configuration



## FATHOM FINANCIAL IMPACT

- Increase revenue by 5% - 10%
- Reduce labor costs by 41% (preventing hire of future FTEs)
- Eliminate bill printing and postage of \$12,981
- Eliminate fuel and vehicle maintenance of \$210
- Eliminate Utility Billing software maintenance of \$13,000
- Eliminate Meter Reader hardware/software maintenance of \$2,000
- Reduce water loss by \$145,038

UTILITY-TO-UTILITY SOLUTIONS

**FATHOM**

# FATHOM COST ANALYSIS

Qty of Serra Madre	Cost per Meter per Month	Annual Cost
<b>HARD COSTS</b>		
Labor Costs	\$ 8.09	\$ 363,130
Bill Printing and Postage	\$ 0.29	\$ 12,981
Fuel & Vehicle Maintenance	\$ 0.00	\$ 210
MR Hardware/Software	\$ 0.04	\$ 2,000
Meter Changeout Budget	\$ 0.26	\$ 11,600
Utility Billing Software M&S	\$ 0.29	\$ 13,000
<b>Total Hard Costs</b>	<b>\$ 8.98</b>	<b>\$ 402,921</b>
<b>REVENUE LOSS</b>		
Water Loss	\$ 8.08	\$ 362,595
Missing Meters/Incorrect Accounts	\$ 0.51	\$ 22,800
Bad Debt Write Off	\$ -	\$ -
<b>Total Revenue Loss</b>	<b>\$ 8.58</b>	<b>\$ 385,395</b>
<b>COST OF SERVICE ADJUSTMENTS</b>		
Bill Printing and Postage (Monthly)	\$ 0.29	\$ 12,981
AMI Equipment Cost	\$ 2.90	\$ 130,190
<b>Total Cost of Service Adjustments</b>	<b>\$ 3.19</b>	<b>\$ 143,171</b>
<b>Total Cost of Service</b>	<b>\$ 20.75</b>	<b>\$ 931,488</b>

# FATHOM COST ANALYSIS

Qty of Serra Madre	Cost per Meter per Month	Annual Cost
<b>Total Cost of Service</b>	\$ 20.75	\$ 931,488
<b>FATHOM FULL BUNDLE</b>		
Managed Services and SaaS	\$ 4.37	\$ 196,178
Meters and AMI Infrastructure	\$ 5.27	\$ 236,734
<b>Total FATHOM Full Bundle</b>	\$ 9.64	\$ 432,912
<b>RETAINED COSTS</b>		
59% Labor Costs Retained by City	\$ 4.77	\$ 214,320
60% Unrecoverable Water Loss	\$ 4.85	\$ 217,557
10% Unrecoverable Bad Debt	\$ -	\$ -
<b>Total Retained Costs</b>	\$ 9.62	\$ 431,877
<b>Cost of Service with FATHOM</b>	\$ 19.26	\$ 864,790
<b>POTENTIAL SAVINGS</b>	\$ 1.49	\$ 66,698

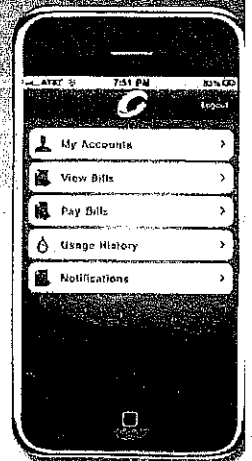
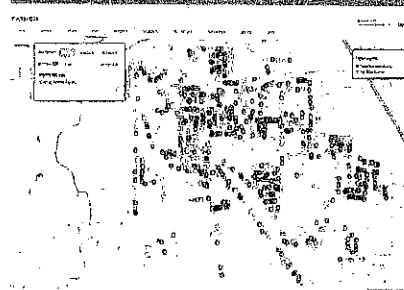
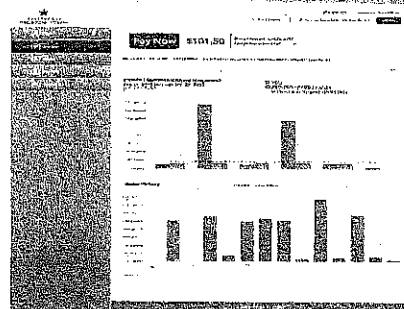
# FATHOM BENEFITS SUMMARY

## BENEFITS

- Turn-key integrated solution
- Proven deployment methodology
- Real technology risk transfer
- Captures missing revenue
- Saves money
- Solves problems

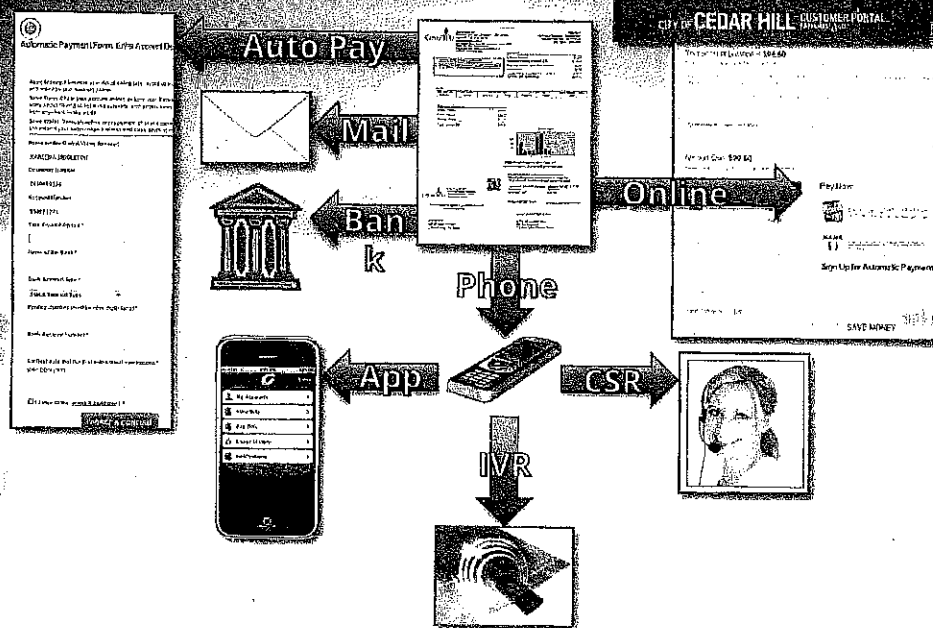
## PROCUREMENT MADE EASY

- No upfront capital
- Tax exempt financing



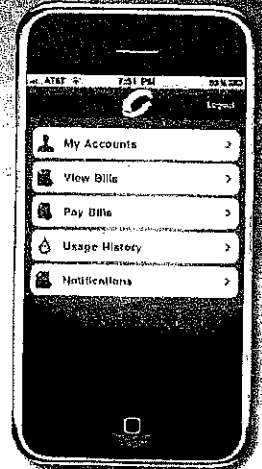
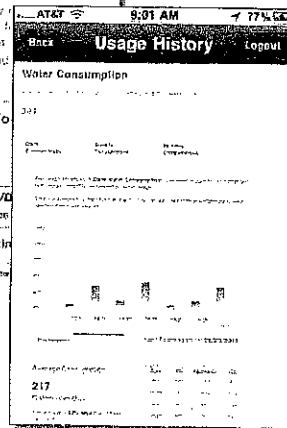
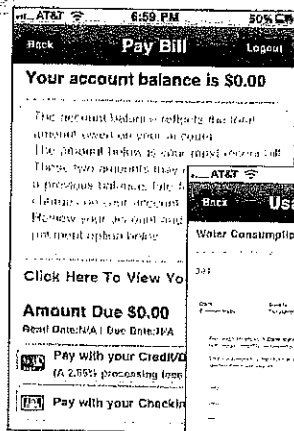
UTILITY-TO-UTILITY SOLUTIONS

# BILLING AND PAYMENT OPTIONS



# MOBILE APPLICATIONS

Available on  
both iOS and  
Android  
mobile  
devices



**FATHOM**

# FATHOM CUSTOMER PORTAL



Powered by FATHOM

[Our Privacy Policy](#)

You are logged in as **Naglin Muffley**

[Logout](#)

Home

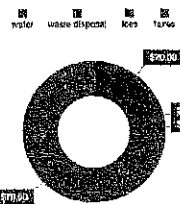
Pay Now

Billing

Account

Customer

date	amount	status	Line Item	Amount
			water	\$76.50
2015-04-30	\$99.81	paid	waste disposal	\$20.00
2015-03-22	\$103.64	paid	fees	\$2.50
2015-03-21	\$2.50	unpaid	taxes	\$2.50
2015-02-26	\$126.72	paid	other	\$0.00
2015-01-19	\$112.14	paid	Bill Generated	2015-05-29
			Payment Received	NA
			Total:	\$101.50

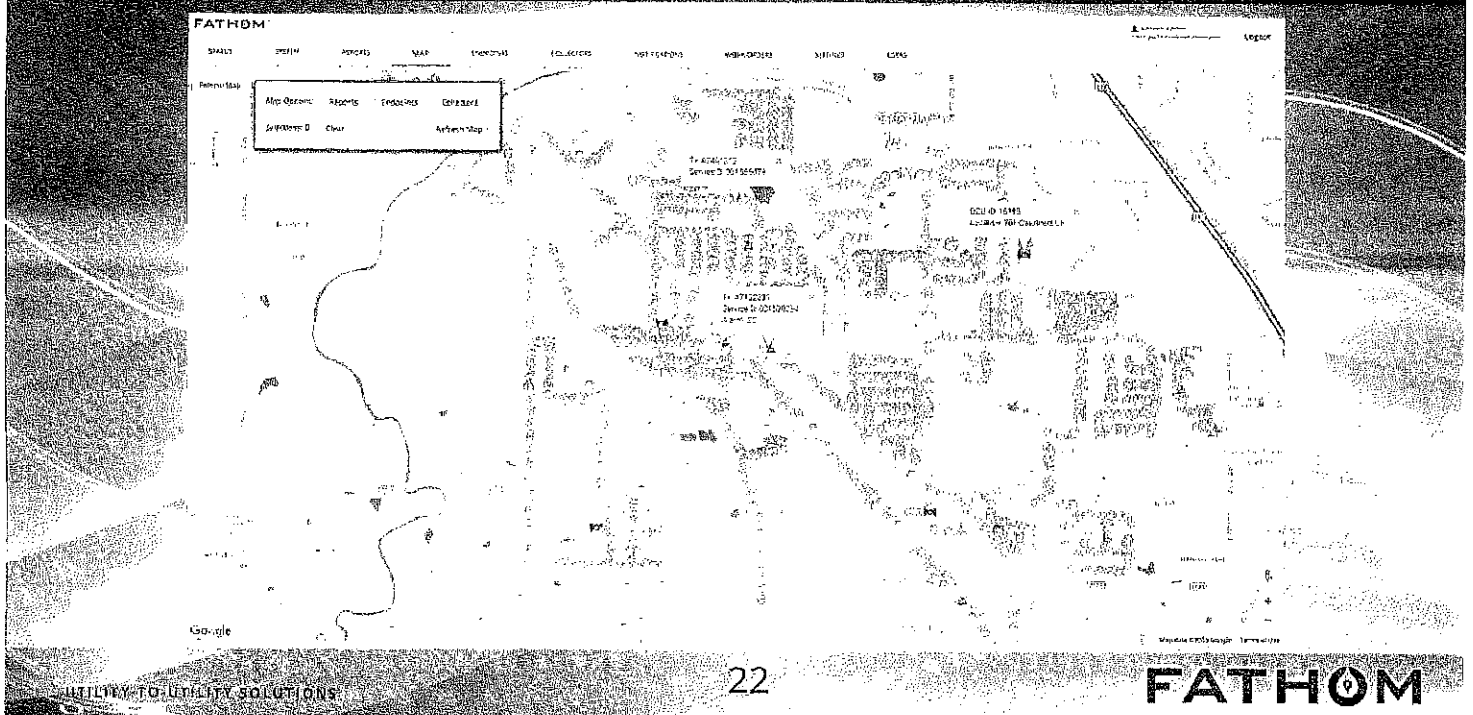


FATHOM ULYSS

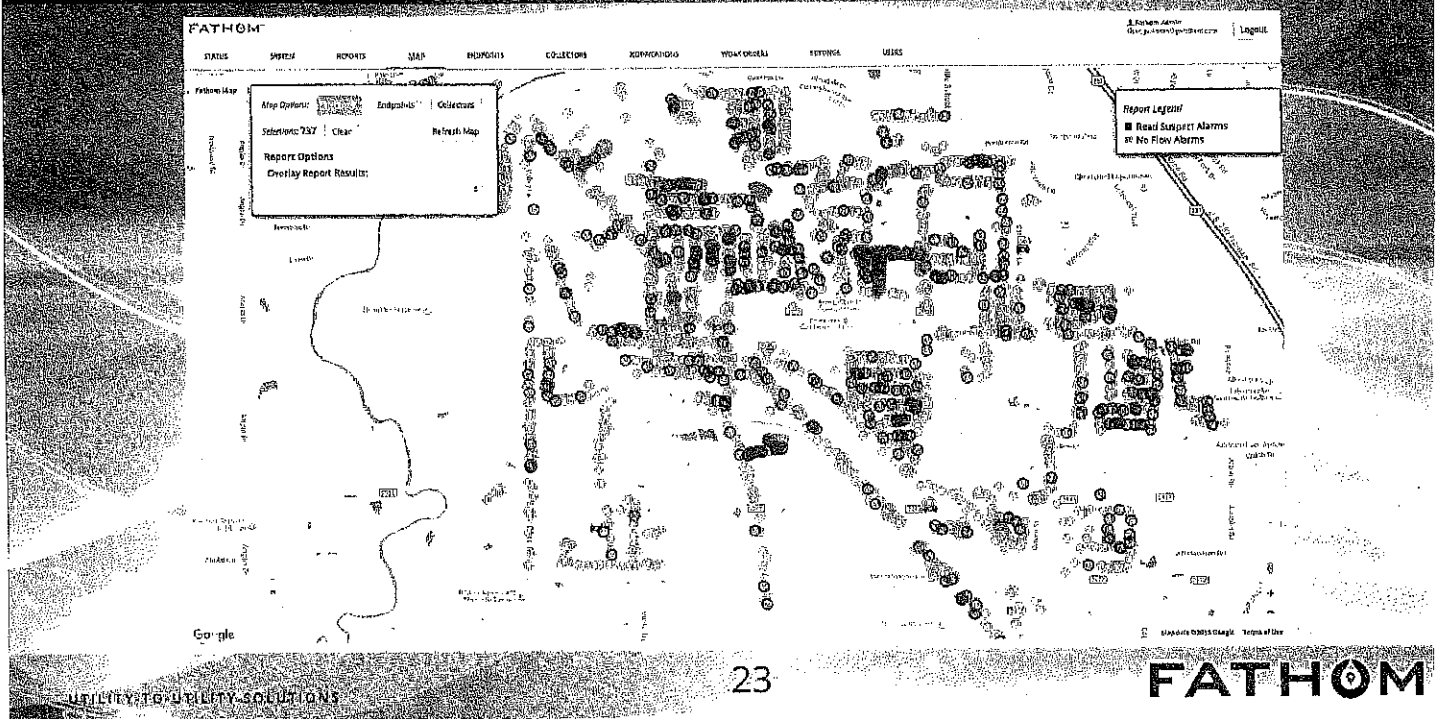
UTILITY-TO-UTILITY SOLUTIONS



# FATHOM MDM ENDPOINTS



# FATHOM MDM ALARMS

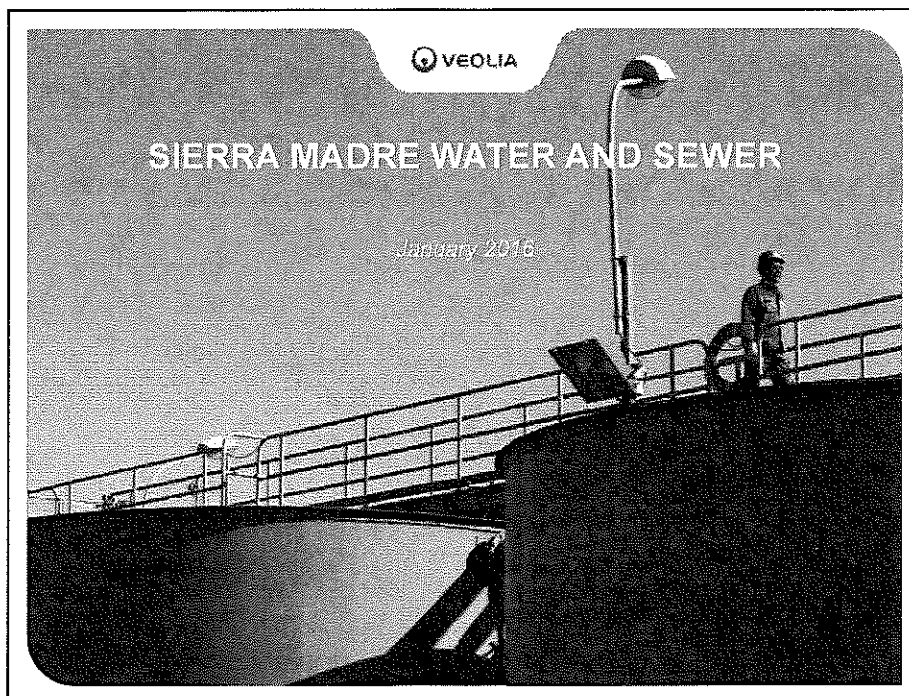


THANK YOU



UTILITY-TO-UTILITY SOLUTIONS

FATHOM



### Trusted by hundreds of North American communities

#### ◦ NORTHEAST

- New York City, Buffalo, Schenectady, Rockland County, NY
- Philadelphia
- Massachusetts – Boston, Plymouth, Leominster
- Rhode Island – Cranston, Woonsocket
- Connecticut – New London, Danbury
- Baltimore
- Wilmington, DE

#### ◦ SOUTH

- Tampa Bay
- New Orleans
- Georgia – Atlanta-Fulton County (water); Fulton County (wastewater)
- Kentucky – Ft. Knox; Hardin County

#### ◦ CENTRAL

- Oklahoma City
- Chicago
- Milwaukee
- St. Louis
- Kansas City
- Dayton, OH

#### ◦ WEST

- California – Los Angeles, Richmond; Palm Springs; Burlingame
- Vancouver, Washington
- Oregon – Gresham, Wilsonville
- Honolulu, HI

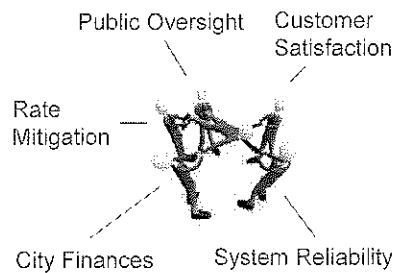
#### ◦ CANADA

- Winnipeg
- Montreal
- Toronto
- Moncton, New Brunswick
- Brockton/ Walkerton, Ontario



Concession Webinar

## Balancing the Many Priorities of Public Service



It is not a trade-off: all are important,  
and all are achievable together

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3

## Sierra Madre has Challenges

- ❑ Water Infrastructure Needs Increasing
- ❑ Unplanned Events Have Been Common
- ❑ Utility's borrowing capacity is limited
  - ❑ *Maturities into the 2030s*
- ❑ On-going Enterprise Fund Deficit

Citizens have  
Rate Fatigue &  
Question  
Decision Makers

4

4

## Tailored Solution

➤ Optimize OPEX and CAPEX

✓ Reduce Rate Pressure

➤ Refinancing of Utility Debt

✓ Reduce Debt Service  
✓ May Allow for Additional Borrowings When Needed

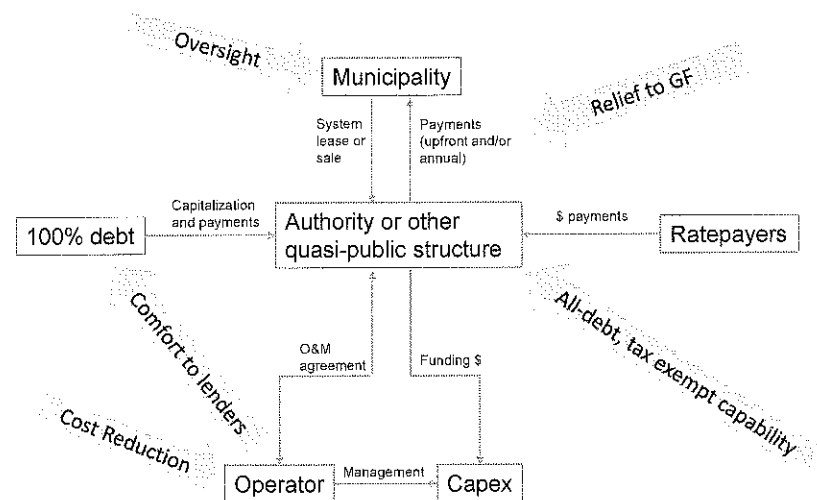
➤ Transfer of funds to the General Fund

✓ Upfront Payment (for City capex), annual payment (for City General Fund needs) or both

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5

## "Public-Public Partnership"



6

6

## There is Hidden Value in the Water and Wastewater Service

### Financial Value

- *Operational cost savings*
  - Process optimization, energy and chemical use reduction
  - Maintenance management
- *Administrative Cost savings*
  - Procurement
- *Revenue enhancement*
  - Meter management
  - Energy generation
- *Capital program management*
  - Consent order management
  - Asset management-driven capital program review
- *Debt management*
  - Refinancing of existing debt in certain cases

UP TO 20% COST  
REDUCTION

1-4% REVENUE  
ENHANCEMENT

10%-30% LIFE-CYCLE  
COST REDUCTION

In the case Sierra Madre, early estimates show a potential of \$750K of Opex reduction, and other savings; this value alone could result in an upfront payment in the range of \$7M and a annual lease payment of >\$300K,

## How Does it Work?

- Systems are leased to a third party entity ("NewU") under a long-term agreement
  - A new public vehicle acting on behalf of the municipality
- NewU is responsible for system operation and maintenance
  - NewU operates under a contract which outlines performance standards agreed with the City: compliance is monitored by the City
    - NewU's performance is supported by an operation contract with Veolia
    - NewU collects rate payments and funds operations (and usually capital)
- The entity makes payments to the City's General Fund
  - NewU can make an upfront payment to City by monetizing a portion of future savings
  - NewU can also make annual payments during the life of the contract to reflect: (1) the value of the lease as agreed in the contract and (2) growth in the system (e.g. population) in some cases
- Transparency to City and Community
  - Performance on operations and environmental compliance is reported to the City according to agreed metrics in full transparency
  - The City or designated Board of Directors participate in performance monitoring and establish rates through various platforms – review or steering committee, rate-setting mechanism and more

The City devises performance standards, retains ownership of the assets, and controls rates

## Case Study: Rialto, CA

- 30-year partnership committed to the performance, safety, customer and community satisfaction
- \$35M in upfront to the city for development investment, reserve
- \$41M in funding for water and wastewater system improvements and associated jobs
- \$2M annual utility lease payments to the city
- All existing city employees have remained employed



*"The partnership ensures that the city's water and wastewater infrastructure is upgraded and run in the most cost-efficient manner, while also laying the groundwork for new economic development."*

Mike Story, Rialto City Administrator

Other cases where Veolia's operations helped with financing include Cranston, RI; Arvin, CA; Franklin, OH; Moncton, NB; Chicago, IL

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## Common Questions

Question	Answers
Does the City lose ownership?	No, agreement is structured as a lease. The government retains ownership.
Why Veolia and not just new financing?	Veolia's expertise guarantees savings and provides comfort to bondholders, which in turn facilitates financing that is not otherwise available. In addition, depending on the City's circumstances and objectives, there are ways to mitigate or eliminate the cost of money differential.
What happens to current and future rates?	Future rates are typically agreed in the contract or reviewed in an agreed rate-setting process with the City. Since the transaction is funded by operational and other savings, rates do not need to rise more than they would without the project.
What happens if operator does a bad job or defaults?	In either case, bondholders of asset have right to appoint new operator, subject to City approval.
What happens to existing employees?	The terms for existing employees will be defined in the agreement as per City preferences; typically, employees would transfer to the new operator.
Do I have to take an up-front payment?	No, payment can be structured as an up-front payment or payment over time – or both.
Are there successful precedents in the US?	Yes, existing assets where concessions were granted are being operated at a high standard.

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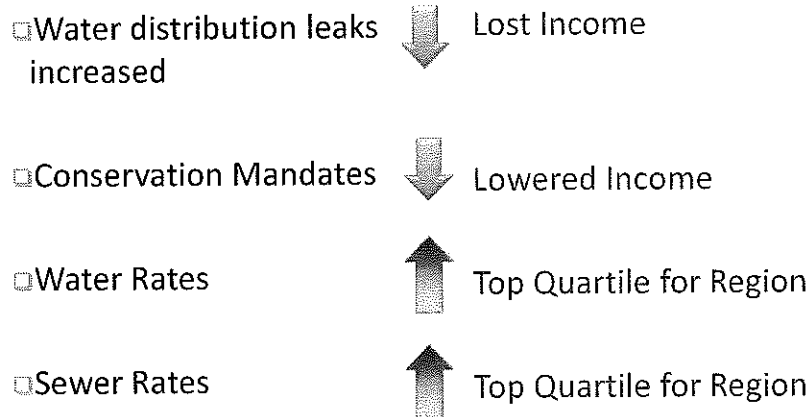


## Typical Process (7-8 months)

Week	2	4	6	8	10	12	14	16	18	20	22	24	26	28	30	32	34	36	38
RFEI (Optional)																			
RFQ/P																			
Selection																			
Negotiations																			
Council vote or other governance process																			
Contract signature																			
Financial close																			
Funding to City and O&M transition																			

Note: The City will typically require external advisers, in particular on the legal and procurement fronts.

## Discussion



## Discussion, Part 2

### Water Technology

Difficult to conserve water since users unaware of where water is being used.

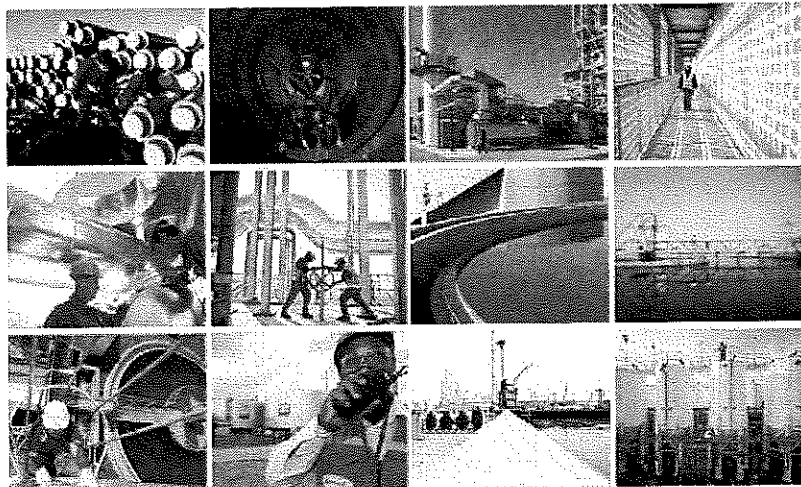
### Deferred Maintenance

Deferring close to \$150K a year for maintenance which gets more expensive as time progresses.

### AMI

Improved water management, billing, leak detection, less staff stress, and more.

Thank you for your time!







## Appendices

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## Choices: Together we can pick the offering that is the best fit for you

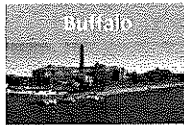
	Concession	Lease	Delegated Mgmt.	PPS Consulting
	Injection of cash available to city	City operating costs reduced	Performance-focus for management	Advisory services to help save costs
	High risk transfer to concessionaire	Partial risk transfer to operator	Small risk transfer to contractor	No risk transfer to consultant
	High speed of improvement	High speed of improvement	Med/slow speed of improvement	Medium speed of improvement
	Procurement: Complex	Procurement: Slightly challenging	Procurement: Easy	Procurement: Very easy and quick



**\$35 MILLION IN CASH TO THE CITY OF RIALTO (PLUS \$41M IN CAPITAL FINANCE)**



**\$35 MILLION IN SAVINGS TO THE CITY OF MILWAUKEE**



**\$1 MILLION IN ANNUAL SAVINGS TO THE CITY AND IMPROVED PERFORMANCE**



**\$23 MILLION IN ANNUAL SAVINGS IMPLEMENTED TO DATE FOR NYC**

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## There Are Opportunities to Leverage this Value

- At the service level
  - *Cost reduction leading to rate mitigation*
  - *Asset management for long term reliability and sustainability of the system in the face of aging infrastructure*
  - *Best Practices - worldwide experience and lessons learned*
- At the municipal level
  - *Monetization of savings in an upfront payment for long term investments*
    - *Shoring up unfunded pension plans and other long term liabilities*
    - *Financing infrastructure investments such as distribution and meter system improvements.*
  - *Annual payments for continued budgetary support*

The result is a distributed, balanced improvement of both public service and City sustainability





## City of Sierra Madre Agenda Report

*Nancy Walsh, Mayor*  
*John Harabedian, Mayor Pro Tem*  
*John Capoccia, Council Member*  
*Chris Koerber, Council Member*  
*Josh Moran, Council Member*

*Nancy Shollenberger, City Clerk*  
*Richard Mays, City Treasurer*

TO: Honorable Mayor Walsh and Members of the City Council

FROM: Elaine I. Aguilar, City Manager

INITIATED BY: Bruce Inman, Director of Public Works   
Jose Reynoso, Water Superintendent   
Karin Schnaider, Finance Director

DATE: September 24, 2013

SUBJECT: **RECOMMENDATION TO APPROVE PURCHASE AND  
INSTALLATION OF ADVANCED METERING INFRASTRUCTURE  
FOR SIERRA MADRE WATER SYSTEM**

---

### SUMMARY

The Public Works Department has received proposals from two firms for the procurement and installation of Advanced Metering Infrastructure (AMI) components citywide. These proposals allow the City to know exactly what a full AMI system will cost, prior to water and sewer rate-setting, should the City Council wish to include AMI costs in the current rate study. AMI will provide multiple benefits to the city, including enabling customers and the city to monitor water use in real time.

Staff recommends that the City Council approve the installation of a citywide AMI system, awarding the contract to Concord Utility Services for an amount not to exceed \$1,406,385; with the procurement of Sensus AMI meters and AMI appurtenances from Aqua-Metric; and, provide staff with direction as to:

- Which financing option to utilize in funding the project; and
- What funding source to utilize for funding the project, ie water funds, sewer funds, general funds.

### ANALYSIS

On January 22, 2013 the City Council directed staff to prepare a Request for Proposals (RFP) for the purchase of replacement water meters and associated software and computer equipment to institute an Advanced Metering Infrastructure (AMI) water metering system. Staff was further directed as a goal of the April 2013 Strategic Plan to present to the City Council for consideration the implementation of radio-read water meter replacement. On June 25, 2013 the City Council approved the Request for

Proposals as prepared by staff. The RFP was subsequently issued to four potential bidders.

Two firms provided proposals in response to the city's RFP. The other two firms requested an extension on the bidding period so that they could do their own propagation study and were advised by staff that the bid date was firm.

Firm	Installation	Web Access	Equipment	Total Bid
Aqua-Metric	\$351,347.00	\$159,200	\$895,837.21	\$1,406,384.21
Equarius	\$449,985.25	\$86,951.20	\$962,508.55	\$1,499,445.00

Both of the bidders have provided proposals for the financing of the project. Each bidder was using the same financing institution, but each bidder proposed slightly different rates.

#### Aqua-Metric Financing Proposal

Term	5 Years	7 Years	10 Years	Total (10 years)
Annual Payments	\$310,407.68	\$232,336.94	\$173,092.92	\$1,730,929.20
Payments Begin	9/15/2014	9/15/2014	9/15/2014	
Indicative Fixed Rate	3.40%	3.79%	3.98%	

#### Equarius Water Works Financing Proposal

Term	5 Years	10 Years (Fixed)	10 Years (w/5 Yr Adjust)	Total (10 year fixed)
Annual Payments	\$331,038.17	\$184,669.67	\$180,227.57	\$1,846,699.70
Payments Begin	9/15/2014	9/15/2014	7/01/2014	
Indicative Fixed Rate	3.40%	3.98%	3.50% adj.	

#### **AMI PROJECT BENEFITS**

Annual increased revenue due to improved meter accuracy has been estimated at approximately \$332,500. This annual benefit is somewhat higher than the annual payments proposed by the bidders for 5, 7 or 10-year financing arrangements. Thus, allowing for variations in the actual savings, the project could actually pay for itself in five years.

The benefits of implementing AMI water metering are not limited to strictly financial benefits to the City. An additional benefit is the ability to monitor water production vs. water use in real time, without the delays inherent in manual meter reading. This would

allow the City to more accurately quantify water system leakage as real-time metered water production can be *directly* compared to real-time metered use.

Perhaps the greatest benefit of an AMI system at this time is that it will allow customers to better monitor their own water use. Staff has frequently heard from customers that they are having a difficult time with the required water conservation when they have only a water bill by which to monitor their use; a bill that arrives more than two months after the start of the subject billing period. The proposed AMI system will allow for customers to get up-to-the-hour water use data via the internet. If mandatory water conservation will be in place for Sierra Madre until the Raymond Basin levels return to the 500 foot level, then the City's water customers will need the AMI tool for their long term conservation efforts. The more water that customers can conserve through careful monitoring of their use, the less water will have to be imported from expensive outside sources.

AMI will also provide the City with the ability to quickly detect abnormal water use and provide notification to customers that they may have a leak on their property.

Should the City Council approve the installation of the AMI system at this time, it is expected that the system would be installed and operational by the end of FY 2013-14. If the Council chooses to reject the bids and direct staff to re-advertise the project in the hope of getting more or better bids, the project would be delayed by at least two months, the project costs may go up, and financing interest rates may increase. Or should the Council choose to reject the bids and wait to see how the Gas Company program develops, there will be a delay until at least January 2014 before that program starts, and even then there is no guarantee that the program would cover all of Sierra Madre or that the program would be supported by the Gas Company for more than 12 months.

#### **FINANCIAL REVIEW**

The projected end of year fund balance for the water fund does not allow for the purchase of the AMI system through the use of reserves. While the June 30, 2014 fund balance is projected at \$1,587,717 it should be noted that under current revenue levels, over \$581,600 is committed in FY 2014-15 to cover operational costs. The June 30 2015 fund balance is \$957,020.

Under the proposals, the City Council has several options for funding the costs of the AMI. First, when considering the use of long-term capital financing, the useful life of the both the hard and soft equipment should be considered. In both cases, it is assumed that a ten year useful life can be applied. In the case of the meters, the City had previously had a 10-15 year rotation of meters. With the full meter inventory being replaced, it can be assumed that current annual budget for meter replacement (\$100,000 annually) can be delayed at least 8 or more years.

The second item for the City Council's consideration is the funding sources available. The funding source with the most financial gain is the Water fund; however, the Sewer fund's current rate study may provide a nexus to water consumption in its rate structure calculation. Therefore, the Sewer Fund could also become a beneficiary of the AMI system. As a third funding source, the City Council could also consider any use of the General Fund. There is a small nexus to water consumption on Utility User Tax, but the overriding factor is the City Council has full discretion over use of the General Fund resources and it may choose to use a portion of Unrestricted Fund Balance as a potential funding source.

To summarize, the City Council has four financing options available. For example when considering the seven year financing option, the City would be able to dedicate the existing Water Fund meter replacement budget with a net zero impact to the budget, leaving \$132,000 annually to fund. The City Council could then take the remaining balance and divide any portion among Water, Sewer and/or the General Fund, for example, \$50,000 Water and Sewer funds each and \$32,000 from the General Fund. However, any combination of funding sources could be considered. These items would then be applied to the future Water and Sewer rate structure currently under consideration. In the General Fund, the seven year, \$32,000 payment, totaling \$224,000 could be committed from the General Fund's Unrestricted Reserves, (not future operations).

#### **ENVIRONMENTAL REVIEW**

The proposed project is exempt from CEQA as a replacement or reconstruction project under Section 15302(c) of the Guidelines, "Replacement or reconstruction of existing utility systems and/or facilities involving negligible or no expansion of capacity."

#### **LEGAL REVIEW**

Aqua-Metric is the apparent low bidder on the project. Equarius, the other bidder, has claimed the bid from Aqua-Metric is invalid because Aqua-Metric, which is a supplier/manufacturer of the meters, does not possess a state contractor's license and may not rely on the contractor's license of its subcontractor, Concord Utility Services. Equarius is a licensed contractor. Under state law, cities may only contract with licensed contractors for public works projects. Installation of the meters is a public works project requiring the employment of licensed contractors.

In consultation with the City Attorney, staff has concluded that it would be feasible to bifurcate the installation and materials/supplier portions of the bid and contract directly with Concord Utility Services as general contractor for installation, with the Sensus meters supplied through Aqua-Metric. In order to do so, the City waives the bid irregularity; this does not change the dollar value of the bid, the parties or the roles of each of the parties, and therefore we do not think it creates an unfair bidding advantage. Should the City Council select to go with the Aqua-Metric option, the installation contract may be entered into directly with Concord Utility Services, the



licensed contractor specified in the Aqua-Metric bid. Aqua-metric will simply be the supplier of the meters and other equipment.

Equarius has been informed of staff's determination and has not indicated any further objection; it is unknown whether representatives of Equarius will be present at this evening's meeting to lodge a protest of staff's recommendation to the City Council. Council also has the option of rejecting all bids and, by a 4/5<sup>th</sup> vote, determine that the project can be performed more economically through day labor or open market purchase of materials and supplies and thereby dispense with further bidding.

#### **Southern California Gas Company**

Subsequent to the bids being received, staff was approached by representatives of Southern California Gas Company with an offer to assist the City with AMI implementation as part of a one-year pilot project the Company will be starting in the first quarter of 2014.

The Gas Company proposal on September 10 did not allow time to do further research or ask follow-up questions of the Gas Company representatives, so the proposal remains somewhat vague. Nevertheless, in the interest of full disclosure, staff is providing the City Council with the information we do have. A copy of the Gas Company proposal is attached to this report.

- The Gas Company is installing AMI infrastructure to cover its entire system, including Sierra Madre.
- The Gas Company will begin a pilot project under which they will explore the feasibility of utilizing its backbone infrastructure for data receiving and processing with the metering systems of other utilities.
- The Gas Company uses exclusively metering equipment made by the Aclara Company.
- The City would purchase and install Aclara meters and radio endpoints.
- The Gas Company's backbone Aclara infrastructure to receive the transmissions from our meters; collecting the water meter data and sending it to The Gas Company where it would be processed.
- The Gas Company would then send the data to the city for the city's use.
- By utilizing the Gas Company backbone system, the City could potentially save as much as \$170,000 in initial system start-up costs.
- The Gas Company proposal indicates that the cost of the pilot program to the City would be \$5,000, but does not indicate what that amount gets for the city.
- Gas Company representatives could not commit to Gas Company support of the Aclara water billing system beyond the one-year term of the pilot program, nor could they commit to providing the 3,808 endpoint system that Sierra Madre would need to serve the entire city.
- It is not known if the Gas Company system can "communicate" seamlessly with the City's utility billing system or what the cost and availability of Aclara metering products are.

- The program is still under development at this time. Pages 13-15 of the attached proposal from the Gas Company list some of the limitations of the program or areas of the program still under development.

The Gas Company proposal could be advantageous to the city by saving some of the initial system startup costs as well as saving the city the maintenance of the backbone data gathering system. It could also be advantageous in that The Gas Company is patterning its AMI system operations after those that have been successfully implemented by P,G & E, so that there is expertise in system installation available.

There is much that remains unknown at this time regarding the Gas Company proposal; it is too early for staff to be able to make a recommendation to the City Council regarding the costs or feasibility of the proposal; again the proposal is being presented in the interest of disclosing that there *may* be other options available to the city for AMI.

### **ALTERNATIVES**

The City Council has a number of alternatives to consider at this time:

- 1.) Approve the installation of a citywide AMI system, awarding the contract to Concord Utility Services for an amount not to exceed \$1,406,385; with the procurement of Sensus AMI meters and AMI appurtenances from Aqua-Metric; and, provide staff with direction as to:
  - Which financing option to utilize in funding the project; and
  - What funding source to utilize for funding the project, ie water funds, sewer funds, general funds.
- 2.) Approve the purchase and installation of AMI system as proposed by Equarius Waterworks utilizing Neptune metering equipment in an amount not to exceed \$1,499,445; and provide staff with direction as to:
  - Which financing option to utilize in funding the project; and
  - What funding source to utilize for funding the project, ie water funds, sewer funds, general funds.
- 3.) Reject the bids from Aqua-Metric and Equarius and:
  - a.) Direct staff to re-advertise the project
  - b.) Direct utility rate consultant and staff to utilize one of the bid amounts listed here in the current rate study to allow for the purchase of the AMI system under the proposed rate structure
  - c.) Direct staff to obtain additional information regarding the Gas Company proposal and return the matter of AMI metering to the City Council for further discussion.

## PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies of this report are available at the City Hall public counter, at the Sierra Madre Public Library, and on the City's website at [www.cityofsierramadre.com](http://www.cityofsierramadre.com).

### STAFF RECOMMENDATION

Staff recommends that the City Council:

Approve the installation of a citywide AMI system, awarding the contract to Concord Utility Services for an amount not to exceed \$1,406,385; with the procurement of Sensus AMI meters and AMI appurtenances from Aqua-Metric; and, provide staff with direction as to:

- Which financing option to utilize in funding the project; and
- What funding source to utilize for funding the project, ie water funds, sewer funds, general funds.

Attachments: Exhibit A - June 25, 2013 City Council Staff Report w/minutes  
Exhibit B - January 22, 2013 City Council Staff Report w/minutes  
Exhibit C – Aqua-Metric bid sheet w/ correction letter  
Exhibit D – Equarius bid sheet  
Exhibit E – Gas Company Proposal