

RESOLUTION 02-2025

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE GROVELAND COMMUNITY SERVICES DISTRICT APPROVING AN AMENDMENT TO THE AGREEMENT WITH NBS CONSULTING FOR ADDITIONAL PROFESSIONAL CONSULTING TASKS RELATED TO DEVELOPMENT OF A FIRE SERVICES SPECIAL TAX MEASURE FOR A FUTURE BALLOT, APPROVAL AND IMPLEMENTATION OF DEVELOPMENT IMPACT FEES FOR FIRE AND PARK SERVICES, APPROVAL AND IMPLEMENTATION OF UPDATED WATER AND SEWER CONNECTION/CAPACITY FEES FOR NEW DEVELOPMENT, AND IMPLEMENTATION/OUTREACH ASSISTANCE WITH A NEW WATER AND SEWER RATE SCHEDULE

WHEREAS, the Groveland Community Services District (herein referred to as District) is a local government agency formed and operating in accordance with Section §61000 et seq. of the California Government Code; and

WHEREAS, the District has faced significant challenges over the past 15 years in maintaining service quality and infrastructure reliability due to extensive cost-cutting measures, including staffing reductions and delayed infrastructure investments; and

WHEREAS, subsequent rate increases in 2016 and 2018 facilitated nearly \$30 million in infrastructure investments, but the end of these increases has led to revenue shortfalls due to surging costs in nearly all necessary expense areas; and

WHEREAS, further staffing reductions in Water and Sewer Services would compromise safety, reliability, and compliance, while the Fire Department's current funding levels are insufficient to meet contractual obligations and operational standards; and

WHEREAS, the District lacks Development Impact Fees which are intended to offset the service impacts of new development, and Water and Sewer Connection and Capacity Fees have not been reviewed or updated in many years; and

WHEREAS, the current agreement with NBS Consulting has produced drafts of essential financial studies and highlighted the need for additional revenue to fund significant capital improvements amounting to \$58 million for Water Services and \$26 million for Sewer Services over the next decade; and

WHEREAS, timely public understanding of these financial and infrastructural challenges is critical for successful implementation of necessary rate adjustments and a proposed Special Tax Measure for Fire Services; and

WHEREAS, the District has negotiated a new scope of work and agreement with NBS Consulting to expand their scope of work to finalize and update Water and Sewer Rate Models, enhance public informational materials, and facilitate education efforts regarding service costs and infrastructure needs; and

NOW THEREFORE BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF THE GROVELAND COMMUNITY SERVICES DISTRICT DOES HEREBY *adopt Resolution 02-2025 approving an amendment to the Agreement with NBS Consulting for additional Professional Consulting tasks related to Development of a Fire Services Special Tax Measure for a future ballot, approval and implementation of Development Impact Fees for Fire and Park Services, approval and implementation of updated Water and Sewer Connection/Capacity fees for New Development, and implementation/Outreach Assistance with a new Water and Sewer Rate Schedule.*

FURTHER RESOLVED, the agreement shall include a Not to Exceed amount of \$110,000 and authorize staff to negotiate the final work scope, establish task order priorities, and set a project schedule based on District needs.

WHEREFORE, this Resolution is passed and adopted by the Board of Directors of the Groveland Community Services District on January 14, 2025, by the following vote:

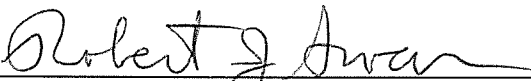
AYES: Directors Swan, Armstrong, Edwards, and Kwiatkowski

NOES:

ABSTAIN:


ABSENT: Director Mora

APPROVE:



Robert Swan, Board Chair

ATTEST:



Rachel Pearlman, Board Secretary

CERTIFICATE OF SECRETARY

I, Rachel Pearlman, the duly appointed and acting Secretary of the Board of Directors of the Groveland Community Services District, do hereby declare that the foregoing Resolution was duly passed and adopted at a Regular Meeting of the Board of Directors of the Groveland Community Services District, duly called and held on January 14, 2025.

DATED: 1/14/2025

EXHIBIT A

CONSULTANT SCOPE OF SERVICES

Parcel Tax Formation

KICK-OFF MEETING, PROJECT SCHEDULE

NBS will meet with District staff and other interested parties to:

- Establish lines of communication.
- Clarify the specific project goals and criteria that will meet the District's preference.
- Identify and resolve any special circumstances regarding the parcel tax formation.
- Develop project schedules to meet legal requirements and provide for effective interaction of all involved parties.
- Establish meeting dates consistent with schedule to achieve project milestones.

DATA COLLECTION

NBS will gather and review data relevant to the parcel tax formation. Data will be obtained from various sources, including District records, Assessor's parcel maps, County Assessor information and County Registrar of Voter records.

COST ESTIMATE

NBS will work with the District to develop an estimate of projected costs to calculate an adequate tax rate.

SPECIAL TAX FORMULA

NBS will work with the District to develop a special tax formula that meets the needs of the community, voters and the District.

RESOLUTIONS/ORDINANCES

NBS will prepare, or coordinate with legal counsel, all the required resolutions and ordinances to be considered by the Board of Directors for the parcel tax formation proceedings.

ELECTION COORDINATION

NBS will work with the County to coordinate consolidation of the election with the County to put the measure on the ballot.

MEETING ATTENDANCE

NBS will present all necessary testimony and respond to public comments regarding the parcel tax formation proceedings and will attend the Board of Directors meeting.

CONSULTING SUPPORT

NBS will provide a toll-free phone number for use by the District, other interested parties and all property owners. Our staff will be available to answer questions regarding the formation and ongoing collection of the parcel tax for the District. Bilingual staff is available for Spanish-speaking property owners.

Engagement Services

COMMUNICATION TOOLKIT

CivicMic will develop a comprehensive toolkit including website content that may include items such as:

- The need for additional revenue.
- Funding options and understanding a parcel tax.
- Legislative background.
- Timeline for formation and collection of the special tax.

The communication toolkit will also include development of a FAQ flyer, development of postcards sample notifications, checklists for calendared engagement, and guidelines for various communication activities. Resources will be provided to streamline planning and implementation of a communication action plan.

COMMUNITY SURVEY: NBS' internal engagement team, CivicMic, will conduct qualitative research in the form of a community survey of residents at large. This email and social media outreach will comprise an abbreviated survey asking residents to weigh in with their priorities. This community engagement effort provides additional perspectives to the research and can be useful in conveying the District's commitment to inclusivity and transparency.

Survey Landing Page: A dedicated webpage will be created for the survey efforts. It will provide a brief explanation of the parcel tax need and a timeline for the approval process.

Findings Report: A final report will provide details on survey responses to and offer visual methods for understanding the community priorities.

Water and Sewer Rate Study – Additional Work

KICK-OFF MEETING AND DATA COLLECTION

NBS will provide the District with an updated data request and hold a kickoff meeting (by videoconference) to review and discuss the updated data. The data required to conduct the study includes information, such as:

- Financial data typically reported in financial statements.
- Operating and maintenance budgets for each utility including water supply costs, wastewater treatment, personnel costs, and infrastructure replacement costs.
- Detail of total annual rate revenue for the past two years.

- Customer billing information, such as water meter sizes, customer class, property type, and monthly water consumption by customer class.
- Current cash balances in each reserve fund for each of the utilities.
- Capital Improvement and/or Master Plans.

FINANCIAL PLAN UPDATE

NBS will update financial plans for each utility that summarize revenues, expenditures, reserves, and will identify the net revenue requirements – that is, the revenue that must be collected from customer charges.

Task deliverables will include, for each utility:

- A 10-year financial projection model that will serve as a financial “roadmap.”
- Summary of current and projected net revenue requirements.
- Review of the District’s current reserve fund policies and targets.
- Projected year-end reserve fund levels.
- Calculated debt service coverage ratios.

These financial plans will lay the groundwork for the cost-of-service and rate design analyses. The following subtasks are anticipated:

1. **Projected Revenues and Expenditures** – NBS will prepare a 10-year rate model for each utility that projects revenues, expenses, and increases in rate revenue needed to meet all obligations. The analysis will use a cash-basis approach when addressing the District’s system of accounts. The work will provide the District with a financial tool that is able to model rate adjustments, varying operating and maintenance costs, infrastructure improvements, debt issuance, asset replacement, and appropriate reserve fund levels. The District’s projected customer growth rates from master plan documents and planned cost inflation factors will be incorporated into the analysis.
2. **Evaluate Reserve Fund Sufficiency** – NBS will evaluate the sufficiency of existing reserve funds, target reserves, reserve fund policies, and related issues, such as meeting debt service coverage ratios and other rate covenants. NBS will provide recommendations for reserve fund targets that are tailored to the District’s specific needs. If it is determined a deficit in reserves exists, we will consider a phased-in approach to funding reserves to minimize the impact to ratepayers.
3. **Review Capital Improvement Program Funding** – NBS will incorporate the District’s plans for new facilities, infrastructure improvements, and asset replacement into the financial plan. We will evaluate the timing, costs, and available reserves needed to fund all projects. NBS will collaborate with District staff to develop a well-conceived approach to funding these capital needs. The solution will include an appropriate balance between rate and system development fee funded projects and, if necessary, the use of outside financing. NBS will develop up to three scenarios to fund the capital improvement program for modeling and comparison purposes.

COST-OF-SERVICE ANALYSIS UPDATE

Using the net revenue requirements updated in the Financial Plan, we will equitably allocate costs to each customer class based on cost-of-service principles that comply with Prop 218. NBS will review the District's existing customer classifications for each utility and analyze the historical usage characteristics to determine if any changes should be made to provide more equity among user classes or comply with industry standards.

Based on the level of detail in the District's budgets, NBS will evaluate how costs should be allocated to various cost components and types of customers. The following subtasks explain the differences by utility.

Water Cost-of-Service Analysis

NBS will prepare a cost-of-service analysis to equitably allocate the revenue requirements to the individual customer classes based on industry standards. We will review existing customer classes and analyze the historical characteristics of each customer class. The main components of the cost-of-service analysis are as follows:

- 1. Functionalization/Classification of Expenses** – Functionalizing the expenses means arranging costs into basic categories, such as source of supply, treatment, transmission, and distribution, as well as administrative and overhead costs. Once the costs have been functionalized, they are then classified into their various cost components (i.e., capacity, commodity, and customer-related costs).
- 2. Allocation of Costs to Customer Classes** – These costs are then allocated to individual customer classes based on allocation factors specific to each cost classification, producing fixed and variable revenue requirements for each customer class. These allocations will be used for the actual rate calculations.

Sewer Cost-of-Service Analysis

NBS will follow a similar cost allocation process used in the water analysis for the sewer cost-of-service analysis. We will rely on the District's sewer budget to classify all expenses into their various cost components, such as flow (volume), strength (BOD, or COD, and TSS), and customer-related costs. With the District's customer billing data, we will develop the customer usage statistics, or allocation factors, that will be used to assign costs to each customer class. The allocations will consider water consumption data, sewer treatment plant flow and loading data, and industry standard customer classification data. The cost allocation factors that will be developed include:

- Volume Allocation Factor – Develop estimates of the total annual volume of wastewater treated for each customer class.
- Strength Allocation Factors – Develop estimates of the annual pounds of Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS) collected for each customer class.
- Customer Allocation Factors – Calculate the number of customers by customer class in the District’s sewer service area.

NBS will then apportion the costs to individual customer classes based on the allocation factors specific to each cost classification, producing fixed and variable revenue requirements for each customer class. These allocations will be used in the actual rate calculations for each customer class.

RATE DESIGN ANALYSIS REVIEW

NBS will work with District staff to review the previously modeled utility rate structures and ensure that with the updated data the proposed rates will meet the District’s broader rate design goals and objectives. NBS will work with the District regarding the complex issues and increased per customer cost associated with providing water and sewer service in rural California, where nearly half of the customers are second homeowners living in urban California. Identifying and including pass-through mechanisms in the rates would be incorporated in the rate resolutions and Prop 218 notices. The following subtasks are anticipated:

Develop Rate Design Recommendations

Updated utility rates will be developed based on the cost-of-service analyses, and we will include a discussion of the relative merits (i.e., pros and cons) of the current rate structures compared to the new alternatives developed in the study. This process includes discussions with the District regarding the desired rate complexity and the resulting customer bills. To the extent that the District chooses to maintain the existing rate structures, we will focus on ensuring that the new rates provide adequate revenue levels to support utility operations, maintenance, and capital improvement needs.

Review Criteria for Improving the Rate Design – Revenue sufficiency and stability are critical components to consider when evaluating rate designs. In projecting future rates and rate increases, NBS takes a conservative approach to ensure that there is no significant under-collection of rate revenue which represents a “worse case” scenario. An approach that minimizes the chance of under-collection would potentially enable the utility to reduce future rate increases without leaving reserves underfunded. There are a number of criteria that NBS will discuss with District staff in considering new rate structures, including:

- How costs allocated to fixed and volumetric rates affect revenue stability.
- How water conservation is reflected in the water and sewer rate analyses.
- How annual changes over the last several years due to drought and conservation efforts should be considered in the rates on a going-forward basis.
- Ensuring that meter sizes are appropriately used in calculating fixed water charges.

- The amount of water allocated to each tier, how much revenue should be collected within each tier, and whether cost-based tiers provide sufficient increases necessary to effectively promote conservation.
- Impacts on customer bills by level of consumption, including single-family residential units occupied as short-term rentals and those used as intermittent vacation homes.

The rate structure alternatives selected will ultimately provide the basis for comparing customer bills under both the current and new rate structures. However, alternative rate structures will be “revenue neutral” because they will all collect the same amount of revenue, both in total and within each customer class.

Analysis of Consumption and Conservation

NBS will evaluate the number of customers at various levels of consumption and the total water use that occurs within each tier. This analysis can be used to quantify the consumption changes in the last few years related to Covid-19 restrictions and post-drought consumption trends, and help better project future demands, particularly in light of the apparently impending drought conditions.

The District’s most recent water consumption data will be used for this analysis to ensure an accurate projection of the revenue that will be collected within each tier, which also allows for testing various rate structure alternatives (e.g., changing the fixed/variable percentages and/or tier breakpoints). This improves the accuracy in designing water rate tiers and ensures that rates recover sufficient revenues.

Consumption data will also be used to evaluate the impact of various conservation levels along with drought rate alternatives for offsetting the revenue losses. Alternatives may include (1) drought rates tied to drought stages, (2) rate stabilization reserves with sufficient funding to cover conservation-related revenue losses, and (3) revenue stabilization rates.¹ A combination of these options may also be used.

Calculate Fixed and Volumetric Charges

In true cost-of-service methodologies, fixed charges ideally cover all fixed costs. However, since pricing signals are often used to encourage water conservation, many water utilities struggle with revenue stability during times of uncertain demands, particularly State-mandated conservation implemented during the drought.

In contrast, volumetric rates should cover variable costs and be allocated in proportion to consumption. However, the emphasis on conservation typically results in collecting some fixed costs through volumetric rates. While this exposes water utilities to revenue instability (e.g., when consumption drops and the utility fails to cover all the fixed costs), the use of rate stabilization reserves and drought rates can offset these challenges.

¹ NBS prepared revenue stabilization rates for San Lorenzo Valley Water District that was set up to automatically implement volumetric rate increases when monthly revenue fell 10-percent or more behind projections, and automatically be rescinded once the revenue was back on track with annual projections.

Determining the best combination of fixed and variable charges is also influenced by other factors, such as ease of understanding and ease of administration. NBS will work with District staff to develop an appropriate balance between fixed and variable charges in the new utility rates.

Calculate Drought Rates (*Optional - Revenue Stabilization Rates*)

Corresponding to the specific levels of conservation, NBS will prepare drought rates that account for the variable costs that decrease when the District sells less water and also adjusts volumetric rates in a revenue-neutral manner that mitigates a net loss in rate revenue. These drought rates would be intended to go into effect whenever the District declares it is in a specific stage of its adopted drought mitigation plan, if available.

NBS has also successfully created and implemented “revenue-stabilization rates” with automatic increases whenever projected monthly volumetric rate revenue falls by 10% or more. We will discuss this option with the District to determine the approach that best serves the District’s needs.

Comparison of Customer Bills

NBS will prepare rate tables and monthly bill comparisons for each utility that compare the impact of each rate alternative. Each customer class will have a separate bill comparison. These tables and charts will be used as needed in the report and in presentations with the Board and the public.

PREPARE WRITTEN STUDY REPORT

NBS will prepare draft and final study reports for each utility and work with District staff to review drafts of these reports prior to public release. Our emphasis will be to present a clear and concise report with an executive summary of no more than two pages. Key assumptions, methodologies, and factors affecting the development of the proposed rates will be highlighted with charts and graphs when helpful. In addition, more technical aspects of the study, particularly the tables documenting the calculations and sources of data, will be separately provided in the technical appendix.

MEETINGS AND PRESENTATIONS

NBS will meet with District staff on a regular basis regarding data collection, analysis, initial results, and to answer questions staff may have. We assume that progress meetings with staff will be remote which helps reduce the study costs. We have also budgeted for two (2) public meetings which include one (1) District Board meeting to present the rate study and answer any questions the Board may have, as well as a rate study workshop to introduce the study to the Board and the public. Our cost proposal has provided the additional costs for in-person meetings and offers the District the option to select the format and number of meetings.

PROPOSITION 218 PROCESS AND PUBLIC HEARING SCOPE (PUBLIC EDUCATION / OUTREACH)

Initial Research - Kick-Off Meeting & Project Schedule

NBS will communicate with the District throughout the project's duration to clarify the District's goals, identify any particular circumstances, and develop a realistic project schedule. NBS will meet with District staff, legal counsel, and other interested parties to:

- Establish lines of communication.
- Clarify the specific project goals and criteria that will meet the Districts preference.
- Identify and resolve any special circumstances regarding the engagement process.
- Develop an outreach and communication plan to provide clear education to ratepayers.

Outreach Meetings

- Host and facilitate up to two virtual or in-person meetings to help educate the community on rates and allow community members to discuss items of importance.
- One or more postcards will be created to announce the community meetings.
- The NBS team will lead meetings with a core focus on the water and sewer rate structures' foundational principles.
- Creation of meeting materials such as posters and exhibits in multiple languages.
- Develop action items based on feedback received at community meetings.
- Record virtual community meetings to be shared on CivicMic.com, the District webpage, and social media sites.

Webpage Creation - Develop and Deploy Content To A Dedicated Webpage And Social Media

This task includes but is not limited to the items below. A link will be provided for the District website to send community members directly to **CivicMic.com**.

- Rate calculators or bill estimator – one for sewer and one for water
- Background on the need for increased rates
- History of use of current funds available to the District
- Timeline of anticipated events
- Legislative updates
- Meeting announcements and minutes
- Recorded meetings
- Copies of 218 notices

Educational Flyer

NBS will create a **multilingual** flyer that answers frequently asked questions, explains items such as rate tiers and fixed rates, and supports the 218 process.

Email Campaign - Establishment Of A Listserv

Using the CivicMic platform, we will establish an email contact list for participants in this engagement. Content post to the CivicMic website will be sent directly to all listserv participants. Ways to sign up for CivicMic.com will be shared on meeting announcement postcards and at community meetings.

Community Support - Provide Phone and Email Support Throughout The Process

A toll-free phone number will be provided for use by the District, community members, and any other interested parties. Bilingual staff will be available for Spanish-speaking community members. In addition, community members can submit questions directly to CivicMic.com.

Proposition 218 Public Noticing

The key technical task will be to prepare a draft Prop 218 Notice and provide the proposed rate tables included in the notices. Modifying the District's Municipal Code and rate resolutions are also included, since they will need to be changed to accommodate the new rates. The District should also have legal counsel review the notices for legal compliance with the provisions of Prop 218 wording related to pass-throughs, etc.

Development Impact Fee Implementation

MEETINGS AND PRESENTATIONS

NBS will provide support to the District during public meetings to facilitate the implementation of the Development Impact Fee Study. We will also plan to meet with District staff to review study results and recommendations throughout the project. We have the tools to accomplish all aspects of the project's work plan remotely from NBS offices. We utilize video conferencing, email and telephone to coordinate on the project and review deliverables in an effective manner.

NBS will remain flexible throughout the project to provide meetings and presentations either on-site or remotely. For purposes of developing a project budget, we have assumed all meetings and presentations will be conducted remotely; however, should the District request or require attendance of NBS staff at on-site meetings or presentation of results, we have included a per meeting cost option for the District's consideration.

The following meetings and presentations are anticipated for this study:

1. **Meetings with District Staff** – NBS will hold meetings with District staff to review and discuss work products and gain insight from Staff on the direction of the study. Work-in progress meetings will be held via conference call or video conferencing format. We also expect to have regular phone conversations with District staff to review data, discuss the study's progress, solicit input from staff, and review the study's initial results.
2. **Board Meetings** – NBS will present at two regularly scheduled Board meetings. In these presentations, NBS will educate the Board on the study process, present study results and recommendations, receive input and guidance on the direction of the study, and answer questions. We will prepare a PowerPoint presentation for these meetings which will include visual aids, graphics, charts, and additional worksheets or handouts.

Water and Sewer Capacity Charge Implementation

REVISE CIP DATA

To ensure that the Water and Sewer Rate Studies and the Water and Sewer Capacity Charges are consistent, NBS will update the Capacity Charge calculations to reflect the revised CIP data provided by the District.

MEETINGS AND PRESENTATIONS

NBS will provide support to the District during public meetings to facilitate the implementation of the Water and Sewer Capacity Charges. We will also plan to meet with District staff to review study results and recommendations throughout the project. We have the tools to accomplish all aspects of the

project's work plan remotely from NBS offices. We utilize video conferencing, email and telephone to coordinate on the project and review deliverables in an effective manner.

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District's Responsibilities

The District shall furnish NBS with any pertinent information that is available to District and applicable to the Services. The District shall designate a person to act with authority on its behalf in respect to the Services. The District shall promptly respond to NBS' requests for reviews and approvals of its work, and to its requests for decisions related to the Services. District understands and agrees that NBS is entitled to rely on all information, data and documents (collectively, "Information") supplied to NBS by District or any of its agents, contractors or proxies or obtained by NBS from other usual and customary sources including other government sources or proxies as being accurate and correct and NBS will have no obligation to confirm that such Information is correct and that NBS will have no liability to District or any third party if such Information is not correct.

EXHIBIT B

COMPENSATION FOR SERVICES

Parcel Tax Formation

Consulting Fee.....	\$17,500
Estimated Expenses ⁽¹⁾	\$1,000
Additional In Person Board Meeting/Workshop Fee (per meeting).....	\$1,500
Additional Virtual Board Meeting/Workshop Fee (per meeting).....	\$750

Parcel Tax Survey Services

Survey Fee.....	\$6,500
Communication Toolkit.....	\$8,500
Estimated Expenses ⁽¹⁾	\$1,500

Water and Sewer Rate Study Additional Work

Consulting Fee.....	\$10,000
Estimated Expenses ⁽¹⁾	\$1,500
Additional In Person Board Meeting/Workshop Fee (per meeting).....	\$1,500
Additional Virtual Board Meeting/Workshop Fee (per meeting).....	\$750

Engagement Fee	\$34,000
Estimated Expenses ⁽¹⁾	\$5,000

Development Impact Fee Implementation

The professional fees assume implementation of the Final Development Impact Fee Report issued in October 2023. Should the District anticipate the need to discuss report edits or make revisions to underlying assumptions for fee calculations, we recommend adding a contingency budget to the project to be utilized as needed on a time and materials basis of \$5,000 for this task.

Consulting Fee.....	\$5,000
Estimated Expenses ⁽¹⁾	\$2,500

Water and Sewer Capacity Charge Implementation

Consulting Fee.....	\$3,500
Estimated Expenses ⁽¹⁾	\$2,500

EXPENSES ⁽¹⁾

Customary out-of-pocket expenses will be billed to the District at actual cost to NBS. These expenses may include, but not be limited to, mailing fulfillment, postage, reproduction, telephone, travel, meals and various third-party charges for data, maps, and recording fees.

ADDITIONAL SERVICES

The following table shows our current hourly rates. Additional services authorized by the District but not included in the scope of services will be billed at this rate or the then applicable hourly rate.

Title	Hourly Rate
Director / Senior Review	\$250
Associate Director / Engineer	\$225
Senior Consultant	\$200
Consultant	\$175
Senior Project Analyst	\$165
Project Analyst	\$150
Project Resource Analyst	\$130
Clerical / Support	\$110

TERMS

Fees for services will be invoiced on a monthly basis. Expenses will be itemized and included in the next regular invoice. If the project is prematurely terminated by either party, NBS shall receive payment for work completed. Payment shall be made within 30 days of submittal of an invoice. If payment is not received within 90 days simple interest will begin to accrue at the rate of 1.5% per month. Either party may cancel this contract with 30 days' written notice.

INVOICING

We invoice on a monthly basis, following recorded consultant time on the project, paralleling our completion of the work. At no time will we invoice for charges in excess of the fee to which Groveland Community Services District and NBS mutually agree. Should the District specifically request additional services beyond those described in this document, we will discuss those requests and associated costs at that later time and only invoice for additional fees upon separate written authorization from the District.

EXHIBIT C

MUNICIPAL ADVISOR DISCLOSURE

Disclosure of Conflicts of Interest and Legal or Disciplinary Events

Pursuant to Municipal Securities Rulemaking Board (“MSRB”) Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients and potential clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of NBS and its associated persons.

CONFLICTS OF INTEREST

Compensation

NBS represents that in connection with the issuance of municipal securities, NBS may receive compensation from an Issuer or Obligated Person for services rendered. Any such compensation may be contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, NBS hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding NBS’ ability to provide unbiased advice to enter into such transaction. This conflict of interest does not impair NBS’ ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

It should be noted that other forms of compensation (i.e., hourly or fixed-fee based) may also present a potential conflict of interest regarding NBS’ ability to provide advice regarding a municipal security transaction. These other potential conflicts of interest will not impair NBS’ ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

The fee paid to NBS increases the cost of investment to your agency. The increased cost occurs from compensating NBS for municipal advisory services provided

Other Municipal Advisor Relationships

NBS serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another NBS client. For example, NBS serves as Municipal Advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to your agency. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, NBS could potentially face a conflict of interest arising from these competing client interests. NBS fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with your agency.

If NBS becomes aware of any additional potential or actual conflict of interest after this disclosure, NBS will disclose the detailed information in writing to the issuer or obligated person in a timely manner.

LEGAL OR DISCIPLINARY EVENTS

NBS does not have any legal events or disciplinary history on NBS’ Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Issuer may electronically access NBS’ most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html.



There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC. If any material legal or regulatory action is brought against NBS, NBS will provide complete disclosure to the Issuer in detail allowing the Issuer to evaluate NBS, its management and personnel.

Pursuant to Municipal Securities Rulemaking Board Rule G-10, on Investor and Municipal Advisory Client Education and Protection, Municipal Advisors are required to provide certain written information to their municipal entity and obligated person clients which include the following:

- NBS Government Finance Group is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board.
- Within the Municipal Securities Rulemaking Board (“MSRB”) website at www.msrb.org, Groveland Community Services District may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.