

## **EXHIBIT 19-A**

### **VALUATION AND COST OF SERVICE CONSULTANT SCOPE OF SERVICES**

- Review proposed asset packages for valuation and cost of service analysis; Review with District, District's eminent domain legal counsel, and District's Investor-Owned Utility Consultant the available data for valuing the assets; Determine quality and usefulness of data for executing desired scope of service; Identify key concerns and issues.
- Provide advice on scope and magnitude of transition costs (call center, billing system, employee costs, etc), and severance damages (compensation to seller for lost opportunity or penalties); Work with District's Investor-Owned Utility Consultant to develop rudimentary assumptions about an operating plan; Coordinate with consulting team to include in cost of service analysis.
- Perform valuation of various asset packages using the following methods: replacement cost new less depreciation, income approach, market approach; Market approach may be based on cost per connection and/or multiple of book value, or other as determined to be appropriate by Consultant. The Valuation and Cost of Service Study Consultant will be expected to research representative transactions. Examples will be provided, but the Consultant in its sole opinion will determine comparable transactions.
- Valuations will be presented to, and reviewed by, District's legal counsel.
- Based on valuations determined, the District's Investment Banking Consultant will provide alternate debt financing scenarios for use in the cost of service model; The Valuation and Cost of Service Study Consultant shall construct and execute a cost of service model demonstrating operations under investor-owned utility ownership and under public ownership for each asset package and operating scenario; (Lifecycle period for model, e.g. 10-years, 30-years, etc, to be discussed); Model inputs, logic, assumptions, and results will be reviewed in coordination with other District consultants; Results will be analyzed relative to various measures of "feasibility" to be provided by the District; Draft results of feasibility analysis to be reviewed by other members of District's consulting team, as appropriate.
- Based on the cost of service model, working in conjunction with the investment banking consultant, determine the maximum acquisition cost that could be paid, while meeting the various measures of feasibility.
- Based on your industry knowledge and any data you may be able to identify, provide an estimate of a typical annual escalation rate for O & M and the overall cost of service for publicly owned water systems.
- Identify key issues for feasibility phase that may affect futures phases of the eminent domain process
- Preserve confidentiality in all work product and communications to District and District Counsel
- Provide schedule for work product, including interim milestones, with final product delivery by July 26, 2019
- Any and other services as needed and requested by the District

## **INVESTOR OWNED UTILITY CONSULTANT SCOPE OF SERVICES**

- Working with District and District's Valuation and Cost of Service Study Consultant review the available reports and data to create inventory of water utility assets in the Monterey District of California American Water Company. Review proposed asset packages for valuation and cost of service analysis.
- Review with District and District's Valuation and Cost of Service Study Consultant the available data for valuing the assets and modeling operations; Assist other consultants to interpret information found in reports and filings submitted to the California Public Utilities Commission (CPUC) and other reports, including but not limited to recent CPUC decisions in the General Rate Case, Cost of Capital case, and Monterey Peninsula Water Supply Project application; Identify key concerns and issues
- Provide advice on scope and magnitude of transition costs (call center, billing system, employee costs, etc), and severance damages (compensation to seller for lost opportunity or penalties); Work with District's Valuation and Cost of Service Study Consultant to develop rudimentary assumptions about an operating plan; Coordinate with consulting team to include in valuation and cost of service analysis.
- Review and comment on the valuations calculated by the Valuation and Cost of Service Study Consultant; Work with District consulting team on any modifications and/or weightings agreed to.
- Assist the Valuation and Cost of Service Study Consultant to construct and execute a cost of service model demonstrating operations under investor-owned utility ownership and under public ownership for each asset package and operating scenario; Review model inputs, logic, assumptions, and results in coordination with other District consultants; Results will be analyzed relative to various measures of "feasibility" to be provided by the District; Draft results of feasibility analysis to be reviewed by all members of District's consulting team.
- Identify key issues for feasibility phase that may affect futures phases of the eminent domain process
- Preserve confidentiality in all work product and communications to District and District Counsel
- Provide schedule for work product, including interim milestones, with final product delivery by June 28, 2019
- Any and other services as needed and requested by the District

**INVESTMENT BANKER  
SCOPE OF SERVICES**

- Meet with District and District's eminent domain attorney to discuss issues and logistics that may affect eventual financing structure(s)
- Provide advice on scope and magnitude of financing costs; Coordinate with consulting team to include in cost of service analysis, as necessary.
- Develop tax-exempt bond financing structure(s) based on valuations provided by the Valuation and Cost of Service Study Consultant, market conditions, and investor preferences.
- Confirm in written form that the financing structures as presented are functionally viable and can likely achieve an investment grade credit; Coordinate with District Bond Counsel to confirm your findings. The goal is a structure secured by rates and charges, not taxes subject to voter approval. Further, the structure must address the need to deliver proceeds within 30 days of a court ruling on compensation, but be responsive to a possible appeal by the company within 60 days of the court ruling.
- Review the cost of service model inputs, logic, assumptions, and results in coordination with other District consultants to determine if it will meet future needs of debt issuance process, such as rate covenant and coverage tests.
- Identify any issues that may impact on the District's ability to finance the acquisition of Cal Am's Monterey utility assets
- Preserve confidentiality in all work product and communications to District and District Counsel
- Provide schedule for work product, including interim milestones, with final product delivery by July 26, 2019
- Any and all related services as needed and requested by the District

**EMINENT DOMAIN ATTORNEY  
SCOPE OF SERVICES**

- Preserve confidentiality in all work product and communications to District and District Counsel; Set strategy to preserve confidentiality with all consultants and 3<sup>rd</sup> party contacts
- Meet with District team to describe overall process of acquisition by eminent domain
- Provide a Gantt Chart or other schedule of key activities related to property acquisition by eminent domain
- Identify key issues for feasibility phase that may affect future phases; Identify key consultants (by profession) needed to support District activities; Provide strategic advice
- Identify key legal issues that may affect future phases
- Review proposed asset packages (scenarios) for valuation and cost of service analysis; Identify key concerns and issues
- Provide advice on scope and magnitude of transaction costs, transition costs, and severance damages; Coordinate with consulting team to include in cost of service analysis
- Review and comment of draft results of feasibility analysis
- Consult with District Counsel on LAFCO and other issues
- Consult with District Counsel on District enabling legislation issues, especially Section 397
- Any and other services as needed and requested by the District