



UTILITY RATE STUDY

The City of Mason (City) is seeking a qualified and experienced consultant to perform a utility rate study. We are pleased to provide our proposal to execute the study outlined in the Request for Proposals (RFP).

The last comprehensive wastewater rate study was conducted in the 2003 timeframe when debt was issued to support treatment plant investment. That study provided a schedule of increases through 2009. Based on the rates provided in the current RFP, it appears no increase was implemented for 2010. The wastewater rate study will need to provide a plan for funding operating and capital costs that balances the achievement of several objectives, including:

- Prudent financial management, in part measured by attaining desired reserve and coverage levels;
- Avoids one time "rate shock" created by large revenue increases;
- Funds both operating cost and planned capital investment in a challenging economic environment; and
- Evaluates fairness of current rates in recovering the cost of providing the service.

In this proposal, we will address the following key areas.

1. Organization
2. Key Personnel
3. Project Methodology
4. Data Needs
5. Timetable and Hours
6. Fixed Price
7. Alternate Stormwater Service Price and Hours
8. References
9. Other Information

1. Organization

Black & Veatch is a leading global engineering, consulting and construction company specializing in infrastructure development and consulting in the energy, water, telecommunications, federal and environmental markets. Founded in 1915, Black & Veatch develops tailored solutions that meet clients' needs and provides sustainable benefits. We provide a broad range of services including conceptual and preliminary engineering services, engineering design, procurement, construction, financial management, asset management, program management, construction management, environmental, security design and consulting, management consulting and infrastructure planning.

We have built our reputation by providing our clients with high-quality and responsive services. We take pride in building strong relationships with our clients; many have retained our services continually for more than 40 years. We have a proven track record; more than 80 percent of our projects are performed for repeat clients.

Management Consulting Division

B&V Management Consulting has over 220 consultants. We deliver value through the application of first-hand industry expertise, exceptional program and project execution, thought leadership, proven methodologies and processes, and ethical business practices. Our proven capability to deliver is local, national and international. We are a dynamic organization that strives to change as our clients' needs evolve.

Our engagements can draw on experienced senior executives, economists, senior policy experts and regulatory officials, engineers and internationally respected subject-matter experts.

Since Black & Veatch provides diverse consulting services that span financial, process, and technology solutions, many of our experienced professionals possess cross functional skills that include cost of service/rate design, business process / work flow analysis, asset management, and implementation services.

B&V Management Consulting provides services under three broad solution areas, namely Strategy Services, Infrastructure Consulting and Engineering, and Business & Operating Technology. Figure 1 provides a summary of the specific services offered in each of the solution areas, by the B&V Management Consulting professionals.

Figure 1 - B&V Management Consulting Solutions

B&V Management Consulting Solutions		
Strategy Services <ul style="list-style-type: none"> • Enterprise Strategy Development • Energy Asset Strategy • Energy Market Perspective/Market Analysis • Demand Side Management/Energy Efficiency • Utility Regulatory and Litigation Support • Municipal Financial Planning and Ratemaking • Municipal Formation and Organizational Transformation • Sustainability/Smart Grid 	Infrastructure Consulting and Engineering <ul style="list-style-type: none"> • Transaction Support • Technical Due Diligence • Benchmarking • Integrated Resource Planning • Construction Monitoring • Development Support • Operations Review • Asset Valuations 	Business & Operating Technology Services <ul style="list-style-type: none"> • Project / Program Management • Technology Planning • Software Vendor Selection Services • Full Lifecycle System Integration Services • Delivery Assurance Services • Organizational Optimization • Business Intelligence & Performance Management • SAP Services Partner • Oracle Partner Network Member • HP Software & Solutions Services Provider

2. Key Personnel

Black & Veatch has assembled a highly qualified team to successfully execute the project established in the RFP. As indicated in the organization chart in this section, our project team is directed by a seasoned water, wastewater and stormwater industry leader and supported by an experienced project manager and specialists. Leadership will be provided by Ms. Peggy Howe, Vice President and Utility Services Executive located in Overland Park, Kansas. Project management will be provided by Mr. Dave Naumann. In the interest of brevity, short resumes are shown in this section; full resumes are available upon request.

In addition to the lead staff identified in this proposal who will be directly involved in these studies, we have a significant number of other staff engineers, MBA's, economists, rate and financial experts, and other technical and clerical staff with qualifications and experience similar to those shown herein, who are available for consultation and to assist with particular aspects of the proposed studies. This depth of long-term Black & Veatch talent provides a broad range of experience readily accessible to meet project needs if needed. These individuals will support, in varying capacities, the key personnel within the project team, and represent the additional breadth of staff available to execute this engagement.

City of Mason

Project Director
Peggy Howe

Project Manager
Dave Naumann

Advisor
Pam Lemoine
John Huber

Support Staff
Mat Powis

Peggy Howe

Ms. Howe, a Vice President and 30 year veteran in the water industry, will serve as Principal-in-Charge throughout the conduct of this project.

Ms. Howe has been working with the management, administrative, and financial aspects of municipal utilities throughout her career. She has managed financial planning, asset management, feasibility studies, policy studies, capital improvement financing projects, rate studies, bond feasibility studies, and operation and staffing studies for large and small utilities. She currently serves as the Vice President of the Midwest Region and the Water Operations Executive for the Enterprise Management Solutions division of Black & Veatch. Her recent assignments have focused on business plan modeling, rate and affordability issues, valuation, capital prioritization and performance management for numerous utilities.

Ongoing Business Advisory, City of Springfield, OH

Ms. Howe has provided consulting services to the City of Springfield's water and wastewater utilities for over 25 years. She is currently serving as principal in charge for the development and implementation of a stormwater utility for the City. The project includes evaluation of user fee methodologies and defining the impervious area estimation methods, development of a master account file, development of stormwater revenue requirements, and defining a rate schedule for residential and non-residential parcels. The study also involves extensive public outreach activities including development of a Stormwater Advisory Committee and development of a public outreach plan.

The most recent water and wastewater cost of service rate study was completed in 2006 and included determination of proposed revenue and revenue requirements, cost of service analysis, and proposed rate schedules for water and sewer service. A user-friendly rate model was also provided as part of this study to assist the City with budget development.

Other financial work includes preparing a business model for analyzing the financial impact of the permitting requirements for the City's combined sewer overflow (CSO) program. The analysis covered a 15-year period and evaluated the potential funding alternatives, including cash financing, bond proceeds (revenue and general obligation), user charge revenues from the sewer utility, and potential user revenues from a stormwater utility.

Ms. Howe also assisted the City with a comprehensive study of alternative meter-reading systems, developed specifications for utility billing software and analyzed the impact of changing from quarterly meter-reading to monthly meter-reading.

Ongoing Business Advisory Services, Metropolitan Sewer District of Hamilton County, Ohio

Since 2000, Ms. Howe has assisted the District with a variety of business advisory services. Most recent is her assistance with the affordability analysis related to the EPA consent decree. A 30-year business model was developed to illustrate the impact of such variables as growth, inflation, the city's economic condition and the total capital expenditure on the typical single family bill.

Ms. Howe also managed financial planning and wastewater rate assistance to the Metropolitan Sewer District, incorporating new concepts and tools, such as a computerized cost-of-service allocation and rate design model to assist in the development of schedules of sewerage rates. In addition to financial modeling, Ms. Howe was the Principal in charge of the implementation of a performance management system for the District.

Business Plan Modeling, Financial Planning, Asset Management, Feasibility Studies, Institutional Strengthening

Education

B.S., Civil Engineering, North
Dakota State University, 1979
M.B.A., University of Kansas,
1985

Professional Registration

Professional Engineer: Kansas,
1984, # 9744

Experience

1979 – present

Joined Black & Veatch

1979

Professional Associations

Water Environmental Federation
American Water Works
Association

Business Plan Modeling, Valuation, Utility District Formation and Performance Management Cincinnati Water Works, Cincinnati, Ohio

B&V Management Consulting has been a trusted business advisor to GCWW for over 20 years. Ms. Howe has served in various roles throughout our relationship with GCWW in providing a variety of projects and tools to the client, including a customized financial planning and water rate model that incorporates the GCWW's revised approach to capital financing as well as reflecting data generated by their new CIS.

Using our financial planning services as a base, Ms. Howe led a team in assisting GCWW with an initiative that included strategic planning, asset valuation, and a feasibility assessment of district formation. The primary goal of the initiative was to evaluate the impact of transitioning GCWW from a municipal water department to an autonomous water district. This evaluation included an update of GCWW's strategic plan to reflect the anticipated shifts in strategic focus prompted by a potential change in governance. Included also was a tactical transition plan that examined how to best execute the formation of the potential new district, including an assessment of operational changes necessary to support all required utility and administrative functions. The feasibility of district formation was tested through economic modeling of the expected results. As part of this work, a valuation of the utility was conducted using a combination of approaches to determine a reasonable range of value, from which negotiations on the purchase of utility assets from the City could be conducted.

In conjunction with the district formation initiative was the development and implementation of a performance management system. The engagement included the development of key performance indicators, generation of a balanced scorecard performance measure hierarchical structure and implementation of a performance management dashboard tool. In addition to providing traditional rate consulting analysis, Black & Veatch has provided strategic analysis for GCWW regarding credit card costs, system expansion

Dave Naumann

Mr. Naumann will serve as Project Manager for this engagement and will have responsibility for the day to day execution of the study.

Mr. Naumann brings over 19 years of utility decision support expertise in the areas of business planning, strategic planning, and financial management. His project experience includes financial planning, cost of service and rate design; water district formation feasibility & organizational transition planning; utility valuation; system development charges, economic modeling; feasibility assessments of plant expansion plans; performance management; process improvement; and asset management for water, wastewater and stormwater utilities. His decision support background, understanding of business operations, and economic modeling experience have been leveraged to develop innovative feasibility assessments and viable financial plans.

In addition to twelve years of experience at Black & Veatch, Mr. Naumann has over seven years of corporate finance experience in feasibility assessments, budgeting and forecasting, business case development and product pricing with a Fortune 100 telecommunications utility. In his most recent role, Mr. Naumann led a finance team for a customer support and care organization with an annual operating budget of \$400 million and 5,000 associates.

Wastewater Rate Study, Johnson County Wastewater, Kansas

Mr. Naumann has served as Project Manager for a wastewater financial planning analysis and rate design engagement on an annual basis since 2005. This study includes the development of a forecast of operating

***Water, Wastewater, and
Storm Water,
Financial Consulting,
Feasibility Analysis,
Organizational
Strengthening,
Economic Modeling,
Performance
Management,
Debt Issuance Support***

Education

B.S.B.A., Finance Economics,
Rockhurst University, 1991
M.B.A., Finance, University of
Missouri – Kansas City, 1997

Experience

1991 – present

Joined Black & Veatch

1991 and 2005

revenues and costs and allocated costs to customer classes in accordance with industry standards and principles. The most recent engagement involved an examination of declines in billable usage and their corresponding impact on financial forecasting and rates.

Water and Wastewater Rate Study & Model, City of Aurora, Illinois

Mr. Naumann is serving as Project Manager for the City of Aurora's water rate study. Included in the study is an analysis of alternative rate structures, including conservation rates, and the development of a utility rate model to be managed by the City's Finance department. This study is anticipated to be finalized by the end of 2010.

Wastewater Planning Study, Johnson County Wastewater District, Kansas

Mr. Naumann served as Project Manager and executed three primary tasks for the District:

- Creation of a plan to integrate operating and capital rates into a single rate structure;
- Development of a user-friendly financial planning and cost allocation model for the O&M fund; and
- Reviewing the adequacy of system development charges assessed by the District.

Findings of this study included enabling decisions regarding the planned timing of rate integration. The rate model for the O&M fund has been used since for the annual rate study analysis. System development charges were reviewed for their adequacy to recover appropriate cost, and were left unchanged as a result of the analysis.

Water Rate Study and Model, Greater Cincinnati Water Works, Ohio (GCWW)

Mr. Naumann served as Project Manager for this comprehensive water rate study, which included proposed financial planning, cost-of-service analysis and rate design. In addition, Mr. Naumann developed a user-friendly financial planning and rate design model to enable ongoing use by GCWW staff. The model was equipped with a module to help GCWW evaluate incremental costs associated with system expansion.

Additionally, Mr. Naumann served as Project Manager for GCWW on a large initiative that included strategic planning, asset valuation, and a feasibility assessment of district formation. The primary goal of the initiative was to evaluate the impact of transitioning GCWW from a municipal water department to an autonomous water district. This evaluation included an update of GCWW's strategic plan to reflect the anticipated shifts in strategic focus prompted by a potential change in governance. Included also was a tactical transition plan that examined how to best execute the formation of the potential new district, including an assessment of operational changes necessary to support all required utility and administrative functions. The feasibility of district formation was tested through economic modeling of the expected results. In support of the feasibility assessment, a valuation of the utility was conducted using a combination of approaches to determine a reasonable range of value, from which negotiations on the purchase of utility assets from the City could be negotiated. Mr. Naumann facilitated several large workshops during the conduct of the study, one including over 100 GCWW associates, to achieve project goals and the client's desire to conduct the study in an open and participative manner.

Mr. Naumann also served as Project Manager on a second phase of service to GCWW involving the implementation of a performance management system. This phase focused on implementing existing measures within Actuate's *PBViews* performance management system. The engagement involved on-site implementation assistance by project staff, with periodic project and milestone reviews. The project finished ahead of schedule and under budget.

Wastewater Rate Study and Model, Dayton Department of Water, Ohio

Mr. Naumann served as Project Manager for a comprehensive wastewater rate study, which includes proposed financial planning, cost of service analysis, and rate design. In addition, Mr. Naumann developed a user-friendly financial planning and rate design model to enable on-going use by utility staff.

John Huber

Mr. Huber will serve as an advisor on utility best management practices. Mr. Huber is an Executive Consultant to the B&V Management Consulting Water Practice and brings unprecedented experience based on his 16 years as CEO of the Louisville Water Company. He has over 40 years of experience across the breadth of the water utility industry and is recognized for his leadership and achievements. Mr. Huber leverages his utility management experience to bring effective management services and solutions to our clients.

From April 1991 through July 2007 Mr. Huber served as the president and CEO of the Louisville Water Company, a corporation owned by the City of Louisville and governed by the Board of Water Works. The company operates for profit and pays an annual dividend to the City of Louisville.

Accomplishments of the company while Mr. Huber was in this role include the following:

- Initiated and sustained an effective strategic planning and plan implementation process with the buy-in and support of all stakeholders. Plan goal and objective achievement was very high.
- Transformed the utility to an effective customer focused, process based organization achieving measurable results.
- Created, funded and implemented a “best of class” infrastructure management program resulting in the replacement or rehabilitation of 660 miles of water main and over 20,000 lead service lines.
- Created a successful and enduring union-management partnership. The partnership has been recognized with many awards and has been studied by universities including the Harvard University Kennedy School of Government.
- Researched and built a demonstration project for an innovative method of taking water from the Ohio River via a river bank filtration process. Full scale project implementation is nearly complete.
- Expanded the service area and customer base of the utility by acquiring adjacent systems and by wholesaling water to other systems in the region.
- Measured and enhanced already high customer satisfaction levels.
- Adopted best of breed open information technology strategies and successfully implemented customer, financial, human resource and laboratory information systems. Created a service area wide GIS based automated mapping and facility management system and successfully implemented computer aided dispatching
- Brought impacted customers and residents into the planning of controversial projects to achieve mutually acceptable results and timely project completion.
- Built effective relationships with elected officials at all levels of government.
- Played a significant role in the federal drinking water regulation development process to assure regulations brought true benefit to customers without imposing undue burden and cost.
- Conducted applied water quality research to evaluate innovative treatment approaches, cost effective solutions, and effective management of operating risks.
- Implemented an effective strategic and operating risk assessment and risk management program.
- Achieved bond rating upgrades by Moody’s and Standard and Poor to one grade below AAA.
- Met the targeted level of net income in 13 of 16 years. Never achieved less than 85 percent of targeted net income, even during same year weather driven sales declines and weather driven cost increases.

Pam Lemoine

Ms. Lemoine will serve as a strategic advisor to this engagement, and is anticipated to have significant input in the execution of the optional stormwater utility rate study, if it is authorized to proceed.

Ms. Lemoine's experience encompasses a diverse range of management, financial, engineering, and economic studies for stormwater, wastewater and water utilities and solid waste systems. Ms. Lemoine has extensive experience in the conduct of management and financial studies for municipal utilities, including strategic planning, process management, and development of performance indicators, as well as financial feasibility, affordability and comprehensive rate analyses.

Stormwater Utility Development, City of Springfield, Ohio

The City has engaged Black & Veatch to assist with the implementation of a stormwater utility. Project elements include all activities required for the successful implementation of a utility, including organization and financial analysis, parcel analysis, rate structure and fee development, credit program and appeals process development, development of the draft ordinance, and billing database. All activities are being conducted with a strong focus on public involvement, through a citizens' advisory committee and development of a public outreach program. Ms. Lemoine is assisting with the development of all policies, parcel analysis and billing database.

Capital Program Feasibility Study, Comprehensive Rate Studies, and On-going Assistance, Metropolitan Sewer District of Greater Cincinnati

Since 2005, Ms. Lemoine has served as Project Manager on a variety of projects for the District. She recently conducted a detailed evaluation of both the short-term and long-term effects of implementation of significant capital costs associated with a Long Term Control Plan, as required by a global consent decree that MSD entered into with the U.S. Environmental Protection Agency, U.S. Department of Justice, and the State of Ohio. The study evaluated the impact of both the capital costs as well as associated additional operating costs on the utility's revenue requirements, and the resulting rates that could be necessary to fully fund revenue requirements, and the effects on affordability based on an analysis of the residential share of costs compared to median household income. Ms. Lemoine continues to work with the District and the District's attorneys to ensure that the final program allows the District to remain in a financial sound position and that customer costs will remain affordable.

In addition, she managed the completion of a comprehensive rate study and development of a user-friendly rate model, to allow staff to evaluate results throughout the year, as well as analyze the effect of implementing any alternative programs. She has assisted the District in the evaluation of and recommendation of changes to financial policies, funding levels, and fund balances to assist the District in maintaining its credit ratings. She is currently working with the District to evaluate the impact of lower volumes, higher delinquencies and reduction in customers due to the City's economic condition.

Storm Drainage Utility Cost Allocation Study, Tacoma, Washington

Ms. Lemoine served as Project Manager in the completion of a comprehensive review of the City's Storm Drainage utility's cost allocation policies and practices. The study was initiated in order to address certain equity issues that had been raised over the past few years. Ms. Lemoine led the workshops held with the

*Strategic Financial Planning,
Stormwater User Fees,
Capital Projects,
Funding and Bond Feasibility,
Citizen Work Groups,
Public Information*

Education

B.S., General Engineering,
University of Illinois –
Urbana-Champaign

Professional Registration

Professional Engineer:
Washington

Experience

1987 – present

Joined Black & Veatch

1995

Professional Associations

WEF
PNWS/AWWA past
secretary
Financial Management
Committee

Sewer Utility Customer Advisory Panel (SUCAP), and presented final study results to the SUCAP and City Council at the conclusion of the study.

Mat Powis

Mr. Powis serves as a Senior Analyst, with specific experience in financial forecasting, performance management, rate studies, weather normalization, and valuation analyses. He has assisted in the development of financial models for cost-of-service analyses, valuations, future cash flows, and rate studies. He has co-facilitated performance management workshops for performance indicator reviews and balanced scorecard performance measure development.

Wastewater Cost of Service and Rate Design Study, Metropolitan Sewer District of Greater Cincinnati

Mr. Powis assisted in the preparation of a comprehensive evaluation of the District's rate schedule. The study includes a detailed thirty year projection of revenue requirements, comprehensive cost of service analysis and rate design. Mr. Powis is responsible for design and implementation of an improved rate model for the District to complement the rate design study.

Wastewater Program Affordability Study, Reading, Pennsylvania

Mr. Powis is currently assisting in the preparation of a comprehensive revenue requirement and affordability analysis for the City's wastewater utility. The City is under a consent decree to eliminate all SSO's, and the results of this study will provide essential information concerning the affordability of the program required.

Water and Wastewater Rate Study and Model, City of Aurora, Illinois

Mr. Powis is currently assisting in the preparation of a comprehensive water and wastewater rate study, which includes proposed financial planning, cost of service analysis, and rate design. In addition, Mr. Powis is assisting in the development of a user-friendly financial planning and rate design model to enable on-going use by the utility staff.

Utility District Valuation and Performance Management, Greater Cincinnati Water Works, Ohio

Mr. Powis assisted on an initiative that included strategic planning, asset valuation, and a feasibility assessment of district formation. The primary goal of the initiative was to evaluate the impact of transitioning GCWW from a municipal water department to an autonomous water district. In support of the feasibility assessment, a valuation of the utility was conducted using a combination of approaches to determine a reasonable range of value, from which negotiations on the purchase of utility assets from the City could be negotiated. Mr. Powis assisted in creating multiple models to calculate the value of the assets, future cash flows, and a payment structure GCWW would use to purchase the utility.

*Financial Modeling
Price Forecasting
Cash Flow
Reproduction Cost
Performance
Management*

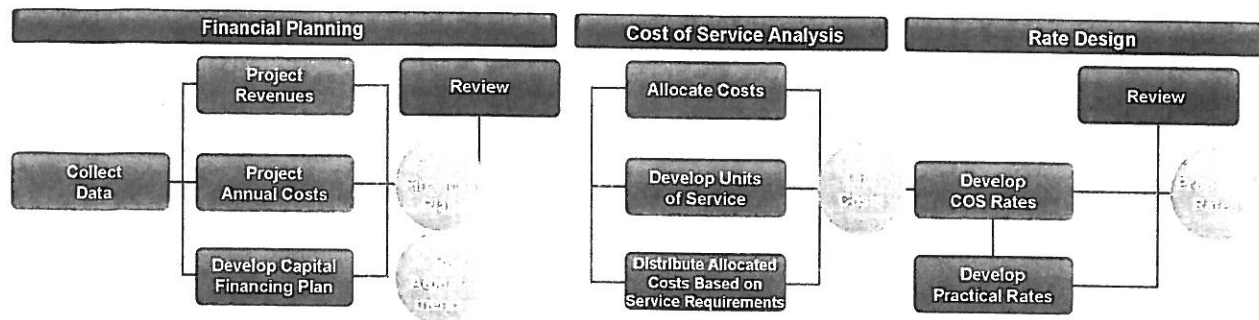
Education

B.B.A., University of Missouri
- Kansas City, 2004
M.B.A, Finance, University of
Missouri - Kansas City,
2006

Joined Black & Veatch
2007

3. Project Methodology

The scope as identified in the Utility Rate Study RFP is thorough and one we regularly perform for our municipal utility clients across the United States. The proposed scope follows the three step methodology that we prefer to execute when conducting utility rate studies. These three steps align with the RFP's Task 1, Revenue Requirements; Task 2, Cost of Service Analysis; and Task 3, Rates and Charges Analysis. This process is complemented by Task 4 which outlines the report deliverable and Task 5 that recognizes the need to assist in the presentation of findings to the City. This three step process is depicted graphically in the following schematic.



We generally initiate rate studies with a kick-off meeting to review project goals, time tables, and data needs. Consistent with the RFP, we recommend a review with the City after a draft financial plan has been assembled. The major deliverable of the Financial Planning effort (Task 1) is the determination of proposed levels or revenue increases needed to achieve utility goals and objectives over the study period. The Cost of Service and Rate Design steps (Tasks 2 and 3 of the RFP) will indicate the fairness and equitability of current rates and enable the development of proposed rates to meet the funding needs of the utility as identified in the financial plan. Task 3 can be iterative in an attempt to balance the equitable recovery of costs with the desire to avoid sudden changes in typical customer bills.

The RFP has identified a number of data items in Task A that will be made available. Based on our extensive work with the Greater Cincinnati Water Works (GCWW), we are well positioned to manage the analysis of billing data. The rate study will require some analysis of the distribution of bills by rate consumption block, a step that often becomes complicated and is a prime area for cost overruns in rate studies. Having performed such analysis for both GCWW and the Metropolitan Sewer District of Greater Cincinnati (MSDGC), we are very comfortable with both GCWW's billing data and their information system personnel.

4. Data Needs

Included in this section is a preliminary list of anticipated data needs. We expect these items will be provided by the City of Mason with the exception of billing data (Items 1 through 3 of the list below). Also, to the extent any of this information may be available on the City's website, a link to such data or a copy of the electronic file is preferable to hard copy reports. Some of this information is already available within the RFP. This data list usually represents information that is readily available; however, if any of these data items represent a significant burden for the City to provide, please contact our project manager to determine an alternative solution or delivery method.

Customers, Usage, & Revenues

- 1 Annual billed wastewater volume by customer class for the most recent five years.
- 2 Annual number of wastewater customer accounts by customer class and billing frequency (monthly, bimonthly, quarterly) for most recent five years. Please indicate if the stated values are year-end or annual averages.
- 3 If service charges or minimum bills for wastewater service vary by meter size, please provide a summary of the number of accounts by customer classification and meter size for the most recent fiscal year. Accounts should also be separated by service area (inside/outside city) and billing frequency for any customer class that has some customers billed on a different frequency than other customers in that class.
- 4 A listing of the largest or most significant wastewater customers (top 10 to 15) with corresponding bills rendered and flow. If possible, indicate if any of these users are expected to significantly change their service requirements within the next five years.
- 5 Annual wastewater revenue from charges for services by customer class for most recent five years.
- 6 Copies of all current wastewater rate ordinances, including ordinances related to fees or charges for miscellaneous related services.
- 7 Copies of bills or other information identifying excess strength customers and their respective BOD and suspended solids strengths or loadings for the most recent year.

- 8 The most recent Comprehensive Annual Financial Report.

Capital Improvement Program

- 9 Schedule of proposed five or ten year major capital improvement program for the wastewater systems, showing a brief description of each project, estimated annual expenditures, and any designated sources of funding, e.g., grants, taxes, debt, or cash financing. Please identify any project(s) for which funds have already been encumbered and note if inflation allowances are included in the cost estimates.
- 10 Projection of normal, annual capital expenditures for the next five to ten years. Normal annual capital expenditures are typically financed by annual revenues and may include items such as vehicles, office furniture and equipment, parts, small equipment, and other capital related items that tend to occur on an annual basis.
- 11 Summary of construction work in progress.
- 12 Copies of revenue bond and general obligation bond official statements related to wastewater related improvements.
- 13 Copies of state revolving loan agreements related to wastewater related improvements.
- 14 Most recent copy of general resolution or bond ordinance that outlines the current requirements for revenue bond debt service coverage, level of reserve funds, and issuance of additional bonds.
- 15 Debt service repayment schedules of all outstanding wastewater related utility debt issues.

Operations

- 16 Influent wastewater volume and wastewater strengths or loadings for the most recent five years or copies of the monthly NPDES summary reports for the most recent five years. Identify any anticipated changes in future discharge permit requirements, especially future nutrient removal requirements.
- 17 Details of any known or anticipated event or factor that would significantly affect future expense levels, such as major wage and salary adjustments, large electric or gas rate changes, operational changes affecting the number of personnel, gain or loss of large customers, annexation of new areas, etc.
- 18 Copy of any existing contracts for wastewater service. These contracts should include any agreements for providing wholesale service, service to large or special customers, including agreements to pay specific operating or capital costs, as well as agreements with other utility service providers. Please note any potential new service agreements or annexations in the next five years.
- 19 Total feet of wastewater mains in service by size for the most recent fiscal year.
- 20 Service area maps of the wastewater systems showing the size of lines and the location of major facilities such as treatment plants, pump stations, etc.
- 21 Organization chart showing the number of authorized and vacant positions within each department of the utility.
- 22 Copies of any operational, design, or planning reports prepared by utility staff or consultants for the wastewater utility.

5. Timetable and Hours

We estimate that approximately 195 hours of effort will be required to complete the scope of services outlined in the RFP for the wastewater rate study. The majority of the work is estimated to occur over a three month time period. The following schedule assumes receipt of Notice to Proceed (NTP) on or before November 1, 2010. The durations on the following timeline indicate periods of concentration of effort, and are not intended to demonstrate exact start and stop dates. The proposed schedule assumes timely receipt of requested data, timely turn-around on materials submitted for review, and access to City staff for meetings. It is possible to accelerate this timetable if needed to meet the City's objectives.

UTILITY RATE STUDY

CT-07-N480

Task Description	Week Beginning:	November					December				January				February				
		1	8	15	22	29	6	13	20	27	3	10	17	24	31	7	14	21	28
Project Management - Budget, Schedule, and Resources																			
Task 1: Revenue Requirements																			
Task 2: Cost of Service Analysis																			
Task 3: Rate and Charges Analyses																			
Task 4: Report Preparation																			
Task 5: Implementation Assistance																			



Notice to Proceed
Presentation



Deliverable
Client Feedback

6. Fixed Price

We propose to provide the services outlined in the City's RFP for a fixed fee of \$29,500, including an estimated \$3,000 for travel and other miscellaneous expenses, as shown in the adjacent table. This fixed fee assumes a total of four meetings and/or presentations with City staff and City Council during the conduct of the study. Services in addition to those outlined in the RFP and additional meetings and/or presentation would be provided at the request of the City and would be considered additional services. We also propose billing for services for Tasks 1-5 as each individual task is confirmed by the City to be complete.

Task	Hours	Cost
Task 1: Revenue Requirements	103	\$13,900
Task 2: Cost of Service Analysis	39	\$5,200
Task 3: Rate and Charges Analyses	20	\$2,600
Task 4: Report Preparation	21	\$3,100
Task 5: Implementation Assistance	12	\$1,700
Subtotal Labor	195	\$26,500
Travel Expenses (4 trips)		\$3,000
Grand Total		\$29,500

7. Alternate Stormwater Service Price and Hours

We propose to provide a Stormwater Utility Rate Study as outlined in the City's RFP for a fixed fee of \$15,000. This fixed fee assumes that the study will be conducted concurrently with the proposed Wastewater Utility Rate Study and that meetings relating to both studies will be conducted during the same trip(s) to the City.

8. References

The following references are provided to enable the City to obtain additional background about our service record. These references relate to many of the projects included in the resume information provided in Section 2 of this proposal. We encourage you to contact our client references.

Ms. Beth Brandel
Director of Business Operations and Planning,
Johnson County Wastewater
11811 South Sunset Drive, Suite 2500
Olathe, Kansas 66062
(913) 715-8560

Primary B&V Personnel Involved:
Peggy Howe, Dave Naumann

Mr. Mark Filippi, Finance Manager
Metropolitan Sewer District of Greater Cincinnati
1081 Woodrow Street
Cincinnati, OH 45204
(513) 244-1305

Primary B&V Personnel Involved:
Peggy Howe, Pam Lemoine, Mat Powis

Mr. Steve Hellman
Superintendent, Business Planning
and Development Greater Cincinnati Water Works
4747 Spring Grove Avenue
Cincinnati, OH 45232-1986
(513) 591-7965

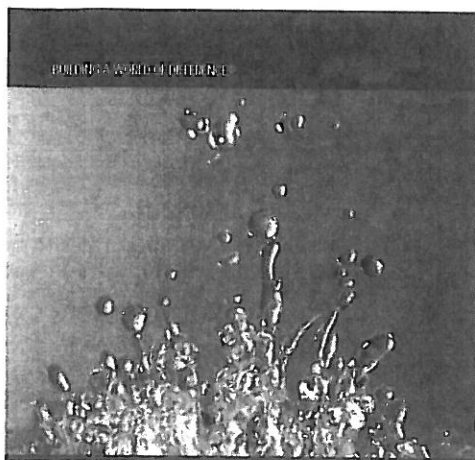
Primary B&V Personnel Involved:
Peggy Howe, Dave Naumann, Mat Powis

Mr. Bob Mauch, Assistant Finance Director
City of Springfield, Ohio
76 E High Street
Springfield, OH 45502
(937) 324-7329

Primary B&V Personnel Involved:
Peggy Howe, Pam Lemoine

9. Other Information

As a municipal financial planning and rate study practice, we strive to provide thought leadership and useful information to the industry we serve. In support of this objective, we conduct surveys of both water and wastewater rates for the 50 largest cities (as measured by census population) as well as a Stormwater survey that examines pertinent trends and issues. We find these surveys to provide useful context for utility decision makers, and are pleased to transmit the *2009/2010 50 Largest Cities Water/Wastewater Rate Survey* and the *2010 Stormwater Survey* bound separately from this proposal.



2009/2010
50 LARGEST CITIES
WATER/WASTEWATER RATE SURVEY



2010
STORMWATER UTILITY SURVEY
Sponsored and administered by
B&V Management Consulting.



It is understood that, upon notification of your award of the project to Black & Veatch Corporation ("B&V"), both parties will use reasonable diligence to agree upon a mutually acceptable definitive written contract with respect to the work described in your request for proposal. Except as set forth in a definitive written contract, your use of any portion of B&V's proposed services or work means we agree that: (1) B&V provides no warranties or guarantees, express or implied (including any warranties of merchantability or fitness for a particular purpose) with respect to work and services related to this proposal; (2) you accept and agree to pay the rates contained in our proposal for the services rendered; and, (3) to the maximum extent permitted by law, B&V and its partners and subcontractors, and their officers, employees and agents shall not be liable for loss of profits or revenue, loss of use, loss of opportunity, loss of goodwill, cost of substitute facilities, goods or services, cost of capital, cost of replacement power, governmental and regulatory sanctions, and claims of customers for such damages, or special, indirect, incidental, punitive, exemplary or consequential damages, whether such costs or damages are due to breach of contract, tort (including negligence) or other basis of liability, and (4) B&V's aggregate liability for all claims, losses, damages, and expenses in any way arising from or related to the performance of the services rendered will not exceed the total compensation actually received by B&V for such services. Notwithstanding any other provision of the RFP or proposal, B&V is under no obligation to submit any deliverable until such time as a fully executed contract has been received by B&V.