City of KENNEDALE Texas EST. 1887
YOU'RE HERE YOUR HOME

KENNEDALE CITY COUNCIL AGENDA

REGULAR MEETING | JULY 13, 2023 AT 9:00 AM
CITY HALL COUNCIL CHAMBERS | 405 MUNICIPAL DRIVE, KENNEDALE, TX 76060

MEMBERS OF THE PUBLIC MAY JOIN IN PERSON OR
ACCESS A LIVE FEED AT WWW.CITYOFKENNEDALE.COM/VIDEOS
THE VIRTUAL OPTION DOES NOT ALLOW FOR PUBLIC COMMENT

I. CALL TO ORDER

To address the Kennedale City Council regarding an agenda item, submit a 'Request to Speak' form before the meeting begins. Speakers are allotted three (3) minutes, must limit their comments to the subject indicated on the form, and should address the Kennedale City Council as a whole, rather than individual members or staff. Pursuant to Texas Government Code §551.071, the Kennedale City Council reserves the right to adjourn into Executive (Closed) Session at any time during the meeting to seek legal advice from the City Attorney on any item posted on the agenda.

A. ROLL CALL

B. INVOCATION AND PLEDGES OF ALLEGIANCE TO THE U.S. AND TEXAS FLAGS
"Honor the Texas Flag; I Pledge Allegiance to Thee, Texas, One State under God; One and Indivisible."

II. EXECUTIVE SESSION

The Kennedale City Council reserves the right to meet in Executive (Closed) Session at any time during the meeting pursuant to the below cited sections of the Texas Government Code:

A. ***PURSUANT TO §551.074*** *— Deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.*

1. City Council Place 4 Interviews

III. RECONVENE INTO OPEN SESSION, AND TAKE ACTION NECESSARY PURSUANT TO EXECUTIVE SESSION, IF NEEDED

IV. WORK SESSION

A. WORK SESSION REPORTS

1. Discuss recommendation from EDC to build a food truck court at Link St and W. Kennedale Parkway.
2. November general election bond discussion and questions for Samco.
3. Recommendation on ordinance amendment to short term rentals.

B. DISCUSSION AND/OR REQUESTS FOR CLARIFICATION OF ITEMS LISTED ON THE AGENDA

V. REGULAR SESSION

A. VISITOR AND CITIZEN FORUM

At this time, any person may address the Kennedale City Council about items not on the agenda. Rules and procedures for addressing the Kennedale City Council are included under "I. CALL TO ORDER". Neither formal action nor discussion may occur at this time. Those wishing, instead, to speak on an agenda item should indicate their desire to speak as the Kennedale City Council considers that item.

B. CONSENT AGENDA

These matters have appeared on previous agendas, require little or no deliberation, or are considered routine or ministerial tasks. If discussion is desired, items may be removed for separate consideration.

1. Approval of a resolution for Rifle Resistant Body Armor (grant #4741901).
2. Approval of the minutes from the May 25, 2023 Budget Workshop.
3. Approval of the minutes from the June 6, 2023 Budget Workshop.
4. Approval of the minutes from the June 15, 2023 Budget Worksession.
5. Approval of the minutes from the June 20, 2023 Regular Meeting.

C. ITEMS FOR INDIVIDUAL CONSIDERATION

1. Discuss and consider approval of a conceptual plans contract for the Fire Station remodel.
2. Consider approval of vendor for water rate study.
3. Collett Sublett Road stormwater drainage engineering study update/amendment to contract.

D. PUBLIC HEARINGS

VI. EXECUTIVE SESSION

The Kennedale City Council reserves the right to meet in Executive (Closed) Session at any time during the meeting pursuant to the below cited sections of the Texas Government Code:

A. ***PURSUANT TO §551.074*** *— Deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.*

1. City Manager Evaluation
2. RFP/RFQss for City Attorney and Engineering Services.

VII. RECONVENE INTO OPEN SESSION, AND TAKE ACTION NECESSARY PURSUANT TO EXECUTIVE SESSION, IF NEEDED

VIII. ADJOURNMENT

CERTIFICATION

I DO HEREBY CERTIFY THAT THE JULY 13, 2023 KENNEDALE CITY COUNCIL AGENDA WAS POSTED INSIDE THE MAIN ENTRANCE OF CITY HALL (405 MUNICIPAL DRIVE), IN A PLACE CONVENIENT AND READILY ACCESSIBLE TO THE GENERAL PUBLIC AT ALL TIMES; AND THAT SAID AGENDA WAS POSTED AT LEAST SEVENTY-TWO (72) HOURS PRECEDING THE SCHEDULED TIME OF SAID MEETING, IN ACCORDANCE WITH CHAPTER 551 OF THE TEXAS GOVERNMENT CODE.

Raeanne Byington

RAEANNE BYINGTON CITY SECRETARY

In compliance with the Americans with Disabilities Act (ADA), the City of Kennedale will provide for reasonable accommodations for persons attending meetings. This facility is wheelchair accessible and accessible parking spaces are available. Requests for sign interpreter services must be made forty-eight (48) hours prior to the meeting by calling 817-985-2104 or (TTY) 1-800-735-2989.

City of KENNEDALE Texas
EST. 1887
YOU'RE HERE YOUR HOME

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: JULY 13, 2023

AGENDA ITEM NUMBER: REGULAR SESSION ITEM I.B.

SUBJECT
INVOCATION AND PLEDGES OF ALLEGIANCE TO THE U.S. AND TEXAS FLAGS
"Honor the Texas Flag; I Pledge Allegiance to Thee, Texas, One State under God; One and Indivisible."

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

City of KENNEDALE Texas EST. 1887
YOU'RE HERE YOUR HOME

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: JULY 13, 2023

AGENDA ITEM NUMBER: EXECUTIVE SESSION ITEM II.A.

SUBJECT
PURSUANT TO §551.074 *— Deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.*

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

City of KENNEDALE Texas EST. 1887
YOU'RE HERE YOUR HOME

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: JULY 13, 2023

AGENDA ITEM NUMBER: EXECUTIVE SESSION ITEM II.A.1.

SUBJECT
City Council Place 4 Interviews

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

City of KENNEDALE Texas EST. 1887
YOU'RE HERE K YOUR HOME

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: JULY 13, 2023

AGENDA ITEM NUMBER: WORK SESSION ITEM IV.A.

SUBJECT
WORK SESSION REPORTS

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

City of KENNEDALE Texas EST. 1887
YOU'RE HERE YOUR HOME

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: JULY 13, 2023

AGENDA ITEM NUMBER: WORK SESSION ITEM IV.A.1.

SUBJECT
Discuss recommendation from EDC to build a food truck court at Link St and W. Kennedale Parkway.

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

City of KENNEDALE Texas EST. 1887
YOU'RE HERE YOUR HOME

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: JULY 13, 2023

AGENDA ITEM NUMBER: WORK SESSION ITEM IV.A.2.

SUBJECT
November general election bond discussion and questions for Samco.

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

1.	KENNEDALE CITY OF_2023_BOND ELECTION WORKSHOP	KENNEDALE CITY OF_2023_BOND ELECTION WORKSHOP.pptx

SAMCO Capital

CITY OF KENNEDALE, TEXAS

DISCUSSION ON POTENTIAL BOND ELECTION

July 13, 2023

Mark M. McLiney
SENIOR MANAGING DIRECTOR
SAMCO Capital
(210) 832-9750 (San Antonio)
(214) 765-1439 (Dallas)
MEMBER: FINRA/SIPC
www.samcocapital.com
mmcliney@samcocapital.com

Andrew T. Friedman
SENIOR MANAGING DIRECTOR
SAMCO Capital
(210) 832-9760 (San Antonio)
(214) 765-1439 (Dallas)
MEMBER: FINRA/SIPC
www.samcocapital.com
afriedman@samcocapital.com

Ryan Cunningham
MANAGING DIRECTOR
SAMCO Capital
(210) 832-9760 (San Antonio)
MEMBER: FINRA/SIPC
www.samcocapital.com
rcunningham@samcocapital.com

City of KENNEDALE Texas
EST. 1887
YOU'RE HERE YOUR HOME

Types of Municipal Debt

General Obligation Bonds

- Authorized by a successful bond election or multiple bond elections for multiple projects
- If voters turn down a bond election the City is prohibited from issuing COs for the same project for 2 years
- Secured by ad valorem tax levy
- Typically used for general improvements in the City (street improvements, drainage improvements, municipal facilities, rolling stock, etc.)
- NOT typically used to fund enterprise fund improvements (i.e. utility system improvements)
    - Main reason for not seeking voter approval for a utility system improvement (as an example) is that utility system improvements are often necessary or in many cases mandatory and IF voters turned down the project at an election, the City may be forced (by TCEQ administrative order or otherwise) to proceed with a financing to make such improvements to the System
- Bond Elections alone carry an added cost (renting election machines, legal fees for drafting election ordinance, etc.) typically around $15,000 - $30,000 regardless of election success
- Lead time for issuing General Obligation Bonds (once approved by the voters) is roughly 60 days

Types of Municipal Debt

Certificates of Obligation

- No election required, but voters retain the right of referendum
- City Council must adopt a Notice of Intent ("NOI") Resolution and publish the notice in its paper of record for two consecutive weeks, as well as the City's website so citizens are aware of the upcoming financing
    - Notice of Intention includes the maximum amount of debt to be borrowed (financing can always be less but never more than the amount set in the NOI), the purposes of the financing and the Council meeting date that CO's will be considered for sale
- Subject to petition by the registered voters of the City
    - If a petition is submitted with 5% of the qualified voters contesting the issuance of the COs then the issuance of COs is paused until a bond election can be called and held. Only after a successful election could the COs be sold
- Sale can only proceed once 45 days has elapsed since the publication of the Notice and no valid petition has been filed with the City
- Ad valorem taxes and utility system revenues may be pledged in repayment of the Obligations depending on which fund(s) supports the project
- Allows the City to finance multiple projects with multiple sources of repayment together to create economies of scale and reduce issuance costs
- Lead time for issuance is roughly 90 days
- Cities may no longer issue COs, to be repaid from the I&S portion of the tax rate, for NEW city halls and NEW libraries (renovations of existing facilities are still allowed)

Types of Municipal Debt

Pros and Cons of Certificates of Obligation

Pros:

- Less costly than issuing general obligation bonds (no election cost);
- Cheaper (lower interest rate) than issuing revenue bonds and less restrictive bond covenants;
- Quicker process than having a bond election and issuing GO Bonds;
- Fund multiple projects at one-time
    - i.e. can fund general fund projects and utility system projects together rather than issue two separate bonds and incurring twice the cost

Cons:

- Less perceived input from the voters
    - Voters are made aware of the City's intention to sell debt and retain the right of referendum
    - Very low threshold (5% of qualified voters) to stop a CO issuance and force an election
- Potential public perception that you are circumventing the voters
    - Elected officials are tasked with directing the City based upon their insight of the various issues facing the city

Types of Municipal Debt

Tax Notes

- No election required
- Not subject to referendum by the citizens
- Maximum maturity of 7 years
- Used primarily for financing assets with a shorter useful life
- Quickest process to issue debt and have the funds deposited into the City's accounts
- Typically, a cheaper borrowing alternative to Lease Purchase Agreements
- Can be used to finance improvements repaid from any lawfully available source (Enterprise Funds, Ad Valorem Taxes, EDC, etc.)
- Lead time is roughly 30-60 days

Timing and Other Considerations

Timing Considerations for Ad Valorem Tax Supported Debt

- Ad valorem tax supported debt (GO Bonds, Tax Notes or COs) to be repaid from the City's ad valorem tax levy are generally sold AFTER the City receives its certified taxable assessed values from the appraisal districts (late July of each year) but BEFORE to adopting the tax rate for the upcoming year;
- The debt is therefore sold in August or September and included in the next year's 'Truth-in-Taxation' worksheet so that the tax rate levied by the City is sufficient to begin repaying the new debt;
- The first principal and/or interest payment is scheduled for February of the following year so that property tax revenues are available to make the debt payment;
- Bond elections may be held on the uniform election dates (May and November) of each calendar year; and
- City Council must call the Bond Election no sooner than 90 days and no later than 78 days to the election day (generally mid-February and mid-August, respectively).

Other Considerations

- IRS dictates that 85% of tax-exempt debt proceeds should be spent within 3 years of the financing, so the City should only finance projects that it expects to complete within 36 months of receiving proceeds.
    - Relative to the IRS spend down requirements, the City can seek voter authorization for funds that will be issued over more than 3 years as the authorization will not be interpreted to go 'stale' if the plan of finance that is communicated as part of the bond election references the intention to issue the debt over some different length of time.

Proposed November 2023 Bond Election

Proposition	Purpose	Amount
A	Public Safety Facility	$5,000,000
B	Little School Road Extension	11,000,000
C	Park Improvements	4,000,000
Total		$20,000,000

Tax Rate Impact Analysis

The City's current tax rate (Tax Year 2022, Fiscal Year 2023) is 70.62 cents.

M&O rate is 56.92 cents

I&S rate is 13.70 cents

The City's Taxable Assessed Value has grown by ~30% in the past year as a result of new construction and higher appraisal of existing property.

Senate Bill 2 (passed into law on September 1, 2021) established that a City may not increase its M&O rate beyond that which would allow it to generate 3.5% additional revenue than the prior year. The I&S rate is not subject to such limitation.

- **The result of such a large increase is to reduce the M&O tax rate by roughly 7 cents.**

(See next slide)

Tax Rate Impact Analysis

Taxable Assessed Value and Tax Rate History					
Tax Year	TAV	Growth %	M&O	I&S	Total Tax Rate
2014	$ 529,387,225		$ 0.5512	$ 0.1963	$ 0.7475
2015	549,420,142	3.78%	0.5752	0.1923	0.7675
2016	657,759,225	19.72%	0.5817	0.1857	0.7674
2017	629,654,317	-4.27%	0.5788	0.1988	0.7776
2018	690,703,731	9.70%	0.5352	0.1905	0.7257
2019	662,158,017	-4.13%	0.5444	0.1905	0.7349
2020	761,160,967	14.95%	0.5827	0.1914	0.7741
2021	882,072,608	15.89%	0.5729	0.1911	0.7640
2022	974,064,302	10.43%	0.5692	0.1370	0.7062
2023	1,216,653,865	24.90%	0.4956	0.2105	0.7062
2024	1,276,349,925	5.00%	0.4733	0.2328	0.7062
2025	1,276,349,925	0.00%	0.4733	0.2333	0.7066

10-Year Average Growth	10.11%
5-Year Average Growth	12.41%

Growth is assumed to be 0% in future years to be conservative and NOT rely upon future growth to repay the proposed Bonds.

Tax Rate Impact Analysis

TAX RATE IF NO NEW GENERAL FUND DEBT IS ISSUED:

FYE	M&O Rate	I&S Rate	Total Tax Rate
2023	56.92 cents	13.70 cents	70.62 cents
2024	49.56 cents	21.05 cents	70.61 cents
2025	47.33 cents	9.73 cents	57.06 cents

TAX RATE IF $20,000,000 IS ISSUED FOR GENERAL FUND:

FYE	M&O Rate	I&S Rate	Total Tax Rate
2023	56.92 cents	13.70 cents	70.62 cents
2024	49.56 cents	21.05 cents	70.61 cents
2025	47.33 cents	23.28 cents	70.61 cents

The capacity to support the proposed $20,000,000 I&S (General Fund) supported projects is paid for by the decrease in the total tax slated for FYE 2025 = ~13.5 cents.

City of KENNEDALE Texas EST. 1887
YOU'RE HERE YOUR HOME

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: JULY 13, 2023

AGENDA ITEM NUMBER: WORK SESSION ITEM IV.A.4.

SUBJECT
Recommendation on ordinance amendment to short term rentals.

ORIGINATED BY: Nathan Gonzales

SUMMARY:
Last month, City Council directed staff to bring forward recommendations to update the city's short-term rental policy. This draft includes the following proposed changes:

- Revised definition of a short-term rental that includes pools and accessory structures, for rent less than 31 days
- Revised minimum stay requirements from (24) hours to (48) hours
- Reduce the number of unrelated occupants from (5) to (4)
- Reduce the number of occupants to (2) persons per bedroom
- Prohibits on-street parking by occupants of a short-term rental
- Increases the distance between STRs from 500 FT to 1,000 FT
- Introduces a tiered penalty provision
- Authorizes disconnection of utilities for unpermitted STRs

Following the consideration and discussion by City Council, staff will work with the city attorney to refine the ordinance and ensure all proper notifications are made prior to presenting the final draft to City Council.

RECOMMENDATION: Move forward with changes or amend.

ATTACHMENTS: STR Revised Ordinance

ARTICLE XIII. SHORT-TERM RENTALS

Sec. 11-296. Purpose.

The purpose of this article is to safeguard the life, health, safety, welfare, and property of the occupants of residential dwelling units, the neighbors of said occupants, and the general public, through the regulation of short-term rental residential property. The intent of this article is to preserve the neighborhood character of residential subdivisions within the city and to minimize adverse impacts to the housing supply caused by the conversion of residential units to tourist or transient use.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-297. Applicability.

The provisions of this article shall apply to all existing and future residential properties.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-298. Definitions.

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Administrator means the director of the department designated by the city manager to enforce and administer this article, including the director's designees.

Advertise means the act of drawing the public's attention to a short-term rental in order to promote the availability of the residence for use as a short-term rental. Said advertising may be found in any medium, including but not limited to, newspaper, magazine, brochure, website, or mobile application.

Bedroom means the living area(s) of the dwelling unit that is designed and furnished for sleeping and which has proper egress as required by the International Residential Code or other applicable building regulations adopted by the city.

Occupant means any individual person living, sleeping or possessing a building, or portion thereof. A person is not required to be paying rent, providing in-kind services, or named in any lease, contract or other legal document to be considered an occupant.

Owner means any person, agent, operator, firm, trust, corporation, partnership, or any other legal entity who has a legal or equitable interest in the property; or who is recorded in the official records of the county as holding title to the property; or who otherwise has control of the property, including the guardian of the estate of any such person, and the executor of the estate of such person if ordered to take possession of real property by a court.

Premises means property, a lot, plot or parcel of land, including any structures or portions of structures thereon.

Short-term rental means a residential premises, or portion thereof, used for lodging accommodations, including the rental of a swimming pool or other accessory buildings or structures on the premises, to occupants

for a period of less than ~~thirty (30)~~ thirty-one (31) consecutive days. The definition of short-term rental does not include a bed and breakfast or hotel.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-299. Unpermitted short-term rentals prohibited.

(a) It shall be unlawful for any owner or person to rent, lease, advertise, or otherwise permit or allow any residential premises to be operated or used as an unpermitted short-term rental.

(b) It shall be an affirmative defense to a violation of this section that the occupant is a party to the sale of the premises and was occupying the premises pursuant to a written post-closing occupancy agreement.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-300. Short-term rental permit required.

An owner who desires to use its premises as a short-term rental must have a valid, active short-term rental permit from the city prior to using, allowing the use of, or advertising the use of said premises as a short-term rental. Upon application to the city, a short-term rental permit shall be approved by the administrator, or designee, if the application satisfies all the conditions of this article, and all other applicable regulations of the city. The administrator may place reasonable conditions on a short-term rental permit to ensure compliance with the provisions of this article.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-301. Expiration of permit; renewals.

A short-term rental permit shall expire on the last day of the month one (1) year after the date of issuance. No short-term rental permit may be renewed without a completed renewal application submitted by the owner and payment of the renewal fee. If the renewal application satisfies all the conditions of this article and all other applicable city regulations, including the Unified Development Code, an application for the renewal of a short-term rental permit shall be approved by the administrator, or designee. The administrator may place reasonable conditions on a short-term rental renewal permit to ensure compliance with the provisions of this article.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-302. Requirements of application.

(a) Except as provided in this section, every complete application for a short-term rental permit shall include the following information with such detail and in a form approved by the administrator:

(1) The name, address, contact information and authenticated signature for the owner of the premises;

(2) The name, address and contact information of the operator, agent if any, and designated local responsible party as required in section 11-303;

(3) The city registration number for hotel occupancy tax;

(4) A plot plan of the premises identifying the location of parking spaces to be used in conjunction with the short-term rental;

(5) A dimensioned floor plan of the proposed short-term rental identifying bedrooms, other living spaces and emergency evacuation routes;

(6) Proof of insurance as required in section 11-304;

(7) The name and contact information for the property or homeowner's association, if any, of which the premises is covered by the dedicatory instruments;

(8) A copy of the proposed host rules for the short-term rental, if any; and

(9) Such certifications deemed necessary and proper to ensure compliance with this article.

(b) An application for a short-term renewal permit must be filed at least thirty (30) days prior to expiration of a current permit. Every complete application for a short-term rental renewal permit shall include updates, if any, to the information contained in the original permit application or any subsequent renewals. The permit holder shall sign a statement affirming that there is either no change to such information, or that any updated information is accurate and complete. The administrator may require such certifications deemed necessary and proper to ensure continuing compliance with this article.

(c) An application for a short-term rental renewal permit submitted after the expiration of the most immediate permit for the premises shall be treated as an application for a new permit as described in subsection (a) of this section.

(d) If a complete application for a short-term renewal permit is submitted less than thirty (30) days prior to expiration of the current permit, the administrator in his or her sole discretion may grant a one-time extension of the current permit not to exceed ten (10) days.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-303. Designation of local responsible party required.

An owner must designate the name and contact information of a local responsible party who can be contacted regarding immediate concerns and complaints from the public. Said individual must be available to be reached in person or by phone at all times while occupants are on the premises of a short-term rental. If called, a local responsible party must be able to and shall be present at the premises within one (1) hour of call from the administrator, or his designee. A local responsible party must be authorized to make decisions regarding the premises and its occupants. A local responsible party may be required to, and shall not refuse to, accept service of citation for any violations on the premises. Acceptance of service shall not act to release owner of any liability under this article.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-304. Proof of insurance required.

It shall be unlawful for the owner of a premises operating as a short-term rental to operate without host protection or other liability insurance commensurate with the operations of the short-term rental that provides coverage of up to one million dollars ($1,000,000.00) per occurrence. A certificate of insurance must be on file with the administrator. Proof of insurance shall be required at the time of application and notice of cancellation of insurance must be made to the administrator within thirty (30) days.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-305. Inspection required.

No permit or renewal permit will be approved for a short-term rental until the city has inspected the premises and found the premises to be in compliance with this article and all city regulations governing minimum health and safety requirements for use and occupancy. If a premises fails to pass an inspection, a reinspection fee may be charged for each subsequent inspection in accordance with the fee established by the city council.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-306. Permit fees.

A fee established by the city council will be charged to reimburse the city for all costs associated with the administration of this article.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-307. Hotel occupancy taxes; request for occupancy history.

It shall be unlawful for an owner of premises used for a short-term rental to fail to pay hotel occupancy taxes required under state law and article XII of the Kennedale City Code, as amended. Upon request of the administrator or the finance department of the city, the owner of a premises used as a short-term rental shall remit, within thirty (30) days, an accounting of all occupants who rented the premises and the hotel occupancy taxes paid therefor. It shall be unlawful for a person to fail to provide said information requested in a timely manner.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-308. Short-term rental permit nontransferable.

A short-term rental permit is non-transferable and shall not be assigned nor transferred to another person or entity. Any attempt to transfer a permit or attempt to use another person's permit may be grounds for revocation of the permit.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-309. Restrictions on number of occupants.

(a) It shall be unlawful for an owner or person to rent, allow, provide, or advertise for more than two (2) persons per bedroom, ~~plus two (2) additional persons~~, when using the premises as a short-term rental.

(b) It shall be unlawful for more than ~~five (5)~~ four (4) individuals unrelated by blood, marriage, or adoption to occupy a short-term rental.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-310. Parking restrictions.

The maximum amount of motor vehicles allowed at a short-term rental shall be limited to the lesser of:

(a) One (1) vehicle per bedroom; or

(b) The number vehicles that can be accommodated entirely within off-street parking ~~and on-street parking within the boundary lines of the premises.~~ No on-street parking shall be permitted by occupants of a short-term rental.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-311. Minimum stay required.

It shall be unlawful for an owner to rent or lease a short-term rental for a period of less than ~~twenty-four (24) hours~~ forty-eight (48) hours.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-312. Physical conversion of premises prohibited.

(a) It shall be unlawful for an owner or person to convert a garage to living space, remodel, renovate, enlarge or otherwise modify premises to add additional bedrooms for use as a short-term rental.

(b) It shall be unlawful for an owner or person to pave or otherwise cover pervious soil to create additional on-premise parking without prior approval from the city.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-313. Sound equipment restrictions.

It shall be unlawful for an owner or occupant of a short-term rental to use or allow the use of amplified sound equipment that produces sound audible beyond the property line of the premises between the hours of 10:00 p.m. and 8:00 a.m.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-314. Signage.

It shall be unlawful for there to be any on-site or off-site advertising signs or displays indicating the premises is a short-term rental.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-315. Advertising, promoting or allowing of special events prohibited.

(a) It shall be unlawful for an owner or occupant to advertise or promote a special event, or allow the advertising and promotion of a special event (e.g. banquet, wedding, reception, reunion, bachelor or bachelorette party, concert, or any similar activity that would assemble large numbers of invitees) to be held on the premises.

(b) It shall be unlawful for an owner or occupant to allow, suffer or permit a special event as described to be held on the premises.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-316. Distance requirements.

It shall be unlawful for a short-term rental to be located on a premises that is within ~~five hundred (500)~~ one-thousand (1000) feet of a premises on which another short-term rental use is located. For purposes of this section, measurement shall be made in a straight line, without regard to intervening structures or objects, from the nearest portion of the property line of the premises where the existing short-term rental is located to the nearest portion of the property line of the premises where the new short-term rental is proposed.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-317. Notice to occupants of short-term rentals.

An owner or person operating a short-term rental shall provide a notice of instructions to occupants staying at the premises. The notice shall instruct the occupants as to all applicable city regulations pertaining to short-term rentals. These include, but are not limited to, occupancy restrictions, limits on parking, prohibitions on special events, and limits on amplified sound.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-318. Permit to be displayed.

A copy of the approved short-term rental permit shall be posted at a conspicuous location inside the front entrance(s) to the short-term rental.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-319. Use of assigned permit number required.

It shall be unlawful for an owner or person to advertise a short-term rental in any medium, including but not limited to newspaper, magazine, brochure, website, or mobile application without including the current permit number assigned by the administrator.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-320. Use of unauthorized permit number prohibited.

It shall be unlawful for an owner or person to use, advertise or promote or allow the use, advertisement or promotion of a short-term rental using a permit number not assigned to the owner or person, or to a different address, or to a different dwelling unit.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-321. Notification of approval of short-term rental.

Within ten (10) days of the approval of a short-term rental permit, a notice will be sent by the planning and development department of the city to all property owners within two-hundred (200) feet of the premises, and shall include a contact number for complaints and emergencies, and pertinent information about this article.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-322. Revocation of permit.

(a) *Grounds.* Any permit issued hereunder may be revoked by the administrator if the permit holder has: (1) received more than two (2) citations for violations of this article; (2) failed or refused to comply with an express condition of the permit and remains in non-compliance ten (10) days after being notified in writing of such non-compliance; (3) knowingly made a false statement in the application; or (4) otherwise become disqualified for the issuance of a permit under the terms of this article.

(b) *Notice.* Notice of the revocation shall be given to the permit holder in writing, with the reasons for the revocation specified in the notice, served either by personal service or by certified United States mail to their last known address. The revocation shall become effective the day following personal service or if mailed, three (3) days from the date of mailing.

(c) *Appeal; hearing.* The permit holder shall have ten (10) days from the date of such revocation in which to file notice with the administrator of their appeal from the order revoking said permit. The administrator shall provide for a hearing on the appeal in accordance with the provisions of this article.

(d) *One-year waiting period.* In the event an owner's short-term rental permit is revoked by the administrator, no second or additional permit shall be issued for a short-term rental on the premises for one (1) year of the date such permit was revoked.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-323. Administrative appeals of denial or revocation of permit.

(a) Upon denial or revocation of a permit, the administrator, or his designee, shall notify the applicant or permit holder, in writing, of the reason for which the permit is subject to denial or revocation. To contest the denial or revocation of a permit, the applicant or permit holder shall file a written request for a hearing with the administrator within ten (10) days following service of such notice. If no written request for hearing is filed within ten (10) days, the denial or revocation is sustained.

(b) The appeal shall be conducted within twenty (20) days of the date on which the notice of appeal was filed with the administrator.

(c) The hearings provided for in this section shall be conducted by the administrator or a designated hearing officer at a time and place designated by the administrator or the hearing officer. Based upon the recorded evidence of such hearing, the administrator or the designated hearing officer shall sustain, modify or rescind any notice or order considered at the hearing. A written report of the hearing decision shall be furnished to the applicant or permit holder requesting the hearing.

(d) The determination of the administrator or designated hearing officer shall be final.

(e) An appeal shall not stay the denial or suspension of the permit unless otherwise directed by the administrator.

(Ord. No. 666 , § 1, 7-16-19)

Sec. 11-324. Penalties

(a) A person who violates any provision of this Chapter by performing an act prohibited or by failing to perform an act required is guilty of a Class C misdemeanor. Each day on which a violation exists or continues to exist shall be a separate offense.

(b) Such offense shall be punishable by a fine not to exceed One-Thousand Dollars and No Cents ($1000.00) for the first offense, One-Thousand-Five-Hundred Dollars and No Cents ($1,500.00) for the

second offense, and Two-Thousand Dollars and No Cents ($2,000.00) for subsequent offenses thereafter.

City of KENNEDALE Texas EST. 1887
YOU'RE HERE YOUR HOME

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: JULY 13, 2023

AGENDA ITEM NUMBER: WORK SESSION ITEM IV.B.

SUBJECT
DISCUSSION AND/OR REQUESTS FOR CLARIFICATION OF ITEMS LISTED ON THE AGENDA

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

City of KENNEDALE Texas EST. 1887
YOU'RE HERE YOUR HOME

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: JULY 13, 2023

AGENDA ITEM NUMBER: REGULAR SESSION ITEM V.A.

SUBJECT

VISITOR AND CITIZEN FORUM

At this time, any person may address the Kennedale City Council about items not on the agenda. Rules and procedures for addressing the Kennedale City Council are included under "I. CALL TO ORDER". Neither formal action nor discussion may occur at this time. Those wishing, instead, to speak on an agenda item should indicate their desire to speak as the Kennedale City Council considers that item.

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

City of KENNEDALE Texas EST. 1887
YOU'RE HERE YOUR HOME

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: JULY 13, 2023

AGENDA ITEM NUMBER: CONSENT AGENDA ITEM V.B.

SUBJECT
CONSENT AGENDA
These matters have appeared on previous agendas, require little or no deliberation, or are considered routine or ministerial tasks. If discussion is desired, items may be removed for separate consideration.

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

City of KENNEDALE Texas EST. 1887
YOU'RE HERE YOUR HOME

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: JULY 13, 2023

AGENDA ITEM NUMBER: CONSENT AGENDA ITEM V.B.1.

SUBJECT
Approval of a resolution for Rifle Resistant Body Armor (grant #4741901).

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

1.	Resolution Rifle Resist Body Armor	Resolution Rifle Resist Body Armor.doc

RESOLUTION NO. 621

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS, DESIGNATION AN AUTHORIZED OFFICIAL AS RESPONSIBLE FOR COORDINATION WITH THE CRIMINAL JUSTICE DIVISION FOR THE STATE OF TEXAS FOR THE PURPOSE OF PARTICIPATION IN A GRANT, RIFLE RESISTANT BODY ARMOR, (GRANT APPLICATION CONFIRMATION NUMBER 4741901): AND CERTIFYING THAT THE CITY OF KENNEDALE IS ELIGIBLE TO RECEIVE PROGRAM ASSISTANCE.

WHEREAS, The City Council of the City of Kennedale, Texas, finds it in the best interest of the citizens of Kennedale, that RIFLE RESISTANT BODY ARMOR be operated for the FY2023-24; and

WHEREAS, The City Council of the City of Kennedale, Texas, agrees that in the event of loss or misuse of the Office of the Governor funds, The City Council of the City of Kennedale, Texas, assures that the funds will be returned to the Office of the Governor in full.

WHEREAS, The City Council of the City of Kennedale, Texas, designates City Manager Darrell Hull as the grantee's authorized official. The authorized official is given the power to apply for, accept, reject, alter or terminate the grant on behalf of the applicant agency.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS:

The City Council of the City of Kennedale, Texas, approves submission of the grant application for RIFLE RESISTANT BODY ARMOR to the Office of the Governor.
(Grant Application Confirmation Number **4741901**)

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE ON THE ____ DAY OF_____ 2023

APPROVED:

MAYOR JAN JOPLIN

ATTEST:

CITY SECRETARY RAEANNE BYINGTON

City of KENNEDALE Texas EST. 1887
YOU'RE HERE YOUR HOME

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: JULY 13, 2023

AGENDA ITEM NUMBER: CONSENT AGENDA ITEM V.B.2.

SUBJECT
Approval of the minutes from the May 25, 2023 Budget Workshop.

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

1.	20203.05.25 CC Budget Workkshop WM	20203.05.25 CC Budget Workkshop WM.docx

City of KENNEDALE Texas EST. 1887
YOU'RE HERE YOUR HOME

KENNEDALE CITY COUNCIL MINUTES

REGULAR MEETING | MAY 25, 2023 AT 9:00 AM
CITY HALL COUNCIL CHAMBERS | 405 MUNICIPAL DRIVE, KENNEDALE, TX 76060

I. CALL TO ORDER

Mayor Jan Joplin called the meeting to order at 9:04 am.

A. ROLL CALL

PRESENT: Jan Joplin, Kenneth Michels, Rockie Gilley, Brad Horton, Jeff Nevarez; **ABSENT:** Austin Degenhart; ***STAFF:*** *City Manager Darrell Hull, City Secretary Raeanne Byington, Director of Planning and Economic Development Nathan Gonzales, Director of Finance Jonathan Horton, Library Director Elizabeth Partridge, Director of Human Resources Caroline Green, Public Works Director Kristian Sugrim, Fire Chief James Brown, Police Chief Michael Holguin.*

B. INVOCATION AND PLEDGES OF ALLEGIANCE TO THE U.S. AND TEXAS FLAGS

"Honor the Texas Flag; I Pledge Allegiance to Thee, Texas, One State under God; One and Indivisible."

II. WORK SESSION

A. WORK SESSION REPORTS

1. Presentation by directors of budget overviews and new program requests for each department.

Each Director presented their respective departments and the needs for the upcoming FY23-24.

1. Community Development - Nathan Gonzales stated the requests for Planning as: Comp Plan Update unfunded portion ($70000), 2 trucks for Code Enforcement and Director (currently borrowing a Public Works truck), PPE and Inspection tools, increase in training budget, and a merit based salary increase as an employee incentive.
2. Finance - Jonathan Horton discussed the internal goals for the next 18 months (stability, software, speed). This would include restructuring his department and adding a position. He is interested in an intern from one of the local universities for building a talent pipeline and increasing training opportunities for staff. He wants to move the payroll process to an outside source which will free up time for his employees saving the City money and would like to consider a new software financial system that will talk between other software that the courts and permits use. There was also discussion of pay increases for staff.
3. Fire - Chief Brown stated that an update to the current fire station is needed due to increased staff. RFQs have been asked for to gather cost information. He stated that we are behind the market averagein the recent salary study and this needed to be addressed. He would like to implement a step plan into the fire department to assist in this.

4. Human Resources -HR Director Caroline Green discussed the need for retention of current employees and a recognition system for them. Her request for the budget is to purchase Laserifche file scanning to save time and keep files secure and easily accessible.
5. Library/Senior Center/Communications -Director Elizabeth Partridge's needs for 23-24 are changing a part time position to full time and adding an education requirement for that position. Paint and carpet are needed as well as a projector for the Community Room. Additionally, she wants to establish a Building Maintenance Fund so maintenance can be addressed on a routine basis and not just when something wears out or becomes an emergency. At the Senior Center, an ADA compliant door is needed as well as new flooring in the current building. She also would like an increase in building maintenance for the upkeep of the building. In Communications, she requests software for graphic design, email marketing software, boosting the social media budget, and an increase in training and travel.
6. Municipal Courts - Court Administrator Bertha Vindel stated that whilethere are no financial needs, her goals are to continue education for her certification as well as her clerk to become a level II CC,design a new website that will allow defendants to do some services online, implement a procedure handbook, assist the PD with cell phone ticket writers and implement a new program for juveniles with the library.
7. Police/ Information Technology - Chief Michael Holguin discussed the needs of the PD as renewal of the City of Msnfield Public Safety contract, 2 additional police personnel, 2 school resources officers, 3 new emergency response vehicles, 25 less lethal tasers and 10 less lethal pepper launchers. For Information Technology, he would like the City to move to a cloud computing service instead of servers, a new city-wide camera and monitoring system, and stalker digital speed and message signs.
8. Public Works - Director Kristian Sugrim stated that a new mower was needed for public works. Additionally, he discussed the need for a new wastewater collection system to resolve capacity issues in the city and to fix our water distribution system plus ensure we are compliant with State Law SB3. He also discussed the need for a pavement asset management system and street rehabilitation that is needed citywide.
9. EDC - City Manager Darrell Hall discussed considerations for FY 23-24 budget as: Small Business Grant Funding, Veteran's Memeorial and entry monuments to the city, new Admin Assistant for the EDC, Hometown Christmas Decor and activities and new city landmark signs.

B. DISCUSSION AND/OR REQUESTS FOR CLARIFICATION OF ITEMS LISTED ON THE AGENDA

III. REGULAR SESSION

Regular Session began at 3:58 pm.

A. ITEMS FOR INDIVIDUAL CONSIDERATION

1. Discussion and necessary action by Council regarding Mayor's veto of the motion to approve First Amendment to the ILA for Operations and treated Water Sales between the City of Arlington and the City of Kennedale, TX.
This item was struck from the agenda. City Attorney advised that it was not needed as negotiations will Arlington are ongoing.

2. Discussion and approval of $111,856.09 for the completion of the S. New Hope Road Bridge Project by TXDOT.
Per TXDoT, this is the City's responsibility. Motion to Approve initiated by Brad Horton. Second by Jeff Nevarez. Motion passed unanimously.

IV. EXECUTIVE SESSION

There was no need for an executive session at this time.

V. ADJOURNMENT

Motion to Adjourn initiated by Kenneth Michels, Second by Jeff Nevarez. Motion passed unanimously.

Mayor Joplin adjourned the meeting at 4:17 pm.

APPROVED: **ATTEST:**

MAYOR JAN JOPLIN *CITY SECRETARY RAEANNE BYINGTON*

City of KENNEDALE Texas EST. 1887
YOU'RE HERE YOUR HOME

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: JULY 13, 2023

AGENDA ITEM NUMBER: CONSENT AGENDA ITEM V.B.3.

SUBJECT
Approval of the minutes from the June 6, 2023 Budget Workshop.

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

City of KENNEDALE Texas EST. 1887
YOU'RE HERE YOUR HOME

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: JULY 13, 2023

AGENDA ITEM NUMBER: CONSENT AGENDA ITEM V.B.4.

SUBJECT
Approval of the minutes from the June 15, 2023 Budget Worksession.

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

1.	2023.06.15 CC Workshop Minutes WM	2023.06.15 CC Workshop Minutes WM.pdf

KENNEDALE CITY COUNCIL MINUTES

REGULAR MEETING | JUNE 15, 2023 AT 1:00 PM
CITY HALL COUNCIL CHAMBERS | 405 MUNICIPAL DRIVE, KENNEDALE, TX 76060

I. CALL TO ORDER

Mayor Jan Joplin called the meeting to order at 1:07 p.m.

A. ROLL CALL

PRESENT: Jan Joplin, Kenneth Michels, Rockie Gilley, Brad Horton, Jeff Nevarez;
ABSENT: Austin Degenhart; ***STAFF:*** *City Manager Darrell Hull, City Secretary Raeanne Byington, Public Works Director Kristian Sugrim, Finance Director Jonathan Horton.*

II. WORK SESSION

A. WORK SESSION REPORTS

1. Continue discussions on bond for infrastucture improvements.

Council continued to discuss the issuance of bonds for infrastructure consisting of up to $17.4 million for the acquisition, construction, and equipping of various public improvement projects throughout the city. This session gave the council a chance to ask questions and clarify any information regarding the issuance of said bonds.

III. REGULAR SESSION

A. VISITOR AND CITIZEN FORUM

At this time, any person may address the Kennedale City Council about items not on the agenda. Rules and procedures for addressing the Kennedale City Council are included under "I. CALL TO ORDER". Neither formal action nor discussion may occur at this time. Those wishing, instead, to speak on an agenda item should indicate their desire to speak as the Kennedale City Council considers that item.

There was no discussion at this time.

IV. ADJOURNMENT

Motion Approve **Action** Adjourn ADJOURNMENT, **Moved By** Kenneth Michels, **Seconded By** Jeff Nevarez. **Motion passed unanimously** with None voting against approval and None abstaining.

Mayor Joplin adjourned the meeting at 2:26 pm.

APPROVED:

MAYOR JAN JOPLIN

ATTEST:

CITY SECRETARY RAEANNE BYINGTON

City of KENNEDALE Texas EST. 1887
YOU'RE HERE YOUR HOME

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: JULY 13, 2023

AGENDA ITEM NUMBER: CONSENT AGENDA ITEM V.B.5.

SUBJECT
Approval of the minutes from the June 20, 2023 Regular Meeting.

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

City of KENNEDALE Texas EST. 1887
YOU'RE HERE YOUR HOME

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: JULY 13, 2023

AGENDA ITEM NUMBER: INDIVIDUAL CONSIDERATION ITEM V.C.

SUBJECT
ITEMS FOR INDIVIDUAL CONSIDERATION

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

City of KENNEDALE Texas EST. 1887
YOU'RE HERE YOUR HOME

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: JULY 13, 2023

AGENDA ITEM NUMBER: INDIVIDUAL CONSIDERATION ITEM V.C.1.

SUBJECT
Consider approval of a contract with Grossman Design Build LLC in the amount of $28,000 for Conceptual Design Services of the fire station remodel.

ORIGINATED BY: James Brown, Fire Chief

SUMMARY
On May 8, 2023 a Request For Qualifications (RFQ) was issued looking for a Design Build team to provide professional design, renovation, and construction services for our existing fire station. Grossman Design Build LLC was the company that was selected by the committee.

Staff is now requesting Council's approval of a contract with Grossman Design Build LLC in the amount of $28,000 for the first phase of the project, which is Conceptual Design Services of the fire station remodel.

Staff will be available to answer any questions from the Council.

RECOMMENDATION: Approval

ATTACHMENTS

City of KENNEDALE Texas EST. 1887
YOU'RE HERE YOUR HOME

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: JULY 13, 2023

AGENDA ITEM NUMBER: INDIVIDUAL CONSIDERATION ITEM V.C.2.

SUBJECT
Consider approval of vendor for water rate study.

ORIGINATED BY: Jon Horton, Director of Finance

SUMMARY
In-line with previous discussions regarding the future of the Water and Sewer system funding, and the need to increase rates to keep our Water Sewer Fund solvent into the future, the City requested bids from four vendors to complete a water rate study. Three of those vendors responded with bid packages: GDS Associates, Inc., NewGen Strategies & Solutions (NewGen), and Willdan Financial Services (Willdan).

All three vendors have offices in Texas with a national presence, all have a similar 4-month timeline to complete the rate study, and all three have impressive qualifications.

Willdan stood out with two significant differences: staff experience and availability to the City Council. Regarding experience, each member of the project team has over 20 years of experience, with two members of the team having over 35 years of experience each. With over 90 years of combined experience, and recently completing rate studies with neighboring cities such as Alvarado and Cedar Hill, we will certainly receive the level of expertise we deserve.

Regarding availability to the City Council, Willdan has three meetings within the proposal: a work session, a public Council meeting, and a scheduled public hearing.

NewGen also has an impressive team but it does not have the experience offered by Willdan. This bid also only provided for a single meeting with the City Council. Additional meetings would be provided at an additional cost.

RECOMMENDATION
Engage Willdan to conduct a water and wastewater rate analysis not-to-exceed $29,780

ATTACHMENTS

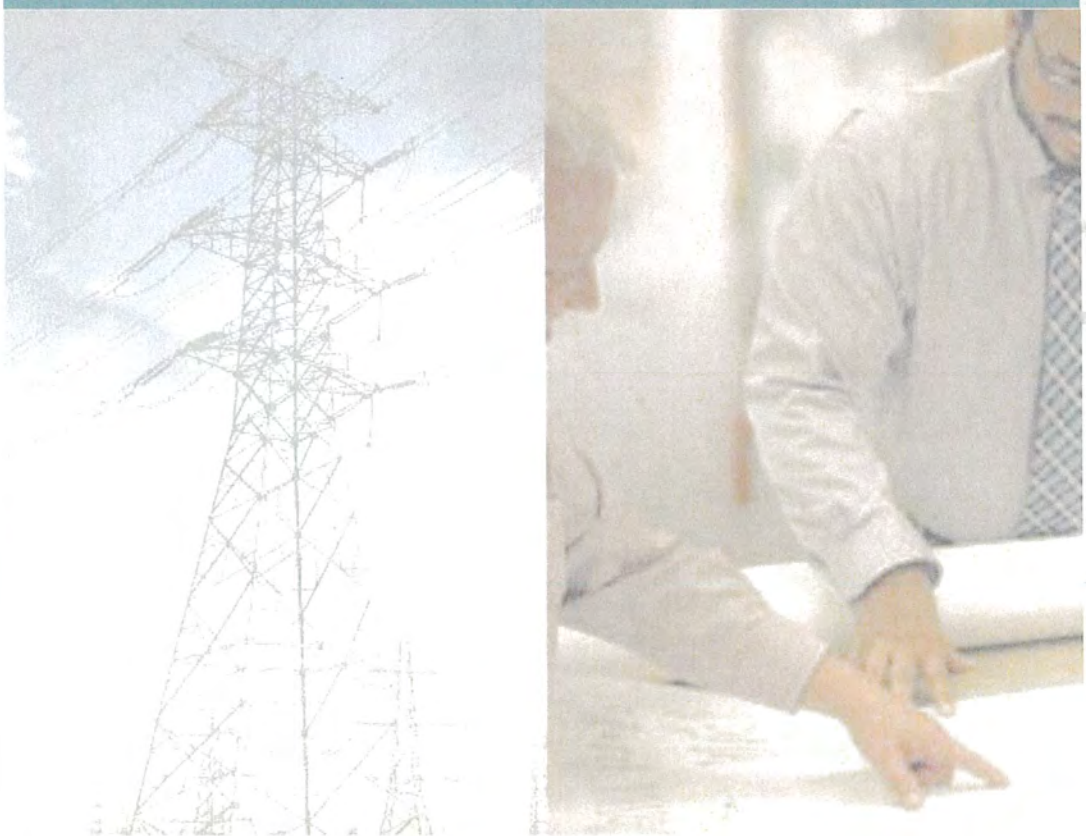
1.	Kennedale FINAL 6-19-2023	Kennedale FINAL 6-19-2023.pdf
2.	Kennedale_W-WW Rate Study_06-12-2023	Kennedale_W-WW Rate Study_06-12-2023.pdf
3.	Kennedale (TX) W-WW Rate Study Prop_June2023_24066 Final	Kennedale (TX) W-WW Rate Study Prop_June2023_24066 Final.pdf

GDS ASSOCIATES, INC.
919 Congress Ave., Suite 1110
Austin Texas 78745

City of Kennedale, Texas

Water/Wastewater Rate Study Proposal

June 19, 2023



GDS Associates, Inc.
ENGINEERS & CONSULTANTS

Table of Contents

I Qualifications and Experience 1
II Bios of Key Personnel 2
III Business References 5
IV Approach to Work 7
V Cost Estimates 14
VI Supplemental Information 16

GDS Associates, Inc.
ENGINEERS & CONSULTANTS

Charles E. Loy, CPA, Principal
chuck.loy@gdsassociates.com
direct 512-541-3166
cell 512-423-2254

June 19, 2023

Mr. Jon Horton, CPA
Director of Finance
City of Kennedale
405 Municipal Drive
Kennedale, Texas 76060

Dear Jon:

Provided below is GDS' response to the City of Kennedale's request for a water/wastewater rate study proposal. GDS is qualified for this engagement as:

- We have extensive experience providing the services requested both within Texas and nationwide. The proposed project team has done rate studies for systems ranging from several hundred connections to several hundred thousand connections in both regulated and unregulated settings.
- We strive to create a stable and sustainable rate plan for clients that recognizes the needs of various utility stakeholders while achieving the long-term goals of the city. We have a wide client base consisting both of utilities and public advocates, allowing us to take a balanced approach.
- Our models balance ease-of-use with the complexity needed to accurately project the results of future period.
- We are familiar with Kennedale's type of operation. GDS has a client that received wholesale water, retail customer billing and collections, and system maintenance from a nearby municipality similar to Kennedale. In addition, GDS helped the same client convert to a fully operational retail utility while maintaining its wholesale water service.

This proposal anticipates the completion of the study and rates being effective prior to the start of the City's 2024 fiscal year. We are open to expanding the timeline for completion or changing our typical project schedule to ensure that any other required needs are appropriately addressed.

We welcome you and your client to schedule a meeting to see our rate model in action and further discuss the capabilities that GDS can bring to the table. Please do not hesitate to reach out to me if you have any additional questions about our organization or the scope of services included in this document.

Respectfully submitted,

Chuck E. Loy, CPA
Principal

I Qualifications and Experience

GDS consultants are recognized leaders in their respective fields, dedicated to their clients, and are known for innovative approaches to meeting unique challenges and consistently being available when needed. Our comprehensive range of expertise focuses on clients associated with, or affected by electric, water/wastewater, natural gas, and solid waste utilities. In addition, GDS offers information technology, market research, statistical, and social media marketing services to a diverse client base. In 2019 and 2020, we performed consulting services for over 700 clients.

GDS was incorporated in Georgia in 1986 and is headquartered in Marietta, approximately half an hour north of Atlanta. GDS' experts can comprehensively address complex regulatory, engineering, economic, governmental, environmental, and scientific issues that impact utilities, their customers, and their stakeholders. For a list of the consulting areas in which GDS provides specialized services, please visit our website at www.gdsassociates.com.

> The **GDS MISSION** is to "help our clients succeed by anticipating and understanding their needs and by efficiently delivering quality services with confidence and integrity"

Availability

The size and depth of GDS permits us to offer clients multiple sources of assistance, ensuring complete, competent, and timely service. GDS personnel are available to begin services when a notice to proceed is issued and anticipate providing our initial request for information ("RFI") within two days of the award. GDS presently has approximately 190 employees across 11 departments, 30 of which are within the Rates and Regulatory department.

Although the work for this project will be performed out of our Austin office and by an employee who works remotely from Dallas, we also have offices located in Marietta, Georgia; Orlando, Florida; Kirkland Washington; Madison, Wisconsin; Augusta, Maryland; Manchester, New Hampshire; and Auburn, Alabama.

Project Schedule

The process of conducting a rate study typically spans between three and five months, but we are willing to work within whatever timeframe requested by the client.

II Bios of Key Personnel

See "Supplemental Information" Section for full resumes of proposed project personnel.

Charles Loy, CPA

Principal

Project Responsibility: Project Director and Principal-in-Charge

Mr. Loy will be responsible for overall management of the project based on his 25 years of experience in the utility industry and will act as the main point of contact for City staff. Mr. Loy will also present the results of the study and GDS' recommendations to the City Council.

Mr. Loy brings 25 years of utility rates, finance, and regulatory experience, and has conducted numerous water, wastewater, solid waste and natural gas customer cost of service studies for investor-owned utilities, municipally-owned utilities and various other publicly owned utility organizations. Prior to joining GDS in June 2001, Mr. Loy served as the Rate Manager for Southern Union Gas located in Austin, Texas. In that capacity, he supervised a team and directed the preparation and implementation of numerous rate-increase applications before various municipal and regulatory bodies in Texas and Oklahoma. After his employment with Southern Union, Mr. Loy joined Citizens Utilities where he served as the Manager of Regulatory Affairs and was involved with all regulatory activity involving water, wastewater, and gas in ten states. Subsequent to Citizens, Mr. Loy joined AquaSource as General Manager, Rates and Regulatory Affairs. AquaSource was a wholly-owned subsidiary of DQE Inc. and parent of Duquesne Light. His duties included directing the compilation and filing of rate cases, acquisition analyses and related filings, commission staff relations, and governmental relations in the twelve states in which AquaSource operated. Additionally, Mr. Loy assisted in business development, contract negotiations, and other special projects.

Mr. Loy has presented expert witness testimony on cost of service, rate design, and public utility accounting matters or participated in regulatory proceedings before 20 state utility regulatory bodies.

Areas of Expertise

Water, Wastewater, Natural Gas and Electric Cost of Service and Rate Design Expert Witness
Regulatory Accounting
Municipal Utility Accounting and Management

Education

Bachelor of Business Administration (BBA), University of Texas at Austin
Certified Public Accountant, Texas

Professional Memberships

American Water Works Association
National Water Works Association
Water Environment Federation

Nicholas Weaver

Senior Project Manager

Project Responsibility:

Mr. Weaver will work with Mr. Loy to develop the cost of service and rate study models and determine a strategy for implementing any necessary changes to rate design.

Mr. Weaver has over 10 years of experience providing consulting services to municipal, and investor-owned utilities, regulatory bodies, and utility customers. He has developed numerous cost of service and rate design studies and forecasts for municipal electric, water and wastewater clients, most recently the cities of Liberty, Texas, Ector County Utility District, and the City of San Marcos, Texas. Mr. Weaver also reviewed the City of Burlington's electric rate filing schedules and model for the Vermont Public Service Division.

Mr. Weaver developed the standard schedules that will serve as the basis of the City's cost of service and rate design study as well as the associated manual. He has participated in over 100 utility regulatory projects, including the development of rates for Advanced Metering Infrastructure (AMI) deployment, development of storage battery and electric vehicle rates, and net metering policies.

Mr. Weaver has presented expert witness testimony before the Public Utility Commission of Texas, the Railroad Commission of Texas, and the Vermont Public Utility Commission.

Areas of Expertise

Cost of Service and Rate Design Studies
Financial Analysis, Forecasts and Rate Modeling

Education

Bachelor of Art, History, University of Texas at Austin, 2008
Master of Accounting, University of Alabama Birmingham, 2018
NARUC Utility Rate School, 2011

MariaElena Eick

Senior Project Consultant

Project Responsibility: Quality Assurance/Control

Mrs. Eick will provide technical review and general oversight of the project, ensuring that it meets GDS' high standards of quality and is delivered on time and within budget.

Mrs. Eick has been at GDS Associates for 20 years and specializes in rate and regulatory analysis, research, and litigation support to technical and managerial staff in various proceedings before the Public Utility Commission of Texas and other regulatory agencies in areas such as rate design, revenue requirement, pricing, asset valuation, and energy procurement. Ms. Eick has presented expert testimony in regulatory proceedings addressing issues including the interim update of wholesale transmission rates, provided analysis, research, and litigation support in electric and water utility rate increase filings and regulatory proceedings, and assisted in strategy and Full-Service Proposal Development and Production for Utility Privatization projects to assist clients in their efforts to acquire the electric, gas, water distribution systems and wastewater collection systems, formerly owned by Department of Defense Installations.

Mrs. Eick has presented expert witness testimony on electric cost of service matters before the Public Utility Commission of Texas.

Areas of Expertise

Regulatory Modelling
Analysis, Research, and Litigation Support
Strategic Analysis
Project Management

Education

Bachelor of Business Administration (BBA), University of Texas at Austin, 2000
Master of Business Administration (MBA), University of Texas at Dallas, 2010
National Association of Regulatory Utility Commissioners Rate School, 2001
EUCI Cost of Service Concepts and Techniques, 2017
EUCI Rate Design for Electric Utilities, 2017
Society of Depreciation Professionals Fundamentals for Municipalities and Cooperatives, 2016

Professional Membership

Society of Depreciation Professionals

III Business References

Our goal is to be a wise investment for our clients, ensuring the quality that is the foundation of our long-term relationships. Below you will find descriptions and contact information for several projects we have worked on recently, including contact information for each of these clients.

REFERENCE 1	City of San Marcos, Texas
Description of Work	GDS Associates has prepared San Marcos' annual 10-year forecast model for 2019 and 2020 and is currently working on a full cost of service study for the electric system customers and the 2021 forecast model. The City of San Marcos provides electric, water, reclaimed water, and sewer service to approximately 325 thousand locations inside and outside City limits, including Texas State University, the fourth-largest University in Texas. GDS has also provided contracting work associated with determining the cost of serving and implementing tiered rates for large industrial customers. The scope of services provided to San Marcos includes presenting our results to the Citizen's Utility Advisory Board.
Reference Name & Position	Tyler Hjorth, Director Public Utilities
Reference Phone No.	(512) 393-8309

REFERENCE 2	Ector County Utility District, Ector County, Texas
Description of Work	GDS has assisted Ector County with three projects in 2019 and 2021 and is currently performing a cost of service and rate study similar to that requested by the City of Smithville. Scope of service provided have included forecasting future expenses and revenues, including cost of capital improvement plans, assigning costs to customer classes, and designing rates capable of sustaining operations.
Reference Name & Position	Tommy Ervin, President of the Board
Reference Phone No.	(432) 634-3921

REFERENCE 3	City of Liberty, Texas
Description of Work	GDS performed an Electric Retail Rate Study for the City of Liberty in 2020 that involved determining the overall cost of serving customers of the utility and performing a Cost of Service Study that determined the overall responsibility of each class for the costs incurred by the utility. GDS also made modifications to rates to account for changes in cost of power and to eliminate undesirable subsidies that were occurring between rate classes.
Reference Name & Position	Tom Warner, PE, City Manager
Reference Phone No.	(936) 336-3684

REFERENCE 4	City of Clinton, South Carolina
Description of Work	GDS Associates worked with the Staff of the City of Clinton on a cost of service and rate study for its electric, water, wastewater, and solid waste services in 2016 and 2017. Modelling included financial projections and preparing a report for the City. Mr. Loy and Mr. Weaver were responsible for the water and wastewater portions of the modelling and forecasting. The City of Clinton Utilities Department provides approximately 4,500 customers. GDS performed both a rate study that examined the overall financial needs of the City as well as a cost-of-service study that investigated the relative level of recovery between the customer classes.
Reference Name & Position	Dale Satterfield, City Manager
Reference Phone No.	(864) 833-7520

REFERENCE 5	Danville Utilities, Danville, Virginia
Description of Work	In 2016 and 2018, GDS worked with Danville Utilities to perform a Utilities Rate Study. We performed a two-year financial forecast to assess the revenue requirements for gas, electric, water, and wastewater utilities and presented the results to the Utility Commission. No rate increases were required for any utility, so rate design was not completed in general. GDS also performed a Street Lighting cost of service analysis and recommended revised street and security lighting rates. We also worked with City staff to develop new rate designs for electric high load factor customers, a raw water rate for a potential new power plant locating in the area, and development of reserve fund computations for a large water customer. Mr. Loy served as project manager for this project in conjunction with personnel in Marietta.
Reference Name & Position	Jason Grey, Director of Utilities
Reference Phone No.	(434) 799-5270

More references can be provided by request.

IV Approach to Work

The below generally describes our approach to performing rate studies for clients. The process for water and wastewater utility rate studies is similar and we follow industry-standard guidance on strategies and methodologies.

GDS' water and wastewater rate model has been developed over our years of providing rate consulting services to municipal and governmental utilities and is designed to easily integrate several modules to respond to specific client needs.

The ***Cost of Service Study ("COSS") is*** a static analysis that determines each classes' contribution to the overall cost of operating the utility, typically based on the upcoming fiscal year budget and historical statistics such as the number of customers and volumes. For each system, the Cost of Service will show:

- The cost to provide service to each rate class or customer type, broken down into customer, commodity, and demand related costs; and
- the overall and relative recoveries of costs under the current and proposed rates, which indicates where subsidies exist.

The COSS is used to guide the development of the proposed rates and the how much revenue should be recovered through fixed and volumetric charges but is only one piece of information to be considered. Rate impact, non-cost considerations, promoting efficient behavior and public policy are also relevant factors. Assuming the City is targeting a transition to new rates before the FY end of 2023, we recommend the fiscal year ending 9/30/23, incorporating changes to reflect the current fiscal year to date and anticipated changes in the upcoming fiscal year for the Cost of Service, which will be adjusted for any known major changes in customer composition or usage patterns.

In addition, the COSS described above includes the Rate Study model as described below. Section "V Cost Estimates" provides estimates for each rate study for the City's consideration.

The ***Rate Study*** model is a forecast of the future revenue needs of the utilities and determines the optimal strategy for approaching increases for the following five fiscal years. The output of the Rate Study will show for each system:

- Revenues and contributions from base rates, connection fees, charges, and other sources;
- operating expenses by major category;
- amount of debt service expense;
- transfers in and out of funds;
- amount of cash on hand used to fund capital projects;
- beginning and ending fund and reserve balances; and
- metrics such as days of cash on hand, debt service coverage ratios, and cash available for capital project funding.

Detailed Project Approach

Project Initiation Meeting and Data Request

The initial step of the project will be the scheduling of a kick-off meeting and the transmittal of a request for information that will provide a list of GDS' data needs for the project. The kick-off meeting will serve to introduce GDS and City personnel, discuss data needs and project schedule, and solidify project goals and objectives.

Information Required from the City of Kennedale

Involvement of City staff is essential for developing an accurate comprehensive rate study - no one knows more about the utility than the staff members that are involved in the day-to-day operations. In addition to staff input, documents required to perform the study are typically maintained in the normal course of business and include:

- Historic financial statements and supporting schedules.
- Fund and reserve balances
- Budget documents
- Forecast results of the current fiscal year
- Bond documents
- Fixed asset schedules
- Miles of pipe by diameter
- Capital improvement plans.
- Commodity (purchased water) contracts.
- Formal and informal financial targets (reserve balances, debt service coverage, etc.)
- Statistical information on customers, consumption, and demand patterns
- Effects of forecast changes in customer composition and usage levels

GDS will provide the standard request detailing data needs at the outset of the project. After initial discussions of the scope have been held, any additional requests specific to City of Kennedale requested scope of services will be developed and transmitted.

Cost of Service Study

The process for the water and wastewater Cost of Service analyses are generally the same: expenses are entered into the model at the account level, and each individual account is assigned to a functional area or areas which are then allocated to customer classes based on statistical information provided by the utility. For example, the costs of mailing bills to customers would be functionalized to the "Customer" cost functional area, and then allocated among the classes on the number of customers in each class.

Setup Model - Customer Classes and Functions

In this step, the customer class information and required functional areas are entered into the model. The model can be set up to reflect the City's current Residential and Commercial classes or future classes (i.e. such as a potential industrial class) can be added as desired by City staff. The model is typically set up so that a budgeting document or financial report services as the input, allowing for changes to easily flow through the cost of service.

Determine Utility-Level Cost of Service

In this step, information from the budgeted expenses, debt service, target financial ratios and capital improvements plan are incorporated into the model to determine the overall revenue required to run the utility in the next fiscal period. The total amount and its component values are reviewed with the client to ensure accuracy before moving to the functionalization step. If any adjustments need to be made to the budgeted amount - for instance, changes in the cost of purchased water for changes in usage that were not included in the budget - it is done at this point.

Assign Costs to Functional Areas

The functionalization used by GDS will follow the industry standards developed by the American Water Works Association ("AWWA") and Water Environment Federation ("WEF"). Both approaches recognize three or four separate functional areas for which costs and investment are made at a utility:

- ***Base or Commodity Costs*** which represent normal or "average" system operations. Items such as the cost of water[1] and a portion of O&M and debt expense are allocated to this functional area.
- ***Maximum Day/Maximum Hour Demand Costs*** which are those costs that are incurred to meet demand levels above the system minimum, whether caused by weather conditions or specific customers.
- ***Customer Costs***, which are those costs necessary to serve customers irrespective of usage, such as meter reading or billing expense.

For many utilities, the determination of how to assign demand-related costs has been the more difficult part of the cost-of-service study. Estimates or sampling have been used as proxies for actual customer demand data. If the city has invested in AMI technology, it will allow both more accurate assignment of demand-related costs and the potential for demand-based charges, similar to those charged by an electric utility.

Allocate Functionalized Costs to Customer Classes

Each functional area is then allocated to customer classes based on the nature of the function. For example, the cost of water, after being assigned to the Base function, will be allocated to customer classes on the basis of water usage during the test period.

Analysis of Cost of Service Results

After the allocation of costs to customer classes has been completed, the total cost of serving each class is compared to the revenues being recovered under current rates. As mentioned above, the COSS does not provide a strict rate to charge for each service, but a guideline as to how rates should be structured to capture the costs of providing service. Despite this, the COSS provides valuable information to quantify the existence and magnitude of subsidies within the existing cost structure, allowing comparison to City goals and policies.

[1] Assuming water is priced on a volumetric basis and does not include any escalations for demand.

Rate Study

GDS' standard Rate Model provides a five to ten year forecast of utility expenses and revenues as well as various financial metrics including debt service coverage ratios, fund balances, revenues, and expenses.

Model Setup - Expense and Revenue Information

The most recent budget generally serves as the basis of the Rate Study. From this beginning point, various forecasts are developed to accurately model the future financial health of the utility. In this step of the project, revenues and expenses from City financial information are input into the model and any modifications are made to reflect the unique operating characteristics of the utility or to highlight specific costs within the model.

Review of Capital Improvement Program Funding Needs and Sources

A request for the City's Capital Improvements Plan as well as funding plans will be included in the initial data request. GDS will review these plans to identify any projects serving specific functional categories or customer groups. The funding source for each project will then be determined. Generally, municipal utilities have three sets of funding available for capital projects. The utility can issue debt, recover costs through fees or contributions (including grants), or can use existing cash balances. The level of capital improvements and the type of funding chosen is typically one of the largest drivers of changes in the overall forecast revenue requirements, and therefore one of the main considerations when evaluating the need for increases. For example, if a specific project is funded through an issuance of debt, any debt and required coverage will need to be added to the revenue requirement in subsequent years. If that same project is funded through existing cash balances, rates in preceding years must provide enough revenue to ensure adequate cash balances can be maintained.

Review of Reserve and Fund Balance Policies

A utility's reserve, financial and fund balance policies drive the level of surplus revenues as well as the ability to fund future capital projects from existing fund balances. Therefore, identifying these items and discussing any potential modifications is an essential part of the rate study. During this review, GDS will provide feedback on the adequacy of financial policies.

Determine Future Operating Expense Levels

Future fund expenses (exclusive of capital projects) are calculated based on a number of inputs, including current or budgeted expenses, known changes, and increases for inflationary pressures. Typically, these forecasts are developed on a utility of departmental or functional level rather than for each individual expense account, but specific costs determined to be material to the utility (such as purchased water expense) can be presented separately or on their own schedules.

Create Projection Consumption and Revenues under Current Rates

In conjunction with City staff, GDS will create a projection consumption incorporating the effect population growth and changes in consumption patterns will have on usage and revenues. The model shows both the revenues that would be collected under proposed rates and the adequacy of current rates to fund future operations.

Typically, the most recent 12-month usage information available is used as the basis of the study. At times, due to circumstances such as a wet summer, adjustments may need to be made to this data. To determine an accurate range of usage and revenue possibilities, GDS will review historical fluctuations in usage which then can be input into the rate model to determine the potential effect of weather on projections.

Determine Future Revenue Needs, Shortfalls, and Increase Strategy

Future capital improvement project-related costs, operating expense levels and required fund balances are assessed and compared to the revenues expected under consumption projections to identify where shortfalls will occur. There are a number of ways to approach future rate increases. Rates can be increased slowly each year in order to achieve the required levels of revenue, or alternatively larger increases can be implemented once every three or five years to achieve the same results.

Review of Initial Results with City Staff

After the initial forecast is developed, a meeting will be scheduled for GDS to review the results and initial recommendations with Kennedale Staff. This will ensure that City staff has a detailed understanding of our assumptions, inputs, and model results and can compare our results to the City staff's expectations.

Rate Evaluation and Recommendations

There is no one "right" approach to rate design - instead there are various options for each utility based on its current financial position, future capital improvement plans, and the equity of current rates.

Create Proof of Revenues

The proof of revenues provides confirmation that the data underpinning the proposed rate design is accurate. In the proof, the historical billing determinants are applied to current rates and are compared to study period financial results. Variations of greater than 1% will need to be investigated to ensure that rates create the expected revenues.

Review Billing Information and Develop Bill Impact Schedules for Rate Options

Customer information will be reviewed to ensure that adjustments are not needed to remove one-time events (such as large leaks), the effects of weather, or the gain or loss of customers. At the same time, average and or median customer profiles will be developed for each rate class to assist in assessing the impact of any changes in rates. For significant classes, such as residential users, a range of usage profiles is developed for impact evaluation purposes.

Assess Current Rate Structure Performance and Adequacy

Using the rate design goals that were established through discussions with Staff and policy documents, the current rate structure will be evaluated to determine the extent to which those goals are being met and the ability of the current design to fund future operations.

Development of Rate Design Recommendations

GDS' typical approach is to develop an initial rate design for the first year of the rate study (in the City's case, the new rates that will go into effect starting FY 2024) which is used as the "base" to which blanket increases or decreases are applied to achieve the level of operating revenues necessary to meet future revenue requirements indicated by the Rate Study. In certain cases where significant subsidies exist, fundamental changes to rate structure are required, or bill impacts are judged to be deleterious to ratepayers, the transition to new rates is achieved over a multi-year period.

The rate design process involves both the setting of the base rates and the approach to achieving revenues that will cover future needs. For instance, setting base rates to achieve revenues higher than strictly needed in the first year may eliminate the need for increases in the second or third year. Some utilities prefer small annual adjustments to rates, while others prefer rates that are left in place for multiple years. The City's preferences can be compared to the results of the Rate Study to determine the optimal strategy for each utility.

Depending on the results of discussions with Staff on the preferred approach to any increases, rates may be set specifically to recover the upcoming year's revenue requirement or at a level sufficient to fund operations for several years. During discussions, two or three potential alternatives for meeting the revenue requirement are identified for further study. For each alternative, GDS will provide an overview of potential pros and cons of the approach, the impacts on customer bills over the study period, and selected projected financial metrics such as fund balances and the ability of rates to cover expenses.

Benchmarking Study

GDS will, with input from City staff, select comparable cities and prepare a benchmarking study of current and proposed customer rates for a limited number of usage levels. This will assist the study participants in evaluating the rate proposals both in direct comparison and in terms of attracting new customers to the City.

Communication of Study Results to Utility Stakeholders

Effective communication of the study methodology and results is key to getting utility stakeholders to support the proposed rates.

Development of Draft Report

After GDS has finalized our findings and recommendations, a report will be prepared covering our methodology, findings of the study, recommendations as to changes in policy and procedures, structural changes to rates, study schedules and workpapers, benchmarking information, and rate impacts that will occur when the recommended rates are adopted. Under our typical timeline for completing a comprehensive rate study, a draft copy of the report will be provided for review by the City Council approximately a week prior to the first presentation of the study results.

Communication of Results to Ratepayers

GDS will prepare bill impact tables for use in bill inserts as well as a brief description of the rate study process and our study results. This insert can be included with the notice of a rate increase after the vote of the City Council or be mailed to customers at the City's discretion.

Presentation of Preliminary Findings to City Council

After the draft report has been delivered to the City GDS will prepare and present our initial findings to the City Council. GDS will present a PowerPoint slideshow describing the study process and results, forecasted revenue requirements, and descriptions of rate options, and respond to any questions, comments, or feedback that Councilmembers may have.

Presentation of Final Findings to City Council

After finalization of the report, GDS will present our final results to City Council, including our rate recommendations, bill impacts, draft modifications to the City's Code of Ordinances and responses to any questions that could not be answered during the previous meeting.

V Cost Estimates

The estimates below reflect two different rate study approaches as described in the article included in the attachments "What Kind of Rate Study Do You Need?"

GDS will agree to a Not-To-Exceed (NTE) amount for this rate study, with the understanding that the provided data from the city is readily available in a format necessitating minimal time for conversion into a usable form. To ensure a seamless working relationship, GDS commits to maintaining open and continuous communication with the city, facilitating swift resolution of any concerns relating to data formats or compatibility. Additionally, alternative solutions will be actively considered, should compatibility issues arise unexpectedly. By adopting this collaborative approach, GDS intends to minimize risks associated with unforeseen data conversion challenges while maintaining cost-effectiveness.

FULL COST OF SERVICE STUDY

ESTIMATED HOURS BY TASK	Chuck Loy	Nick Weaver	MariaElena Eck	Total
Initial Meetings and Data Collection	4.0	8.0	4.0	16.0
Projection of Revenues Under Existing Rates	2.0	4.0	4.0	10.0
Development of Revenue Requirements & Cash Flow	2.0	20.0	4.0	26.0
Evaluation of Customer Classes for Utilities	2.0	10.0		12.0
Cost of Service Allocations	2.0	20.0		22.0
Design of Rates and Charges	2.0	8.0		10.0
Financial Planning and Rate Model	2.0	8.0		10.0
Meetings, Presentations & Report	2.0	12.0	12.0	26.0
TOTAL ESTIMATED HOURS	18.0	90.0	24.0	132.0

ESTIMATED FEES BY TASK				
Initial Meetings and Data Collection	$ 1,060	$ 1,840	$ 920	$ 3,820
Projection of Revenues Under Existing Rates	530	920	920	2,370
Development of Revenue Requirements & Cash Flow	530	4,600	920	6,050
Evaluation of Customer Classes for Utilities	530	2,300		2,830
Cost of Service Allocations	530	4,600		5,130
Design of Rates and Charges	530	1,840		2,370
Financial Planning and Rate Model	530	1,840		2,370
Meetings, Presentations & Report	530	2,760	2,760	6,050
TOTAL HOURLY FEES	4,770	20,700	5,520	30,990
Travel & Lodging	-	-	-	-
TOTAL OTHER CHARGES	-	-	-	-
TOTAL ESTIMATED COST	$ 4,770	$ 20,700	$ 5,520	$ 30,990

FINANCIAL PLAN RATE STUDY

ESTIMATED HOURS BY TASK	Chuck Loy	Nick Weaver	MariaElena Eck	Total
Initial Meetings and Data Collection	4.0	8.0	4.0	16.0
Projection of Revenues Under Existing Rates	2.0	4.0	4.0	10.0
Development of Revenue Requirements & Cash Flow	2.0	20.0	4.0	26.0
Evaluation of Customer Classes for Utilities				0.0
Cost of Service Allocations				0.0
Design of Rates and Charges				0.0
Financial Planning and Rate Model	2.0	8.0		10.0
Meetings and Presentations	2.0	6.0	8.0	16.0
TOTAL ESTIMATED HOURS	12.0	46.0	20.0	78.0

ESTIMATED FEES BY TASK				
Initial Meetings and Data Collection	$ 1,060	$ 1,840	$ 920	$ 3,820
Projection of Revenues Under Existing Rates	530	920	920	2,370
Development of Revenue Requirements & Cash Flow	530	4,600	920	6,050
Evaluation of Customer Classes for Utilities				-
Cost of Service Allocations				-
Design of Rates and Charges				-
Financial Planning and Rate Model	530	1,840		2,370
Meetings and Presentations	530	1,380	1,840	3,750
TOTAL HOURLY FEES	3,180	10,580	4,600	18,360
Travel & Lodging	-	-	-	-
TOTAL OTHER CHARGES	-	-	-	-
TOTAL ESTIMATED COST	$ 3,180	$ 10,580	$ 4,600	$ 18,360

The estimates above do not include any travel costs. If it is determined that a trip is needed, GDS will provide an estimate when more details are known. This estimate assumes all work will be completed via the Internet. GDS will bill the CITY monthly using the rates detailed above. We will work closely with you to accomplish the work in a workmanlike, professional, thorough, and efficient manner.

We cannot guarantee the outcome of the rate increase; however, we will guarantee your satisfaction with our service. If GDS does not perform to your satisfaction, we will resolve the issue, even if it means reducing or refunding our fees.

VI Supplemental Information

In this section, you will find the previously mentioned article "What Kind of Rate Study Do You Need?" and full resumes of GDS project staff members.

GDS Associates, Inc.
ENGINEERS & CONSULTANTS

WHAT TYPE OF RATE STUDY DO YOU NEED?

Know the differences to determine what you need...

It's time for a rate study...

You've managed your utility well, kept costs down, and have a safe and reliable system. However, inflation, a capital project, or the need to hire additional personnel require you to raise rates. Easy enough - you know there are rate consultants out there that can help you determine how much of an increase is needed. ***But, did you know that there are two primary types of "rate studies?"*** The costs and the level of analysis associated with each is very different and you should know the differences in order to determine what you need.

The first option is a **Full Cost of Service Study**, which assigns costs to each customer class based on each classes' contribution to the expense of running the utility. These costs may be allocated based on the number of customers in a class, usage and demand data, and class-specific investments. The results of this kind of study provide a very detailed insight into the cost of delivering service to each class and identifies any inter-class subsidies that may exist. This allows recommendations to be made for individual classes, and changes to be made in rate design so that cost recovery more closely mirrors causation.

The second option, sometimes called a **Financial Rate Plan**, consists of a review of when increases are needed and how large they need to be to meet the overall revenue requirement of the utility. Unlike a **Full Cost of Service Study**, rates are not adjusted on an individual class basis. Instead, often the consultant will recommend a blanket increase - for instance 5% - which is applied to all existing rates regardless of class.

A **Full Cost of Service Study** requires much more work and time - both on the part of the utility staff and the consultant - as a significantly larger amount of data must be provided and analyzed, and additional discussions regarding rate structure and cost allocation are required. **A Full Cost of Service Study** is more expensive to perform. However, there are several benefits that a **Full Cost of Service Study** provides that a **Financial Rate Plan** does not:

- Fairness - Costs are assigned according to what is causing them, ensuring that each customer class rates are set to recover the appropriate revenues. Sometimes an immediate move to full cost may not be recommended due to customer impacts, but the study provides guidance moving each class towards actual cost.
- Industry Acceptance - The American Water Works Association (AWWA) recommends the Full Cost of Service Study approach.
- Defendable - If rates are challenged by customers, there will be a very reasonable basis for the rates as they were assigned using cost causation.
- Detail - A Full Cost of Service Study allows costs to be presented by their functional unit (e.g. billing cost per bill, treatment costs per gallon of water) which helps determine the portions of the total cost that should be recovered through customer or volumetric charges.

Typically, we recommend that a utility with multiple customer classes perform a **Full Cost of Service Study** every five to seven years. In the interim, if needed, we recommend **Financial Rate Plans** based on an update of the existing Full Cost of Service model, with changes for growth, debt service and budgeted expenses. Regardless of which study is most appropriate for your utility, there are several deliverables you should expect to get with any rate study:

- A report or presentation showing what kind of analysis the consultant did, the results of that analysis, and the recommended rates or increases.
- A customized, non-licensed copy of the model that was used to determine rates, under the utilities' control, that can be used by utility staff. Some rate consultants may restrict access to, license, or require a subscription for access to modeling software, however, the utility has paid for the model and should have ownership. ■

If you have any questions or want to learn more about rate studies for your utility, please contact:

Chuck Loy, Principal
Rates & Regulatory
512-541-3166 or
chuck.loy@gdsassociates.com

EDUCATION: BBA Accounting, University of Texas at Austin
Certified Public Accountant, Texas

PROFESSIONAL MEMBERSHIPS:

American Water Works Association
National Association of Water Companies
Water Environment Federation
Texas Society of Certified Public Accountants
American Gas Association
American Public Gas Association
Texas Gas Association

EXPERIENCE:

Mr. Loy has over 25 years of experience helping organizations meet challenges arising in both regulated and competitive environments within in the utility industry.

2001-Present GDS Associates, Inc.: Principal – Mr. Loy started with GDS in June of 2001. His focus is on regulatory accounting and finance. He is experienced in natural gas, water, wastewater, and electric regulatory and accounting matters. Mr. Loy assisted a number of and gas distribution, gas transmission, water and electric clients with rate case filings before FERC and various regulatory authorities in a number of states. He has assisted with the financial analysis of wholesale purchase power and retail aggregation projects as a result of the deregulation of the electric industry in Texas. He has conducted analysis and developed recommendations regarding the Southwest Power Administration's rate increase on behalf of member clients. He has participated in a number of natural gas and electric projects involving rate increases, acquisition/merger analysis/assistance as well as other special projects.

1999-2001 AquaSource Inc.: General Manager Rates and Regulatory Affairs - AquaSource Inc., a wholly owned subsidiary of DQE Inc and parent of Duquesne Light. AquaSource was formed in 1997 to take advantage of the consolidation in the water and wastewater industries and spent three years and more than $400 million acquiring water and wastewater companies. Mr. Loy's duties included directing the compilation and filing of rate cases, acquisition analyses and related filings, regulatory commission/governmental relations in the twelve states in which AquaSource operates. Additionally, he supervised a professional staff located throughout the country and assisted in business development, developer contract negotiations and other special projects. His appointment came in the middle of AquaSource's aggressive acquisition phase. Accordingly, his first year was spent primarily working to clean up a very chaotic regulatory situation regarding acquisitions.

1993-1999 Citizens Utilities Company: Manager, Regulatory Affairs – Mr. Loy served as Project Manager of numerous multiple-company water and wastewater rate case filings, in Ohio, Illinois, Pennsylvania and Arizona. In those cases, he prepared and presented testimony, developed revenue requirement calculations, generated revenue and expense pro forma adjustments, performed working capital lead/lag studies, and evaluated rate design/cost of service issues. He proposed surcharge mechanisms for purchased water, a reverse osmosis process, and contract waste treatment. Additionally, Mr. Loy designed and directed the development of the multiple company revenue requirement models that generated filing schedules. In the fall of 1997, Citizens promoted Mr. Loy to Manager Regulatory Affairs. In the new position, he supervised the staff responsible for all regulatory activity involving gas, electric and water/wastewater in ten states. He was a key member of a team that negotiated a multimillion-dollar water and wastewater agreement with a major developer in Phoenix on behalf of Citizens. In addition, he assisted with the valuation, operational analysis and due diligence of utility acquisitions.

1989-1993 Southern Union Gas Company: Rate Manager – Mr. Loy joined Southern Union as Sr. Internal Auditor. In that capacity, he contributed to multiple projects pertaining to the upcoming merger with a large publicly traded corporation. These projects included supervising audits of gas purchases, accounts receivable, accounts payable and oil and gas holdings. He was promoted to Rate Manager reporting to the Vice President of Regulatory Affairs. In that capacity, he supervised a team of four directing the preparation and implementation of 16 rate increase applications before various municipal and state regulatory bodies, and led negotiating sessions with elected and municipal officials. In addition to improving efficiency, he developed several rate mechanisms that resulted in increased earnings. One such efficiency was the Weather Normalization Adjustment Clause (WNAC). By eliminating weather-sensitive fluctuations, the WNAC increased earnings as much as 12%. He also developed a Cost of Service Adjustment Clause (CSAC) which was established in several smaller municipal jurisdictions. The CSAC allowed annual rate increases without the time and expense of major rate filings. Also, Mr. Loy performed analysis and due diligence for numerous municipal and private acquisitions.

1987-1989 Diversified Utility Consultants, Inc.: Sr. Accounting Analyst - Diversified Utility Consultants (DUC) is a consulting firm which represents consumers' interests in rate case proceedings. The firm's clients include municipalities and various state-supported consumer agencies. As a Sr. Accounting Analyst, Mr. Loy worked on seven electric rate cases, two gas rate cases and one water rate case.

Prior to 1987 Mr. Loy spent summers in college rough necking, both offshore and onshore, on oil and gas drilling rigs. His first job after college was in the oil & gas industry where he started in accounts receivable and specialized in collecting past due accounts. He was in the Joint Interest Auditing Department where he reviewed drilling costs and negotiated refunds for the company and its joint interest owners.

Regulatory Experience:

Mr. Loy has presented testimony and/or participated in cases before the following regulatory bodies:

Pennsylvania Public Utility Commission – Water/Wastewater, Steam
Public Utilities Commission of Ohio – Water/Wastewater, Gas
Indiana Regulatory Commission – Water/Wastewater
Idaho Public Utilities Commission- Water
Illinois Commerce Commission – Water/Wastewater
Arizona Corporation Commission – Water/Wastewater, Conservation Rates, Reclaimed Water
Arkansas Public Utility Commission - Water
Oklahoma Corporation Commission – Gas
Hawaii Public Utilities Commission – Water/Wastewater
Texas Railroad Commission - Gas
Texas Public Utilities Commission – Electric, Water/Wastewater
Texas Commission on Environmental Quality – Water/Wastewater, Conservation Rates
Delaware Public Service Commission – Water, Conservation Rates
New Mexico Public Regulation Commission – Water/Wastewater, Conservation rates
New York Public Service Commission – Water
Public Service Commission of Montana - Gas
Public Service Commission of South Carolina – Water/Wastewater
Public Service Commission of West Virginia - Gas
Connecticut Department of Public Utility Control - Water
New Jersey Board of Public Utilities - Water
El Paso Public Utilities Board – Gas
Federal Energy Regulatory Commission -Gas

LIST OF TESTIMONY, EXPERT PROCEEDINGS, AND ENGAGEMENTS BY CHARLES E. LOY, CPA

WATER UTILITY RATES AND REGULATION EXPERIENCE

Arizona Corporation Commission

Docket No. WS-01303A-006-0403
Presented testimony, prepared the Cost of Service study and rate design on behalf of Arizona-American Sun City and Sun City West Wastewater rate request.

Docket No. WS-01303A-06-0403
Presented testimony, prepared the Cost of Service study and rate design on behalf of Arizona-American Anthem/Aqua Fria Water and Wastewater rate request.

Docket No. WS-01303A-06-0014
Presented testimony, prepared the Cost of Service study, rate design, and assisted with the preparation of the revenue requirements on behalf of Arizona-American Mohave Water and Wastewater rate request.

Docket No. W-01656A-98-0577, SW-02334A-98-0577
Presented testimony for approval of a Central Arizona Project Water utilization plan, the implementation of a Groundwater Savings Fee and the recovery of deferred project costs.

Docket WS-02334A-98-0569
Presented a filing for the approval of an agreement relating to a wastewater plant de-nitrification project with the Sun City Recreation Centers and Del Webb Corporation.

Docket U-3454-97-599
Prepared and presented a filing for the approval of a CCN to provide water and wastewater services to Del Webb's Anthem project and the approval of two related agreements.

Docket No. E-1032-95-417 ET AL.
Presented testimony and prepared the rate filing on behalf of Citizens Utilities Maricopa County water properties 1995 rate request.

Arkansas Public Service Commission

Docket No. 09-130-U
Presented pro forma adjustments to revenues and prepared the Cost of Service study and rate design on behalf of United Water Arkansas's 2009 rate request.

Docket No. 06-160-U
Presented testimony, prepared the Cost of Service study and rate design on behalf of United Water Arkansas's 2006 rate request.

Docket No. 03-161-U
Presented testimony, prepared the Cost of Service study, rate design, and assisted with the preparation of the revenue requirements on behalf of United Water Arkansas's 2003 rate request.

Connecticut Department of Public Utility Control
Docket No. 07-05-44
Prepared the rate filing and supporting testimony on behalf of United Water Connecticut's 2007 water rate request.

Public Service Commission of South Carolina
Docket No. 2019 -281-S
Represented the Commission Staff in the analysis and recommended accounting treatment of a IOU's purchase of donated property from a Municipality.

Docket No. 2014-346-WS
Represented ratepayers in Daufuskie Island Utility Company's 2014 Request for Increase for Water and Sewer Rates and in the Rehearing or Supreme Court Remand in 2017. Filed Testimony in both proceedings.

Public Service Commission of Delaware
PSC Docket No. 16-0163
Presented testimony, prepared the Revenue Requirements Schedules, Cost of Service study and rate design on behalf of SUEZ Water Delaware's 2016 rate request

PSC Docket No. 09-60
Presented testimony, prepared the Cost of Service study and rate design on behalf of United Water Delaware's 2009 rate request.

PSC Docket No. 06-174
Presented testimony, prepared the Cost of Service study, rate design, revenue normalization and cash working capital requirements on behalf of United Water Delaware's 2006 rate request.

Hawaii Public Utilities Commission
Docket 2021-0005
Filed testimony on revenue requirements and rate design on behalf of Kaanapali Water Company's water and wastewater systems.

Docket 2019-0057
Filed testimony on revenue requirements, rate design and original cost trending study on behalf of Kalaeloa Water Company's water and wastewater systems.

Idaho Public Utilities Commission
Case No. UWI-W-09-01
Presented testimony, prepared revenue and expense pro forma adjustments, and proposed rate design on behalf of United Water Idaho, Inc. 2010 rate request.

***Indiana Utility Regulatory* Commission**
Cause No. 41842
Prepared the filing and presented testimony for the Petition of Utility Center Inc. for the recovery of Distribution System Improvement Charges -2001

Cause No. 41559
Prepared the filing and presented testimony for a Certificate of Territorial Authority to render Sewage service.-2000

***Indiana Utility Regulatory* Commission-cont.**

Cause No. 41968
Directed the preparation of Utility Center Inc.' request for authority to increase its rates and charges for water and sewer service. -2000

Illinois Commerce Commission
Docket No. 94-0481
Presented testimony and prepared the filing on behalf of Citizens Utilities Company of Illinois 1994 rate request.

Docket No. 95-0633
Presented testimony on behalf of Citizens Utilities Company of Illinois in Tudor Park Apartments vs. Citizens Utilities of Illinois.- 1995

Docket No. 97-0372
Presented testimony on behalf of Citizens Utilities of Illinois in the Application for Consent to and Approval of a Contract with Affiliated Interests. 1997

State Board of New Jersey Public Utilities
BPU Docket No. WRO702125
Prepared and presented testimony on the determination of the cash working capital requirements on behalf of United Water New Jerseys 2007 rate request.

New Mexico Public Regulation Commission
Case No. 18-00124-UT
Presented testimony and assisted with the preparation of the water rate filing on behalf of EPCOR Water New Mexico Clovis District 2018/2019 Rate Request

Case No. 11-00196-UT
Presented testimony and assisted with the preparation of the water rate filing on behalf of New Mexico American Water Company Clovis District 2011 Rate Request

Case No. 09-00156-UT
Presented testimony and prepared the water rate filing on behalf of New Mexico American Water Company Edgewood District 2009 Rate Request

Case No. 07-00435-UT
Presented testimony and prepared the water and wastewater rate filing on behalf of New Mexico Utilities Inc.2007 Rate Request

Case No. 08-00134-UT
Presented testimony and prepared the water rate filing on behalf of New Mexico –American Water Co.2008 Rate Request

New York Public Service Commission
Presented testimony, prepared the Cost of Service study and rate design on behalf of United Water New Rochelle's 2010 rate request.

Public Utilities Commission of Ohio
Docket No. 98-178-WS-AIR
Presented testimony and prepared the filing on behalf of Citizens Utilities Company of Ohio 1998 rate request.

Docket No. 94-1237
Presented testimony and prepared the filing on behalf of Citizens Utilities Company of Ohio 1994 rate request.

Pennsylvania Public Utility Commission
Docket Nos. R-2018-3002645and R-2018-3002647
Filed testimony on behalf of People's Natural Gas of Pittsburgh regarding Pittsburgh Water and Sewer Authority's 2018 rate increase request.

Docket No. R-2009-2122887
Presented testimony, prepared the Cost of Service study and rate design on behalf of United Water Pennsylvania's 2009 rate request.

Docket No. R-00051186
Assisted with analysis/filing preparation of United Water Pennsylvania, Inc. 2005 Rate Case.

Docket No. R-00953300
Presented testimony on behalf of Citizens Utilities Company of Pennsylvania 1995 rate request.

Public Utility Commission of Texas
Docket 53232 Crystal Springs Water Utility
Application for a 2022 Water/Sewer rate increase. Prepared the application and submitted testimony.

Docket 50197
Application for a 2019 Water Rate Tariff Change for Timbercrest Partners LLC. Prepared the application for a Class B Water Utility.

Docket 49367
Petition by Out of District Ratepayers Appealing the Water Rates Established by the El Paso Water Control and Improvement District No. 4. Filed an Affidavit on behalf of the WCID and assisted in settlement negotiations.

Docket 49892
Application for a 2019 Water Rate Tariff Change for Concho Rural Water Corporation. Prepared the application for a Class B Water Utility.

Docket 47680
Application for a 2018 Sewer Rate Tariff Change of Bolivar Utility Services Assisted with the preparation of the application and filed supporting testimony.

Docket 43242
Application for a 2014 Water Rate Tariff Change of Wiedenfeld Water Works. Prepared the application and filed testimony

Docket 44911
Application for a 2015 Sewer Rate Tariff Change of Bolivar Utility Services. Assisted in the preparation of the application

Docket 44809
Application for a 2015 Water/Sewer Rate Tariff Change of Quadvest LP. Prepared the application and filed testimony

Docket 47680
Application for a 2018 Sewer Rate Tariff Change of Bolivar Utility Services. Assisted in the preparation of the application and filed testimony

Texas Commission of Environmental Quality
SOAH Docket 582-14-3415
Application for a 2013 Water Rate/Tariff Change of Canyon Lake Water Service Company
Prepared the application and filed testimony on behalf of Canyon Lake WSC.

SOAH Docket No. 582-14-3384
Application for a 2013 Water and Sewer Rate/Tariff Change of SWWC Inc.
Prepared application on behalf of SWWC, Inc.

SOAH 582-14-3381
Application for a 2013 Water and Sewer Rate/Tariff Change of Monarch Utilities LP
Prepared application on behalf of SWWC, Inc.

SOAH Docket No. 582-12-0224
STM Application of Monarch Utilities I, L.P. to Transfer Water and Sewer Facilities and Certificates of Convenience and Necessity – provided assistance

Application 37531-R
Application for a Water Rate/Tariff Change of Quadvest L.P. Prepared application on behalf of Quadvest L.P.
Prepared application on behalf of Quadvest L.P.

Applications 37507-R and 37508-R
Application for a Water and Sewer Rate/Tariff Change of Ranch Utilities, Inc. Prepared application on behalf of Ranch Utilities, Inc.

Application 37317-R
Application for a Water Rate/Tariff Change of Wiedenfeld Water Works, Inc. Prepared application on behalf of Wiedenfeld Water Works, Inc.

Applications 37234-R and 37235-R
Application for a Water and Sewer Rate/Tariff Change of Aqua Texas, Inc. North and Southwest Regions
Prepared application on behalf of Aqua Texas, Inc.

SOAH Docket No, 582-12-0224
Application for a Water and Sewer Rate/Tariff Change of Monarch Utilities LP
Prepared application on behalf of SWWC, Inc.

***Texas Commission of Environmental Quality*-cont.**

SOAH Docket No. 582-11-1468
Application for a 2010 Water Rate/Tariff Change of Canyon Lake Water Service Company
Prepared the application and filed testimony on behalf of Canyon Lake WSC.

SOAH Docket No. 582-11-1458
Application for a Water and Sewer Rate/Tariff Change of Aqua Texas, Inc. Southeast Region
Prepared application on behalf of Aqua Texas, Inc.

Docket No. 0580-UCR
Application for a 2009 Water Rate/Tariff Change of Canyon Lake Water Service Company
Prepared the application on behalf of Canyon Lake WSC.

Docket No. 35850-R
Application for a 2007 Water Rate/Tariff Change of Canyon Lake Water Service Company
Prepared the application on behalf of Canyon Lake WSC.

Docket No. 33763-R
Application for a 2007 Water and Sewer Rate/Tariff Change of Midway, Inc. For the City of Oak Point Service area. Filing initially made with the City of Oak Point.

Docket Nos. 35748-R & 35747-R
Application for a Water and Sewer Rate/Tariff Change of Monarch Utilities LP
Prepared the application on behalf of Monarch.

Docket No. 2006-0072-UCR
Application for a Water and Sewer Rate/Tariff Change of Aqua Texas, Inc
Prepared application and presented testimony on behalf of Aqua Texas, Inc.

Docket No. 2007-0478-UCR
Application for a Water and Sewer Rate/Tariff Change of Texas American Water Inc.
Prepared the application on behalf of Texas American Water.

Docket No. 2005-0114-UCR
Application for a Water and Sewer Rate/Tariff Change of Aqua Texas, Inc
Presented Testimony on behalf of Aqua Texas, Inc.

Docket No. 2004-2029-UCR
Application for a Water and Sewer Rate/Tariff Change of Walker Water Works, Inc.
Prepared the application on behalf of Texas American Water.

Application Nos. 34658-R & 34659-R
Application for a Water and Sewer Rate/Tariff Change of Southwest Utilities, Inc.
Prepared the application on behalf of Texas American Water.

Docket Nos. 2000-1074-UCR, 2000-1075-UCR, 2000-1366 UCR through 2000-1369 UCR
Assisted in the preparation and presentation of the Aqua Source 2000 rate increase

***Texas Commission of Environmental Quality*-cont.**

Application No. 7371-R (Texas Water Commission)
Assisted in the analysis of Southern Utilities 1988 rate request on the behalf of Southern Utilities customers.

Other Water Related Engagements and Expert Proceedings

Rice Farmers of Calhoun County Texas
Assisted with the negotiation of lower water rates with Guadalupe-Blanco River Authority.

Hawaii Water Service Company
Regulatory Filing Assistance Regarding the Acquisition of Kalaeloa Water Company

Ector County Municipal Utility District
Assisted with wholesale water rate contract negotiations with the City of Odessa

South Carolina Office of Regulatory Staff
Assisted with the review of Palmetto Utilities Inc. Certain Assets acquired from City of Columbia, S.C.

The Landings Association – Savannah, Georgia
Assist with the annual review of water and sewer rate adjustments proposed by Utilities Inc of Georgia according to Settlement Agreement

The City of Hutto, Texas
Independent Valuation, Assessment and Analysis of the Proposed Acquisition of a Wholesale Water Supply Company by the City of Hutto

EPCOR Water

- Assist with the Valuation and Analysis Associated with the Proposed Condemnation of the Bullhead City Water Utility
- Assist with the Analysis Regarding the Rate Consolidation Options for EPCOR's 11 Arizona Rate Districts

Woodland Oaks Utilities, Conroe Texas
Assist with the Texas PUC Transition

City of Laurens, South Carolina
Developed water/wastewater cost of service and rate design study 2018

City of Clinton, South Carolina
Developed cost of service and rate design study 2016/2017

City of Vinton, Texas
Valuation and Analysis of Hillside Water Works Divestiture

Other Water Related Engagements and Expert Proceedings-cont.

City of Alexandria, Louisiana
Financial review, allocated cost of service and rate study for the gas system 2012/2013

Town of Providence Village, Texas
Developed Expert Witness Report for Denton County Court Cause No. 2011-60876-393
Analysis of Divestiture and Operating Agreements between Mustang SUD and Providence Village WCID

City of Page, Arizona
Developed retail water and wastewater rate model, recommended retail water and wastewater rates and provided results and recommendations in a written report and presentation to the City of Page Council

Mitchell County Utility, Texas
Assist with valuation, analysis, and divestiture of MCU's water utility assets

City of Longview, Texas
Ongoing assistance with development of annual formulary wholesale water and wastewater rates.

Aqua Texas, Inc.
Calculations and updates of Regional Uniform CIAC Fees

Dripping Springs WSC, Hays County WCID 1&2
Review and analysis of West Travis County Public Utility Agency wholesale rate cost of service and rate increase 2012.

SWWC Inc.

- Decertification analysis and valuation of the CCN for Crosswinds Divestiture
- Decertification analysis and valuation of the CCN for TXI Divestiture
- Decertification analysis and valuation of the CCN for Tower Terrace/Kilgore Tract Divestiture
- Decertification analysis and valuation of the CCN for Villages at Warner Ranch Divestiture
- Long term forecast of all components of the revenue requirements of all Texas utilities
- City of Blue Mound Condemnation of SWWC Water Utility- Valuation Assistance
- Assist with Analysis of Public Water Supply Divestiture in Louisiana
- Monarch Stock, Merger, Transfer (STM) Application Assistance

Crystal Clear WSC
Decertification analysis and valuation of the CCN for Texas GLO development area around New Braunfels Texas

Woodbine Development Corp.
Analysis and assistance with LCRA Windmill Ranch wholesale wastewater services contract renegotiations.

Other Water Related Engagements and Expert Proceedings-cont.

Canyon Lake Water Supply Company (San Jose Water)

- Valuation and Analysis of Clear Water Estates Acquisition for PUC STM Filing
- Valuation and Analysis of HEB Water and Wastewater Asset Divestiture
- Analysis and Forecast Regarding the Proposed Merger of Rebecca Creek Municipal Utility District
- Valuation of Bulverde Systems Purchased from Blanco River Authority

Aransas Bay Utilities Company, LLC
Valuation and Analysis of Water and Wastewater Assets for Proposed Divestiture.

Global Water Resources
Expert witness before American Arbitration Association regarding the financial standing and regulatory status of Global Water.

Corix Utilities
Assistance with due diligence, regulatory strategy analysis and bid preparation regarding the LCRA retail water and wastewater divestiture

Golden State Water Company
Assistance with analysis and bid concerning divestiture of SWWC Inc.

SUEZ Utilities

- Texas Regulatory Assessment of Water/Wastewater Utility Divestiture
- City of Scranton Wastewater Concession (Privatization) Due Diligence/Analysis
- City of O'Fallon, Illinois Water/Wastewater Concession (Privatization) Due Diligence/Analysis
- City of Rahway, New Jersey Concession Project (Privatization) Due Diligence/Analysis
- McKeesport Pennsylvania Concession (Privatization) Due Diligence/Analysis

Austin Apartment Association
Represented the Multi-Family water and wastewater classes in the City of Austin's Public Involvement Committee to review the 2017 water and wastewater rate study.

Greater Austin Water Forum
Assisted industrial class water users with analysis and participation in the City of Austin 2008 Cost of Service Study.

New Mexico Utilities
Review/analysis and critique report on Albuquerque Bernalillo County Water Utility Authority's Cost of Service Wholesale Wastewater Rate Model

Other Water Related Engagements and Expert Proceedings-cont.

Hays County Water Control & Improvement District No. 1 and No. 2
Developed 2015/2016 retail water and wastewater rate model, recommended retail water and wastewater rates and provided results and recommendations in a written report and presentation to the Boards of each utility.

GAS UTILITY RATES AND REGULATION EXPERIENCE

Railroad Commission of Texas
GUD Docket OS-21-00007153
Prepared the filing schedules on behalf of Universal Gas for the Review and Securitization of Extraordinary Costs due to winter storm Uri.

GUD Docket OS-21-00007058
Assisted with the preparation of the filing schedules on behalf of CoServ Natural Gas Ltd. for the Review and Securitization of Extraordinary Costs due to winter storm Uri.

GUD Docket OS-20-00005136
Prepared cost of service and rate design and testimony of behalf of CoServ Gas, Ltd 2020 application, to increase rates in the incorporated and unincorporated areas it serves.

GUD Docket OS-20-00004865
Prepared consolidated filing and testimony of behalf of Universal Natural Gas, Inc., to Increase and Consolidate Rates in the Unincorporated Areas Served by Universal Natural Gas, LLC, d/b/a Universal Natural Gas, Inc. Consumers Gas Company, LLC d/b/a Consumers Gas Company Inc., Enertex NB, LLC, and Gas Energy, LLC

GUD Docket OS-20-00004866
Prepared consolidated filing and testimony of behalf of Hooks Gas Pipeline, LLC to Increase and Consolidate Rates for Hooks Gas Pipeline, LLC, Texas Gas Pipeline Company, LLC, and 1486 Gas Pipeline, LLC

GUD Docket 10988
Prepared filing and testimony of behalf of EPCOR Texas Gas 2020 rate increase for the environs of the City of Magnolia.

GUD Docket 10190
Prepared filing and testimony of behalf of Hughes Natural Gas 2012 rate increase for the environs of the City of Magnolia.

GUD Docket 10083
Prepared filing and testimony of behalf of Hughes Natural Gas 2011 rate increase for the incorporated area of the City of Magnolia and environs.

Railroad Commission of Texas-cont.

GUD Docket 9731
Prepared filing and testimony of behalf of Hughes Natural Gas 2007 rate increase for the environs of the City of Magnolia.

GUD Docket 9488-9512
Prepared filing and testimony of behalf of West Texas Gas 2004 rate increase for the environs of cities served.

GUD Docket 8033
Filed testimony on behalf of Southern Union Gas Company's 1991 appeal for a rate increase in South Jefferson County.

GUD Docket 7878
Filed testimony and prepared the rate filing on behalf of Southern Union Gas Company's 1991 request for a rate increase in the Austin environs.

GUD Docket 6968
Assisted in the analysis of Southern Union Gas Company's 1987 appeal for a rate increase on the behalf of the City of Austin

Arizona Corporation Commission
Docket No. G-01551A-21
Assisted with the analysis of Southwest Gas 2022 rate increase on behalf of Arizona Grain. Assisted with the negotiation of settlement rates on behalf of client.

Public Service Commission of Montana
Docket D2017.9.80
Filed testimony and prepared the cost of service and rate design, developed and explained the proposed Gas Infrastructure Reliability Clause (GIRC) and addressed the negative acquisition adjustment in the Energy West Montana's 2017/2018 rate filing.

Public Utility Commission of Ohio
Case Nos. 18-1720-GA-AIR; 18-1721-GA-ATA; 18-1722-GA-AAM
Filed testimony and prepared the cost of service and rate design, developed and explained the proposed Gas Infrastructure Clause in Northeast Ohio's 2018/2019 rate filing.

Oklahoma Corporation Commission
Docket No. 001345
Presented testimony and prepared the rate filing on behalf of Southern Union Gas Company's 1992 rate request.

Pennsylvania Public Utility Commission
Docket No. 2013-2386293
Assisted the University of Pennsylvania with the analysis of Veolia Energy Philadelphia Inc.'s 2013 steam rate case.

Docket No. 2009-2111011
Assisted the University of Pennsylvania with the analysis of Trigen-Philadelphia Energy Corp's 2009 steam rate case.

Public Service Commission of West Virginia
Case No. 20-0746-G-42T
Filed testimony on behalf of the Gas and Oil Association of West Virginia Inc. regarding Hope Gas Inc.'s 2020 Application for a rate increase impacting the Gathering class.
Public Service Commission of West Virginia-cont.

Case No. 19-0549-G-BC
Filed testimony on behalf of the Independent Oil and Gas Association of West Virginia Inc. regarding Hope Gas Inc.'s 2019 Application for consent and approval for an asset conveyance agreement with an affiliate.

Federal Energy Regulatory Commission
Docket No. RP19-1353-000
Filed testimony on behalf of municipal and LDC customers of Northern Natural Gas' 2019 rate increase Section 4 rate increase.

Docket No. RP09-791-000
Assist municipal customers of MoGas analyze issues in FERC 2009 gas transportation rate case.

City of Austin
- Presented testimony and prepared filing as well as conducted settlement negotiations associated with Southern Union's 1993 rate request.
- Presented testimony and prepared filing on behalf of Southern Union Gas Company's 1991 rate request.
- Assisted in the analysis of Southern Union Gas Company's 1987 rate request on behalf of the City of Austin.

City of El Paso Public Service Board
- Presented testimony and prepared filing as well as participated in the settlement negotiations of Southern Union's 1993 rate request.
- Presented testimony and prepared filing on behalf of Southern Union Gas Company 1991 rate request.
- Presented testimony and prepared the filing on behalf of Southern Union Gas Company 1990 request.

City of Port Arthur
- Presented testimony and prepared filing on behalf of Southern Union Gas Company's 1991 rate request.
- Participated in Southern Union Gas Company's 1990 rate request.

City of Monahans
- Presented testimony and prepared filing on behalf of Southern Unions Gas Company's 1992 rate request.
- Assisted in the analysis of Southern Union Gas Company's 1989 rate request on the behalf of the City of Monahans.

City of Borger
- Prepared testimony and prepared the filing on behalf of Southern Union Gas Company's 1992 rate request.

City of Borger-cont.
- Participated in Southern Union Gas Company's 1989 rate request on the behalf of the City of Borger.

City of Galveston
- Presented testimony and prepared the filing on behalf of Southern Union Gas Company's 1992 rate request.

Other Gas Related Engagements

City of Laurens, South Carolina
Developed cost of service and rate design study 2018
Other Gas Related Engagements-cont.

Lower Valley Energy Distribution Cooperative – Afton, Wyoming
Developed cost of service and rate design study 2017/2018

City of Clinton, South Carolina
Developed cost of service and rate design study 2016/2017

City of Alexandria, Louisiana
Financial review, allocated cost of service and rate study for the gas system 2012/2013

City of George West, Texas
Gas utility rate study 2011/2012

EPCOR
Report and analysis of Gas IOU's and their regulation in the State of Texas

Mitchell County Utility
Assist with divestiture of gas utility assets

EPCOR Natural Gas
Ongoing assistance with GRIP filings

Markwest Energy Partners
Ongoing transportation rates and regulatory consulting

Consolidated Asset Management Services (CAMS)
Ongoing assistance regarding RRC Transmission pipeline issues

Alamo Transmission
Assisted with initial tariff development and related cost of service

Dynamic Energy Concepts Incorporated
Assisted with the review of gas contracts, tariffs, analyzed usage data and assessed procurement practices for a number of US Veteran Hospitals across the country.

ELECTRIC UTILITY RATES AND REGULATION EXPERIENCE

Public Utility Commission of Texas
Docket No, 51611
Prepared a cash working capital study and testimony on behalf of Sharyland Utilities L.L.C's's 2020 Rate Application to establish transmission rates.

Public Utility Commission of Texas-cont.

Docket No.51546
Prepared the 2019/2020 Application for Interim Update of Wholesale Transmission Rates and testimony for Wood County Electric COOP

Docket No.51526
Prepared the 2019/2020 Application for Update of Wholesale Transmission Rates and testimony for the Brownsville Public Utility Board.

Docket No.51195
Prepared the 2019/2020 Application for Interim Update of Wholesale Transmission Rates and testimony for Houston County Electric COOP

Docket No.50288
Prepared the 2018/2019 Application for Update of Wholesale Transmission Rates and testimony for the Kerrville Public Utility Board.

Docket No.50263
Prepared the 2018/2019 Application for Interim Update of Wholesale Transmission Rates and testimony for Houston County Electric COOP

Docket No. 49584
Prepared the 2018/2019 Application for Interim Update of Wholesale Transmission Rates and testimony for Pedernales Electric COOP

Docket No. 48840
Prepared the 2018/2019 Application for Interim Update of Wholesale Transmission Rates and testimony for Guadalupe Valley Electric COOP

Docket No. 48002
Prepared the 2018 Application for Interim Update of Wholesale Transmission Rates and testimony for Guadalupe Valley Electric COOP

Docket No. 46710
Prepared the 2016/2017 Application for Interim Update of Wholesale Transmission Rates and testimony for Guadalupe Valley Electric COOP.

Docket No, 45414
Prepared a cash working capital study and testimony on behalf of Sharyland Utilities L.P.'s 2016 Rate Application to establish retail distribution rates.

Docket No. 43731
Prepared a cash working capital study and testimony on behalf of Cross Texas Transmission LLC 2015 Rate Application to establish rates.

Public Utility Commission of Texas-cont.

Docket No. 41474
Prepared a cash working capital study and testimony on behalf of Sharyland Utilities L.P.'s 2013 Rate Application to establish retail distribution rates.

Docket No. 31250
Presented testimony and rate filing on behalf of Rio Grande Electrical Cooperatives 2005 Change in rates for wholesale transmission service.

Docket No. 8702
Assisted in the analysis of Gulf States Utilities 1987 rate request.

Docket 8646
Assisted in the analysis of Central Power & Light's 1988 rate request.

Docket 7661
Assisted in the analysis of the City of Fredericksburg's proposed amendment to Certificate of Convenience.

Docket 7510
Assisted in the analysis of West Texas Utilities Company's 1987 rate request.

Federal Energy Regulatory Commission
Docket No. ER88-202-0000
Assisted in the analysis of the Maine Yankee Atomic Power Plant Decommissioning.

Docket No. ER88-224-0000
Assisted in the analysis of the Carolina Power & Light Company Atomic Power Plant Decommissioning.

City of Fredericksburg
- Organized and performed an electric rate survey of Central Texas.
- Assisted in a load and rate design study.

City of Austin
- Assisted in the analysis of the City Electric Utility Department's 1989 rate request.

Other Electric Related Engagements

NXP Semiconductors – Austin
Assisted with the review and analysis of Austin Energy's 2022 rate increase.

Dynamic Energy Concepts Incorporated
Assisted with the review of electric contracts, tariffs, analyzed usage data and assessed procurement practices for a number of US Veteran Hospitals across the country

H.E. Butt Grocery Company
Electricity procurement assistance and analysis of supply alternatives

Other Electric Related Engagements-cont.

Martin Marietta Materials
Electricity procurement assistance and analysis of supply alternatives

C.H. Guenther & Son, Inc.
Electricity procurement assistance and analysis of supply alternatives

Van Tuyl, Inc.
Electricity procurement assistance and analysis of supply alternatives

Northeast Texas Electrical Cooperative

- Ongoing review/analysis of Southwest Power Administration's annual Integrated Power Repayment Studies and resulting rates.
- Review/analysis of Southwest Electric Power Company's annual formulary wholesale rate adjustments.

Tex-La Electric Cooperative

- Review/analysis of Southwest Power Administration's annual Integrated Power Repayment Studies and resulting rates.

- Review/analysis of Southwest Electric Power Company's annual formulary wholesale rate adjustments

Sam Rayburn G&T Electrical Cooperative

- Review/analysis of Southwest Power Administration's annual Integrated Power Repayment Studies and resulting rates.

- Review/analysis of Southwest Power Administration's annual Robert D. Willis Power Repayment Studies and resulting rates.

East Texas Electrical Cooperative

- Review/analysis of Southwest Electric Power Company's annual formulary wholesale rate adjustments

- Review/analysis of Southwest Power Administration's annual Robert D. Willis Power Repayment Studies and resulting rates.

EDUCATION

Master of Accounting, University of Alabama Birmingham, 2018
Bachelor of Art - History, University of Texas at Austin, 2008
Accounting & Business Courses, Austin Community College, 2022

CONTINUING EDUCATION

NARUC Utility Rate School, 2011
Intro to Electric Power, Dr. Ross Baldick, 2012

EXPERIENCE

2010-Present GDS Associates, Inc.

Mr. Weaver has over 10 years of experience providing consulting services and litigation support to water, wastewater, electric, and gas utilities and their customers. Project experience includes financial and rate forecasting, preparation of cost-of-service studies, rate design, impact analysis, original cost studies, financing support, and acquisition assistance. Mr. Weaver also is responsible for the preparing responses to requests for proposals and project cost estimates, ensuring that projects under his control are delivered to clients in a timely and cost-effective manner, and acting as the main point of contact with clients and presenting study results to clients and stakeholders. Mr. Weaver also participates in internal GDS business planning activities, including the Pathfinding Groups in 2020 (Strategic Planning) and 2021 (Quality Control/Quality Assurance); prepares project cost estimates and proposals and ensures projects are completed in the planned timeline and budget limits.

EXPERT WITNESS EXPERIENCE

Mr. Weaver has presented expert witness testimony before the Public Utility Commission of Texas (Electric, Dockets 51582, 51375, 52884, 54126, and 54305), the Railroad Commission of Texas (Natural Gas, Docket OS-20-5136), and the Vermont Public Utility Commission (Electric, Case No. 21-2186-TF). Mr. Weaver also acted as an expert resource for the Fair Trade Commission of Barbados on electric revenue requirement, cost of service, and rate design issues.

RECENT PROJECT EXPERIENCE (2019-Present)

Electric Cost of Service and Rate Design Development (2022)
Pedernales Electric Cooperative (Cooperative)
Public Utility Commission of Texas Docket No. 54305
Prepare filing schedules supporting increase in revenue requirement and present expert witness testimony on the calculation of the revenue requirement for transmission service and the export of power from ERCOT.

Electric Cost of Service and Rate Design Development (2022)
Guadalupe Valley Electric Cooperative (Cooperative)
Public Utility Commission of Texas Docket No. 54126
Prepare filing schedules supporting increase in revenue requirement and present expert witness testimony on updated rates for transmission and export of power from ERCOT. Mr. Weaver also testified on the procedure to modify LCRA's tariff to reflect the updated rate.

Barbados Light & Power Company Limited (2022)
Barbados Fair Trade Commission (Governmental)
FTC-01/2021 BL&P-RRA-20211004
Mr. Weaver acted as the main advisor for the Commissioners on cost allocation and rate design issues as well as providing assistance in reviewing the overall cost of service claimed by the company. Mr. Weaver drafted the cost allocation and rate design portions of the written recommendations provided to the Commission as well as attending the hearings and providing real time feedback and answering the Commission's questions.

Water, Wastewater and Electric Cost of Service and Rate Design Development (2022)
City of San Marcos, TX (Municipal)

Update financial model for 2023 Fiscal Year. Project objectives included the determination of future O&M expenses, including power procurement and water treatment expenses, the determination of future debt based on capital improvement schedules provided by client, and forecast of customer usage. The rate model used for the project, which was designed by Mr. Weaver in 2020, outputs a number of financial statistics, including the overall balance of funds and debt service coverage. Mr. Weaver also worked with City Staff to develop a plan for future rate increases and present the results of the study to the Citizen's Utility Advisory Board and City Council.

Valuation of Utility Plant in Service – Water and Wastewater (2022)
RHP Properties, Inc., TX (IOU)
Applied indices to engineer's cost estimate of current cost to construct plant to estimate original cost of plant and associated accumulated depreciation balances as of 6/30/2022. Cost estimate was used to plant values included in report to the Public Utilities Commission of Texas.

Valuation of Utility Plant in Service – Water (2022)
New Mexico Water Supply Company, NM (IOU)
Applied indices to engineer's cost estimate of current cost to construct plant to estimate original cost of plant and associated accumulated depreciation balances as of 12/31/2021. Cost estimate was used to support accounting treatment before public utilities commission.

Water Cost of Service and Rate Design Development (2022)
Water IOU
Mr. Weaver prepared rate filing application for two small water systems. The applications were ultimately not filed due to a decision by the client.

Report on Calculation of Industry Adjustment Factor (2022)
Prepared on request of Client Attorney
Prepare report on calculation of industry adjustment factor used in state property tax valuation for a group of cooperatives. Assist clients with litigation of property tax issues.

Water Cost of Service and Rate Design Development (2022)
Calhoun Canal Ratepayers (IOU)
Review Guadalupe Basin River Authorities' claimed cost of service of serving farmer group involved in the farming of rice. Review resulted in identification of a number of inconsistencies with the budgeted amounts and methodology being used in the calculation. Results were presented to the GBRA board by Mr. Weaver.

Water Cost of Service and Rate Design Development (2022)
Ector County Utility District (Governmental)
Develop water revenue requirement and rate design schedules for client, a newly-created utility district taking wholesale service from the City of Odessa. Projected included working with budgeted expenses and limited historical billing information to develop rates that would support required levels of investment and maintenance on the system.

Electric Cost of Service and Rate Design Review (2022)
NXP USA, Inc. (IOU)
Austin Energy 2022 Rate Update
Support GDS expert witnesses in review of Austin Energy's 2022 rate increase filing on behalf of a semiconductor manufacturer. Areas addressed included rate base items including internal capital used for construction, transfers from the utility to the city's general fund, and proposing and developing alternative cost allocation methodologies that better reflected usage on the system.

Electric Cost of Service and Rate Design Review (2022)
Office of the People's Counsel, District of Columbia (Governmental)
District of Columbia Public Service Commission Case No. 1156
Support GDS expert witnesses in review of Pepco Multi-Year Rate Plan, including review of methodology, expense escalation factors, and billing determinants used in forecast.

Water Cost of Service and Rate Design Development (2022)
Kiawah Island Utility, Inc., SC (IOU)
Public Service Commission of South Carolina Docket No. 2021-324-WS
Assist with development of cost of service schedules, including allocation of costs to customer classes, analysis of cost of service results, drafting of direct and rebuttal testimony.

Electric Cost of Service and Rate Design Review (2022)
Vermont Department of Public Services, VT (Governmental)
Vermont Public Utilities Commission Case No. 21-3707-PET

Support GDS expert witnesses in review Green Mountain Power Corporation's ("GMP") proposed rate change and Multi-Year Rate Plan. This process included reviewing elements of GMP's requested revenue requirement, test year expenses, known & measurable adjustments, and methodology used for projecting future costs, as well as drafting testimony on issues.

Natural Gas Cost of Service and Rate Design Review (2022)
Los Alamos County, NM (Municipal)
New Mexico Public Regulation Commission Cas No. 21-00267-UT
Review filing and prepare expert witness testimony to support client, a wholesale customer of the utility, in the cost allocation and rate design phases of the rate proceeding. Participated extensively in technical conferences, meetings with other intervenors in the case, and settlement discussions. Case was ultimately settled before direct testimony was filed. Originally proposed increase for client of 31.4%, or approximately 150% of the system average increase, was reduced to 9.70%, roughly equivalent to the system average increase of 9.68% as a result of settlement negotiations.

Electric Interim Transmission Cost of Service Development (2021)
Pedernales Electric Cooperative, TX (Cooperative)
Public Utility Commission of Texas Docket No. 52884
Prepare filing and testify to return on rate base, depreciation, and property tax values and calculation supporting a $3 million increase in rates.

Electric Cost of Service and Rate Design Review (2021)
Vermont Department of Public Services, VT (Governmental)
Vermont Public Utilities Commission Case No. 21-2186-TF
Act as expert witnesses in review of Burlington Electric Department's ("BED") proposed rate change. Mr. Weaver reviewed all elements of BED's requested revenue requirement, including test year expenses, known & measurable adjustments, debt expense forming the basis for the TIER 2.0 calculation.

Natural Gas Cost of Service and Rate Design Review (2021)
Vermont Department of Public Services, VT (Governmental)
Vermont Public Utilities Commission Case No. 21-0898-TF
Assist GDS expert witnesses in review of Vermont Gas Systems ("VGS") proposed rate change.

Water Cost of Service and Rate Design Development (2021)
Washington Water Service Company (IOU)
Washington Utilities and Transportation Commission Docket UW-200091
Project included determining how to consolidate rates of two existing systems of similar size, one of which was recently acquired by the Client. Mr. Weaver's responsibilities included preparation of filing schedules, customer notice and revised tariffs, and developing a phased increase proposal which balanced the interests of customers and the company while achieving the required revenue requirement increase.

Kalaeloa Water Company - Water Cost of Service and Rate Design (2021)
Kalaeloa Water Company, HI (IOU)
Hawaii Public Utilities Commission Docket No. 2021-0005
Develop cost of service, revenue requirement and rate design schedules for filing. Draft direct testimony for expert witnesses. Participate in technical and settlement conferences.

COVID-19 Past Due Balance Forgiveness Modeling (2021)
Water IOU
Mr. Weaver prepared a model for a large water utility to be used to determine the amount of balance in arrears to be forgiven and recovered from ratepayers under various scenarios, and the effect the forgiveness would have on ratepayer bills. Commission action resulted in the project being shelved until the client's next full base rate proceeding.

Water, Wastewater and Electric Cost of Service and Rate Design Development (2021)
City of San Marcos, TX (Municipal)
Update financial model for 2022 Fiscal Year. Project objectives included the determination of future O&M expenses, including power procurement and water treatment expenses, the determination of future debt based on capital improvement schedules provided by client, and forecast of customer usage. The rate model used for the project, which was designed by Mr. Weaver in 2020, outputs a number of financial statistics, including the overall balance of funds and debt service coverage. Mr. Weaver also worked with City Staff to develop a plan for future rate increases and present the results of the study to the Citizen's Utility Advisory Board and City Council.

Report on Calculation of Industry Adjustment Factor (2021)
Prepared on request of Client Attorney
Prepare report on calculation of industry adjustment factor used in state property tax valuation for a group of cooperatives. Assist clients with litigation of property tax issues.

Electric Cost of Service and Rate Design Development (2021)
Sharyland Utilities LP (IOU)
Public Utility Commission of Texas Docket No. 51611
Responsible for development cost of service, revenue requirement and rate design schedules for filing. Mr. Weaver was the main point of contact for client and prepared the schedules, majority of revenue requirement workpapers, and drafted testimony for expert witnesses. Mr. Weaver also assisted the client with settlement of the case, which resulted in a $2.9 million or 7.5% increase in base rate revenues.

Natural Gas Cost of Service and Rate Design Development (2020)
CoServ Gas, Ltd. (IOU)
Railroad Commission of Texas OS-20-5136
Development of cost of service, revenue requirement, and assist with rate design schedules for client to be filed at the Texas Railroad Commission. Testify to per books and adjusted Expenses, Revenues, and Rate Base, including Cash Working Capital. Respond to discovery and participate in settlement discussions resulting in a $6.25 million or 18% increase in base rate revenues.

Natural Gas Cost of Service and Rate Design Review (2021)
Independent Oil and Gas Association of West Virginia (Industry Group)
Review Hope Gas filing and draft testimony for expert witness. Mr. Weaver's responsibilities involved translating the company's one-step customer allocation calculation into a traditional functionalization and allocation design to highlight why Commission Staff's proposed rate design resulted in inequitable rates.

Electric Cost of Service and Rate Design Development (2021)
Guadalupe Valley Electric Cooperative (Cooperative)
Public Utility Commission of Texas Docket No. 51582
Prepare filing schedules supporting $900 thousand increase in revenue requirement and present expert witness testimony on updated rates for transmission and export of power from ERCOT. Mr. Weaver also testified on the procedure to modify LCRA's tariff to reflect the updated rate.

Natural Gas Cost of Service and Rate Design Development (2020)
Texas Gas Utility Services (IOU)
Railroad Commission of Texas OS-20-00004865 & OS-20-00004866
Development of cost of service, revenue requirement, and assist with rate design schedules for client to be filed at the Texas Railroad Commission. Filing covered both distribution and transportation companies owned by client as well as consolidation of seven different systems into two ratemaking entities. Draft discovery responses and participate in technical and settlement discussions which resulted in a $2 million or 26% in base rate revenues.

Natural Gas Cost of Service and Rate Design Development (2020)
EPCOR Gas Texas, Inc. (IOU)
Railroad Commission of Texas Gas Utilities Docket No.10988
Assist with development of cost of service, revenue requirement, and assist with rate design schedules for client to be filed at the Texas Railroad Commission and with several municipal governments. Mr. Weaver also participated in preparing responses to RFIs and settlement discussions. The settlement produced a $770 thousand, or 21% increase in total revenues excluding cost of gas.

Natural Gas Cost of Service and Rate Design Review (2020)
Municipal Group, Texas (Municipal)
2020 Atmos ALDC Statement of Intent
Review gas cost of service filing and rate design, assist in preparing recommendation to client.

Electric Interim Transmission Cost of Service Development (2020)
Pedernales Electric Cooperative, TX (Cooperative)
Public Utility Commission of Texas Docket No. 51375
Prepare filing and testify to return on rate base, depreciation, and property tax values and calculation. Filing supported a $4.9 million dollar revenue requirement increase and was administratively approved.

Electric Transmission Cost Recovery Factor Review (2020)
City of Houston, TX (Municipal)
Public Utility Commission of Texas Docket No. 50890
Review CenterPoint's proposed Transmission Cost Recovery Factor and provide recommendations to client. Prepare requests for information to utility.

Water Cost of Service and Rate Design Forecast Model (2020)
El Paso County Water Control and Improvement District #4, TX (Governmental)
Perform 10-year forecast of expenses, customer growth, and required rate changes for the client's long-term financial planning needs. Mr. Weaver presented the results of the study to the Board of Directors, which approved the results and adopted recommended rate changes.

Interim Transmission Cost of Service Review - Electric Cost of Service (2020)
City of Houston, TX (Municipal)
Public Utility Commission of Texas Docket No. 51106
Review CenterPoint's interim transmission cost of service schedules and testimony and provide recommendations to client.

Water, Wastewater and Electric Cost of Service and Rate Design Development (2020)
City of San Marcos, TX (Municipal)
Update financial model for 2021 Fiscal Year. Create new water, wastewater and electric cost forecast and rate model for use in 2021 and future budget years. Mr. Weaver prepared the rate forecast, developed recommendations for future rate increases and assisted client in presenting the results of the study to the Citizen's Utility Advisory Board and City Council. The recommended changes to rates were adopted by the City.

Analysis of Wholesale Water Contract – Water Rates (2020)
City of Longview, TX (Municipal)
Annual review and update of wholesale and contract prices for water and wastewater. Mr. Weaver's responsibilities involved review of capital projects undertaken by the City, assignment of projects to functional areas and review of the filing for errors and omissions.

Analysis of Water System Consolidation Options - Water Rate Design (2020)
Water IOU
Develop model to calculate the rates having the least bill impact for total or partial consolidation of 8 water systems with disparate rates in for client while maintaining current revenue levels. Assist statistical personnel in developing outputs for use in testimony.

Interim Transmission Cost of Service Review - Electric Cost of Service (2020)
City of Houston, TX (Municipal)
Public Utility Commission of Texas Docket No. 50653
Review CenterPoint's interim transmission cost of service schedules and testimony and provide recommendations to client.

Analysis of Proposed Wind Generation Project - Electric Cost of Service (2019)
Texas Cooperative Group, TX (Cooperative)
Public Utility Commission of Texas Docket No. 49737
Review and modify expense model and create new customer impacts to support client expert witness testimony.

Water Rate Litigation Support - Water Rate Design (2019)
El Paso County Water Control and Improvement District #4, TX (Governmental)
Public Utility Commission of Texas Docket No. 49367
Support client in litigation between inside and outside district customers over rate differential.

Electric System Acquisition Review - Electric Cost of Service and Rate Design (2019)
City and State Customer Group (Husch Blackwell), TX (Municipal)
Public Utility Commission of Texas Docket No. 48849
Provide analysis of the impact of acquisition of El Paso Electric system on customer group and participate in settlement discussions.

Regulatory Accounting and Analysis (2019)
Crystal Springs Water Company, TX (IOU)
Research regulatory history and components of current revenue requirement for small investor-owned utility.

Dominion Energy Utah - Gas Cost of Service and Cost Allocation (2019)
Utah Office of Consumer Services, UT (Governmental)
Review and provide recommendations on gas rate filing package. Make changes to filing as requested by expert witness.

Participation in Wholesale Water Cost Negotiations (2019)
Ector County Utility District, TX (Governmental)
Participate in calculation of wholesale water service and negotiations over wholesale prices.

Interim Cost Recovery and Rate Adjustment – Gas Cost of Service and Rate Design (2019)
EPCOR Gas Texas, TX (IOU)
Populate schedules for Interim Rate adjustment filing. Calculate customer savings from TCJA legislation, resulting revenue requirement impact and design rates reflecting savings. The application was approved by RRC Staff, allowing the company to

Analysis of Wholesale Water Contract – Water Rates (2019)
City of Longview, TX (Municipal)
Annual review and update of wholesale and contract prices for water and wastewater. Mr. Weaver's responsibilities involved review of capital projects undertaken by the City, assignment of projects to functional areas and review of the filing for errors and omissions.

Interim Transmission Cost of Service Filing (2019)
Pedernales Electric Cooperative, Inc., TX (Cooperative)
Public Utility Commission of Texas Docket 49584
Develop schedules, revenue requirement, and rates for Interim TCOS filing. Mr. Weaver served as the main point of contact for the client and created support for plant values included in the application, which covered the 20 years since PEC's last TCOS filing in the original unbundling cases. Mr. Weaver also drafted testimony for expert witnesses. The filing resulted in approximately a $5 million dollar increase in transmission revenues.

Review of Asset Purchase and Valuation (2019)
South Carolina Office of Regulatory Staff, SC (Governmental)
Review purchase price and historical documentation of utility acquired from a municipal by an IOU. Historical documentation of per books values were not available and a determination was needed on if CIAC existed in rate base. Participate in discussion of original cost that should be used for ratemaking purposes and development of Requests for Information.

Clovis District Water Cost of Service and Rate Design (2019)
EPCOR New Mexico, NM (IOU)
New Mexico Public Regulation Commission Case No. 18-00124-UT
Develop cost of service schedules, revenue requirement and assist on rate design for water system in Southeastern New Mexico. Involved multiple customer classes including wholesale and contract customers. Participate in development of testimony and in litigated rate case. Settlement resulted in $675 thousand increase in base rate revenues, a 6.42% increase.

Kalaeloa Water Company - Water Cost of Service and Rate Design (2019)
Kalaeloa Water Company, HI (IOU)
Hawaii Public Utilities Commission Docket No. 2019-0057
Develop cost of service, revenue requirement and rate design schedules for filing. Develop valuation of utility plant formerly owned by Navy for which there was no original cost documentation. Ultimately, the project was put on hold due to the Commission denying the Company's requested timeline to acquire the system.

Water and Wastewater Cost of Service (2019)
City of Kings Mountain, SC (Municipal)
Develop cost of service to determine if revenue recovery from rate classes is appropriate to meet costs.

Gas Cost of Service and Rate Design (2019)
Northeast Ohio Natural Gas, OH (IOU)
Public Utility Commission of Ohio Case No. 18-1720-GA-AIR
Develop cost of service and revenue requirement schedules and assist on rate design for filing. Participate in litigated rate proceeding.

PROJECT EXPERIENCE 2010-2018:

Interim Cost Recovery and Rate Adjustment – Gas Cost of Service and Rate Design (2018)
Hughes Natural Gas, Inc., TX (IOU)

Rate Update for Tax Cut and Jobs Act Federal Income Tax Reduction (2018)
T&W Water (IOU)

Interim Transmission Cost of Service Filing – Electric Cost of Service and Rate Design (2018)
Guadalupe Valley Electric Cooperative, TX (Cooperative)

Development of TRWDB Loan Application - Water Rate Design (2018)
Creedmoor Maha Water Supply Company, TX (Governmental))

Assistance with Environmental Mitigation Cost Estimate (2018)
City of Frisco, TX (Municipal)

Water Cost of Service Study – Water Cost of Service and Rate Design (2018)
Creedmoor Maha Water Supply Company, TX (Governmental)

Retail Electricity Provider Analysis – Competitive Electric Rates (2018)
Tarrant Regional Water Authority, TX (Water District)

Review of Settlement Agreement with Utilities Inc. of Georgia – Water Rate Design (2018)
The Landings Homeowners Association, GA (HOA)

Interim Transmission Cost of Service Filing – Electric Cost of Service and Rate Design (2018)
Guadalupe Valley Electric Cooperative, TX (Cooperative)

Wholesale Customer Cost of Service – Water Cost of Service and Rate Design (2018)
EPCOR Arizona, AZ (IOU)

Retail Rate Benchmarking Study – Water/Wastewater Rates (2018)
Woodland Oaks Utilities, TX (IOU)

Cost/Benefit Analysis of Lubbock Power & Light's Proposed Move to ERCOT – Electric Cost of Service and Rate Design (2017)
Lubbock Light & Power, TX (Municipal)

Analysis of Southwest Power Service Proposed Wind Facility – Electric Cost of Service and Rate Design (2017)
Golden Spread Electric Cooperative, TX (Cooperative)

Analysis of SWEPCO Rate Filing – Electric Rate (2017)
NUCOR Steel, TX (Industrial)

Gas Cost of Service – Natural Gas Cost of Service and Rate Design (2017)
Terrebonne Parish Consolidated Government, LA (Governmental)

Analysis of Daufuskie Island Utility Company 2015 Rate Application – Water/Wastewater Rates (2017)
Daufuskie Property Owner's Group, GA (HOA)

Analysis of El Paso Electric Company Rate Case – Electric Cost of Service and Rate Design (2017)
City and State Customer Class Group (Husch Blackwell, LLP), TX

Assessment and Valuation of Water Supply System – Water (2017)
City of Hutto, TX (Municipal)

Wholesale Distribution Cost of Service – Electric Cost of Service and Rate Design (2017)
Cherokee County Electric Cooperative, TX (Cooperative)

Valuation of Water System – Water Rates (2017)
SouthWest Water Company, TX (IOU)

Wholesale Distribution Cost of Service – Electric Cost of Service and Rate Design (2017)
Sharyland Utilities, Inc., TX (IOU)

Analysis of Rocky Mountain Power General Rate Case – Electric Cost of Service and Rate Design (2017)
Utah Office of Consumer Services, UT (Governmental)

Development of Rate Filing Package – Electric Cost of Service and Rate Design (2016)
Sharyland Utilities, Inc. TX (IOU)

Determination of Customer Refunds – Electric Cost of Service and Rate Design (2016)
Sharyland Utilities, Inc. TX (IOU)

Analysis of Enstar Natural Gas Transportation Rate Case – Natural Gas Cost of Service and Rate Design (2016)
Anchorage Municipal Power and Light, AK (Municipal)

Valuation of Water System – Water Rates (2016)
Inline Utilities, Inc., TX (IOU)

Assistance with Delaware Water Rate Filing Package – Water Cost of Service and Rate Design (2016)
SUEZ Water Management and Services, DE (IOU)

Analysis of Oklahoma Gas and Electric Rate Case – Electric Cost of Service and Rate Design (2016)
Oklahoma Office of the Attorney General, OK (Governmental)

Analysis of El Paso Electric Company Rate Case – Electric Rates (2015)
City and State Customer Class Group (Husch Blackwell, LLP), TX

Assistance with 2015 Rate Case – Water Cost of Service and Rate Design (2015)
Quadvest, Inc., TX (IOU)

Water Cost of Service and Rate Design Study (2015)
Page Power & Water, AZ (Municipal)

Analysis of AEP Electric Rate Filing Package – Electric Cost of Service and Rate Design (2015)
Oklahoma Office of the Attorney General, OK (Governmental)

Water Cost of Service and Rate Design (2015)
Wiedenfeld Water Works, Inc., TX (IOU)

Transmission Cost Recovery Factor Update – Electric Cost of Service and Rate Design (2015)
Sharyland Utilities, Inc., TX (IOU)

Water Cost of Service and Rate Design (2015)
SouthWest Water Company, TX (IOU)

Analysis of Desalination Plant/Electric Plant Market Opportunities
DanZho Investments, LLC

Analysis of Appalachian Power Company's Proposed ENEC Rate Increase – Electric Cost of Service and Rate Design (2015)
Steel of West Virginia, WV (Industrial)

Advanced Metering Cost of Service – Electric Cost of Service and Rate Design (2015)
Sharyland Utilities, LP (IOU)

Prepare Stock, Transfer Merger Application – Water Rates (2015)
The Thomas' Group, TX (IOU)

Review of Historical Data and Energy Procurement Analysis – Electric Rates (2014)
Cumberland Farms, MA (Commercial)

Utility Management Program – Electric, Water and Natural Gas Rates (2014)
Social Security Administration, DC (Governmental)

Analysis of Appalachian Power Company Rate Case – Electric Cost of Service and Rate Design (2014)
Steel Dynamics, Inc. (Industrial)

2014 Energy Efficiency Filing – Electric Cost of Service and Rate Design (2014)
Sharyland Utilities, Inc. (IOU)

Analysis of Veolia Energy Steam Rate Increase – Steam Cost of Service and Rate Design (2014)
University of Pennsylvania, PA (Education)

Analysis of Wholesale Water Contract – Water Rates (2014)
City of Longview, TX (Municipal)

SouthWest Water Company Rate Case – Water Cost of Service and Rate Design (2014)
SouthWest Water Company, TX (IOU)

EPCOR Rate Case – Water Cost of Service and Rate Design (2014)
EPCOR, AZ (IOU)

Analysis of Atmos West Texas Rate Increase – Natural Gas Cost of Service and Rate Design (2013)
West Texas Cities (Municipal Group)

Analysis of Atmos Mid-Tex Rate Increase – Natural Gas Cost of Service and Rate Design (2013)
Atmos Cities (Municipal Group)

Development of Electric Cost of Service and Rate Design – Electric Cost of Service and Rate Design (2013)
Sharyland Utilities, Inc. TX (IOU)

Water Cost of Service and Rate Design Project (2013)
San Jose Water Company, TX (IOU)

Assistance with 2012 Rate Case – Water Cost of Service and Rate Design (2013)
Quadvest, Inc., TX (IOU)

Assistance with 2012 Rate Case – Natural Gas Cost of Service and Rate Design (2013)
Hughes Natural Gas Inc., TX (IOU)

Review of PUC Rulemakings and Legislation – Electric Cost of Service and Rate Design (2013)
City of Houston, TX (Municipal)

Monarch Water Rate Case – Water Cost of Service and Rate Design (2013)
SouthWest Water Company, TX (IOU)

Analysis of Electric Rate Increase – Electric Cost of Service and Rate Design (2012)
Public Counsel – State of Florida, FL (Governmental)

Review of SWEPCO Rate Filing Package – Electric Cost of Service and Rate Design (2012)
East Texas Electric Cooperative & Northeast Texas Electric Cooperative, TX (Cooperative)

Review of CenterPoint Gas Rate Filing – Natural Gas Cost of Service and Rate Design (2012)
Municipal Group, TX (Municipal)

City of Alexandria Cost of Service and Rate Design – Water and Wastewater Cost of Service and Rate Design (2012)
City of Alexandria, LA (Municipal)

Southwest Rate Application – Water Cost of Service and Rate Design (2012)
Aqua Texas, TX (IOU)

Stock, Transfer, Merger Application Assistance – Water Regulatory (2012)
SouthWest Water Company Utilities Inc., TX (IOU)

Transmission Cost of Service Filing – Electric Cost of Service and Rate Design (2012)
Sharyland Utilities, TX (IOU)

Rate Cap Filing – Electric Cost of Service and Rate Design (2012)
Sharyland Utilities McAllen, TX (IOU)

Energy Efficiency Recovery Factor Application – Electric Cost of Service and Rate Design (2012)
Sharyland Utilities, TX (IOU)

Analysis of Delmarva Power & Light Rate Application – Electric Cost of Service and Rate Design (2012)
Delaware Division of the Public Advocate

Compilation of Electric Monitoring Report – Electric Cost of Service and Rate Design (2012)
City of Bryan, TX (Municipal)

Transmission Cost of Service Filing – Electric Cost of Service and Rate Design (2011)
Guadalupe Valley Electric Cooperative, TX (Cooperative)

New Mexico American Water Rate Filing – Water Cost of Service and Rate Design (2011)
EPCOR, NM (IOU)

Southwest Water Works Rate Application – Water Cost of Service and Rate Design (2011)
Aqua Texas, TX (IOU)

Canyon Lake Water Company Rate Filing – Water Cost of Service and Rate Design (2011)
San Jose Water Company, TX (IOU)

Survey of Texas Natural Gas Utilities – Natural Gas Regulatory (2011)
MarkWest Energy Partners, LP (Partnership)

George West Natural Gas Rate Study – Natural Gas Cost of Service and Rate Design (2011)
City of George West, TX (Municipal)

SWWC Utilities Rate Filing – Water Cost of Service and Rate Design (2011)
SouthWest Water Company Utilities, TX (IOU)

Transition to Retail Competition – Electric Rates (2011)
Sharyland Utilities, TX (IOU)

Compilation of Electric Monitoring Report – Electric Cost of Service and Rate Design (2011)
City of Bryan, TX (Municipal)

Rate Cap Filing – Electric Cost of Service and Rate Design (2011)
Sharyland Utilities McAllen, TX (IOU)

Analysis of Entergy Texas Rate Filing – Electric Cost of Service and Rate Design (2011)
Northeast Texas Electric Cooperative, Sam Rayburn G&T Electric Cooperative, Tex-La Electric Cooperative, TX (Cooperative)

Billing Analysis – Electric Rate Analysis (2011)
Blue Line Corporation (Corp.)

Analysis of Oncor Rate Filing – Electric Cost of Service and Rate Design (2011)
Tex-La Electric Cooperative, TX (Cooperative)

Westfield Gas & Electric Cost of Service – Natural Gas Cost of Service and Rate Design (2011)
Westfield Gas & Electric Department, MA (Municipal)

Transmission Cost of Service Filing – Electric Cost of Service and Rate Design (2011)
Wood County Electric Cooperative, TX (Cooperative)

Analysis of CenterPoint Rate Filing – Natural Gas Cost of Service and Rate Design (2011)
Municipal Group (Municipal)

Analysis of CenterPoint Rate Filing – Electric Cost of Service and Rate Design (2010)
City of Houston (Municipal)

Review of Rate Case Expenses – Water Regulatory (2010)
Texas Landing Utilities, TX (IOU)

Review of CREZ Transmission Plant – Electric Regulatory (2010)
Texas Landowners, TX (Consumer Group)

North Region Rate Filing – Water Cost of Service and Rate Design (2010)
Aqua Texas Inc., TX (IOU)

Oncor CCN Application – Electric Regulatory (2010)
Hall-Nance Ranches Ltd., TX (Landowner)

MARIAELENA MURILLO EICK

SENIOR PROJECT CONSULTANT

GDS Associates, Inc.
ENGINEERS & CONSULTANTS

CONTACT

512-799-2503

Mariaelena.eick@gdsassociates.com

gdsassociates.com

Dallas TX 75248

EDUCATION

Master of Business Administration (MBA), University of Texas at Dallas, 2010

Bachelor of Business Administration (BBA), MIS and Management, University of Texas at Austin, 2000

Spanish, The Center for Cross Cultural Study in Seville, Spain, 1999

PROFESSIONAL AFFILIATIONS/ CERTIFICATIONS

Society of Depreciation Professionals

EXPERTISE

Rates & Regulatory Filings

Electric, Natural Gas, Water, and Wastewater Regulatory & Accounting

Rate Cases

TCOS Filings

EMR (Earnings Monitoring Reports)

TCRF (Transmission Cost Recovery Factor) Filings

Prepare and Support Expert Testimony

PROFILE

Ms. Eick has over 20 years of experience providing rate and regulatory analysis in the utility industry.

PROFESSIONAL EXPERIENCE

GDS Associates, Inc., April 2016 – Present

Senior Project Consultant

Provide rate and regulatory analysis, research, and litigation support to technical and managerial staff in various proceedings before the Public Utility Commission of Texas and other regulatory agencies in areas such as rate design, revenue requirement, pricing, asset valuation, and energy procurement. As a Senior Project Consultant with GDS, I perform the following tasks:

- Prepare rate filings including TCOS filings and interim TCOS filings for electric cooperatives, municipally owned utilities, and investor-owned utilities
- Prepare Transmission Cost Recovery Factor (TCRF) filings before the Public Utility Commission of Texas
- Present expert testimony in regulatory proceedings. Issues addressed in testimony include interim update of wholesale transmission rates.
- Provide analysis, research, and litigation support in electric and water utility rate increase filings and regulatory proceedings
- Assist in strategy and Full-Service Proposal Development and Production for Utility Privatization projects to assist clients in their efforts to acquire the electric, gas, water distribution systems and wastewater collection systems, formerly owned by Department of Defense Installations.

GDS Associates, Inc., April 2007 – March 2016

Project Consultant

- Analyze and maintain plant statistical operations data
- Prepare Transmission Cost Recovery Factor (TCRF) filings before the Public Utility Commission of Texas
- Provide analysis, research, and litigation support in electric and water utility rate increase filings and regulatory proceedings
- Assist in strategy and Full-Service Proposal Development and Production for Utility Privatization projects to assist clients in their efforts to acquire the electric, gas, water distribution systems and wastewater collection systems, formerly owned by Department of Defense Installations.
- Pricing and billing analysis for client facilities
- Analysis of alternate power supply proposals, utility bill auditing, water/wastewater inventory, cost valuation and other extensive data system requirements
- Analysis and development of research projects, presentations, and exhibits on rate and regulatory issues for delivery to electric, natural gas, and water utility clients
- Perform analysis and support the filing of discovery questions and responses, testimony, and exhibits before the Public Utility Commission of Texas

GDS Associates, Inc., March 2002 – March 2007

Analyst

- Assist in strategy and Full-Service Proposal Development and Production for Utility Privatization projects to assist clients in their efforts to acquire the electric, gas, water distribution systems and wastewater collection systems, formerly owned by Department of Defense Installations.

MARIAELENA MURILLO EICK

SENIOR PROJECT CONSULTANT

CONTACT

512-799-2503

Mariaelena.eick@gdsassociates.com

gdsassociates.com

Dallas TX 75248

PROFESSIONAL EXPERIENCE [continued]

- Pricing and billing analysis for client facilities
- Analysis of alternate power supply proposals, utility bill auditing, water/wastewater inventory, cost valuation and other extensive data system requirements
- Analysis and development of research projects, presentations, and exhibits on rate and regulatory issues for delivery to electric, natural gas, and water utility clients
- Perform analysis and support the filing of discovery questions and responses, testimony, and exhibits before the Public Utility Commission of Texas

GDS Associates, Inc., January 2000 – February 2002

Associate Analyst

- Conception, implementation, and maintenance of a website to organize maps, digital pictures, and inventories for water and wastewater systems
- Assisted in proposal development and editing
- Database manager for a water and wastewater digital picture database.

GDS Associates, Inc., June 1996 – December 1999

Intern

PROJECT EXPERIENCE

- Oncor Electric Delivery Company LLC - Review cost allocation and rate design issues and assist with analysis and testimony preparation on behalf of East Texas Electric Cooperative, Inc. and Rayburn Country Electric Cooperative, Inc. in Public Utility Commission of Texas Docket No. 53601 - Application of Oncor Electric Delivery Company LLC for Authority to Change Rates
- Pacific Gas and Electric (PG&E) - Assist with review and analysis of PG&E's Formula Rate Filing for Rate Year 2023
- Austin Energy - Assist with review and analysis of Austin Energy's 2022 Base Rate Filing Package related to customer class cost allocation and rate design on behalf of NXP USA, Inc. (NXP)
- Southwestern Electric Power Company (SWEPCO) - Review cost allocation and rate design issues and assist with analysis and testimony preparation on behalf of Nucor Steel Longview, LLC in State Office of Administrative Hearings (SOAH) Docket No. 473-21-0538 / Public Utility Commission of Texas Docket No. 51415 - Application of Southwestern Electric Power Company for Authority to Change Rates
- Sharyland Utilities, L.L.C. - Assist with full TCOS filing preparation, testimony preparation, provide analysis, prepare Lead-Lag Study, and provide litigation support in Texas Public Utility Commission Docket No. 51611 - Application of Sharyland Utilities, L.L.C for Authority to Change Rates.
- Guadalupe Valley Electric Cooperative, Inc. - Prepare annual EMR (Earnings Monitoring Report)
- Houston County Electric Cooperative, Inc. - Prepare annual EMR (Earnings Monitoring Report)
- Cherokee County Electric Cooperative Association - Prepare annual EMR (Earnings Monitoring Report)
- Deep East Electric Cooperative, Inc. - Prepare annual EMR (Earnings Monitoring Report)
- Wood County Electric Cooperative, Inc. - Prepare annual EMR (Earnings Monitoring Report)
- Deep East Texas Electric Cooperative, Inc - Prepare interim TCOS filing and file direct testimony in Texas Public Utility Commission Docket No. 51562 - Application of Deep East Texas Electric Cooperative, Inc. for Interim Update of Wholesale Transmission Rates

MARIAELENA MURILLO EICK

SENIOR PROJECT CONSULTANT

CONTACT

512-799-2503

Mariaelena.eick@gdsassociates.com

gdsassociates.com

Dallas TX 75248

PROJECT EXPERIENCE [continued]

- Wood County Electric Cooperative, Inc - Prepare interim TCOS filing, assist with testimony preparation, provide analysis, and litigation support in Texas Public Utility Commission Docket No. 51546 - Application of Wood County Electric Cooperative, Inc. For Interim Update of Wholesale Transmission Rates
- Cherokee County Electric Cooperative Association - Prepare interim TCOS filing and file direct testimony in Texas Public Utility Commission Docket No. 51535 - Application of Cherokee County Electric Cooperative Association for Interim Update of Wholesale Transmission Rates
- Brownsville Public Utilities Board - Prepare full TCOS filing, assist with testimony preparation, provide analysis, and litigation support in Texas Public Utility Commission Docket No. 51536 - Application of Brownsville Public Utilities Board for Transmission Cost of Service and Wholesale Transmission Rates
- Houston County Electric Cooperative, Inc - Prepare interim TCOS filing and file direct testimony in Texas Public Utility Commission Docket No. 51195 - Application of Houston County Electric Cooperative, Inc. for Interim Update of Wholesale Transmission Rates
- Guadalupe Valley Electric Cooperative, Inc - Prepare interim TCOS filing and file direct testimony in Texas Public Utility Commission Docket No. 48840 - Application of Guadalupe Valley Electric Cooperative, Inc. for Interim Update of Wholesale Transmission Rates
- Houston County Electric Cooperative, Inc - Prepare interim TCOS filing, assist with testimony preparation, provide analysis, and litigation support in Texas Public Utility Commission Docket No. 50263 - Application of Houston County Electric Cooperative, Inc. For Interim Update of Wholesale Transmission Rates
- Kerrville Public Utility Board - Prepare full TCOS filing, assist with testimony preparation, provide analysis, and litigation support in Texas Public Utility Commission Docket No. 50288 - Application of Kerrville Public Utility Board to Amend Transmission Cost of Service and Wholesale Transmission Rates
- East Texas Electric Cooperative, Inc - Prepare full TCOS filing, assist with testimony preparation, provide analysis, and litigation support in Texas Public Utility Commission Docket No. 50295 - Application of East Texas Electric Cooperative, Inc to Change Wholesale Transmission Service Rates
- Sharyland Utilities, L.P. - Prepare updated semi-annual Transmission Cost Recovery Factor (TCRF) filings and reports
- Sharyland Utilities, L.P. - Present expert testimony in regulatory proceedings. Issues addressed in testimony include interim update of wholesale transmission rates.
- Sharyland Utilities, L.P. - Analysis and litigation support for Review of the Rates of Sharyland Utilities, L.P., Texas Public Utility Commission Docket No. 45414.
- Sharyland Utilities, L.P. - Analysis and litigation support for Application of Sharyland Utilities, L.P. to Establish Retail Delivery Rates, Approve Tariff for Retail Delivery Service, and Adjust Wholesale Transmission Rate, Texas Public Utility Commission Docket No. 41474.
- Sam Rayburn G&T Electric Cooperative, Inc., East Texas Electric Cooperative, Inc., and Northeast Texas Electric Cooperative, Inc.: Assist in data analysis and operations monitoring report preparation for monthly, quarterly, and annual reports at four power plants in Texas and Louisiana
- Valley Electric Association, Inc., Nevada - Assist in strategy and full-service proposal development and production for Utility Privatization for the 2018 Electric Distribution System at Yuma Proving Ground solicitation.
- EPCOR, Arizona - Assist in strategy and full-service proposal development and production for Utility Privatization for the 2018 Water and Wastewater Utility Systems at Yuma Proving Ground solicitation.

MARIAELENA MURILLO EICK

SENIOR PROJECT CONSULTANT

CONTACT

512-799-2503

Mariaelena.eick@gdsassociates.com

gdsassociates.com

Dallas TX 75248

PROJECT EXPERIENCE [continued]

- Black River Electric Cooperative, Inc., South Carolina - Assist in strategy and full-service proposal development and production for Utility Privatization for the 2016 Electric Distribution System on Fort Jackson solicitation.
- Heart of Texas Electric Cooperative, Inc., Texas - Assist in strategy and full-service proposal development and production for Utility Privatization for the 2014 Electric Distribution System on Fort Hood solicitation.
- Otero County Electric Cooperative, Inc., New Mexico - Assist in strategy and full-service proposal development and production for Utility Privatization for the 2014 Holloman Air Force Base Electric Distribution System solicitation.
- Butler Rural Electric Cooperative Association, Inc., Kansas - Assist in strategy and full-service proposal development and production for Utility Privatization for the 2013 McConnell Air Force Base Electric Distribution System solicitation.
- Canyon Lake Water Service Company, Texas - Analysis for valuation of assets and development of rate base for 2010 rate increase filing
- Aqua America, Inc. (previously known as AquaSource Utility Inc.) - Research, analysis, and litigation support for 2005 rate increase filing before the Texas Commission on Environmental Quality; Maintain model for valuation of purchased assets for 325 Texas water/wastewater systems
- City of Houston, Texas - Research and analysis for CenterPoint Energy's Stranded Cost True-Up Case at PUCT (Public Utility Commission of Texas)
- City of Houston, Texas - Research and analysis for CenterPoint Energy's Competition Transition Charge Proceeding at PUC
- Tarrant Regional Water District, Texas - Research and pricing analysis for energy procurement
- Lake Whitney Water Co. Inc., Texas: Assist in the development of the rate case application
- Texas Water Development Board - Database input, queries, and analysis for Report to Quantify the Effectiveness of Various Water Conservation Techniques
- West Texas Gas, Inc., Texas - Rate review analysis
- City of Bryan, Texas - Update annual EMR (Earnings Monitoring Report)
- Aqua America, Inc. (previously known as AquaSource Utility Inc.) - Maintain models for valuation of purchased assets and database for 270 Texas water/wastewater systems; Development, implementation, and maintenance of a website to organize maps, digital pictures, and inventories for 270 water and wastewater systems; Provide litigation support during the 2000 rate increase filing before the Texas Commission on Environmental Quality

FILED TESTIMONY

Date	*Regulatory Agency/Court*	*Utility Involved*	*Docket*	*Docket Description*
4/20/2016	Texas Public Utility Commission	Sharyland Utilities, L.P. (Direct Testimony)	45875	Application of Sharyland Utilities, L.P. for Interim Update of Wholesale Transmission Rates Pursuant to 16 Tex. Admin. Code
8/04/2016	Texas Public Utility Commission	Sharyland Utilities, L.P. (Direct Testimony)	46263	Application of Sharyland Utilities, L.P. for Interim Update of Wholesale Transmission Rates Pursuant to 16 Tex. Admin. Code

CONTACT

512-799-2503

Mariaelena.eick@gdsassociates.com

gdsassociates.com

Dallas TX 75248

MARIAELENA MURILLO EICK

SENIOR PROJECT CONSULTANT

FILED TESTIMONY [continued]

Date	*Regulatory Agency/Court*	*Utility Involved*	*Docket*	*Docket Description*
2/22/2017	Texas Public Utility Commission	Sharyland Utilities, L.P. (Direct Testimony)	46881	Application of Sharyland Utilities, L.P. for Interim Update of Wholesale Transmission Rates Pursuant to 16 Tex. Admin. Code
9/08/2017	Texas Public Utility Commission	Sharyland Utilities, L.P. (Direct Testimony)	47591	Application of Sharyland Utilities, L.P. for Interim Update of Wholesale Transmission Rates Pursuant to 16 Tex. Admin. Code
11/01/2018	Texas Public Utility Commission	Guadalupe Valley Electric Cooperative, Inc. (Direct Testimony)	48840	Application of Guadalupe Valley Electric Cooperative, Inc. for Interim Update of Wholesale Transmission Rates Under 16 Texas Administrative Code §25.192(h)(l)
08/21/2020	Texas Public Utility Commission	Houston County Electric Cooperative, Inc. (Direct Testimony)	51195	Application of Houston County Electric Cooperative, Inc. for Interim Update of Wholesale Transmission Rates Pursuant to 16 TAC § 25.192(h)
11/24/2020	Texas Public Utility Commission	Cherokee County Electric Cooperative Association (Direct Testimony)	51535	Application of Cherokee County Electric Cooperative Association for Interim Update of Wholesale Transmission Rates Pursuant to 16 TAC § 25.192(h)
11/30/2020	Texas Public Utility Commission	Deep East Texas Electric Cooperative, Inc. (Direct Testimony)	51562	Application of Deep East Texas Electric Cooperative, Inc. for Interim Update of Wholesale Transmission Rates Pursuant to 16 TAC § 25.192(h)
05/27/2022	Texas Public Utility Commission	Houston County Electric Cooperative, Inc. (Direct Testimony)	53652	Application of Houston County Electric Cooperative, Inc. for Interim Update of Wholesale Transmission Rates Pursuant to 16 TAC § 25.192(h)

CONTINUING EDUCATION

- Utility Rate School, National Association of Regulatory Utility Commissioners (NARUC), May 2001
- Utility Finance and Accounting Seminar, Financial Accounting Institute, June 2002, January 2014
- Fundamentals of the U.S. Natural Gas System, December 2010
- Society of Depreciation Professionals Annual Conference and Training, September 2013, 2014, 2016, 2018
- EUCI Depreciation Fundamentals for Municipalities and Co-ops: Gas, Electric, and Water/Wastewater Utilities, September 2016
- EUCI Cost-of-Service Concepts and Techniques for Electric Utilities, March 2017
- EUCI Rate Design for Electric Utilities, March 2017
- The Federal Energy Regulatory Commission (FERC) Uniform System of Accounts - Public Utility Accounting Course, American Public Power Association (APPA), July 2020

DocuSign Envelope ID: 92256DE5-7805-4500-81CB-275DFA4809BE

NewGen Strategies & Solutions

275 W. Campbell
Suite 440
Richardson, TX 75080
Phone: (972) 680-2000

June 12, 2023

Mr. Jonathan Horton
Director of Finance
City of Kennedale
405 Municipal Drive
Kennedale, TX 760609

Subject: **Proposal to Conduct a Water and Wastewater Revenue Sufficiency and Rate Design Study**

Dear Mr. Horton:

Based on our prior conversations, NewGen Strategies and Solutions, LLC (NewGen) appreciates this opportunity to propose our assistance to the City of Kennedale, Texas (City). It is our understanding that, at this time, the City is seeking a qualified consultant to conduct a Water and Wastewater Revenue Sufficiency and Rate Design Study.

As part of this study, the consultant will prepare a five-year forecast of water and wastewater revenue requirements and accompanying rate scenarios which will meet the City's revenue recovery objectives. Additionally, the consultant should examine the utility's capital requirements for both planned development and replacement needs in suggesting rates sufficient to provide continuous and adequate service to the City's utility customers. This includes ensuring that proposed rates are sufficient to support and service the City's planned, near-term debt issuances.

The remainder of this letter introduces NewGen and presents our proposed team, scope of services, and anticipated pricing and schedule for the proposed engagement. We appreciate the City's consideration of our proposal and stand ready to answer any questions City staff or the City Council may have.

Firm Overview

NewGen is a management and financial consulting firm specializing in providing assistance and advice to the public sector and its utilities. NewGen provides nationally recognized expertise in utility cost of service and rate design studies, depreciation studies, appraisals, organizational and performance management studies, litigation support for legal and regulatory proceedings, utility business and financial planning, and stakeholder engagement for water, wastewater, reuse, stormwater, solid waste, electric, and natural gas utilities.

NewGen is a consulting firm that was created by consultants who are dedicated to our client's mission and recognized as experts in our respective fields of service. Our assistance to the public sector is provided with a keen insight to navigate the uncertain market and the growing role of stakeholders, resource availability, cost of providing utility services, and economic conditions. This ensures an integrated approach to delivering our products and services. "Thoughtful Decision Making for Uncertain Times" succinctly describes our capability to provide our clients the solutions and recommendations tempered

DocuSign Envelope ID: 92256DE5-7805-4500-81CB-275DFA4809BE

by our keen insight into the growing role of stakeholders, resource availability (including renewables), environmental concerns, cost of providing utility services, and economic conditions.

Our experience has been acquired, in part, while members worked at recognized national consulting groups such as Touche Ross & Co. (now *Deloitte Touche*), R.W. Beck, Inc. (now *SAIC and Leidos*), Economists.com (now Willdan), Navigant Consulting, Inc., and CH2M Hill. The firm's experience also includes the regional practices founded by Mr. Jack Stowe, Jr. which were Reed-Stowe & Co., Inc. and Reed Stowe & Yanke, LLC founded by Mr. Jack Stowe, Jr. and Mr. Dave Yanke. Experience was also gained July 1, 2019 when Municipal & Financial Services Group (MFSG) merged with NewGen. Additionally, NewGen professionals come from the nationally recognized engineering firms of CDM Smith, Inc., Black & Veatch, and HDR, Inc. Individuals from NewGen provide the expertise gained from more than 125 expert witness cases and filings supporting utility customers, regulatory staff, and utilities.

It is NewGen's mission to become a trusted advisor to our clients. Many of NewGen's current employees worked together for many years at R. W. Beck prior to joining NewGen—some for as long as 25 years. Thus, although the firm is relatively new (established in 2012), we have a long, successful work history and a demonstrated ability to complete projects on time and with deliverables that withstand public, stakeholder, and regulatory scrutiny.

NewGen's Core Competencies

NewGen's core business is providing financial and management advice related to water, wastewater, stormwater, street maintenance utility, and solid waste infrastructure and operations. The specialized services we offer to our clients include:

- Cost of Service/Rate Studies
- System Development Charges/Capacity Fee Studies
- Operational Reviews/Management Audits
- Comparative Analyses/Benchmarking
- Financial Feasibility Studies
- Infrastructure Management/GASB 34
- Conservation Studies

In summary, NewGen is well versed and experienced in providing management and financial advice related to every aspect of municipal utility services.

Not only are the requested services reflective of NewGen's core competencies and lines of service, but NewGen also maintains an active, ongoing relationship with the City's Financial Advisor, SAMCO Capital Markets, Inc. (SAMCO). NewGen's Project Teams frequently interface with representatives of SAMCO in service to SAMCO's clients, providing water and sewer rate analysis and recommendations to ensure planned debt issuance is adequately supported by financial performance and all bond requirements relative to coverage and reserves are appropriately met. This ongoing relationship will allow the Project Team to interface directly with SAMCO, reducing workload on City staff and ensuring that the rate

DocuSign Envelope ID: 92256DE5-7805-4500-81CB-275DFA4809BE

recommendation made as an outcome of this study will meet the City's goals and objectives relative to upcoming capital funding.

Project Team

NewGen evaluates the needs of each project and responds by assembling a Project Team of knowledgeable professionals who are uniquely qualified to provide the services needed. This Project Team assembled for this engagement includes widely recognized experts in utility cost of service and rate-making that possess a unique knowledge of regulatory requirements and industry trends as well as best practices to develop utility rates which balance the goals and objectives of the City and its customers. The study will be conducted in compliance with Industry standards and defensible with the State of Texas regulatory authorities.

Chris Ekrut, Partner and Chief Financial Officer

PROJECT ROLE: Project Manager | **LOCATION:** Dallas, TX | **PHONE:** (972) 232-2234 | **EMAIL:** cekrut@newgenstrategies.net

Mr. Chris Ekrut, MPA, a Partner with and Chief Financial Officer for NewGen, will serve as the Project Manager for this engagement. Mr. Ekrut has been providing consulting services since 2004, with the majority of projects centered in the water and sewer industry around user/impact fees. Chris has filed expert witness testimony with regard to cost of service and rate design, as well as provided litigation support before rate regulatory agencies. He has conducted a number of wholesale and retail water and sewer rate studies, developed water and sewer rate models, storm water fee models, and assisted in the negotiation and/or litigation involving a number of wholesale water contracts. Chris also specializes in the development of Utility Business Plans and has been called on by the Texas Section of the American Water Works Association to speak on the importance of business planning for municipal and governmentally owned utilities. Chris also serves as an instructor for the national "Fundamentals of Water Cost of Service and Rate Design" class sponsored by EUCI and as a Faculty Member for the National Association of Regulatory Commissioner's (NARUC) National Rate School. Mr. Ekrut also maintains extensive hands-on experience with the City's rate model and contractual wholesale rate methodology which will provide our Project Team with the skills and knowledge needed to ensure a new rate model that can withstand the scrutiny of the City's wholesale customer group.

Kim Bostik, Senior Manager

PROJECT ROLE: Lead Analyst | **LOCATION:** Dallas, TX | **PHONE:** (972) 590-8945 | **EMAIL:** kbostik@newgenstrategies.net

Ms. Kimberly Bostik assists in conducting various water, wastewater, and electric utility engagements. Before joining NewGen, Ms. Bostik was a Senior Consultant in the Water and Wastewater industries at R.W. Beck, Inc. Ms. Bostik began her career as a Risk Accountant and worked as a Trading & Risk Services Supervisor at Duke Energy Trading & Marketing in Houston, Texas. Ms. Bostik also contracted for Energy Future Holdings, serving as a risk analyst on the power trading desk.

DocuSign Envelope ID: 92256DE5-7805-4500-81CB-275DFA4809BE

Garrett Belloma, Consultant
PROJECT ROLE: Analyst | **LOCATION:** Dallas, TX | **PHONE:** (817) 991-6971 | **EMAIL:** gbelloma@newgenstrategies.net

Mr. Garrett Belloma joined NewGen as an analyst in 2022 after a successful internship. During his time with NewGen, he has provided support in financial modeling, financial analyses, and data analytics for NewGen's Water Practice. Mr. Belloma has a B.S. in Finance from University of Texas at Dallas. Before joining NewGen, Mr. Belloma worked as a lead researcher for Comets to the Core.

Scope of Services

To perform the requested study, the Project Team proposes the following work plan. Our proposed work plan closely follows the approaches and methodologies utilized by NewGen's Project Team members in all of their water and wastewater cost of service and rate design studies. Therefore, the City can be assured that the work plan proposed by NewGen has been tested and proven in numerous studies across the state and nation. It is understood that, if selected, the Project Team will refine, customize, and finalize the work plan with the City upon award of the project.

NewGen maintains a strong and active presence before the State of Texas' rate regulatory authorities and is routinely requested to provide expert opinions on rate matters by legal counsels representing clients throughout the State of Texas. For NewGen to maintain its reputation and presence within the regulatory environment, our product must be of such quality to withstand intense scrutiny. The product(s) developed by NewGen for this engagement will withstand such scrutiny.

Task 1 – Initiation of Initial Data Request

The Project Team will develop an initial data request that will be needed to adequately begin the review and evaluation of the City's retail water and wastewater rates. This data will include, but is not limited to, operating, financial, management, policy, and ordinance data. The purpose of the initial data request is to become more familiar with the City's operations and policies in order to maximize the effectiveness of our time with City representatives in the project kickoff meeting. Reflecting the Project Team's current workload and recommended project schedule proposed herein, the initial data request will be issued no later than August 4, 2023.

Task 2 – Initial Data and Information Assessment

Once the City has submitted the initially requested data, the data will be reviewed for discussion during the project kickoff meeting. Throughout the course of the project, data received by the Project Team will be sampled and tested for accuracy. The sampling and testing of data is imperative in regard to the billing data used to set rates. In all of our rate study engagements, NewGen conducts a thorough review and testing of the billing data queries provided by our clients. It is essential in the development of proper cost allocations and reliable revenue projections that the billing data be as accurate as possible. NewGen will, where possible, work closely with the City of Arlington to obtain the appropriate billing data needed to conduct the Study. In addition, as necessary, the Project Team will conduct informal interviews with City staff or City of Arlington staff during our review of the historical data to ensure that the Project Team understands the information provided.

DocuSign Envelope ID: 92256DE5-7805-4500-81CB-275DFA4809BE

Task 3 – Project Kickoff Meeting

After receiving the initially requested data, the Project Team will work with the City to schedule a virtual kickoff meeting. The primary reason for the kickoff meeting is to allow the key Project Team consultants and participants from the City to be introduced and lay the general framework for how the study will be conducted. This meeting will also allow for the finalization of the proposed work approach, as well as discuss and clarify the information analyzed in Task 2.

In addition, the project kickoff meeting will allow for the Project Team to gain a better understanding of the goals and objectives, as well as expectations, the City desires to achieve from the study. As part of the kick-off meeting, the Project Team members will also discuss:

- Political and customer views/opinions of current rates;
- Capital/operational demand changes anticipated over the study's forecasted period;
- Initial rate design pricing objectives; and
- Initial strategies for implementing/communicating possible rate changes.

Task 4 – Determination of Test-Year Revenue Requirements

Revenue requirements will be developed for the water and retail wastewater studies using the American Water Works Association ("AWWA") accepted cash needs approach. The cash needs approach closely follows governmental utility budgeting practices and incorporates a utility's operation and maintenance costs, debt service and bond coverage requirements, cash funded capital outlays, reserve requirements, and transfers. Specifically, for the City, the revenue requirement will include the City's operational costs adjusted to reflect normal service conditions; current and future anticipated principal and interest payments; current and future cash capital outlays; future capital funding needs including the impact of inflation on construction cost; and pass-through charges for wholesale service.

In developing the revenue requirements, the Project Team will assess and project each utility's cost of service by analyzing each utility's historical costs, the current budget year, any forecasts made for future fiscal years, as well as any debt service ratio or bond covenant requirements. The Project Team will develop a test-year cost of service for each utility. A test-year is a common term in rate studies that refers to an adjusted fiscal year cost that will be used as a basis for setting rates. The test-year cost of service will be adjusted by non-rate revenue sources to develop the test-year revenue required from utility rates.

Task 5 – Forecast of Revenue Requirements

Using the test-year developed in Task 4, the Project Team will begin the development of a five-year revenue requirement forecast. As necessary, interviews with City staff or City of Arlington staff may be conducted to gather additional data to complete this task. During this task, it is crucial to thoroughly analyze the assumptions used in projecting the revenue requirements. These assumptions may include, but may not be limited to, growth rate, inflation rates, regulatory changes, conservation, increase in contractual obligations, and capital improvements. These assumptions will be supported by standard industry forecasting practices and available indices. In addition, support will come from the City's applicable master plan studies and current infrastructure ratings.

The Project Team will work closely with City staff and SAMCO to examine the City's planned method of financing (e.g. cash, debt, grants) future capital improvements and the financing methods' impact on retail rates, operating and capital reserve targets, and debt coverage requirements, as well as examine

DocuSign Envelope ID: 92256DE5-7805-4500-81CB-275DFA4809BE

anticipated operational and/or staffing changes over the five-year forecast. The five-year revenue requirement will serve as the basis for the development of the financing plan to meet projected capital improvement expenditures.

Task 6 – Determination of Realizable Revenue at Current Rates

The results of this task will provide the data to properly evaluate the cost of service, the magnitude of overall increases, as well as providing the Project Team the ability to compare the actual cost to provide utility service with the anticipated billed revenues of the utility. In the revenue determination, adjustments will be made to the historical billing data to reflect normalized weather conditions and usage. This task will also provide a "check" of the data provided by both City staff and the City of Arlington.

Task 7 – Development of Rate Design

After determining the realizable revenue at current rates and comparing such revenues with the forecasted revenue requirement, the Project Team will work with City staff to formulate a rate and fee design plan to recover the revenue requirements. In the formulation of a rate and fee design plan, a clear and distinct understanding of the City's overall goals and objectives should serve as the foundation for the development of options since rate and fee design enables the utility to meet its service pricing objectives. Pricing objectives could include, but would not be limited to:

- Cost of Service Recovery
- Equity
- Conservation
- Revenue Stability
- Ease of Administration
- Economic Development
- Affordability
- Regional Competitive Position

Following the completion of Task 6, members of the Project Team will discuss with City staff the potential rate design alternatives that meet the City's pricing goals and objectives. From these discussions, the Project Team will develop defensible rate structures for the City's customers.

Task 8 – Determination of Realizable Revenue with Rate Adjustments

The Project Team will analyze and compare the revenues forecasted to be generated under designed rate structures to the forecasted revenue requirements to determine the adequacy of the designed rate structures to meet the City's financial goals, including bond coverage requirements and operating and capital reserves. To the extent the designed rates are projected to be inadequate, appropriate rate adjustments will be calculated. In the revenue determination, adjustments will be made to the historical billing data to reflect normalized weather conditions and usage. Also, the monthly impact of rate adjustments on customer bills under the designed rate structures will be examined.

Task 9 – Rate Comparison Review

The Project Team will compare the City's current and adjusted utility rates to utility rates of governmental utilities of similar size, demographics, and operational characteristics so as to provide an estimation of the City's comparable and competitive position.

After completing Task 9, members of the Project Team will conduct a briefing presentation with City staff to discuss the results of the rate design analysis. Included in these discussions will be the development of the strategy(ies) to communicate and institute any significant rate changes.

DocuSign Envelope ID: 92256DE5-7805-4500-81CB-275DFA4809BE

Task 10 – Draft Letter Report Preparation

The Project Team will develop a draft letter report summarizing findings, conclusions, and recommendations of the water and wastewater rate study. The letter report will include all methodologies, assumptions, and calculations, and a background section that includes all data used in the determinations made in the study. The Project Team is committed to ensuring that the City thoroughly understands the recommendations in the draft letter report and will be available to discuss findings, answer questions, and receive input. The Project Team will ensure that City staff has sufficient time to address their concerns and/or questions prior to finalizing the report.

Task 11 – Final Letter Report Preparation and Presentation

Upon receipt of City staff comments, the Project Team will make appropriate changes and provide the City with the final letter report. After completion of the final letter report, the Project Team will assist the City in the presentation of the results of the water and wastewater rate study to various stakeholders, including presenting the study's findings, conclusions, and recommendations to the City Council.

Project Timeline and Deliverables

Project Team will provide the City with the following:

- Draft Report
  - Within 120 days, given the timely receipt of the required financial and operational data, an electronic draft report will be provided for the City's review and comment that summarizes the Project Team's findings, conclusions, and recommendations.
- Final Report
  - The final report will be provided to the City within two weeks after delivery of the draft report, given the timely receipt of the City's comments.
- Meetings/Presentations
  - The Project Team will conduct up to three (3) meetings with City staff during the course of the engagement including: a virtual Project Kickoff Meeting, one Project Update meeting (conducted telephonically), and one in-person presentation to the City Council. Additional meetings and/or presentations beyond those listed here will be provided on a time and expense basis.

Services requested by the City not specifically outlined within the proposed work plan and which the Project Team is unable to provide within the proposed project pricing above will be provided on a time and expense basis.

Project Timing/Schedule

Based on an assumed start date of August 4th, 2023, the Project Team anticipates that the draft results of the study will be available on or around November 15, 2023, dependent on the availability of information requested from the City. The Project Team understands that this scheduled may be amended via discussions with the City prior to commencement of the Study.

DocuSign Envelope ID: 92256DE5-7805-4500-81CB-275DFA4809BE

Proposed Project Cost

To perform the services detailed in this proposal, **NewGen proposes a not-to-exceed fee of $27,500, inclusive of out-of-pocket expenses but exclusive of the optional services.** NewGen's not-to-exceed fees for services will be based on actual hours of services furnished multiplied by NewGen's billing rates as of the date of its monthly invoice.

Additional fees for services not included in the above scope will be billed at our hourly rates for services rendered. Our standing hourly billing rates at this time, which will remain in effect through December 31, 2023, are as follows:

NewGen Strategies and Solutions
2023 Billing Rates

Position	Hourly Billing Rate
Partner	$250 – $385
Principal	$235 – $385
Senior Manager	$210 – $265
Manager	$185 – $210
Senior Consultant	$160 – $185
Consultant	$150 – $160
Administrative Services	$120

Note: Billing rates are subject to change based on annual reviews and salary increases.

We look forward to interviewing with the City to answer any additional questions regarding the study methodology, the City's specific objectives, and to discuss terms, timing, and pricing for the study. Please feel free to contact me at (972) 232-2234 or by email at cekrut@newgenstrategies.net should you have questions, or if additional information is needed.

Again, we greatly appreciate the City's consideration of NewGen for this important engagement, and we look forward to working with you.

Very truly yours,

NewGen Strategies and Solutions, LLC

DocuSigned by:
Chris D. Ekrut
FB62F348CFA8440...

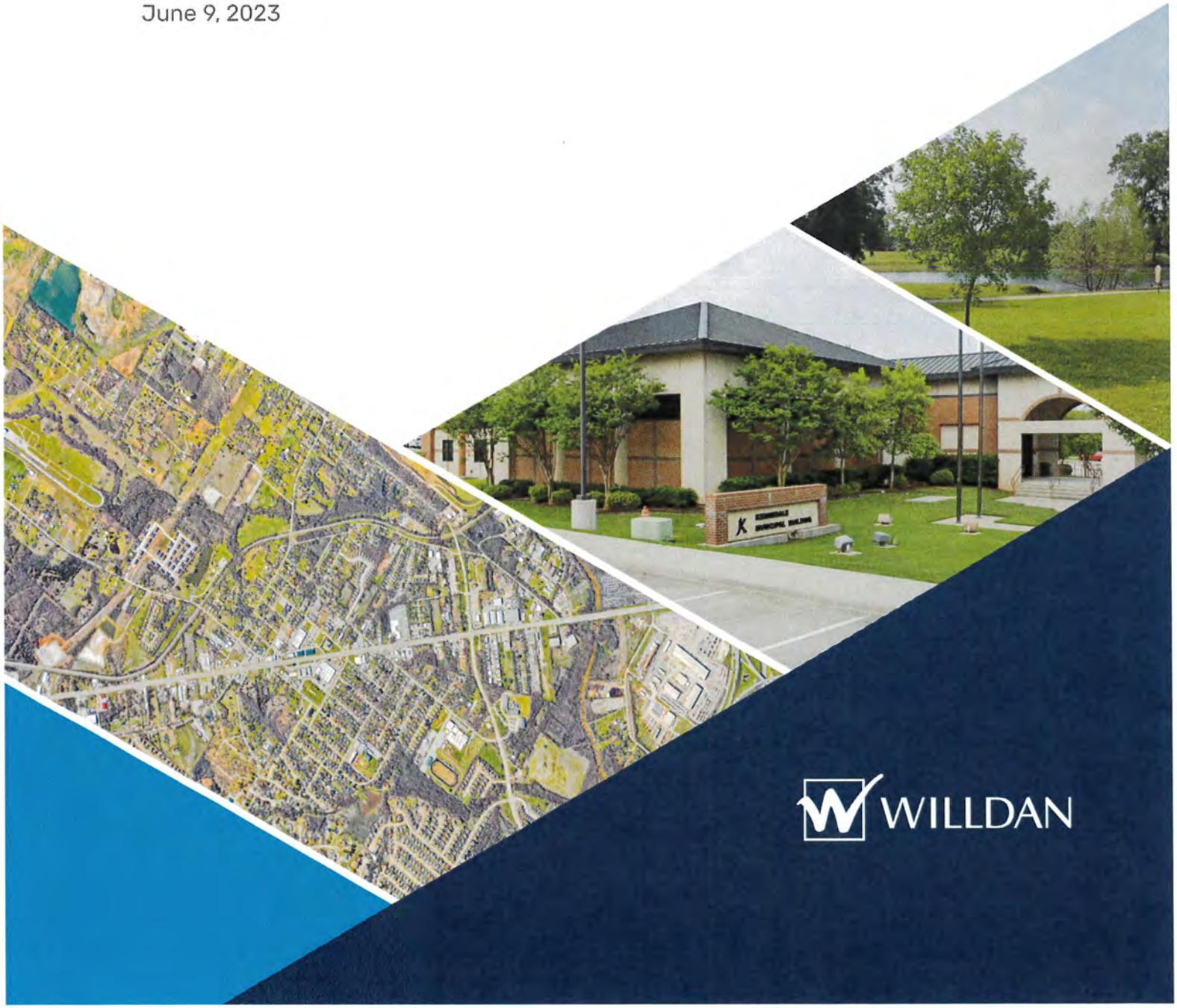
Chris D. Ekrut
Partner and Chief Financial Officer

City of Kennedale, Texas

Request for Qualifications

Water and Wastewater Rate Study

June 9, 2023



WILLDAN

WILLDAN
FINANCIAL SERVICES

June 8, 2023

Mr. Jonathan Horton
Director of Finance
City of Kennedale
405 Municipal Drive
Kennedale, TX 76060

Re: Proposal to Prepare a Water and Wastewater Rate Analysis for the City of Kennedale

Dear Mr. Horton:

Thank you for the opportunity to present this Proposal for a Water and Wastewater Rate Study for the City of Kennedale ("The City"). Willdan Financial Services ("Willdan") is one of the largest public sector financial consulting firms in the United States. Our company has helped over 100 cities in Texas and over 1,200 public agencies across the USA successfully address a broad range of financial challenges, including comprehensive rate studies, financing the costs of growth and generating revenues for utilities to fund desired services.

Our firm specializes in municipal and public sector utilities and our principal clients are national, state and local governments. Each of our clients is served directly by senior level professionals with decades of experience in utility consulting and economic/financial management. We are proud of our history of building long-term relationships with clients based on affordability, professionalism, and performance.

We have a proven track record of completing projects on time and staying within the quoted budget. Our client references will confirm that we do not miss deadlines or exceed our budget in our engagements. We encourage you to contact the references provided for feedback on our performance, commitment to our clients and adherence to project milestones.

Willdan's interactive approach results from our highly regarded revenue requirement and rate model that creates a focused and tailored analysis of the City's current rates, revenues, capital project and operational expenditures, debt commitments, reserve funding, and other financial data. The culmination of our analysis will be a comprehensive utility revenue requirement financial plan that develops projected system operating results for the next five fiscal years under alternative rate designs. We will employ our proven interactive approach, supported with advanced financial modeling techniques, to develop our sophisticated and flexible revenue requirement/rate model for use by the City. ***Our internationally-recognized rate and cost of service model will help us guide the City through operating and financial scenarios, while evaluating the impact of policy assumptions, and performing sensitivity analysis on important fiscal indicators like utility fund balances and debt coverage requirements.***

Our ability to focus on the financial aspects of operating publicly-owned utility systems is coupled with recognized leadership in strategic planning and operations and enables us to bring unmatched value to our clients. Our team brings a set of nationally-recognized qualifications and experts that sets us apart. These qualifications include:

Live and Work in North Texas — We will conduct the analysis for this study both at the City and in our Plano, Texas office. We present a team of professionals with decades of experience providing economic and financial consulting services to the utility industry. Our team includes professionals who are all based in Plano, who have nationwide reputations and experience in the industry and possess impeccable academic credentials. We have an in-depth knowledge of the local market, given our residence here in Texas and our experience completing similar rate studies for over 100 Texas cities.

Experience in North Texas – in addition to our extensive experience throughout the state of Texas, we have a long and successful record of assisting clients in north Texas. This has provided us with an invaluable knowledge of water supply operations and issues in this region. We have performed rate studies similar to that desired by Kennedale for approximately 40 cities in the DFW metroplex, including Burleson, **Alvarado, McKinney, Plano, Allen, Cedar Hill, Celina, Coppell, DeSoto, Duncanville, Fairview, Frisco, Garland, Grand Prairie, Heath, Mesquite, Midlothian, Parker, Princeton, Prosper, Richardson, Rockwall, Rowlett, Sherman, Sachse, Waxahachie, Van Alstyne**, and many more.

Unparalleled Expertise in Financial and Rate Modeling — The project team's efforts will result in a focused and tailored analysis of the City's current utility rates and revenues, development of a comprehensive financial management plan, cost of service analysis based on guiding industry practices, and innovative rate design solutions.

Effectively Communicate Study Results — Sound technical analysis is only one element of this process. It will be equally important to effectively and transparently communicate results and implications of the proposed rate structure to City staff, Council members, key stakeholders and, ultimately, to those that will be subject to new rates. In other words, the objective of this study is not simply to write a report, deliver it to the client, and leave. We consider rate studies to be part of an overall process, the ultimate goal of which is to adopt a formal and final rate and financial plan. This involves far more than the completion of a report – the public involvement process is critical, and we will work tirelessly with staff to ensure that our recommended alternatives are successfully implemented. Most of our projects incorporate significant community and/or stakeholder involvement and education efforts, and our experienced consultants are able to communicate complicated technical analysis in a manner that is easy to follow and understand.

Significant Resources to Devote to Serving the City's Needs — Willdan combines the approach and attention of a boutique, North-Texas based consulting firm with the resources of a nationwide consulting organization. While our proposed team is based in Plano, if necessary, we can draw from the vast resources and industry expertise of fellow Willdan employees in other regions. This gives us a significant advantage over sole proprietors or boutique consulting firms, who often have limited availability, resources and expertise that can hamper their ability to serve clients.

Appreciate the Sensitivity of Rate Proposals — Our team understands the fact that the political, social and economic impact of rate alternatives on ratepayers is of critical importance to those who are responsible for deciding whether to implement these plans. We recognize that it is never easy to ask ratepayers to pay more for utility service. Therefore, we will work with City staff to design rate alternatives that will recover the revenue the utility requires, while to the best extent possible minimizing the impact of any increases on ratepayers and their families.

Offer a Highly Innovative Approach — Our approach to the development of utility rates has been carefully honed over the years. We will work collaboratively with City staff to carefully assess and understand the City's unique Water and Wastewater utility system concerns and issues and develop a tailored approach that will best serve your needs. We do not use a "cookie-cutter" approach, but rather bring a combination of planning and financial expertise providing a thorough understanding of all aspects of utility operations and management. This allows us to work collaboratively to provide comprehensive business solutions. Our objective is to educate and inform throughout the process, not just at the completion of the project.

In summary, we are very excited about the opportunity to provide such a valuable service to the City of Kennedale. For that reason, we will devote our firm's resources to ensure that each of the City's objectives are achieved with the highest level of quality and satisfaction. Please feel free to contact me if you have questions or require any further clarification.

Thank you once again for this opportunity. We look forward to hearing from you.

Respectfully Submitted,

WILLDAN FINANCIAL SERVICES

Jason Gray
Vice President

Table of Contents

1. Qualifications and Experience 4
Firm History 4
Utility Rate Analysis Experience 5
Project Team 9
Jason D. Gray, MPSA 10
Dan V. Jackson, MBA 12
Daniel D. Lanning, Sr. 21

2. Methodology 26
Project Understanding 26
Willdan's Unique Project Approach 27
Scope of Work 30
Rate Model Description 35
Proposed Schedule 38

3. Quality of Response and References 39
References 39

4. Rates and Fees 44

1. Qualifications and Experience

Firm History

Willdan Financial Services is an operating division within Willdan Group, Inc. (WGI), which was founded in 1964 as an engineering firm working with local governments. Today, WGI is a publicly traded company (NASDAQ: WLDN). WGI, through its subsidiaries, provides professional technical and consulting services that ensure the quality, value and security of our nation's infrastructure, systems, facilities, and environment. The firm has pursued two primary service objectives since its inception—ensuring the success of its clients and enhancing its surrounding communities.

A financially stable company, WGI has over 1,500 employees working in more than a dozen states across the U.S. Our employees include a number of nationally recognized subject matter experts for all areas related to the broadest definition of connected communities—***three of whom are committed to contribute their expertise throughout the duration of this engagement for the City of Kennedale.***

Willdan has solved economic, financial, engineering, and energy challenges for local communities and delivered industry-leading solutions that have transformed government and commerce. Today, we are leading our clients into a future accelerated by change in resources, infrastructure, technology, regulations, and industry trends.

Willdan Financial Services

Established on June 24, 1988, Willdan Financial Services ("Willdan"), is one of the largest public sector economic and financial analysis consulting firms in the United States. We have helped over 800 public agencies successfully address a broad range of infrastructure challenges. Willdan assists local public agencies by providing the services listed below.

Willdan Financial Services

Primary Services

- Utility rate and cost of service studies
- User fee studies
- Cost allocation studies
- Real estate economic analysis
- Tax increment finance district formation and amendment
- Housing development and implementation strategies
- Municipal advisory services
- Development impact fee establishment and analysis
- Economic development strategic plans
- District administration services
- Feasibility studies
- Property tax audits
- Arbitrage rebate and continuing disclosure services
- Debt issuance support
- Long-term financial plans and cash flow modeling

Utility Rate Analysis Experience

Willdan's professional staff has provided professional consulting services, including financial planning; rate and cost-of-service studies; alternative and feasibility analyses; and operational and management studies for water, reclaimed water, Wastewater, solid waste, and stormwater utility clients across the United States for three decades. *Additionally, Willdan staff are involved with the development of the rate-setting methodologies set forth in the American Water Works Association (AWWA) M1 manual "Principles of Water Rates, Fees and Charges," and the AWWA M29 manual, "Water Utility Capital Financing."*

Willdan is nationally recognized for its expertise. Our staff is frequently called upon to speak and instruct on utility financial matters as subject matter experts in such forums as the AWWA Utility Management conference.

Willdan staff is experienced in a broad range of utility planning services; and therefore, understand the importance of an approach that integrates elements of utility planning, engineering, and finance. Willdan Team members possess considerable experience in utility rate and cost-of-service studies and have performed these services for hundreds of utilities throughout the country. Our team includes staff with public sector experience spanning 30 years, and staff on the forefront of utility ratemaking and rate-modeling. In addition, team members have held positions as finance directors, deputy city managers, and auditors, and therefore understand the financial, operational, and political realities faced by governmental staff and management; we craft solutions, which are sensitive to this. Our expertise spans across the utility financial planning services identified below.

Willdan Financial Services

Experience and Expertise

- Retail and wholesale rate studies
- Revenue sufficiency analyses
- Utility management and policy assistance
- Connection fee / impact fee studies
- Miscellaneous fee and charge studies
- Renewal and replacement sufficiency analyses
- Comprehensive alternatives analyses
- Capital project funding studies
- Interactive rate model development with dashboards showing key performance indicators
- CIP financial scenario planning
- Rate ordinance drafting
- Billing system validation/rate testing
- Bond feasibility reports
- Valuation/divestiture studies
- Life cycle costs analyses

Willdan will work with the City to identify, and prioritize operational and fiscal objectives, and match these to specific rate attributes; and use this information throughout the engagement to develop a comprehensive financial plan and design utility rates that effectively meet these goals.

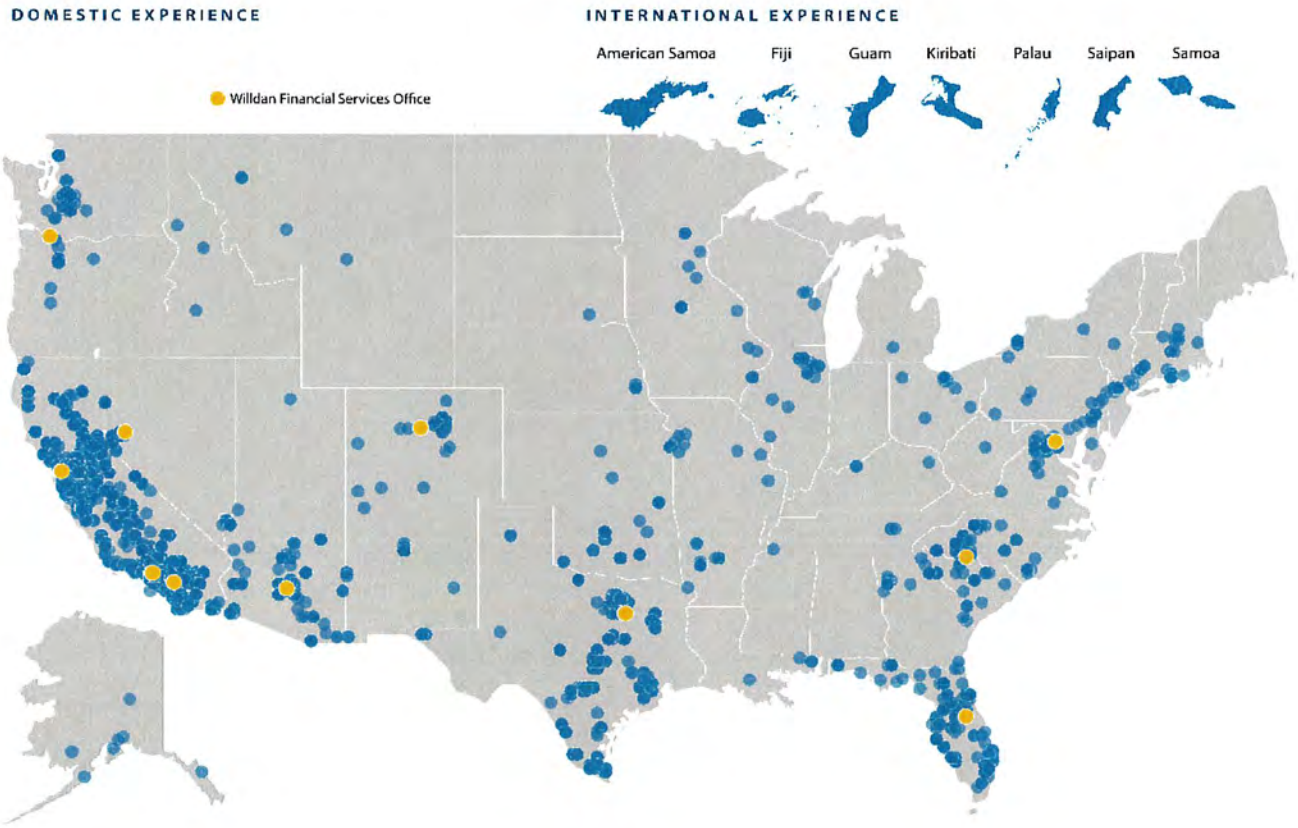
The culmination of our analyses will be rate policies that guide the rate setting process, and a financial management plan that develops projected system operating results for the utility for the forecasted period.

Willdan will employ its proven interactive approach, coupled with advanced financial modeling techniques to design rates and a financial plan that meet established goals and performance criteria. These modeling techniques serve as a powerful decision-making tool and provide the City with genuine business solutions and recommendations as to the strategic direction of its utilities.

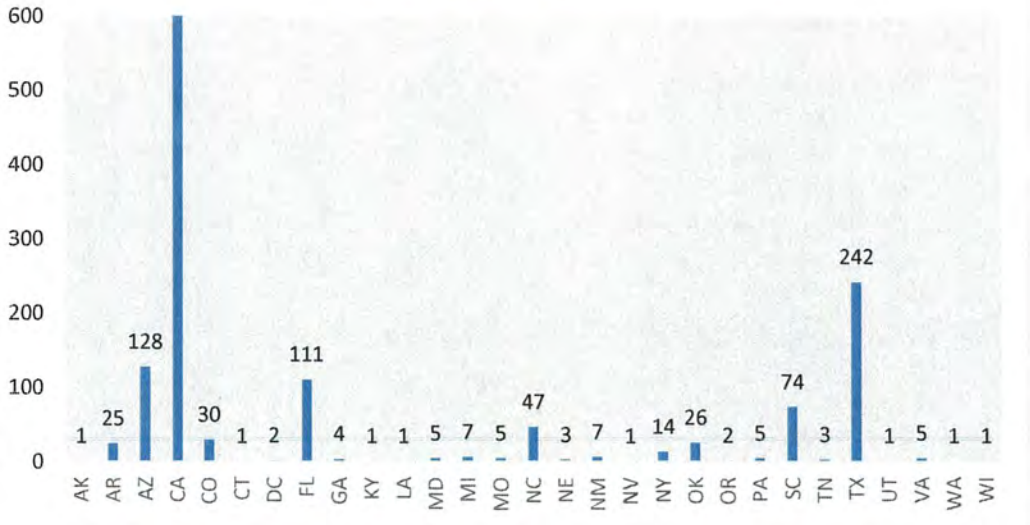
During rate and financial planning projects we employ tools and techniques, which focus on consensus building among stakeholders to ensure the team understands the future financial implications of current management decisions. Our extensive project expertise is bolstered by our unique interactive financial planning process and model.

National & International Presence

Willdan team members possess considerable experience in utility rate and cost-of-service studies and have performed these services for hundreds of utilities throughout the country and seven sovereign nations and territories in the Pacific region. **The graphical representation below** depicts Willdan's geographical client presence.



Projects by State



Willdan Plano Clients

Similar Studies

The following table presents a comprehensive listing of the Plano office's clients. As the table shows, in addition to over 100 cities in Texas alone, the Plano office has worked for over 75 cities across the USA, the sovereign nations of Fiji, Palau, Samoa and Kiribati, and the US Commonwealth/Territories of Saipan CNMI, Guam and American Samoa. **Designated project team members listed in this proposal worked on every one of these engagements.**

This list does not include the hundreds of additional clients served by other Willdan offices. We **do not "pack" our proposals with representative engagements in which designated team members did not participate,** as it is our belief that a company's general experience not shared by proposed team members is not useful to, nor relevant to, the City's needs and requirements.

Willdan Financial Services
Client List - Plano Office

Texas				Arizona	United States	Pacific Region
1 Alamo Heights	55 Leander	1 Arizona Dept. of Environmental Quality	1 Bryant, AR	1 Water Authority of Fiji
2 Allen	56 League City	2 Avondale	2 Conway, AR	2 Palau Public Utilities Corporation
3 Alvarado	57 Liberty Hill	3 Bisbee	3 Hot Springs, AR	3 Kiribati PUB
4 Amarillo	58 Little Elm	4 Buckeye	4 Hot Springs Village, AR	4 American Samoa Power Authority
5 Aqua Water Supply Corporation	59 Llano	5 Bullhead City	5 North Little Rock Wastewater Utility, AR	5 Electric Power Corporation – Samoa
6 Aubrey	60 Los Fresnos	6 Camp Verde	6 Russellville, AR	6 Commonwealth Utilities Corporation – Saipan
7 Arlington	61 Marble Falls	7 Carefree	7 Benton Washington Regional PWA, AR	7 Guam Power Authority
8 Balch Springs	62 McKinney	8 Casa Grande	8 Ada, OK	8 World Bank
9 Bellmead	63 McLendon-Chisholm	9 Chino Valley	9 Chickasha, OK	9 Asian Development Bank
10 Beeville	64 Mercedes	10 Clarkdale	10 Potawatomi Nation, OK	10 Pacific Region Infrastructure Authority
11 Brady	65 Mesquite	11 Clifton	11 Edmond, OK	
12 Brazos River Authority	66 Midlothian	12 Cottonwood	12 Miami, OK	
13 Brownsville Public Utility Board	67 New Braunfels	13 Chloride Domestic Water Imp. District	13 Pryor, OK	
14 Castroville	68 New Summerfield	14 Douglas	14 North Chicago, IL	
15 Cedar Hill	69 North Fort Bend Water Authority	15 Eagar	15 South Adams County, CO	
16 Celina	70 Oak Point	16 Eloy	16 Sarpy County, NE	
17 Cinco Southwest MUD 1, 2, 3	71 Parker	17 Flowing Wells Irrigation District		
18 Cibolo Creek Municipal Authority	72 Plano	18 Florence		
19 Cibolo Valley Local Govt Corp	73 Port Arthur	19 Gila Bend		
20 Combes	74 Primera	20 Globe		
21 Coppell	75 Princeton	21 Goodyear		
22 Crandall	76 Prosper	22 Holbrook		
23 Crystal Clear SUD	77 Raymondville	23 Jerome		
24 Del Rio	78 Richardson	24 Marana		
25 Denton	79 Robstown	25 Miami		
26 Denton County FWSD #1A	80 Rockwall	26 Nogales		
27 Denton County FWSD #8C	81 Rowlett	27 Oro Valley		
28 Denton County Transportation	82 Royse City	28 Patagonia		
29 DeSoto	83 San Benito	29 Payson		
30 Denison	84 San Juan	30 Picacho Peak		
31 Donna	85 San Marcos	31 Pine Strawberry Water Improvement District		
32 Duncanville	86 Schertz	32 Pomerene Domestic Water Improvement District		
33 Eagle Pass	87 Schertz Seguin LGC	33 Prescott		
34 East Medina County SUD	88 Seguin	34 Prescott Valley		
35 El Paso County WCID #4	89 Selma	35 Quartzsite		
36 Ferris	90 Sherman	36 Queen Creek		
37 Frisco	91 Sonora	37 Safford		
38 Grand Prairie	92 Southmost Regional Water Auth	38 Show Low		
39 Galveston	93 Taylor	39 San Luis		
40 Garland	94 Tomball	40 Somerton		
41 Groesbeck	95 Tornillo Water Improvement Dist	41 Springerville		
42 Hackberry	96 Troup	42 Tombstone		
43 Harker Heights	97 Van Alstyne	43 Water Infrastructure Finance Authority of Arizona		
44 Harlingen	98 Venus	44 Wellton		
45 Heath	99 Waco	45 Willcox		
46 Hempstead	100 Waller	46 Winslow		
47 Hewitt	101 Waxahachie	47 Yuma		
48 Hutchins	102 Webb County			
49 Jonah Water SUD	103 West Harris County RWA			
50 Kempner WSC	104 Whitehouse			
51 La Villa	105 Winona			
52 Laguna Madre Water District	106 Woodway			
53 Laredo	107 Yancey Water Supply Corporation			
54 Lavon				

Dallas - North Texas Experience

Further, we have significant experience in the Dallas-Fort Worth Metroplex and the North Texas region. The table below shows that we have prepared rate studies with objectives similar to that requested by the City of Kennedale for over 40 cities and utilities in the North Texas region since 2010.

Willdan Financial Services
North Texas Rate Studies 2010 - 2022

Large Cities	Mid-Size Cities/Districts	
Allen	Alvarado	New Summerfield
Cedar Hill	Aubrey	Oak Point
Coppell	Balch Springs	Parker
Denison	Celina	Princeton
DeSoto	Crandall	Prosper
Duncanville	Denton County FWSD 1A	Rowlett
Frisco	Denton County FWSD 8C	Royse City
Garland	Fairview	Sachse
Grand Prairie	Heath	Troup
McKinney	Hutchins	Van Alstyne
Mesquite	Josephine	Venus
Midlothian	Little Elm	Whitehouse
Plano	McLendon-Chisholm	Winona
Richardson	New Summerfield	
Rockwall		
Sherman		
Waxahachie		

NOTE: designated project team members managed and worked on every project listed

Project Team

Key Personnel

Our management and supervision of the project team is very simple: staff every position with experienced, capable personnel in sufficient numbers to deliver a superior product on time and on budget. With that philosophy in mind, we have selected several experienced professionals for this engagement.

Mr. Jason Gray, MPSA will serve as the **project manager** for this engagement, Mr. Gray has gained an extensive understanding of municipal utilities while serving in a variety of municipal staff positions for over 15 years. As a former City Manager, he acquired and maintains a full appreciation of the operational, political, and financial considerations necessary for rate and fee studies.

Mr. Gray, a Willdan Financial Services Vice President, has over 9 years of professional consulting experience and has led several water and sewer rate study projects along with over 200 municipal consulting projects ranging from City Council workshop facilitations, city-wide strategic planning efforts, financial and economic impact analyses of growth and development. He consistently engages stakeholders in meaningful ways to create positive project impacts.

Mr. Dan V. Jackson, MBA will serve as **project advisor** for this engagement. Mr. Jackson was the co-founder, Managing Director, and Chief Executive of Economists.com. Since the acquisition of Economists.com, Mr. Jackson now serves as a Willdan Financial Services Vice President. He possesses 36 years of experience in financial consulting for water, sewer, stormwater, solid waste, and electric utilities throughout Texas, the southwest, the United States and Pacific Region. He has prepared over 400 such studies and has provided over 300 public presentations outlining the results of the analysis conducted.

Mr. Jackson is a frequent speaker at utilities conferences and trade associations. He received a Bachelor of Arts in Social Science and a Master's in Business Administration in Finance and Accounting from the University of Chicago in 1984. Mr. Jackson is also an accomplished author; his newest novel **Rainbow Bridge** has won the prestigious 2021 Feathered Quill Award for animal-based literature.

Mr. Lanning is a contributing author to the AWWA Manual of Practice M29 – Capital Financing for Water Utilities and is involved in the ongoing update of the AWWA Manual M1 – Principles of Water Rates, Fees, and Charges.

With more than 30 years of professional consulting experience, **Mr. Daniel Lanning, Sr.** will serve as the **senior project analyst** working closely with Mr. Gray, and Mr. Jackson to develop the analyses under the City's scope of services. Furthermore, Mr. Lanning will share knowledge gained through his involvement with American Water Works Association (AWWA) developing industry professional standards.

Resumes

A resume for each team member has been provided on the following pages for your review and consideration.

Jason D. Gray, MPSA

Project Manager

Education

Master of Public Service Administration, George Bush School of Government & Public Service at Texas A&M University

Bachelor of Arts in Political Science, Minnesota State University at Moorhead

Certificate in High Performance/High Potential Leadership

Cox School of Business at Southern Methodist University

Certification in Mediation & Dispute Resolution

George Bush School of Government & Public Service at Texas A&M University

Areas of Expertise

Executive-level reporting

Data storytelling to enhance decision support

Strategic Planning

Financial Forecasting

Economic Impact Analysis

Economic Development Negotiations

Financial Impacts of Municipal Growth

Bond Rating Optimization

Expert Witness Testimony

Affiliations

Member, International City/County Management Association

Member, Texas City Management Association

Member, American Public Works Association

23 Years' Experience

Mr. Gray is a management consultant with over 20 years of combined city staff and municipal consulting experience. As a former City Manager, Mr. Gray gained a hands-on appreciation of the operational, political, and financial considerations necessary for rate and fee studies. As a professional consultant, Mr. Gray has led over 170 municipal projects ranging from utility rate studies and long-term financial plans, City Council workshop facilitations, city-wide strategic planning efforts, financial and economic impact analyses of growth and development, and consistently engages project stakeholders in meaningful ways.

Relevant Consulting Experience & Municipal Projects

- Project manager and analyst for multiple water/wastewater rate studies and long-term financial plans:
  - Heath, TX
  - Alvarado, TX
  - Hewitt, TX
  - Primera, TX
  - Josephine, TX
  - Mesquite, TX
  - West University Place, TX
  - Cobblestone Wholesale Rate (TX)
  - Galveston County WCID #1 (TX)
- Solution architect for the restructuring of a multi-billion-gallon wholesale water rate, assisting thirteen member cities to compromise on a generational rate structure settlement | North Texas Municipal Water District (TX)
- Lead city negotiator and project manager on a multi-decade 2,100-acre mixed-use development projected to deliver over $3 billion in direct value growth | Frisco, TX
- Lead negotiator for a community to partner with a quality developer on a high-profile 14-acre commercial development site with a planned improvement value of over $350 million | Frisco, TX
- Selection, design, implementation, and ongoing executive support for the Strategy Management System, a cloud-based strategy execution system that enables managers to track and report on all strategy-focused actions:
  - Bismarck, ND
  - Missouri City, TX
  - Argyle, TX
  - Hutto, TX
- Sales tax and revenue impact analyst for mass transit authority adapting revenue estimates to account for COVID-19 pandemic | Denton County Transportation Authority, TX
- Facilitated strategic planning, goal alignment, goal execution, and reporting processes:
  - Bismarck, ND, TX
  - Missouri City, TX
  - Pilot Point, TX
  - Hutto, TX
  - Argyle, TX
  - Rio Grande Valley MPO
- Founded the Center for Public Servant Leadership, an organization that provides tools and training to public-sector entities to develop a culture of servant leadership

Municipal Projects and Relevant Experience

- Increased General Fund reserve by 28% in three years with no tax increases and limited assessed value increases | McKinney, TX
- Elevated S&P Credit Rating to the industry best AAA | McKinney, TX

J. Gray
Resume Continued

- Cultivated a culture of transparency which led to one of just four perfectly rated Texas Comptroller's Office Gold Leadership Circle awards (2012) and a Platinum Leadership Circle award (2014) | McKinney, TX
- Developed multi-year financial plan to execute reasonable and regular property tax rate reductions | McKinney, TX
- Developed and implemented a strategic "Program/Service Level" methodology of budget decision-making utilizing quantitative and qualitative | McKinney, TX
- Improved ISO rating from ISO3 to ISO1, significantly decreasing commercial property and liability insurance costs | McKinney, TX
- City Manager of Money Magazine's Best Place to Live in America in 2014 | McKinney, TX
- Increased Moody's and S&P Bond Ratings three steps from junk bond status to investment grade | Celina, TX
- Created and administered multiple Tax Increment Reinvestment Zones | Celina, TX | Frisco, TX
- Renegotiated the City's largest single development agreement to provide for city public safety services to a residential community outside of the city limits | Celina, TX
- Led effort to plan, propose, and approve the three successful bond elections | Celina, TX | Frisco, TX
- Dramatically increased General Fund reserve from 3 days of operating reserve to over 80 days of reserve in three years | Celina, TX
- Project manager for selection of and transition to a new Enterprise Resource Planning (ERP) system | Frisco, TX

Expert Witness Testimony & Litigation Experience

- **Petition of the Cities of Garland, Mesquite, Plano, and Richardson Appealing Wholesale Water Rates Implemented by North Texas Municipal Water District** | Public Utility Commission of Texas | Docket #46662 | Analyst and Settlement Solution Architect for multiple parties
- **Collin County Municipal Utility District No. 1 Appealing Water and Wastewater Rates established by the City of Celina** | Public Utility Commission of Texas | Docket #49448 | Expert Witness for City of Celina
- **City of Celina v. City of Pilot Point and Talley Ranch Management LTD** | Texas 2nd District of Appeals | 362nd District Court of Denton County | Docket #2-08-230-CV | Fact witness for City of Celina
- **Upstream Addicks and Barker (Texas) Flood-Control Reservoirs v. United States** | Court of Federal Claims | Sub-Master Docket No. 17-9001L | Brief for Amici Curiae
- **City of Marana, AZ v. Pulte Home Company, LLC** | Arizona Superior Court, Pima County | Case No. C2020 5095 | Expert Witness for City of Marana

Dan V. Jackson, MBA

Project Advisor / Principal-in-Charge

Education

Master of Business Administration, University of Chicago, 1984; Specialization in Finance/Accounting

Bachelor of Arts, University of Chicago, 1982; Major in Social Sciences
Dean's Honor List

Areas of Expertise

Rate Design

Cost of Service

Financial Forecasting

Valuation Analysis

Acquisition Analysis

Privatization Analysis

Economic Impact Analysis

Expert Witness Testimony

Affiliations

Member, American Water Works Association

National Association for Business Economics

Other

The Forgotten Men (fiction) – Mediaguruz

Rainbow Bridge (fiction) – Mirador Publishing

36 Years' Experience

Mr. Jackson has 36 years of experience as an international financial expert, having completed more than 400 water, wastewater, electric, gas, solid waste and stormwater rate/cost of service studies and long-term financial plans for clients in the USA and the Pacific region. He also has served as an expert witness in state court, federal court and before several public utility commissions. Mr. Jackson's prior experience includes positions with Deloitte and Touche, Reed-Stowe & Company and Arthur Andersen. In 1997, Mr. Jackson co-founded Economists.com LLC, an international consulting firm with offices in Dallas and Portland, Oregon. Willdan acquired Economists.com in 2015, and Mr. Jackson now serves as Vice President and Managing Principal.

Mr. Jackson has given dozens of lectures and presentations before professional associations. Furthermore, he is a published author; his newest novel Rainbow Bridge is now available in bookstores and on Amazon.com and bn.com.

Water/Wastewater Rate Studies and Long-Term Financial Plans

Listed below are the water and/or wastewater rate studies for which Mr. Jackson served as project manager.

Dallas/Fort Worth

▪ Allen, TX	2007, 2009, 2012, 2016
▪ Balch Springs, TX	2017, 2021
▪ Cedar Hill, TX	2016, 2018
▪ Celina, TX	2014, 2018, 2019, 2020, 2021
▪ Coppell, TX	2017, 2020, 2021
▪ Denison, TX	2022
▪ Denton County FWSD 1A, TX	2017
▪ Denton County FWSD 8C, TX	2018
▪ DeSoto, TX	2005 – 2019
▪ Duncanville, TX	2002, 2003, 2007, 2013, 2018, 2022
▪ Fairview, TX	2016, 2018
▪ Ferris, TX	2020
▪ Frisco, TX	2017
▪ Garland, TX	2009 – 2012
▪ Grand Prairie, TX	2019, 2020, 2022
▪ Hackberry, TX	2006
▪ Heath, TX	2020
▪ Hutchins, TX	2017, 2019
▪ Kaufman, TX	1994
▪ League City, TX	2019
▪ Little Elm, TX	2001, 2004, 2008 – 2016
▪ McKinney, TX	2016, 2010, 2019
▪ Mesquite, TX	2018
▪ Midlothian, TX	2000, 2003, 2006, 2010, 2016, 2021
▪ Oak Point, TX	2006, 2011
▪ Parker, TX	2016, 2022
▪ Plano, TX	2017, 2020
▪ Princeton, TX	2012
▪ Prosper, TX	2005, 2016, 2018

D. Jackson
Resume Continued

▪ Richardson, TX	2016
▪ Rowlett, TX	2009, 2017, 2019, 2021
▪ Royse City, TX	2007, 2011, 2018, 2022
▪ Rockwall, TX	2018
▪ Sachse, TX	2014
▪ Sherman, TX	2021, 2022
▪ Venus, TX	2005, 2012
▪ Waxahachie, TX	2012

State of Texas

▪ Alamo Heights, TX	2018
▪ Alvarado, TX	2022
▪ Amarillo, TX	2017
▪ Aqua Water Supply Corporation, TX	2003
▪ Beeville, TX	2017, 2022
▪ Brownsville PUB, TX	2020 - 2022
▪ Brady, TX	2016
▪ Castroville, TX	2016, 2018
▪ Cibolo Creek Municipal Authority, TX	2012, 2015
▪ Combes, TX	2021
▪ Crystal Clear SUD, TX	2021
▪ Del Rio, TX	2020, 2021
▪ Donna, TX	2007, 2011, 2012, 2013,2015 – 2020
▪ El Paso County WCID #4, TX	2005, 2007, 2010, 2011, 2015, 2019
▪ El Paso County Tornillo WCID, TX	2006, 2010
▪ Galveston, TX	2020
▪ Groesbeck, TX	2001, 2004
▪ Harker Heights, TX	2006
▪ Hewitt, TX	2009 – 2015, 2021
▪ Hondo, TX	2019
▪ Jonah Special Utility District, TX	2006
▪ Kempner WSC, TX	2014 – 2015
▪ Laredo, TX	2018, 2019
▪ Laguna Madre Water District, TX	1991 – 1999, 2005, 2014, 2018, 2020
▪ La Villa, TX	2007
▪ Leander, TX	2017 – 2018, 2020, 2021
▪ League City, TX	2019, 2021
▪ Liberty Hill, TX	2018, 2019
▪ Los Fresnos, TX	2007, 2017
▪ Marble Falls	2020, 2022
▪ McLendon-Chisholm, TX	2019
▪ Mercedes, TX	2001, 2003
▪ New Braunfels, TX	2019
▪ North Fort Bend Water Authority, TX	2011, 2016, 2020
▪ Paris, TX	1995
▪ Port Arthur, TX	2020
▪ Port of Houston Authority, TX	2001
▪ Primera, TX	2021
▪ Raymondville, TX	2001
▪ Robinson, TX	2012, 2014, 2015
▪ Robstown, TX	2014, 2015

D. Jackson
Resume Continued

▪ San Juan, TX	2019
▪ Schertz, TX	2012 – 2019
▪ Seguin, TX	2015 – 2019
▪ Selma, TX	2018
▪ Schertz-Seguin Local Govt Corp, TX	2009 – 2022
▪ Sonora, TX	2012
▪ Southmost Regional Water Auth, TX	2001
▪ Tomball, TX	2018
▪ Troup, TX	2006
▪ Venus, TX	2005, 2012
▪ West Harris Cty. Reg. Water Auth, TX	2003, 2006, 2010, 2011, 2016
▪ West University Place, TX	2022
▪ Webb County, TX	2011
▪ Whitehouse, TX	2008
▪ Winona, TX	2009
▪ Yancey Water Supply Corporation, TX	2005

Arizona

▪ Bisbee, AZ	2000 – 2005, 2018
▪ Buckeye, AZ	2013, 2015, 2016
▪ Camp Verde Sanitary District, AZ	2006, 2008
▪ Carefree, AZ	2018
▪ Casa Grande, AZ	2009
▪ Chino Valley, AZ	2010 – 2018
▪ Chloride Domestic Water Imp Dist., AZ	2003
▪ Clarkdale, AZ	2005
▪ Clifton, AZ	2018
▪ Cottonwood, AZ	2004, 2007, 2009
▪ Douglas, AZ	2009, 2011
▪ Eagar, AZ	2006, 2011, 2012
▪ Eloy, AZ	2007, 2011 – 2013
▪ Florence, AZ	2008, 2012, 2017, 2022
▪ Flowing Wells Improvement District, AZ	2008
▪ Goodyear, AZ	2014, 2015, 2019, 2020
▪ Holbrook, AZ	2004
▪ Jerome, AZ	2019
▪ Marana, AZ	2008 – 2013, 2016
▪ Miami, AZ	2010 – 2012, 2015
▪ Nogales, AZ	2011, 2015 – 2016, 2018
▪ Patagonia, AZ	1999, 2002
▪ Payson, AZ	2006, 2010, 2012 – 2014,2019, 2020
▪ Prescott, AZ	2008
▪ Quartzsite, AZ	2004, 2009, 2011, 2012, 2018, 2022
▪ Queen Creek, AZ	2004, 2007, 2015, 2016
▪ Safford, AZ	2006
▪ San Luis, AZ	2002, 2012, 2013, 2017, 2018, 2021
▪ Show Low, AZ	2011, 2014
▪ Somerton, AZ	1999, 2002, 2005 – 2010, 2018
▪ Tombstone, AZ	2001
▪ Tonto Village DWID, AZ	2018
▪ Wellton, AZ	2003

D. Jackson
Resume Continued

▪ Willcox, AZ	2002
▪ Winslow, AZ	2016, 2018
▪ Yuma, AZ	2007, 2014, 2015, 2018

Arkansas

▪ Bryant, AR	2021
▪ Conway, AR	2022
▪ Hot Springs, AR	2005, 2009-2021
▪ North Little Rock Wastewater Utility, AR	1999, 2003, 2006, 2011– 2015, 2021
▪ Russellville, AR	2013, 2014, 2015, 2019
▪ Hot Springs Village, AR	2015, 2019

Oklahoma

▪ Ada, OK	2014, 2015,2018
▪ Altus, OK	2020
▪ Chickasha, OK	2016
▪ Edmond, OK	2010, 2015, 2017, 2018
▪ Miami, OK	2009, 2014, 2017 ,2022
▪ Pryor, OK	2016

USA

▪ North Chicago, IL	2001, 2005
▪ Sarpy County, NE	2018
▪ South Adams County WSD, CO	2013

International Regulated Utilities – Pacific and Caribbean

▪ Water Authority of Fiji	2016, 2019
▪ Palau Public Utilities Corporation	2018
▪ Kiribati Public Utilities Board	2019, 2020
▪ EPC, Independent State of Samoa	2013
▪ Commonwealth Utilities Corp. Saipan	2005 – 2021
▪ American Samoa Power Authority	2009, 2014, 2016
▪ Guam Power Authority	2011
▪ Virgin Islands Telephone Company	1990 – 1991

Solid Waste and Stormwater – Rate Studies and Long-Term Financial Plans

Stormwater

▪ Hot Springs, AR	2011, 2012, 2013, 2016
▪ Hewitt, TX	2018
▪ Bryant, AR	2021
▪ Balch Springs, TX	2021
▪ Coppell, TX	2020
▪ San Marcos, TX	2018
▪ Celina, TX	2021
▪ DeSoto, TX	2021

Solid Waste

▪ Duncanville, TX	2007
▪ Frisco, TX	2017
▪ Hewitt, TX	2010
▪ Mercedes, TX	1999
▪ San Luis, AZ	2003, 2013
▪ Somerton, AZ	2006

D. Jackson
Resume Continued

- Goodyear, AZ 2020
- Altus, OK 2021
- Miami, OK 2009

Water/Wastewater –CCN/ System Valuations and Acquisitions

- Avondale, AZ 2006
- Bolviar WSC, TX 2022
- Bullhead City, AZ 2020
- Buckeye, AZ 2013 – 2015
- Casa Grande, AZ (private) 2015
- Chino Valley, AZ 2006, 2016, 2018
- Cottonwood, AZ 2009, 2012
- Clarksdale, AZ 2009
- Denton, TX 2022
- Florence, AZ 2007, 2014, 2022
- Marana, AZ 2009, 2010
- Pine Strawberry Water Imp District, AZ 2009
- Prescott, AZ 2006
- Prescott Valley, AZ 1998
- Queen Creek, AZ 2008, 2011
- Show Low, AZ 2010, 2011
- Aubrey, TX 2015
- Arlington, TX 1999, 2001
- Celina, TX 2006, 2015
- FCS Lancaster, TX 2021
- Forney Lake WSC, TX 2016
- Gunter, TX 2006
- Huffines Development 2022
- Kempner WSC, TX 2016
- Taylor, TX 1999
- Whitehouse, TX 2006
- Van Alstyne, TX 2019, 2022
- Rockwall, TX 2005
- Trinity Water Reserve, TX 2000
- North Little Rock WWU, AR 2015

Water/Wastewater – Impact Fee Studies

- East Medina Cty Special Utility Dist., TX 2000
- Cibolo Creek Municipal Authority, TX 2015
- Crystal Clear SUD, TX 2021
- Harlingen, TX 2005
- Laguna Madre Water District, TX 1993, 1996, 2000, 2003
- Liberty Hill, TX 2019
- Los Fresnos, TX 2006
- Seguin, TX 2015, 2020
- San Luis, AZ 2002
- Marana, AZ 2011– 2014
- Wellton, AZ 2003
- Prescott, AZ 2007
- Yuma, AZ 2004, 2007, 2016
- Hot Springs, AR 2005, 2009, 2016

D. Jackson
Resume Continued

Expert Witness Testimony

City of Arlington, TX – Seven separate cost of service analyses and testimony in wholesale contract rate proceedings before TNRCC. Largest ongoing wastewater rate dispute in Texas history, 1990-1994.

Cameron County Fresh Water Supply District No. 1 vs. Town of South Padre Island (TNRCC Docket 30346-W) – Expert testimony on reasonableness of rate structure, 1992.

Cameron County Fresh Water Supply District No. 1 vs. Sheraton Hotel/Outdoor Resorts (TNRCC Docket 95-0432-UCR) – Expert testimony on reasonableness of rate structure, 1993.

Laguna Madre Water District (PUC Docket 49154) – Expert testimony on the reasonableness of the District's raw water rate, 2019.

City of Celina, TX (SOAH Docket 2003-0762-DIS) – Expert testimony on the proposed creation of a Municipal Utility District, 2004.

City of Celina, TX (PUC Docket No. 49225) – Expert testimony on the reasonableness of outside city limit rates, 2020.

East Medina County Special Utility District (SOAH Docket 582-02-1255) – Expert testimony on CCN application, 2003.

East Medina County Special Utility District (SOAH Docket 582-04-1012) – Expert testimony on CCN application, 2004.

City of Karnes City, TX – Expert testimony on valuation of CCN before the Texas Commission on Environmental Quality, 2009.

City of Princeton, TX (SOAH Docket 582-06-1641 and TCEQ Docket 2006-0044-UCR) – Expert testimony on ability to serve proposed service territory, 2007.

Town of Little Elm, TX (SOAH Docket 582-01-1618) – Expert testimony on reasonableness of rate structure, 2001.

Schertz Seguin Local Government Corporation – Expert testimony addressing application of San Antonio Water System for groundwater permits for Gonzalez County UWCD, 2009.

City of Ruidoso, NM – Expert testimony on reasonableness of Wastewater Rates, 2010.

City of Hot Springs, AR – Expert witness testimony on Reasonableness of Stormwater Rates, 2010.

Dallas County Water Control and Improvement District No. 6 (TNRCC Docket 95-0295-MWD) – Hearing on the merits for proposed wastewater treatment plant permit, 1995.

Commonwealth Utilities Corporation Saipan – Expert testimony before Commonwealth Public Utilities Commission on reasonableness of rate structure, 2010-2015.

City of Mesquite, TX vs. Southwestern Bell Telephone Company (No. 3-89-0115-T, U.S. Federal Court Northern Texas) – 18-year estimate of revenues excluded from municipal franchise fees by SWB. Expert testimony on SWB accounting and franchise policies and Discovery disputes, 1991-1995.

D. Jackson
Resume Continued

City of Port Arthur, et. al., vs. Southwestern Bell Telephone Company (No. D-142,176, 136th Judicial District Court of Beaumont, Texas) – 20-year estimate of revenues excluded from municipal franchise fees by SWB. Expert testimony on SWB accounting and franchise policies, 1993-1995.

Southwestern Bell Telephone Company vs. City of Arlington, TX (No. 3:98-CV-0844-X, U.S. Federal Court Northern Texas) – 15-year estimate of access revenues excluded from municipal franchise fees by SWB. Expert testimony on SWB accounting and franchise policies, 1996.

Metro-Link Telecom vs. Southwestern Bell Telephone Company (No. 89-CV-0240, 56th Judicial District Court Galveston County Texas) – 20-year pro forma model calculating lost revenue from the cancellation of a trunk line leasing contract.

Complaint of the City of Denton against GTE Southwest, Inc. (PUC Docket 14152), 1994.

GTE vs. City of Denton (No. 95-50259-367, 367th Judicial District Court of Denton County, Texas) – 10-year estimate of revenues excluded from municipal franchise fees by GTE, 1994-1996.

MAS vs. City of Denton, TX (No. 99-50263-367, Judicial District Court of Denton County, Texas) – Testimony on reasonableness of franchise fee payment calculations.

Water/Wastewater – Other Studies

City of Paris, TX – Campbell's Soup Co. wholesale contract review/negotiations.

City of Conroe, TX – Evaluation of proposed long-term wholesale contract.

Cities of Bellmead, Woodway and Hewitt, TX – Least cost alternative analysis and assistance with wholesale contract negotiations with City of Waco.

City of Lubbock, TX – Analysis of reasonableness of rates for Franklin Water System, January 2002.

City of Rockwall, TX – Wholesale contract review, 2005.

City of Miami, OK – Non-rate revenue study, 2010.

Town of Payson, AZ – Financial feasibility and economic impact study of C.C. Cragin Reservoir, 2011.

City of Duncanville, TX – Water and wastewater cost allocation study, 2002.

City of Whitehouse, TX – Economic analysis of potential acquisition of a water supply corporation, 2006.

City of Midlothian, TX – Drought management plans, 2001.

City of Midlothian, TX – Assistance with wholesale contract negotiations, 2000-2001.

City of Arlington, TX – Cost of service study for non-water/sewer revenues, 1997.

City of Arlington, TX – Lease vs. purchase analysis of city fixed assets, 1998.

City of Donna, TX – Water and wastewater affordability analysis, 2005.

Southmost Regional Water Authority – Economic and financial impact of proposed desalination treatment plant, 2001.

Texas Water Development Board Region M – Financial feasibility analysis of water resource alternatives, 2006.

D. Jackson
Resume Continued

Laguna Madre Water District – Lost/unaccounted for water study, 1992.

Schertz Seguin Local Government Corporation – Assistance in contract negotiations with SAWS, 2010.

California-American Water Company – Reasonableness of rate structure for City of Thousand Oaks, 2003.

California-American Water Company – Reasonableness of rate structure for City of Felton, 2004.

Forsyth County, GA – Business plan with extensive recommendations for managing unprecedented growth in volume and customer connections. Ten-year projection of operating income, 1998.

City of Lakeland, FL – Valuation of wastewater reuse alternatives over 20-year timeframe.

Border Environment Cooperation Commission and City of Bisbee, AZ – Wastewater system improvements plan, 2003.

Water Infrastructure Finance Authority of Arizona – Evaluation of 40-year wastewater construction financing plan for Lake Havasu City, 2002.

Water Infrastructure Finance Authority of Arizona – Comprehensive residential water and wastewater rate survey for the state of Arizona, 2004-2008.

City of Plano, TX – Evaluation of long-term contract with North Texas Municipal Water District, 2015-2020.

Regulated Utilities – USA

City of Miami, OK – Electric, water and wastewater and electric rate study, 2006.

Bonneville Power Administration – Participation in Average System Cost (ASC) program, including proposed changes in ASC methodology, 1988-1990.

Houston Lighting & Power – Feasibility/Prudence analysis of South Texas Nuclear Project vs. alternate forms of energy. Analysis formed the basis of partner's expert testimony before the Public Utility Commission of Texas, 1988.

Kansas Power & Light – Analysis of proposed merger with two separate companies, 1988.

Greenville Electric Utility System – Development of short-term cash investment policy in accordance with state law, 1989.

Horizon Communications – Business plan development, 2000.

City of Mercedes, TX– Economic Impact of New City Projects, 2000.

Telecommunications

City of Dallas, TX – Forecast of economic and financial construction and non-construction damages resulting from franchise's failure to fulfill terms of agreement, 2004

City of Dallas, TX – Financial evaluation and forecast of alternative wireless services contracts, 2005.

City of Dallas, TX – Evaluation and advice concerning VOIP contract with SBC, 2003

Voice Web Corporation – Financial forecast and strategic plan for CLEC development, 2001

United Telephone of Ohio – Pro forma forecast model forecasting the impact on financial statements of proposed changes in state telecommunications regulatory structures.

D. Jackson
Resume Continued

Model was used as the basis for privatization bids for Argentine and Puerto Rican Telephone Companies, 1988.

Bonneville Power Administration – Evaluation and financial forecast of long-term fiber optic leasing operation, 1999.

Bonneville Power Administration – Economics of Fiber Analysis, 1999.

City of Portland, OR – Municipal Franchise Fee Review, 2000.

US West, Inc. – Valuation study and financial forecast of headquarters operation. Used as basis for Partner's allocated cost testimony before the Public Utility Commission in Washington and Utah.

Star-Tel – Estimate of revenues lost due to rival's unfair business practices, 1995.

Cities of Denton and Carrollton, TX – Review of municipal franchise fee payments by GTE, 1994-1996.

Winstar Gateway Network – Forecast of average lifespan per ANI for specific customer classes.

Advisory Commission on State Emergency Communications – Review of E911 Equalization Surcharge Payments by AT&T, ATC Satelco, and Lake Dallas Telephone Company.

Northern Telecom – Projection of potential revenue generated from the long-term lease of DMS-100 switching units to Pacific Bell.

Publications/Presentations/Seminars

- ***The Forgotten Men (fiction)* –** Mediaguruz Publishing, 2012.
- ***Rainbow Bridge (fiction)*** – Mirador Publishing, 2020. Winner, 2021 Feathered Quill Silver Award for Animal-based literature.
- *Raising Water and Wastewater Rates – How to Maximize Revenues and Minimize Headaches* – Arizona Small Utilities Association, August 2002; Texas Section AWWA, April 2003
- *Lease vs. Purchase – A Guideline for the Public Sector* – Texas Town and City, March 1998.
- *An Introduction to Lease vs. Purchase* – Texas City Managers Association – May 1998.
- *Technische Universiteit Delft* – Delft Netherlands – Annual Infrastructure Conference – May 2000, 2001.
- *The US Water Industry – A Study in the Limits of Privatization* – Technische Universiteit Delft – Delft Netherlands – March 2007.
- *The New Information Economy: Opportunity or Threat to the Rio Grande Valley?* – Rio Grande Valley Economic Summit – Oct 2000.
- *The Financial Benefits of Regionalization – A Case Study* – Texas Water Development Symposium – September 2010.
- *Developing Conservation Water Rates Without Sacrificing Revenue* – TWCA Conference, San Antonio Texas, October 2012.
- *Water Rates – Challenges for Pacific Utilities* – Pacific Water and Wastes Conference, American Samoa, September 2014.

Daniel D. Lanning, Sr.

Project Manager and Financial Analyst

Education

Bachelor of Science, Accounting, Bentley University, Waltham Massachusetts

Areas of Expertise

Management Consulting

Impact Fee Studies

Financial Analysis

Utility Rate and Cost Studies

Feasibility and Financial Analysis and Reporting

Expert Witness

Utility Regulation

Affiliations

American Water Works Association (AWWA)

Texas Section American Water Works Association

Societies

Member: AWWA Rates and Charges Committee;

Member Task Force Revising AWWA Manual M1 –Water Rates and Charges;

Member Task Force to prepare AWWA Manual M54 – Developing Rates for Small Systems;

Past Member Task Force to edit/revise AWWA Manual M29 – Fundamentals of Water Utility Capital Financing

Water Environment Federation -- Past Member Financing and Charges for Wastewater Systems Task Force that prepared WEF Manual of Practice No. 27, Financing and Charges for Wastewater Systems.

35 Years' Experience

Mr. Lanning is a management consultant with over 35 years of domestic and international experience in utility financial/cost of service studies and energy efficiency and procurement matters. As a consultant, he has served as project manager, task leader, and key staff person on cost of service, impact fee, asset valuation, financial feasibility, and management studies for public and private utilities. He has presented testimony before local and federal courts and state regulatory agencies supporting positions utility cost of service issues. He has served for the past decade on the AWWA Rates and Charges Committee. Prior to his consulting career, Mr. Lanning served as a member of the New Hampshire Public Utilities Commission staff where he held several positions including Assistant Finance Director, Chief Auditor, and a PUC Examiner.

Water/Sewer – Cost of Service and Rate Studies

Mr. Lanning has developed and updated over 150 water, wastewater cost of service, rate and long-term financial planning studies for domestic and international government and private (IOU) entities. These studies regularly involve evaluating utility capital improvement plans, capital financing alternatives, operating statistics, and budget reporting. Mr. Lanning also has significant experience designing computer financial models for utilities and other government entities. Example projects include: San Luis, AZ (W/WW and Solid Waste Rates); McKinney, TX (W/WW Rates); Richardson, TX (W/WW Rates); Richwood, TX (Wholesale Rate Design); and USAID (Bosnia and Herzegovina sector wide financial strengthening of water/ wastewater utilities).

Stormwater and Solid Waste – Rate Studies and Long-term Financial Plans

Mr. Lanning has led and participated in numerous important stormwater and solid waste financial, rate and cost of service studies and projects. These studies included developing fees for retail solid waste, tipping fees for landfills, and developing stormwater and wastewater fees utilizing impervious area data.

Water/Wastewater – Impact Fees

Mr. Lanning has prepared impact/capacity fee analyses in Texas, Arizona, and Massachusetts. Recent example impact/capacity fee studies include: Yuma, AZ; Marana, AZ; Seguin, TX; and Cibolo Creek Municipal Authority, TX. These studies required strict adherence with state statutes that include preparation of specific reports and participation in public meetings.

Water/Wastewater – Asset Valuation

Mr. Lanning has prepared numerous asset valuations for water and wastewater utilities. These studies were used as guide for asset sale/purchases or as part of cost-of-service studies that develop rates for wholesale customers.

Energy – Procurement and Energy Management Project Feasibility

Mr. Lanning has been a key participant in several energy deregulation and comprehensive energy management projects. These projects include evaluating energy cost savings from proposed projects and developing electric procurement strategies/policies. Example studies include Dallas, TX and Houston, TX.

D. Lanning
Resume Continued

Professional Experience

Mr. Lanning has led and participated in over 100 important financial, rate and impact fee studies and projects as a consultant. A sample list of water and wastewater rate and solid waste analysis projects have been provided on the following page.

- San Luis, AZ (W/WW and Solid Waste Rates)
- Yuma, AZ (W/WW Capacity/Impact Fees, Solid Waste)
- Winslow, AZ (W/WW Rates and Bond Feasibility Study)
- Douglas, AZ (Solid Waste Rates)
- Marana, AZ (W/WW Impact Fees)
- Camp Verde, AZ (W/WW Rates)
- Nogales, AZ (Water Cost Analysis)
- League City, TX (W/WW Rate Study)
- Rowlett, TX (W/WW Rate Study)
- Royse City, TX (W/WW Rate Study)
- San Juan, TX (W/WW Rate Study)
- Grand Prairie, TX (W/WW Rate Revenue Requirement Study)
- McKinney, TX (W/WW Rates)
- Frisco, TX (W/WW Rates)
- Amarillo TX (W/WW Rates)
- Laredo, TX (W/WW Rates)
- Brady, TX (W/WW Rates)
- Celina, TX (W/WW Rate Study)
- Rockwall, TX (W/WW Rates; Asset Valuation)
- Los Fresnos, TX (W/WW Rates)
- Balch Springs, TX (W/WW Rates)
- Hutchins, TX (W/WW Rates)
- University Park, TX (W/WW Rates)
- Highland Park, TX (W/WW Rates)
- Schertz, TX (W/WW Rates)
- Beeville, TX (W/WW Rates)
- West Harris Regional Water Authority, TX (Wholesale Water Rates)
- Plano, Garland, Richardson, Mesquite, TX (Evaluation of Wholesale Water Contract)
- Midlothian, TX (W/WW Rates)
- Fairview, TX (W/WW Rates)
- Richardson, TX (W/WW Rates)
- Schertz Seguin Local Government Corporation (Wholesale W Rates)
- Seguin, TX (W/WW Impact Fee)
- Liberty Hill, TX (W/WW Impact Fees)
- Hot Springs, AR (W/WW Impact Fees and Non-Revenue Water Audit)
- Cibolo Creek Municipal Authority, TX (W/WW Impact Fees and WW Rate Analysis)
- Fort Worth, TX (W/WW Impact Fees)
- North Little Rock Wastewater Utility, AR (WW Rate Study)
- Westminster, CO (W/WW Rates)
- Duluth, MN (WW Rates)
- Lansing, MI (CSO Value Engineering Study)
- Oswego, NY (W/WW Rates)
- New Bedford, MA (CSO Affordability and SRF Funding Application)
- Brewer Water District, ME (W Rates)
- Los Angeles Department of Water and Power (Integrated Resource Plan – Financial Model)
- Fort Worth, TX (Wholesale Rates & Contract Negotiations)
- Falls Church, VA (Utility Asset Valuation)
- USAID (Bosnia and Herzegovina sector wide financial strengthening of water/ wastewater utilities)
- Waller Lansden Dortch, & Davis, LLP (Representing Trustee of Jefferson County, AL sewer debt)
- OK Foods Inc., Muldrow, OK (W Rates)
- Corporation (IFC) and Egyptian Ministry of Housing, Utilities & Urban Developments (Purchase Feasibility Study)
- City of Nashua, NH (Negotiation Support - Purchase of Private Water System

D. Lanning
Resume Continued

Additional Relevant Experience

New Braunfels Utilities, TX – Water Rights Lease Evaluation (Senior Financial Analyst 2019): New Braunfels Utilities ("NBU") engaged Willdan Financial Services to review and provide input into a proposed methodology for charging for leased water to potential new customers of the utility.

Mr. Lanning prepared a financial analysis and forecast of revenue requirements used to determine the lease of GBRA Mid-Basin water supply project water rights owned by NBU. Mr. Lanning also participated in the preparation of Willdan's comfort letter regarding the proposed lease contract.

Town of Fairview, TX – Water and Wastewater Rate Study (Senior Financial Analyst, 2016 and 2018): Mr. Lanning prepared a water and wastewater rate analysis and report for the Town of Fairview. The report included recommended rates and a financial plan for the next 10 years. The study included evaluations of alternative rate structures and an impact analysis of recommended rate increases on customers.

City of Celina, TX – Water and Wastewater Rate Study (Senior Financial Analyst, 2018 and 2021): Mr. Lanning prepared a water and wastewater rate analysis and report for the City of Celina. Since the City is growing rapidly, the report included recommended rates for the next 3 years with a recommendation of an annual review to confirm growth estimates continue as planned. The report also included a 10-year financial plan for the water and wastewater utilities. Several alternative rate structures were developed and an impact analysis of these alternative on customers and the City were provided. Finally, the impact of recommended rate increases on customers was prepared.

City of Plano, TX – Water and Wastewater Rate Study (Senior Financial Analyst, 2017 and 2020): Mr. Lanning prepared a water and wastewater rate analysis and report for the City of Plano. The report also included a 10-year financial plan for the water and wastewater utilities. Several alternative rate structures were developed and an impact analysis of these alternative on customers and the City were provided. Finally, the impact of recommended rate increases on customers was prepared.

City of McKinney, TX – Water and Wastewater Rate Study (Senior Financial Analyst, 2016 and 2019): Mr. Lanning prepared a water and wastewater rate analysis and report for the City of McKinney. Since the City is growing rapidly, the report included recommended rates for the next 3 years with a recommendation of an annual review to confirm growth estimates continue as planned. The report also included a 10-year financial plan for the water and wastewater utilities. Several alternative rate structures were developed and an impact analysis of these alternative on customers and the City were provided. Finally, the impact of recommended rate increases on customers was prepared.

City of Richardson, TX – Water and Wastewater Rate Study (Senior Financial Analyst, 2016/2017): Mr. Lanning prepared a water and wastewater rate analysis and report for the City of Richardson. The report also included a 10-year financial plan for the water and wastewater utilities. Several alternative rate structures were developed and an impact analysis of these alternative on customers and the City were provided. Finally, the impact of recommended rate increases on customers was prepared.

City of University Park, TX – Water and Wastewater Rate Study (Project Manager, 2013): Mr. Lanning was Project Manager for a team of experts working with Kent Austin (former University Park Finance Director) completing a cost of service and rate design study for University Park that included an evaluation of customer class usage patterns;

D. Lanning
Resume Continued

an allocation of cost of service to customer class based on demand; identification of large users (residential and commercial) and development of alternative rate structures designed to enhance water conservation. Tests were performed to determine impacts of decreased use on utility revenue and a reserve was recommended to offset variations in water use due to weather or significant changes to customer use patterns.

Professional Activities

- Water Rates in New England – A Decade of State Regulatory Decisions – North Atlantic Water Workers Symposium, 1994.
- SDWA Impact on Rates – Joint New England Water Works Association and New Hampshire Water Works Association Meeting, January 1995.
- Developing Performance Measures – Round Table Moderator; New England Water Works Association - 114th Annual Conference, 1995.
- Benchmarking Performance Measures: What Are They? Why Use Them? Round Table Moderator; New England Water Works Association - 115th Annual Conference, 1996.
- Water Utility Rate Making – Seminar Moderator; New England Water Works Association one day seminar, 1996, 1997, 1998.
- The Breakup of Power in New England: Changes in the Rules of the Game – J.S. Kowalczyk and D.D. Lanning. New England Health Care Engineers Conference, 1997.
- The Energy Supermarket – J.S. Kowalczyk and D.D. Lanning, Rhode Island Water Works Association, December 1997.
- Electric Utility Restructuring – Round Table Moderator; New England Water Works Association - 117th Annual Conference, 1998.
- Cost of Service vs. Reality – Presentation, New York Water Works Association, 1998.
- Contributions In Aid of Construction – Past, Present and Future – AWWA Conference, Denver, CO, June 2000.
- Is Deregulation An Alternative Means To Rate Stability? Southwest Section AWWA Annual Conference, Boiser City, LA, September 2000.
- Charting a Course through the Deregulated Energy Environment: The City of Dallas Experience – R. R. Rogers, J. Dillard, D. D. Lanning; AWWA/WEF Joint Management Conference, Portland OR; February 2001.
- Rate 101 Seminar – Fundamentals of Ratemaking – Seminar Moderator – Texas AWWA one day seminar, October 2002.
- User Fees: Cause and Effect – Presenter – 2003 Arkansas Water Works and Water Environment Association Conference Short School "Visionaries for Arkansas", April 2003.
- How Utility Rates and Charges Are Determined – Presenter – Kansas Water Environmental Association, 58th Annual Conference – April 2003.
- Rate 101 Seminar – Fundamentals of Water and Wastewater Rates – Government Financial Officers Association of Texas 2004 Annual Conference – April 2004 – Presenter ("Revenue Requirements") and Lead Moderator.
- Alternative Financing Available for Water/Wastewater Utility Energy Saving Improvements: Two Examples From New York – C. Korzenko and D. Lanning, (co-presenters) American Water Works Association (AWWA) 2005 Annual Conference and Exposition – San Francisco.

D. Lanning
Resume Continued

- Rate 101 Seminar – Fundamentals of Water and Wastewater Rates – Government Financial Officers Association of Texas 2005 Fall Conference – November 2005 – Presenter ("Revenue Requirements") and Lead Moderator.
- "Planning and Financing Water and Wastewater Utility Infrastructure Replacement" – S. Kuhr, G. Nestel, H. Reynolds and D. Lanning – Underground Infrastructure Management – magazine and web site – five articles published between 2005 and 2008.
- "Now That I Must Do It, How Do I Do It? What You Need to Know About the Fundamentals of Water Utility Capital Finance - An Introduction to AWWA's New and Improved Manual M29," American Water Works Association (AWWA) conference ACE 07 Workshop June 24, 2007 – Workshop Presenter - "Financial Requirements Planning Process."
- "Everything You Ever Wanted to Know About Finance Management but were Afraid to Ask: An Overview of the New AWWA Financial Management for Water Utilities Manual," American Water Works Conference (AWWA) ACE 08 Workshop, June 8, 2008 – Workshop Presenter – "Operational and Capital Planning, Capital Assets, CIP and Planning, Benchmarking, Strategic Financial Planning."
- "Inside/Outside Rates: Refinements in the M1 Manual" Eric Rothstein and Dan Lanning; AWWA 2012 Annual Conference and Exhibits (ACE12) Rate and Charges Committee Session "AWWA's Updated M1 Manual - Perspectives on a Changing World;" June 13, 2012.

Testimony Experience

- Southern New Hampshire Water Co. NH – Revenue Requirement
- Pennichuck Water Works NH – Revenue Requirement
- Manchester Water Works NH – System Development Charge
- Concord Steam Corp. NH – Revenue Requirement
- Manchester Gas Company NH – Revenue Requirement
- Public Service Company of New Hampshire – Fuel Adjustment Charge
- Gas Service Inc. NH – Revenue Requirement
- The following is a list of testimony experience Mr. Lanning has as a consultant:
- Kent County Water Authority, RI – Fire Protection
- Lakes Region Water Company, NH – Rates
- Tilton Northfield Aqueduct, NH – Rates
- Five Town Water Study Committee, NH – Cost of Service Study, Intervention in Manchester Water Works Rate Filing
- Pittsfield Aqueduct Company NH – Rates and Financing
- Carleton Trust Water Systems NH – Asset Valuation and Rates
- Brewer Water District, ME – Rates
- Garland Power and Light, TX – Petition for Transmission Improvements - Competitive Renewable Energy Zone

2. Methodology

Project Understanding

Willdan understands that the City of Kennedale ("City") seeks a comprehensive *water and wastewater cost of service rate study with recommended rate structure changes and rate adjustments to adequately cover all utility service for Ten years*. **The overall objective is to establish user rates and charges that are sufficient to meet future system revenue requirements.** In doing so, Willdan will work to identify and include the cost of operating and maintaining the City's distribution and collection systems, including capital improvement needs, debt service payments and coverage, operating costs (*currently provided the City of Arlington through a contractual relationship*), non-operating costs, and minimum operating reserves (typically 60 - 90 days).

Initially the project team will meet with the City Council and staff to go over expectations and establish rate scenarios around a broader set of goals and objectives, including but not limited to financial/rate stability, conservation, consumption characteristics of the utility's customer classes, and the potential need to consider the practical application of various cost of service principles.

To accomplish these overall goals and objectives, our team's approach will utilize the "generally accepted" cash basis rate setting methodology as delineated in AWWA's Manual M1 for the water utility and WEF's MOP No. 27 for the sewer utility.

The project team will meet and collect from staff and review available information that include such standard inputs as: account growth projections, outstanding debt service schedules, the current CIP, account/usage/revenue data from the City of Arlington's billing system (*Arlington currently provides billing services for the City's water and wastewater service*) , and current budget information to develop the forecast of future costs. The information developed during this rate study will allow the City to choose a financial and capital plan (revenue requirement) that will minimize the impact on all classes of ratepayers, while still allowing it to meet the increasing expense demands of operations and environmental standards and regulations.

Upon finalization of the inputs outlined above, *the project team will develop a comprehensive 10-year* model that will present alternative long-term water and wastewater rate plans sufficient to fund operating expenditures, the forecast CIP and debt service.

Willdan proposes to develop a Microsoft Excel spreadsheet-based utility rate and financial planning model that will allow the City to test a variety of "what-if" alternatives. This is especially useful in testing the affordability and prioritization of the Five-Year capital improvement program (CIP), allowing the user to turn new projects "on or off" in the model, change the costing with updated information, delay their funding, or look at cash vs. debt vs. fee-funding alternatives and their impact on affordability.

Our deliverables will include a written report that is understandable to those who are not ratemaking or financial professionals.

The report will have an executive summary that succinctly documents the rate study's findings and recommendations. We will also prepare and deliver presentations to City Staff and City Council and work with the City on the public involvement process, and we will work tirelessly with staff to ensure that our recommended alternatives are successfully implemented. Including working with staff to develop compliance with all state and federal laws providing for notice of rate increases.

We agree with these sentiments and, based on our experience throughout the United States, we believe they are socially and politically acceptable.

Willdan's Unique Project Approach

Willdan proposes to develop a spreadsheet-based utility financial planning model that will allow the City to test a variety of "what-if" futures, whereby the City can change assumptions related to growth, the capital improvement program, operational programs, and a variety of other planning, engineering, and financial variables and predict the financial outcome of that scenario and its effect on utility rates. This is especially useful in testing the affordability and prioritization of the capital improvement program, allowing the user to turn new projects "on or off" in the model, change the costing with updated information, delay their funding, or look at cash vs. debt vs. fee-funding alternatives and their impact on affordability.

Working with the professionals on our team and City staff, we will use advanced modeling techniques to test the City's capital improvement program for prioritization, timing and affordability of projects. In doing so, the City will be able to identify the resources available for implementing programs identified in the capital planning process. In the end, the process will allow the City to determine the optimum rate path for balancing the financial health of the system against political and other considerations.

We cannot emphasize strongly enough the need for, and benefit of, a properly constructed public involvement process to introduce the recommended rate plan to the public. The general public and elected officials are naturally going to be inclined to oppose rate plans that involve higher rates and fees; after all, no one wants to pay more for anything at any time for any reason. Therefore, the burden is on the City and its consulting team to present any proposed rate plan to the public in a manner that is both easily understandable and emphasizes the benefits of implementation (i.e. a better quality of service). **Consulting teams and rate plans that do not recognize both the need to present information in an understandable manner and take into account the sensitivity of ratepayers and elected bodies to cost increases are doomed to fail**.

With this in mind we would note the following about our services and the deliverables we will prepare for the City.

- We take pride in the quality of our written reports. The intent is to make our reports readable and easily understandable to those who are not ratemaking or financial professionals. We are frequently complimented by clients who tell us that they understood both the major points of our analysis and the benefits of our proposed rate plans. We pledge to produce both a final report and presentations to the City that will result in a similar reaction.
- Many regard the process of rate studies as simply writing a report, dropping it off to the client, and leaving. Rate studies should be considered overall processes, the goal of which is to ultimately adopt a formal rate and financial plan. This involves far more than the completion of a report – the public involvement process is critical, and we will work tirelessly with staff to ensure that our recommended alternatives are successfully implemented.
- We also believe that our public presentations are of a superior quality, both in terms of overall presentation and understandability. Mr. Jackson has provided over 300 public presentations in his career, to such diverse clients as border communities, large cities and suburbs, and Pacific island nations. He understands how to make presentations to non-financial audiences. We take pride in the frequent compliments received from clients about the ease and understandability of our presentations, and the fact that they present critical information required to make decisions in a straightforward and easy to follow manner.

In conclusion, our project team offers the benefits of not only a first-rate analysis and model development, and a well written and easily understandable report, but also a public involvement process that is designed to successfully implement the results of the analysis.

Deliverables

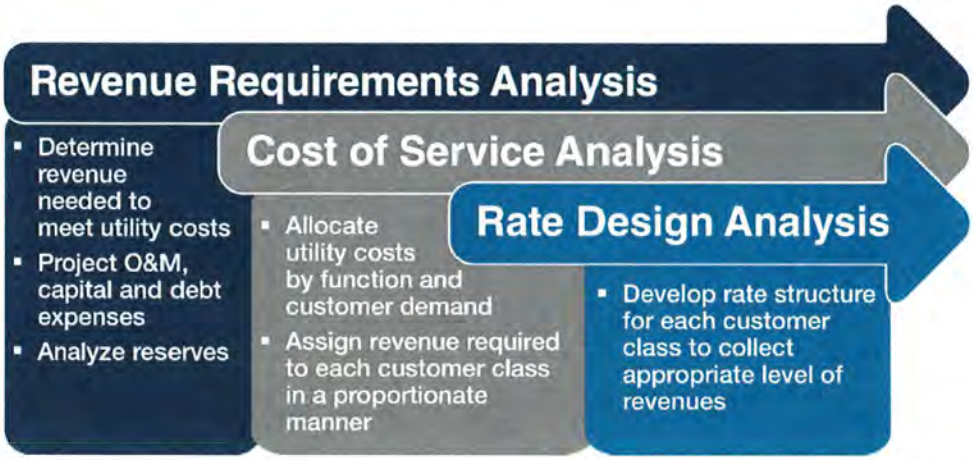
Based on the objectives as listed above, the project team will provide the following project deliverables:

1. A formal, documented, and detailed schedule outlining the analysis, report development and public involvement process associated with this study. *This schedule will include periodic meetings with City Officials to provide updates, discuss issues, preliminary findings, and recommendations.*
2. Up to 10 bound copies and an electronic PDF copy of a final rate study report that documents the results of the project, the recommendations presented in accordance with the objectives stated above, and detailed support for all conclusions. The report will describe the process used to:
   - Determine revenue requirements in the test year and a 10-year forecast period. Revenue requirements include the *water and wastewater utility's operations and maintenance costs (currently provided the City of Arlington through a contractual relationship)*, capital needs/outlays funded by rates, debt service for capital needs funded by rates, reserve requirements for emergency/shortfalls and rate stabilization, non-rate revenues, and other pertinent utility costs.
   - Allocate costs between customer classes and functional areas. The revenue requirements will first be allocated to functional areas, including water treatment, water distribution, wastewater treatment, wastewater collection, customer service, administration and billing. *These costs will then be allocated to the customer classes based on their system historical billing units. This is the first step in distributing costs on an equitable basis by customer category.* The calculation of these costs for the test year will be a crucial stepping-stone in the forecast of these costs over the next five years.
   - Present alternative rate structures to the Mayor, City Council and City staff based as stated above on revenue requirements, cost of service, current standards, and customers' ability to pay. We anticipate that the final rate plan will be developed as a result of consensus between staff, governing bodies and the project team at the close of the public hearings.
   - PowerPoint presentations will be used in each of our presentations. We are prepared to conduct the following formal meetings with the City:
     - *An initial City management and staff meeting to review project goals and data requirements (with additional meetings with staff as necessary during the analysis course of this project);*
     - *A formal meeting to review preliminary findings and recommendations, and to make adjustments as necessary based on City staff input;*
     - *A workshop with the City Council to review initial findings and recommendations;*
     - *A final council meeting/public hearing to explain to the public the rationale behind and benefits of the proposed rate plan and at which the Council will adopt the rate plan.*

Method of Approach

Rate Setting Process

The graphic below summarizes the standard approach commonly employed by Willdan to develop utility rates. Willdan's rate-setting process and model has been developed through the completion of many successful studies over the past twenty years and continues to be the basis for developing proven, well-balanced financial plans that are supported by equitable rate structures. Willdan's combination of consulting experience and technical expertise helps distill complex decisions into a clear and easy-to-understand process. As there are often competing objectives, for a successful rate study it is necessary to understand not only the technical details and corresponding rates, but also the social and political corollaries that can often jeopardize the implementation of a technically sound rate structure. Our rate experience goes beyond simply "running the numbers" by creating numerous scenarios and considering stakeholder considerations, such as customer impact (ability to pay) to ensure a complete and unimpeded rate analysis.



Each step of the three-step approach is typically performed in tandem. Although presented sequentially, the overall analysis is circular – as variables in one analysis may influence another. Thus, it is imperative to constantly review assumptions to determine if variables are fixed (i.e. debt service) or flexible (i.e. staffing needs) and monitor how changes in certain variables affect the overall analysis.

Scope of Work

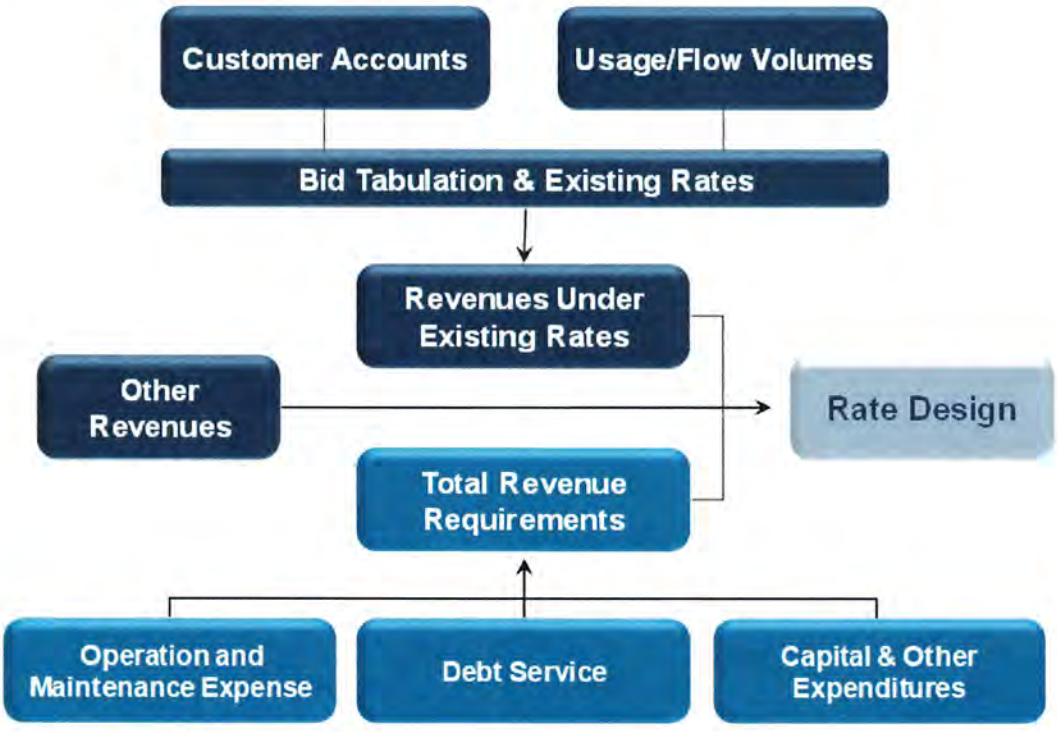
The remainder of this section presents our approach to performing the major tasks required to successfully conduct a Water and Wastewater Rate Study and related Rate Structures engagement.

Task I: Project Kick-off, Data Acquisition and Assessment

The project team will meet with City staff at the outset of this project. The purpose of this meeting will be to *familiarize ourselves with current practices and procedures, discuss the City's goals and objectives*, review requirements for completing each task, establish responsibilities and lines of communication, and refine the work plan and schedule. We have found in our prior studies that these meetings are extraordinarily beneficial in terms of gathering required data, finalizing study objectives, and ensuring that the goals of both the project team and the City are synonymous.

NOTE: Gathering this data and attending the kick-off meeting and work sessions with the project team represents the bulk of the time required by City staff.

During this meeting we will discuss the methodology to be used in the rate study process and describe the steps Willdan will take to produce a realistic rate structure plan recommendation and financial forecast. The chart below provides an overview of Willdan's approach to developing the City's water and wastewater rate plan.



The project kick-off meeting will be followed by a detailed review of data, materials, reports, studies, etc. developed by/or for the City available to support the cost-of-service rate study. We will provide a preliminary data request list to initiate data collection and organization. This will be a comprehensive data request (i.e. a "wish list") and we realize that not all elements may be readily available. Therefore, if City staff finds that the level of effort required to fulfill this data request is excessive, we will discuss with staff alternative methods of obtaining the same or similar data with less effort. Our goal is to obtain the required data while minimizing the required staff effort, as we recognize that City staff have many other duties and responsibilities.

During this initial site visit the project team will tour City facilities and meet with the appropriate City staff. The project team will be available to meet with other City representatives as deemed appropriate by City staff.

Task II: Demographic Analysis

The project team will prepare a comprehensive demographic analysis of ratepayers as a pretext to the development of Water and Wastewater rate plans. This is a standard feature of our rate studies, as it provides information that is critical in establishing a framework for determining the appropriateness of potential rate adjustments.

The project team will develop current data on:

- Number of households;
- Average Water and Wastewater monthly bill, both total and as a percentage of household income;
- Median household income; and
- Monthly Water and Wastewater charges for other representative utilities in the City's area and throughout the state of Texas

The data developed in this section will help City staff and other decision-makers gauge the relative burden of Water and Wastewater monthly charges in the City as compared to similar Texas utilities. This will help determine the sensitivity and reasonableness of alternative rate adjustment proposals. It will also be useful information to present at any public hearings.

Task III: Determine Revenue Requirements

In this task, the project team will determine overall revenue requirements for the current year and for a ten-year forecast period. Requirements will reflect the City's current policies and practices regarding appropriate levels of fund balance, interfund transfers, and capital financing (including debt service coverage levels and debt-to-equity ratios). Accordingly, revenue requirements that will meet financial performance measures will be determined.

The first step in this analysis is to gain historical perspective on the City's system. This includes analyzing the data provided in response to the data request (Task I) such as current and historical volumetric data, customer and account data, budgets, financial statements, capital expenditures, customers, debt service, historical Water and Wastewater rates, current rates, rate setting procedures, and historic collection efficiency.

Total revenue requirements for the Water and Wastewater utilities will be calculated after analyzing the data outlined above. *The revenue requirements consist of the total cost to provide this service, including operation and maintenance (O&M) costs (treated water, wastewater treatment and O&M of the City's utility system is currently provided by Arlington through a contractual arrangement),* transfers to the General Fund, debt service requirements (including coverage requirements) on existing and any proposed new debt funding current and planned capital, direct capital outlays financed by rates, and other financial needs.

O&M costs will be projected by detailed expenditure categories and, if necessary, by component system. These projections will be based on past trends, expected inflation levels, new facilities that may affect operating costs, changes in the customer base, and other factors. We will also consider the levels of cash reserve funding required for the Water and Wastewater system operations in our determination of the revenue requirements.

The development of a reasonable set of assumptions concerning future capital spending for repairs and replacements and system expansion is one of the most critical elements of the revenue requirement. The project team will discuss all components of this category with City staff, including the expected amount of CIP, funding alternatives (i.e. pay-as-you-go vs. long term bonds), expected reserve requirements, and coverage requirements. It is essential that all parties agree on the reasonableness of these assumptions, since they will have the greatest impact on the recommended rate alternatives. As noted earlier, this involves balancing what needs to be spent from an operations/engineering perspective with the willingness and ability of ratepayers to pay. Finally, the project team will discuss with City staff the types of additional capital improvement projects that may be required and the timing and source of funding for each.

Once the total costs of providing Water and Wastewater service have been calculated, these costs will be compared to the actual billing and collection for the past several fiscal years. This will have the effect of determining both the adequacy of the billing and collection procedures in effect, and the degree to which customers are currently paying the costs of providing this service.

Task IV:	Determine User Characteristics and Customer Classes (Incl. Sales Forecast Review and Revenue Test)

A fundamental principle of cost-of-service ratemaking for Water and Wastewater utilities is for costs to be allocated to user groups based on the demands each group places on the system. For water service, demands are typically measured in total volumes and peak volumes. For wastewater service, demands usually are measured in terms of customer flows and sewage strength characteristics that determine wastewater treatment plant influent loadings. These demands are collectively referred to as "user characteristics."

This task involves determining the appropriate groupings of customers so that customers with similar user characteristics populate the same customer class. For cost-allocation purposes, customers are grouped into different classes based on differences in their user characteristics. We will evaluate the various rate classes of residential, and commercial customers, and their demands for services. The development of information for grouping customers and allocating costs to specific customer groups is an essential step in the ratemaking process, to determine the impact each class's peak demand has on the cost of providing service and ensure that costs will be recovered in direct proportion to their use of the system. As with all our studies, the AWWA Manual M-1 will provide the framework for our allocation methodology.

The determination of customer user characteristics as noted above will include a careful review of the City's sales volume histories and forecasts. The volume data must be considered as a whole and separately for each defined customer class.

Methodologies for projecting revenues will be assessed to confirm appropriate accounting for expected growth, lost and unaccounted for water, inflow and infiltration, and normal weather conditions. Historical wastewater flow and loadings data will be used to determine flows and loadings for the system and individual customer classes.

The project team will finalize Ten-year projections of sales/demand volumes that will then be used to calculate projected revenues under current rates for the rate forecast period. This step is often referred to as a revenue test.

Task V:	Cost Functionalization, Classification and Allocation

In this task, the project team will calculate the cost of water and wastewater distribution/collection and treatment, based on the information gathered in previous tasks. As discussed in Task III, these costs include such categories as O&M (personnel, chemicals, engineering, administrative, equipment maintenance, vehicles, materials, etc.), reserves, debt service, and capital outlays funded by rates (assuming that the cash basis is utilized). These costs will then be assigned to individual customer classes through a three-step apportionment process.

These steps are referred to as "functionalization," "classification" and "allocation." **Functionalization** involves the categorization of utility costs according to the utility functions these costs are incurred to perform. Typical functions include treatment, distribution/collection, administration, and customer billing. **Classification** is the apportionment of functionalized utility costs according to the types (or classes) of demands served by the utility. Water Environment Federation (WEF) and U.S. Environmental Protection Agency (EPA) methods classify water costs on peaking factors, and wastewater costs according to flow, biochemical oxygen demand (BOD) loadings, and total suspended solids (TSS) loadings. **Allocation** is the assignment of classified utility costs to individual customer classes. Costs are allocated proportionately to customer classes based on their contributions to total utility system demands.

Under typical circumstances, *standard industry ratemaking principles and practices as outlined in AWWA and WEF ratemaking manuals serve as the foundation for cost allocations to customer classes.* These industry manuals are not prescriptive and recognize the need to afford utility decision makers the flexibility to reflect local circumstances.

Task VI:	Alternative Rate Designs for Current Year and 10-year Forecast

After allocating costs to customer classes, a plan will be developed for evaluating rate design options that will recover allocated water and wastewater costs, including O&M, debt service, general fund transfers and reserve requirements. The project team proposes that for ease of evaluation the rate design process be segregated into a two-step process. During this task, the current year and forecast rate design alternatives will be presented separately. This will enable City staff to evaluate both its immediate short-term needs and its longer-term needs under each alternative.

In addition, the project team will develop and establish the current and forecast system averages for charges and fees. This will provide the City with a general guideline for customer charges needed to recover the revenue requirement.

We intend to consult closely with City officials to develop a consensus on the appropriate rate designs for each alternative. In this task, we also intend to accomplish the following objectives:

- Determine whether any rate classes are subsidizing the others, and the degree to which any subsidy is equitable;
- Discuss/recommend rate structure options that balances the goals of promoting conservation, increasing stability of revenue recovery and allows for ease of administration;
- Provide a detailed delineation of the advantages and disadvantages of each alternative and develop strategies for implementing significant rate changes in order to reduce any adverse impact on specific customer classes;
- Provide projected impact that the proposed rate structure will have on future consumption patterns;
- *Calculate the impact of any proposed "transition period" into the new rates*;
- Compare the recommended rates to the City's historical rate structure; and
- Prepare the cost of Water and Wastewater service per customer bill based on any new rate designs (also known as a "bill impact analysis" which is commonly performed in our rate studies) that will illustrate and compare recommended rates with current rates, i.e., determine the financial impact that each option has on each customer class.

In instances where cost-of-service-based changes in revenue responsibility will result in significant rate increases for any one customer class, the merits of implementing rate changes over a multi-year period will be discussed with City staff. If appropriate, multi-year rate transition plans will be developed that meet, to the extent possible, expressed criteria for rate change acceptance.

The project team will meet with City officials prior to unveiling any recommendations to Council or the public in order to go over the initial alternatives and to make any revisions as deemed appropriate by City staff and management.

Another key to this analysis will be to determine the extent to which the rate designs under each alternative will cover the cost of the City's capital improvement plan *and the resulting impact each alternative will have on the cost of providing service*. The forecast alternatives will provide a roadmap to the types of future rate changes that may be necessary to meet these and other financial obligations.

Task VII: Prepare and Present Draft and Final Reports and Rate Model

The project team will prepare a straightforward and concise draft and final rate study report. The report will include documentation of the analyses conducted for each study task as well as recommendations for implementation, administration, and future updating. The report will provide detailed information on the determination of revenue requirements, document allocations of revenue requirements to functional parameters and customer classes, and alternative rate recommendations for the water and wastewater utilities. Information. The steps in the rate calculations will be described clearly so that there is a full understanding/communication of the technical steps and assumptions contained in the determination of the rates.

The project team will present and review the draft report with City officials. The report will then be revised to incorporate comments compiled by the City. A final report based on this review in a well written, easy-to-follow format will be submitted to the City. Ten bound copies will be presented to the City.

The final report and recommendations will be supported by a functioning rate model. The model will be designed in Microsoft Excel and will have an executive dashboard that will allow the City to make input adjustments and immediately see the financial impacts those adjustments have on the utilities. We have provided a more detailed description of the model below, following Task IX discussions.

Task VIII: City Council Meetings

The results of the rate study will ideally be presented to the City Council during a Council work session as this gives members an opportunity to focus on this very important topic and ask questions freely. This presentation will be provided in order to offer the supporting rationale for the proposed rates and to address any questions and/or concerns raised by Council members and residents prior to action being taken on the proposed rates and charges. It is anticipated that

the workshop would be followed by a presentation in a public Council meeting and a scheduled public hearing. PowerPoint presentations will be used in each of our presentations.

With the approval of staff, we are prepared to conduct the following formal meetings with the City:

- An initial staff meeting to review project goals and data requirements (with additional meetings with staff as necessary during the analysis segment of this project);
- A formal staff meeting to review preliminary findings and recommendations, and to make adjustments as necessary based on staff input;
- A workshop with the City Council to review initial findings and recommendations;
- A final meeting and public hearing with Council to approve the chosen rate plan.

Our project team is a strong advocate of the need for a comprehensive public involvement program to accompany any changes in the City's rates. We will assist the City in developing marketing materials to present to the public related to any rate changes proposed. It is important that the ratepayers have a proper understanding of the reasons for any proposed rate changes, and the impact of these changes on their monthly bills. It is also important for City staff to reach out to the public, to solicit comment and input, to determine the preferences among ratepayers as to alternative rate structures, and to ensure that accurate information is disseminated among the community.

Task IX: Project Management and Quality Control

The cost-of-service rate study for the City will be effectively managed through a variety of project planning and monitoring tools, including the project budget and schedule and regular project progress reporting.

Our project team consists of experienced senior-level professionals who have conducted dozens of cost-of-service and financial studies for clients over the past two decades. This is not a team composed of one senior person and little-experienced staff; all team members are seasoned professionals who know how to complete a study on time and on budget.

Willdan's perspective on technical and logistical issues is based on and consistent with common quality assurance and quality control (QA/QC) business standards. Although the QA/QC concept has historically been applied to manufacturing and engineering standards, the concept can also be applied to utility services such as those proposed herein.

For service-oriented businesses, quality control (QC) is any procedure or set of procedures intended to ensure that a performed service meets the requirements of the client or customer. Similarly, but not identical, quality assurance (QA) is defined as a procedure or set of procedures intended to ensure that a service under development (before work is complete, as opposed to afterwards) meets specified requirements. An effective quality assurance system will increase customer confidence, enhance a company's credibility, improve work processes and efficiency, and enable a company to better compete with others. For Willdan, the QA/QC concept is based on overall "Company Quality." This concept includes a focus on the client, the company personnel, and the final product. Willdan has realized that success is only possible if the project manager leads the quality process by example. As such, the company-wide quality approach places an emphasis on three aspects:

1. **Communication –** This is actually a reoccurring theme behind each Willdan procedure and activity. We believe that frequent and open communication, both with the client and our own personnel, is the true key to completing a successful project engagement. Specific communication measures utilized by Willdan during the course of the project include active discussions and e-mail correspondences during the data acquisition stage of the project, periodic status reports, meetings to review assumptions and projections, conference calls as necessary to ensure that those involved in the process are "on the same page," and delivery of study output in portions as completed, to allow for an effective review by staff.
2. **Relationships –** Although this proposal document places specific attention on the project as defined in the RFP, one of our primary goals with any new project is to develop a positive relationship with the client. While the key to the success of a project is communication, the key to the success of Willdan is the client relationship. Of course, there is direct correlation between items 1 and 2 because communication and a successful project are the foundation for a long-term relationship.

3. **Product –** For a rate study project, the final deliverable is generally considered to be the rate study report, provided upon project completion. However, there are many other elements that lead to the development and generation of the final report. Of these other elements, the rate model (and applicable software) represents the primary component in the development of the utility rate analysis. As such, the development of the rate model is where much of the QA/QC efforts are focused. Specific measures utilized by Willdan during the course of the project to ensure that the data provided and final rate model is accurate and complete include performing internal peer reviews for calculation accuracy, reviewing data input information with City staff (e.g. historical customer data, budgets, financial reports, capital improvement program, etc.), walking staff members through the model for understanding and auditing, and actively seeking reviews and revisions from each participating project team member. As a result of such upfront due diligence, the possibility of significant inaccuracies is mitigated.

Rate Model Description

Rate and Financial Planning Model

During this project, we will be utilizing our Microsoft Excel-based model, with its interactive dashboard, as a comprehensive financial tool to allow planning and evaluation of variable inputs and assumptions, thereby **creating a thorough analysis of revenue requirements to address the City's goal of ensuring predictable and stable revenue.** These analyses are then seamlessly integrated with the rate development component of the model to demonstrate and project various rate design alternatives, and the effects they would have on the City's financial outlook.

The Financial Planning component of the model provides transparency such that users can develop a viable financial plan and understand the reasons for needed revenue adjustments

The model is used in meetings, in order to efficiently cycle through rate scenarios and establish the most viable rate plans for the City. During these interactive meetings we invite City staff to participate in scenario planning/"what-if" sessions, where we use the dashboard to demonstrate and evaluate the financial/rate impact of alternative data (CIP, operating costs, etc.) and assumptions (interest rates, customer growth, cost escalation, etc.) in real-time to focus on the most critical drivers of the analysis. This ensures the resulting rate plan alternatives are viable from a financial, operational, managerial and political perspective. The rate plan alternatives will then be incorporated into the water and wastewater rate study report, which will provide the City every assumption, data item, and calculation used in the development of each rate plan alternative.

Willdan Models Guide You to Your Optimal Solutions

Real-Time Financial Modeling

The goal of financial forecasting is to provide clear vision regarding the potential financial outcomes of current management decisions. Our goal is to help you mold the existing knowledge base of the City into a viable financial management and rate plan. At Willdan, the development and use of real-time financial models in an interactive, collaborative process is an integral part of the model development.

Model Development as Part of the Consulting Process

Each model is designed with the following elements:

- Graphical dashboard to clearly show the results of various scenarios to the user;
- Assumptions;
- Data tables; and
- Calculation engine.

Each model is "baselined" after an initial meeting with staff to ensure that we have the correct data and a basic understanding of the financial dynamics of your system. We will then conduct interactive financial planning sessions with City staff. After validating our data, calculation approach, and baseline assumptions, we will explore alternative scenarios, varying a number of assumptions and financial planning techniques:

- Rate increase magnitude and timing;

- Alternative timing of capital projects;
- Alternative financing options (alternative combinations of pay-as-you-go, revenue bond debt and State Revolving Fund (SRF) debt, for example);
- Alternative growth/demand forecasts and other "what-if" analyses, such as the impact of a loss of one or more service areas or addition of wholesale customers; and
- Effect of increases in other sources of funds, such as impact fees. The model is self-solving through the use of controlled feedback loops, and therefore does not require significant manipulation by the user to solve correctly. Given any combination of cost requirements (both operating and capital), non-rate sources of funds, and forecast assumptions, rate increases are generated that:
- Meet specified reserve targets;
- Fully fund capital expenditures using specified financing techniques; and
- Meet legal and contractual requirements that are financially measurable, such as debt service coverage on revenue bonds.

Alternatively, the user can specify rate increases and then examine the results to determine if the desired/required parameters are met.

Subsequent to careful development and validation of the baseline forecast, a series of alternative forecasts will be prepared illustrating various results in the following general categories.

- **What if things turn out differently?** These alternatives will demonstrate the sensitivity of the forecast to the significant assumptions used. This results in a sound understanding of areas where a conservative forecast approach is warranted.
- **What happens when we try this?** This series of alternatives focuses on different financial management approaches.
- **What can we do to make it better?** This approach to forecasting identifies the factors that may be causing significant rate increases in a given year and explores alternatives. For example, if a large capital project in a single year is the culprit, we would work with staff and the consulting engineers to determine whether this project could be phased or delayed.

In like manner, the rate design model can be used to explore the impact of various rate structures on bills for each customer class over the relevant consumption range.

Willdan's Suite of Financial Models – Description of Product Features

The key to success is a robust, real-time financial forecasting model, customized to simulate the utility's financial dynamics. Highlights of Willdan's modeling products are outlined below.

Suite of Models:

- Financial planning;
- Cost of service design; and
- Rate design.

The suite of models includes financial planning tools for water, wastewater, recycled water, stormwater and virtually any utility or municipal government fund, and has the ability to analyze any rate structure and determine the levels of revenue generated by each customer class. In addition, the rate design model can use the City's detailed billing data to develop a bill impact analysis on individual customer bills, which, can be updated for each rate design scenario.

Features:

- Excel-based open architecture that allows easy integration of City financial data;
- Modular design that allows for maximum design flexibility;
- Easy to update through open architecture and modular design, which equates to easy annual data updates;
- Automated calculation engine that optimizes financial plan based on user-set constraints;

- Navigation features to quickly move around the model;
- Side-by-side scenario analysis comparison; and
- Healthy listing of user defined assumptions that can be customized to meet the City's needs.

Our utility rate Excel-based model is the most user friendly, comprehensive and well-designed utility rate model currently used in the industry and has the elements necessary to provide analysis and feedback to facilitate meaningful policy discussions and conduct a full financial and rate study. The comprehensive and efficient design of our models allows us to complete the scope items in an effective manner during our interactive meetings.

A sample dashboard is presented below, which shows how the data, assumptions, and calculations are summarized into an easy-to-understand graphical interface which updates with each alternative scenario evaluated.

		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Water Rate Adjustments											
Meter Charge		0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	2.00%	2.00%	2.00%	2.00%
Volume Charge		0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	2.00%	2.00%	2.00%	2.00%
		42	40	100	84	107	109	147	153	187	214
Sewer Rate Adjustments											
Base Charge		0.00%	9.00%	9.00%	9.00%	9.00%	9.00%	3.00%	3.00%	3.00%	3.00%
Volume Charge	Residential	0.00%	9.00%	9.00%	9.00%	9.00%	9.00%	3.00%	3.00%	3.00%	3.00%
	Non-Residential	0.00%	9.00%	9.00%	9.00%	9.00%	9.00%	3.00%	3.00%	3.00%	3.00%

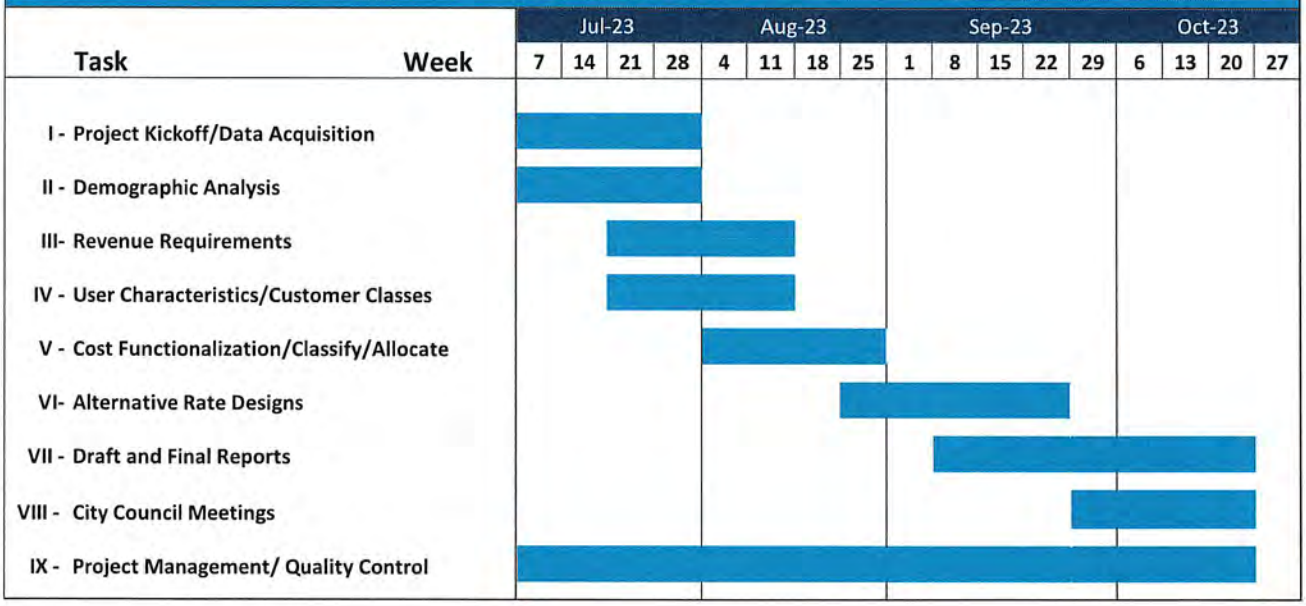
Proposed Schedule

Willdan prides itself on being responsive to customer needs. In line with this core belief, we will work within the timeline identified within the City's RFP.

It is important to note that completion of the tasks within this expedited timeframe will depend to a great extent upon the availability of required data from the City, and the ability to schedule meetings in a timely manner with City staff and Council. In order to assist with the process, we will prepare an initial request for information for the City and submit it in advance of the project kick-off workshop, to aid the City in compiling the data needed. We generally can deliver preliminary recommendations within 60 days of receipt of all data.

Based on these factors and our current understanding of the solicitation, Willdan has developed the following preliminary project schedule as shown on the chart below, with final deliverables provided by October 2023. It should be noted that this schedule is dependent on the timely receipt of information from the City. Any delays in receiving requested data may lead to delays in completion of the project.

City of Kennedale Texas
Water and Sewer Rate Study
Project Schedule



3. Quality of Response and References

References

Similar Projects

Identified below are select Texas engagements completed by the proposed project team within the last three years and include the principal client contact's name and contact information. Please note that many of our projects completed in the last three years are for long-term ongoing clients. We are proud of the fact that many clients who initially engaged us for rate studies are happy with our work project, and subsequently engage us for additional work. **We urge the City to contact our references who will confirm their satisfaction with our level of service and work product.**

We are also proud of our reputation for customer service and encourage you to contact the references listed in regard to our commitment to completing our projects within budget and agreed upon timeline. Please feel free to ask for additional contact information for our other state or international clients.

City of Plano, TX | Water and Wastewater Cost of Service Rate Study; 2017, 2020, 2022

Willdan was engaged in April 2017 by the City of Plano to prepare a comprehensive water and wastewater rate study and long-term financial forecast for fiscal year 2017 and beyond. The City had been approaching buildout and is transitioning its water and wastewater utility to a mature, low-growth state. Additionally, the City had to absorb significant expected increases from its wholesale water supplier, North Texas Municipal Water District. Finally, the City was weighing the prospect of diverting from a pay-as-you-go structure for funding capital improvements to a debt-funding alternative. The overall objective was to develop a long-term rate plan that will enable the City to fund these expenses while minimizing the impact on ratepayers. Willdan completed its rate study was completed in late 2017, and the Council unanimously adopted the multi-year rate plan recommended by the study.

During the 2017-2020 time period Willdan assisted the City of Plano and several other member cities in negotiations with North Texas Municipal Water District for a new comprehensive long-term contract for wholesale water service. This contract adopted a new methodology for calculating the cost of service for member and non-member cities. The contract was successfully negotiated and adopted in late 2020.

In 2020 Willdan was engaged again by the City of Plano to develop a new rate study and long-term financial plan. The study was completed during the summer of 2020 and analyzed the impact of new growth, the impact of the proposed new NTMWD contract, and the impact of COVID-19 on usage. The study was completed in late 2020 and the City Council unanimously adopted the proposed new long-term rate plan.

In 2022 Willdan was engaged again to calculate the impact on the rate plan of higher levels of inflation and significant rate increases implemented by NTMWD. We presented an adjusted rate plan to the Plano City Council, which was unanimously adopted.

Client Contact: Mark Israelson, City Manager
1520 K Avenue, Plano, TX 75086
Tel #: (972) 941-5112 | Email: marki@plano.gov

City of McKinney, TX | Water and Wastewater Cost of Service Rate Study; 2016, 2019, 2022

Willdan was engaged in 2016 and again in 2019 and 2022 to conduct a comprehensive review of the water and wastewater rates and complete a full cost of service rate study for the City of McKinney. The City has been experiencing significant growth in recent years, which has added to the challenge of maintaining a superior quality water system. Further, the City has had to absorb significant cost increases from its regional provider, North Texas Municipal Water District (NTMWD). The studies recommended a new comprehensive rate plan that will enable the City to fund its capital improvements and rate increases from NTMWD. The City Council unanimously adopted the recommendations of each study.

Client Contact: Mr. Mark Holloway, Chief Financial Officer
222 N. Tennessee, McKinney, TX 75070
Tel #: (972) 547-7536 | Email: mholloway@mckinneytexas.org

City of Alvarado, TX | Water and Wastewater Cost of Service Study; 2022

Alvarado, Texas had not adjusted its utility rates in eight years and was facing both an operational shortfall and over $70 million in pending unfunded capital improvement needs. Alvarado selected Willdan to prepare a comprehensive water and wastewater rate study and long-term financial plan for this fast-growing community just south of Fort Worth. The plan identified a path to provide revenues necessary to ensure the financial stability of the system while enabling the City to fund long-term capital improvement needs with strategic and effective annual rate adjustments.

Client Contact: Paul DeBuff, City Manager
104 W College Street, Alvarado, Texas 76009
Tel #: (817) 790-3351 | Email: debuffp@cityofalvarado.org

City of Mesquite, TX | Water and Wastewater Rate Study and Financial Forecast; 2018

Willdan was engaged in February 2018 by the City of Mesquite to prepare a comprehensive water and wastewater rate study and long-term financial forecast for fiscal year 2018 and beyond. The City serves around 51,500 accounts and 3 wholesale customers. Additionally, the City must absorb significant expected increases from North Texas Municipal Water District. The overall objective was to develop a long-term rate plan that will enable the City to fund these expenses while minimizing the impact on ratepayers. The project team recommended a five year rate plan that was adopted by the City Council.

Client Contact: Ms. Debbie Mol, Director of Finance
757 North Galloway Avenue, Mesquite, TX 75149
Tel #: (972) 288-7711 | Email: dmol@cityofmesquite.com

City of Frisco, TX | Water, Wastewater and Solid Waste Cost of Service Rate Study; 2017

Willdan was selected to manage and complete a comprehensive review of the water, wastewater and solid waste rates and a full cost of service rate study for the City of Frisco. Frisco has one of the highest rates of residential and commercial growth in the United States and required a rate structure that would fund the capital needs associated with this growth. Additionally, Frisco is a member city of the North Texas Municipal Water District and has been experiencing significant increases in the cost of treated water service in recent years. Mr. Jackson engineered the development of Willdan's rate model and took the lead in preparing the report. The study was concluded with the presentation and acceptance of the water, wastewater and solid waste rate plan recommendations presented to Council by Mr. Jackson in August 2017. The City continues to use Willdan to review and update the rate model.

Client Contact: Ms. Anita Cothran, Director of Finance
6101 Frisco Square Boulevard, 4th Floor, Frisco, Texas 75034
Tel # (972) 292-5510 | Email: acothran@friscotexas.gov

City of Rowlett, TX | Water and Wastewater Rate Study and Financial Forecast; 2009; 2016 - 2022

Willdan was engaged in 2022 and has been annually engaged since 2016 to complete water and wastewater rate plans for the City of Rowlett. We have served Rowlett since 2009. Like many cities in the DFW area, the City is growing rapidly and required significant capital improvements to service new accounts. Each year the project team prepares a rate plan update that is presented first to staff and then to the City Council. The Council prefers to adopt rate plans one year at a time as opposed to multi-year rate plans. The council has unanimously adopted all of our rate plans, including the most recent plan in August 2022 as a result of our 2022 comprehensive rate study.

Client Contact: Wendy Badgett, Director of Finance
4000 Main St, Rowlett, TX 75088
Tel #: (972) 412-6285 | Email: wbadgett@rowlett.com

City of Royse City, TX | Water and Wastewater Cost of Service Study; 2007, 2011, 2015, 2018, 2021, 2022

Willdan was served at the City of Royse City's rate and financial consultants since 2007. We were originally engaged in 2007 to prepare a comprehensive water and wastewater rate study and long-term financial plan. The City was just beginning at that time to experience rapid growth, and its capital improvement needs were expanding dramatically. Additionally, one of its large wholesale customers was in the process of divesting from the City's system. We constructed a new rate plan that enabled the City to fund its growth while minimizing the impact on its current ratepayers. We accomplished this primarily by deferring rate adjustments to later years when more accounts were scheduled to be online.

The City has periodically re-engaged us to update and expend its rate plan, primarily due to the rapidly changing capital improvement needs. We are currently developing a new rate plan for 2023 and beyond, and will be presenting the plan for approval to the City Council in October 2022.

Client Contact: Shannon Raymond, Director of Finance
305 N. Arch, Royse City TX 75189
Tel #: (972) 524-4844 | Email : sraymond@roysecity.com

City of Rockwall TX | Water and Wastewater Cost of Service Rate Study; 2018

Willdan was selected to manage and complete a comprehensive review of the water and wastewater rates and a full cost of service rate study for the City of Rockwall. Rockwall, located east of the City of Dallas, continues to experience a significant level of growth. Additionally, Rockwall is a member city of the North Texas Municipal Water District, and it has been experiencing significant increases in the cost of treated water service in recent years. The City requires substantial capital investment for water and wastewater related infrastructure in the coming years. The City Council unanimously adopted the project team's 5 year water and wastewater rate plan in December 2018.

Client Contact: Ms. Mary Smith, City Manager
385 S. Goliad, Rockwall, TX 75087
Tel # (972) 771-7700| Email: msmith@rockwall.com

City of Josephine, TX | Water and Wastewater Cost of Service Study; 2022

The City of Josephine is growing at an incredible pace with a significant number of customers both inside and outside of the city's corporate limits. Willdan was engaged to complete a water and wastewater rate study and long-term financial plan for the City of taking into account their changing dynamics due to the community's growth and large capital improvement plan. In addition to providing for a fully cash-funded CIP, we developed an alternative rate scenario that allowed the City to maintain a conservation-minded rate structure while addressing the overall cost increases to large users.

Client Contact: Lisa Palomba, City Administrator
201 Main Street, Josephine, Texas 75173
Tel #: (972) 843-8282 | Email: lpalomba@cityofjosephinetx.com

City of Midlothian, TX | Water and Wastewater Cost of Service Rate Study; 2000 to present

Willdan/Economists.com has completed numerous engagements for the City of Midlothian since 2000 to the present time. The initial engagement was a comprehensive water and wastewater rate study for the City. The City was realizing significant growth from both its residential sector and its outside commercial customers. The City also serves two large outside wholesale customers that utilize a substantial portion of their service. Additionally, the City must regularly update its rates to incorporate the increasing payments made to the Trinity River Authority for the use of its portion of the Joe Pool Lake water source. As with the other engagements, the major objective was to develop an "optimum" rate structure that maximizes utility revenues for future debt capacity, while providing an affordable cost to residents based on income and other factors. The initial rate study was completed in February 2000, with alternative recommendations for rate increases. Since this time, the project team has provided annual rate design recommendations and revenue forecasts to the City regularly.

The City has hired Willdan for several follow-up studies, including drought management plans, contract negotiations, and growth impact forecasts. Most recently we completed the City's 2017 rate update and a comprehensive financial plan for the current budget year and beyond.

Client Contact: Mr. Chris Dick, City Manager
104 W Ave E, Midlothian, TX 76065
Tel #: (972) 775-7102 | Email: chris.dick@midlothian.tx.us

City of DeSoto, TX | Water and Wastewater Cost of Service Rate Study; Annually 2004 through 2022

Willdan (formerly Economists.com) is proud of its nearly 20 year relationship with the City of Duncanville. We were originally engaged to prepare a water and wastewater rate study for the City in August 2004. The City was interested in establishing a long-term plan that would enable it to continue the present policy of financing $2.25 million in capital improvements per year. Additionally, the City was interested in establishing an inverted block rate structure to encourage conservation. The original study was completed in August 2004, and recommendations were approved by the City Council. A comprehensive financial model was provided to the City in electronic form. A fiscal year 2006 update was completed as well, and the City engaged our firm again in May 2007 to perform a full study update which was completed in September 2007. Then in June 2008 the City engaged the firm to complete a revenue and expense update, which was completed in July 2008 and confirmed that the City was on track with the recommended rate plan. In March 2009, we were engaged again to update the full study to determine the effects of the current economic downturn on the City's revenue and plans.
In 2010, 2014 and 2019 full updates to the water and wastewater rate study for the City were completed with analysis and recommendations presented to Council and subsequently adopted. In the other years, the annual revenue and expense analysis and rate plan update were completed in time for any changes to the rates to be incorporated into the budget planning process. Our most recent rate update, completed in summer 2022, is due to be adopted by the City Council in September 2022.

Client Contact: Isom Cameron, Managing Director of Public Utilities
211 East Pleasant Run, DeSoto, TX 75115
Tel #: (972) 230-9640 | Email: icameron@desototexas.gov

City of Duncanville, TX | Water and Wastewater Cost-of-Service Rate Study; 2002, 2004, 2007, 2013, 2014, 2018, 2022

Willdan (formerly Economists.com) is proud of its nearly 20 year relationship with the City of Duncanville. We were originally engaged to complete a water and wastewater rate study in 2002. The City was interested in establishing a long-term plan to finance needed capital improvements to the water distribution and wastewater collection systems. Additionally, the City was interested in establishing an inverted block conservation rate structure. The study was completed in April 2002, with alternate recommendations for rate increases. A comprehensive financial model was turned over to the City in electronic form. The City also hired the firm to complete a cost allocation study to determine the amount of general fund contribution from the water and wastewater fund. The City subsequently engaged the project team to provide rate assistance for fiscal year 2004, and in May of 2007. In 2014 and again in 2018, the City engaged our firm to update the cost of service rate study and the cost allocation study. In 2022 we completed our most recent rate study and long-term financial plan. Our recommendations were unanimously adopted by the City Council.

Client Contact: Richard Summerlin, Director of Finance
203 East Wheatland Road, Duncanville, TX 75138
Tel #: (972) 780-5005 | Email: rsummerlin@ci.duncanville.tx.us

City of Hewitt, TX |Water and Wastewater Cost of Service Rate Study, 2009; Annual Updates 2010-2016, 2016, 2021 | Stormwater Drainage Study, 2010

Economists.com and Willdan is proud of its 12-year record of service to the City of Hewitt. We were originally engaged in May 2009 to prepare a comprehensive water and wastewater rate study and long-term financial forecast for fiscal year 2009 and beyond. The objective was to develop a long-term rate plan that will enable the City to recover sufficient funds to meet all operating and capital expenses while minimizing the impact on ratepayers. The final report was completed in September 2009 with the acceptance of the rate plan by Council.

In 2010 we were engaged to prepare a stormwater utility financial analysis and rate forecast for the City. The rate plan included an aggressive capital improvement plan for addressing the accumulating stormwater issue in the City. The City Council unanimously approved the stormwater rate plan in 2010.

The City engaged Economists.com/Willdan on an annual basis between 2011 and 2015 to review the water and wastewater rate plan and recommend new annual rates. In 2015, the City adopted a multi-year rate plan based on our recommendations, with annual increases for the period 2016-2020.

In 2021 we prepared a new comprehensive water and wastewater rate study and long-term financial plan for the City. The City was experiencing both an increase in its account growth and the need to fund approximately $20 million in new debt to fund capital improvements. The project team developed several alternative rate plans for the City to consider, each of which would recover sufficient revenues to fund its operations and capital improvements. In late 2021 the City Council adopted a new long-term rate plan based on our recommendations.

Client Contact: Mr. Bo Thomas, City Manager
200 Patriot Court, Hewitt, TX 76643
Tel #: (254) 666-6171 | Email: bthomas@cityofhewitt.com

City of Leander, TX | Water and Wastewater Cost of Service Rate Study; 2017 – 2018; 2021

Willdan was originally engaged by the City of Leander in 2017 to manage and complete a comprehensive review of the water and wastewater rates and a full cost of service rate study. The City had been undergoing a significant amount of growth and expansion, and its capital investment needs were substantial. The City acquires its water from a combination of Lower Colorado River Authority (LCRA) and the Brushy Creek Regional Utility Authority. The City also depends on BCRUA for wastewater treatment. Like most agencies, these utilities were increasing their cost of service, and the City had to develop a means of passing through these increasing costs while minimizing the impact on its ratepayers.

The project team developed a comprehensive ten-year forecast model that forecast both internal costs and BCRUA costs, as well as growth, usage and CIP estimates. Additionally, the project team developed a wholesale cost of service methodology to be used in conjunction with the City of Georgetown's wholesale water contract. Mr. Dan V. Jackson, Willdan Vice President, managed this project and directed all staff on behalf of Willdan. Mr. Jackson engineered the development of the model (which was based on a model Mr. Jackson designed for Willdan) and approved both the report and presentations. Due to extraordinary forecast growth, the project team recommended no initial rate adjustment in 2018, though the study showed that future adjustments would be necessary.

In 2021 the City engaged Willdan to prepare a new comprehensive rate study. The City had new water contracts with its neighboring city, had acquired the CCN of a local MUD, and was facing increased costs from the expansion of the Brushy Creek facility. The project team developed several alternative rate plans and presented them before the City Council. The Council adopted the project team's recommendations for a new multi-year rate plan. The City is currently discussing further engagements with Willdan, a sign of the successful relationship we have developed with the City.

Client Contact: Mr. Robert Powers, Finance Director
105 N. Brushy Street, Leander, TX 78641
Tel # (512) 528-2734 | Email: rpowers@leandertx.gov

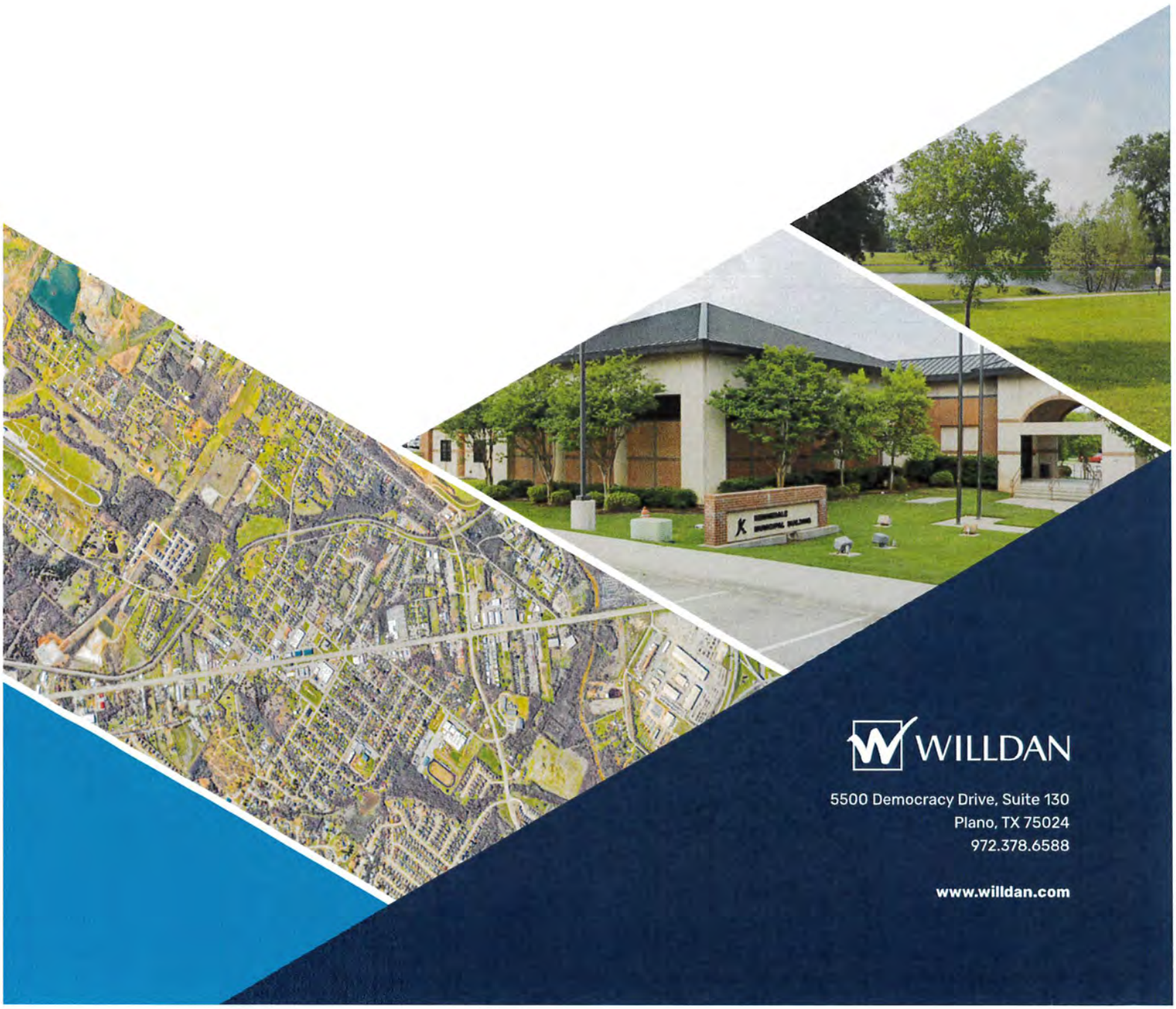
4. Rates and Fees

Per the instructions outlined, Willdan is submitting the following cost proposal. The table below outlines the proposed project hours, professional fees and expenses for this engagement. Based on the scope of work described with Willdan's technical proposal, we are proposing professional fees and expenses for the Water and Wastewater rate study ***not-to-exceed $29,780.*** The price is fully inclusive of all expenses and professional fees.

City of Kennedale, TX – Water and Wastewater Rate Study
Proposed Project Team Hours and Professional Fees

	J. Gray Project Manager	D. Jackson Project Advisor	D. Lanning Project Analyst	Total
	$220	$240	$190	Hours
Scope of Services				
Task I: Project Kick-off, Data Acquisition & Assessment	4.0	4.0	8.0	**16.0**
Task II: Demographic Analysis	4.0	2.0	8.0	**14.0**
Task III: Determine Revenue Requirements	4.0	2.0	8.0	**14.0**
Task IV: Determine User Characteristics & Customer Classes	4.0	2.0	8.0	**14.0**
Task V: Cost Functionalization, Classification & Allocation	4.0	2.0	16.0	**22.0**
Task VI: Alternative Rate Designs	4.0	2.0	16.0	**22.0**
Task VII: Prepare & Present Draft & Final Reports	4.0	4.0	16.0	**24.0**
Task VIII: City Council Meetings	4.0	4.0	-	**8.0**
Task IX: Project Management & Quality Control	8.0	-	-	**8.0**
Subtotal Hours	**40.0**	**22.0**	**80.0**	**142.0**
Task I: Project Kick-off, Data Acquisition & Assessment	880	960	1,520	**3,360**
Task II: Demographic Analysis	880	480	1,520	**2,880**
Task III: Determine Revenue Requirements	880	480	1,520	**2,880**
Task IV: Determine User Characteristics & Customer Classes	880	480	1,520	**2,880**
Task V: Cost Functionalization, Classification & Allocation	880	480	3,040	**4,400**
Task VI: Alternative Rate Designs	880	480	3,040	**4,400**
Task VII: Prepare & Present Draft & Final Reports	880	960	3,040	**4,880**
Task VIII: City Council Meetings	880	960	-	**1,840**
Task IX: Project Management & Quality Control	1,760	-	-	**1,760**
Subtotal Professional Fees	**8,800**	**5,280**	**15,200**	**$ 29,280**
Travel and Production Expenses				$ 500
Total Cost				**$ 29,780**

We believe that we have properly considered all aspects of this engagement and have developed a fair and reasonable proposed price that reflects the total effort and ensures the production of a top-quality product. Pricing for additional services, presentations, and public hearings would be discussed with City staff in advance and billed at an hourly rate as shown in the table above.



WILLDAN

5500 Democracy Drive, Suite 130
Plano, TX 75024
972.378.6588

www.willdan.com

City of KENNEDALE Texas EST. 1887
YOU'RE HERE YOUR HOME

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: JULY 13, 2023

AGENDA ITEM NUMBER: INDIVIDUAL CONSIDERATION ITEM V.C.4.

SUBJECT
Collett Sublett Road stormwater drainage engineering study update/amendment.

ORIGINATED BY: Darrell Hull

SUMMARY:
The amendment to Shield Engineering Groups engineering design contract, originally executed on September 28th, 2022, will allow the necessary redesign of the proposed storm system to be completed as well as finalize the construction plans. The redesign was requested by city staff, after discussions with the homeowner at 1101 Swiney Hiett Road, who will be granting the city an easement on their property. This will allow the city owned storm system to discharge onto the property.

RECOMMENDATION
Approve amendment number 1 with Shield Engineering Group to complete the necessary design revisions in preparation for construction.

ATTACHMENTS
Collett Sublett Infrastructure Improvements Amendment 1
2022_09.28 Shield - Collett Sublett Infrastructure Improvements - Executed

SHIELD
ENGINEERING GROUP

May 24, 2023

Mr. Darrell Hull
City Manager
City of Kennedale
405 Municipal Drive
Kennedale, TX 76060

RE: Amendment 1
Collett Sublett Infrastructure Improvements

Dear Mr. Hull,

Shield Engineering Group is pleased to submit the following as amended services to the original contract shown above:

Revise drainage alignments and drainage calculations for SD-G and SD-H to outfall captured stormwater into the designated easement on 117 Collett Sublett Road. Additional survey work will also be conducted at 117 Collett Sublett Road. Revised drainage easement document for 1101 Swiney Hiett and a new drainage easement document for 117 Collett Sublett will also be drafted.

Subtotal change/addendum to the contract	**$25,000**
Original contract	**$24,500**
1. Easements	$4,500
2. Final Design and Construction Documents	$5,500
3. Bid & Construction Phase Support Services (hourly)	$14,500
Revised contract	**$49,500**
1. Easements	$7,700
2. Final Design and Construction Documents	$5,500
3. Bid & Construction Phase Support Services (hourly)	$14,500
4. Additional Field Survey	$3,000
5. Revised Drainage Design	$18,800

The new contract amount will be $49,500. Please feel free to contact me with any questions or comments.

Sincerely,

Jean-Marie Alexander, P.E.
Shield Engineering Group, PLLC

SHIELD
ENGINEERING GROUP

AN AGREEMENT TO PROVIDE LIMITED PROFESSIONAL SERVICES

PROJECT NAME: Collett Sublett Infrastructure Improvements

PROJECT NO: 2019035.02

CLIENT: City of Kennedale, Attn: Darrell Hull

ADDRESS: 405 Municipal Drive, Kennedale, TX 76060

hereby requests and authorizes Shield Engineering Group, PLLC (the Firm) to perform the following Services.:

SCOPE: The city of Kennedale (Client, City or Owner) has identified roadway, drainage and utility improvements along Collett Sublett Road to be rehabilitated from Swiney Hiett Road north to the proposed Magnolia Hills subdivision approximately 1600 linear feet.

The Firm understands Collett Sublett Road Improvements, located in Kennedale, Texas, to consist of civil engineering services associated with roadway, water, sanitary sewer and drainage rehabilitation improvements.

The existing asphalt roadway is 20'+/- wide with bar ditches along both sides contained within a 50' public ROW. This roadway is proposed to be replaced with 28' back to back concrete roadway with a storm drainage system and curb inlets contained within the existing 50' ROW. The existing water line is an 8" WL along the west side of the roadway. A new 8" water line is proposed to replace and abandon the existing 8" asbestos water pipe. The services will be reconnected to the new water line. The existing sanitary sewer line is shown as a 6" SS PVC along the west side of the roadway. This line will be reviewed using CCTV and rehabilitated based on the condition assessment of the pipe. This line may also need to be relocated due to the apparent proximity to the water line to meet State minimum separation standards. The sidewalks are proposed along both sides of the roadway.

The Firm understands that the current City master thoroughfare plan from the 2012 Comprehensive Plan Update shows the future extension of Collett Sublett Road as an "Avenue" section in a 60' ROW with on-street parallel parking. It is our understanding that the on-street parking will be waived by the City so that the proposed improvements can be contained within the existing 50' ROW.

Exhibits, as-built plans, and other miscellaneous services beyond this scope will be Additional Services and billed at the Hourly Rate Schedule provided with this scope.

The Client shall either directly provide the following information or make the information available from one of the Client's subconsultants including but not limited to:

- Geotechnical Report for pavement recommendation
- CCTV of SS Line for condition assessment

1600 West 7th Street, Suite 200, Fort Worth, TX 76102 817.810.0696
info@segpllc.com · www.SHIELDENGINEERINGGROUP.com
TBPE FIRM #F-11039 · TBPLS FIRM #10193890

Basic Services:

1. **Easements: $4,500**
   a. Separate Instruments: The Firm's Surveyor shall prepare documents to be used to obtain permanent and/or temporary easements required to construct the improvements. The Firm shall assist the Client with normal coordination of the easement process but is not responsible for negotiating, securing or executing any part of the easement(s). It is assumed that three (3) permanent drainage easement exhibits and legal descriptions will need to be drafted. Additional easements will be considered Additional Services. **$1,500 each**

2. **Construction Plan and Specifications Update: $5,500 Hourly**
   a. SWPPP: For projects that disturb an area greater than one (1) acre, the Contractor will be responsible for preparing and submitting the Storm Water Pollution Prevention Plan (SWPPP) with appropriate regulatory agencies.
   b. The firm will verify the Collett Sublett Infrastructure construction drawings and specification documents, first under contract in 2019, that they adhere to all current standards and that the most updated details and specifications are incorporated. The documents will be finalized, sealed by a licensed Professional Engineer in the State of Texas, and a formal bid package will be produced.
   c. The Firm shall submit a final design estimate of probable construction cost with the bid package.
   d. The Firm will coordinate with Franchise Utility companies to assist city staff in relocating the existing power poles along Collett Sublett.

3. **Bid & Construction Phase Support Services: $14,500 Hourly**
   a. The Firm shall sell (or transmit electronically at no cost) contract documents and maintain a plan holders list of Contractor's and Plan Holder Registrations who have requested or purchased plans.
   b. The Firm will develop and implement procedures for receiving and answering bidders' questions and requests for additional information. The procedures shall include a log of all significant bidders questions and requests and the response thereto. The Firm will provide technical interpretation of the contract bid documents and will prepare proposed responses to all bidders questions and requests, in the form of addenda. The Firm shall transmit all approved addenda distribute addenda to all plan holders.
   c. The Firm will attend the pre-bid conference in support of the City.
   d. The Firm will assist the City in determining the qualifications and acceptability of prospective contractors, subcontractors, and suppliers.
   e. The Firm will attend the bid opening in support of the City.
   f. The Firm will tabulate and review all bids received for the construction project, assist the City in evaluating bids, and recommend award of the contract.
   g. The Firm will incorporate all addenda into the contract documents and issue conformed sets.
   h. The Firm shall attend the preconstruction conference.
   i. The Firm shall visit the project site at requested intervals as construction proceeds to observe and report on progress.

1600 West 7th Street Suite 200, Fort Worth, TX 76102 817.810.0696
info@segpllc.com www.SHIELDENGINEERINGGROUP.com
TBPE FIRM #F-11039 TBPLS FIRM #10193890

j. As requested by the City, the Firm shall provide necessary interpretations and clarifications of contract documents, review change orders, and make recommendations as to the acceptability of the work.

SUMMARY:

1.	Easements	$ 4,500
2.	Construction Plan and Specifications Update	Hourly Estimate $ 5,500
3.	3. Bid & Construction Phase Support Services	Hourly Estimate $ 14,500
	Total Estimated Fee:	**$ 24,500**

Reimbursable budget estimate: **As Incurred**

The Client will pay all Impact fees, FEMA fees, submittal fees, and all other fees and taxes.

The Firm will provide the professional services listed above in accordance with local requirements and per the Client's instructions within the legal and ethical obligations as described in *The State of Texas, Texas Engineering Practice Act and Rules Concerning the Practice of Engineering and Professional Engineering Licensure* (latest edition). This scope of services contract does not imply or guarantee acceptance by governing agencies or municipalities.

Accepted for **CLIENT**		Accepted for **SHIELD ENGINEERING GROUP, PLLC**	
By:	Darrell Hull	By:	
Name:	Darrell Hull	Name:	Jean-Marie Alexander
Title:	City Manager	Title:	COO
Date:	9-28-2022	Date:	8/19/2022

Initials _____ _____ (FIRM) (CLIENT)

1600 West 7th Street, Suite 200, Fort Worth, TX 76102 · 817 810 0696
info@segpllc.com · www.SHIELDENGINEERINGGROUP.com
TBPE FIRM #F-11039 · TBPLS FIRM #10193890

Exclusions and Additional Services: This proposal was prepared based on information provided by the Client and the conditions known to Shield Engineering Group, PLLC at the time of preparing this proposal. Tasks not included in the scope will be considered Additional Services. If the Engineer is requested to become involved with any of the following items, the Firm will be pleased to provide them for additional fees to be determined at that time. Additional Services include any services not listed above and all other special or miscellaneous services specifically authorized by the Client. Authorized Additional Services shall be billed in accordance with the attached Hourly Rate Schedule or for a prenegotiated lump sum fee approved by the Client. The following is an example of services which will be considered additional or excluded:

- Bidding Phase Services beyond those listed above.
- Construction Phase Services beyond those listed above.
- Subsurface Utility Engineering (SUE)
- Traffic Analysis, Parking Flow Study, Signal Warrant Study
- Studies: Line of Sight, Water, Sanitary Sewer, Traffic, Flood
- Special Use Permits for Oil and Gas Coordination
- Survey (beyond those listed above): As-Built Survey/ALTA Survey, Boundary Title Search, Vacation Instruments, Additional Closing Exhibits and Legal Descriptions, Grade Certification, Rail Certification, or any other surveying services beyond those listed above
- Demolition Plan
- City Encroachment Agreements
- TxDOT Driveway/Utility Permit, Design and Details
- Water Appropriations, FAA, TxDOT, TRA, Railroad, Driveway
- Landscape architecture and irrigation system design
- Environmental Waters of the US/Wetland permits
- LOMR, CLOMR,
- Design of pump house, fire alarms, flow test(s) and/or ground storage tank for fire protection system design
- Design of retaining walls, screening walls, detached structures, special brick paved areas, etc.
- Design of offsite spoil/borrow area for excavation material
- Geotechnical Investigations, Material Testing and Inspection Services
- Coordination of Building Permit Processing and TDLR Review shall be provided by Architect or a third-party reviewer. This includes review of the latest edition of the Texas Accessibility Standards (TAS).
- Services of Special Consultants

1600 West 7th Street Suite 200, Fort Worth, TX 76102 817.810.0696
info@segpllc.com www.SHIELDENGINEERINGGROUP.com
TBPE FIRM #F-11039 TBPLS FIRM #10193890

SHIELD
ENGINEERING GROUP

TERMS AND CONDITIONS

1. AUTHORIZATION TO PROCEED: Signing this Agreement shall be construed as authorization by CLIENT for the FIRM to proceed with the Services, unless otherwise provided for in this Agreement.

2. ACCESS TO SITE: Unless otherwise stated, the Firm will have access to the site for activities necessary for the performance of the services.

3. COST ESTIMATES: Any cost estimates provided will be on a basis of experience and judgment. Since the FIRM has no control over market conditions or bidding procedures, the FIRM does not warrant that bids or ultimate construction costs will not vary from these cost estimates.

4. ADDITIONAL SERVICES: Services in addition to those specified in Scope will be provided if authorized in writing by CLIENT. Additional services will be paid for by CLIENT as indicated in any Letter of Proposal, Task Authorization, or such other document as deemed appropriate by CLIENT and FIRM. In the absence of an express agreement about compensation, the FIRM shall be entitled to an equitable adjustment to its compensation for performing such additional services.

5. STANDARD OF CARE: In providing services under this Agreement, the Consultant shall perform in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances at the same time and in the same or similar locality. Upon notice to the FIRM and by mutual agreement between the parties, the FIRM will, without additional compensation, correct those services not meeting such a standard.

6. INDEMNIFICATION: FIRM SHALL INDEMNIFY AND HOLD HARMLESS CLIENT, ITS OFFICERS, OFFICIALS, AGENTS AND EMPLOYEES, IN THEIR INDIVIDUAL AND OFFICIAL CAPACITIES, FROM ANY LOSS, DAMAGES, LIABILITY OR EXPENSE ON ACCOUNT OF DAMAGE TO PROPERTY AND/OR INJURIES (INCLUDING DEATH) TO ANY PERSON OR PERSONS, INCLUDING OFFICERS, EMPLOYEES OR AGENTS OF FIRM, WHICH ARE CAUSED BY ANY NEGLIGENT ERROR, OMISSION, DEFECT, OR DEFICIENCY IN THE PERFORMANCE OF FIRM'S PROFESSIONAL SERVICES OR IN THE NEGLIGENT PREPARATION OF DESIGNS, WORKING DRAWINGS, SPECIFICATIONS OR OTHER ENGINEERING DOCUMENTS INCORPORATED INTO ANY IMPROVEMENTS CONSTRUCTED IN ACCORDANCE HEREWITH. FIRM SHALL PAY ALL EXPENSES (INCLUDING REIMBURSEMENT OF REASONABLE ATTORNEY'S FEES AND COSTS OF COURT IN PROPORTION TO ENGINEER'S LIABILITY) AND SATISFY ALL JUDGMENTS WHICH MAY BE INCURRED BY OR RENDERED AGAINST CLIENT OR ITS OFFICERS, OFFICIALS, AGENTS OR EMPLOYEES IN CONNECTION HEREWITH; PROVIDING AND EXCEPT, HOWEVER, THAT THIS INDEMNITY PROVISION SHALL NOT BE CONSTRUED AS REQUIRING ENGINEER TO INDEMNIFY OR HOLD HARMLESS CLIENT, ITS OFFICERS, OFFICIALS, AGENTS, OR EMPLOYEES FROM LOSS, DAMAGES, LIABILITY OR EXPENSE ON ACCOUNT OF DEFECTS OR DEFICIENCIES IN DESIGN CRITERIA AND INFORMATION FURNISHED TO FIRM BY CLIENT AND WHICH FIRM COULD NOT DISCOVER BY THE EXERCISE OF REASONABLE DILIGENCE. IT IS UNDERSTOOD AND AGREED BY BOTH PARTIES TO THIS AGREEMENT THAT THE FIRST TEN DOLLARS ($10.00) OF REMUNERATION PAID TO FIRM UNDER THIS AGREEMENT SHALL BE IN CONSIDERATION FOR INDEMNITY/INDEMNIFICATION PROVIDED FOR IN THIS AGREEMENT. THIS SECTION WILL SURVIVE THE TERMINATION OF THIS AGREEMENT.

7. DISPUTE RESOLUTION: Any claims or disputes made during design, construction or post-construction between the CLIENT and FIRM shall be submitted to non-binding mediation, and any mediation must be conducted by a mutually agreed upon mediator located in Tarrant County, Texas. CLIENT and FIRM agree to include a similar mediation agreement with all contractors, subcontractors, sub-consultants, suppliers and fabricators, thereby providing for mediation as the primary method for dispute resolution between all parties.

8. PAYMENT TO FIRM: Invoices for the FIRM's service shall be submitted to CLIENT on a monthly basis. The CLIENT shall either approve these invoices or notify the FIRM of any invoices not approved. The CLIENT and the FIRM shall confer and attempt to resolve such disputed invoices. The CLIENT shall pay the FIRM for all undisputed invoices 30 days after CLIENT receives the invoice. If Client has failed to pay an undisputed invoice after 45 days of CLIENT's receipt of the invoice, FIRM may, without waiving any claim or right against the CLIENT, and without liability whatsoever to the CLIENT, terminate the performance of the service. [Retainers/Deposits shall be credited on the final invoice.]

9. LATE PAYMENTS: Accounts unpaid 30 days after the invoice date may be subject to a monthly service charge of 1.5% (or the legal rate) on the then unpaid balance. In the event any portion or all of an account remains unpaid 90 days after billing, the Client shall pay all costs of collection, including reasonable attorney's fees.

10. TERMINATION: Either CLIENT or FIRM may terminate this Agreement by giving 30 days' written notice to the other party. In such event CLIENT shall forthwith pay FIRM in full for all work previously authorized and performed prior to effective date of termination. FIRM, unless requested by CLIENT, is not authorized to perform any services after either party receives a notice of termination, and will not be paid for any such unauthorized work. If no notice of termination is given, relationships and obligations created by this Agreement shall be terminated upon completion of all applicable requirements of this Agreement.

11. CERTIFICATIONS: Guarantees and Warranties: The FIRM shall not be required to execute any document that would result in its certifying, guaranteeing or warranting the existence of conditions whose existence the FIRM cannot ascertain.

12. OWNERSHIP OF DOCUMENTS: Upon FIRM's completion of services and receipt of payment in full, or upon termination of this Agreement, FIRM shall grant to CLIENT a non-exclusive license to possess the final drawings and instruments produced in connection with FIRM's performance of the work under this Agreement, if any. Said drawings and instruments may be copied, duplicated, reproduced and used by CLIENT for the purpose of constructing, operating and maintaining the improvements contemplated by this Agreement. CLIENT agrees that such documents are not intended or represented to be suitable for reuse by CLIENT or others for purposes outside the scope of this Agreement. Notwithstanding the foregoing, CLIENT understands and agrees that any and all computer programs, GIS applications, proprietary data or processes, and certain other items related to the services performable under this Agreement are and shall remain the sole and exclusive property of FIRM and may not be used or reused, in any form, by CLIENT without the express written authorization of FIRM. Client agrees that any reuse by CLIENT, or by those who obtain said information from or through CLIENT, without written verification or adaptation by FIRM, will be at CLIENT's sole risk and without liability or legal exposure to FIRM or to FIRM's employees, agents, representatives, officers, directors, affiliates, shareholders, owners, members, managers, attorneys, subsidiary entities, advisors, subconsultants or independent contractors or associates.

Initials _____ _____

(FIRM) (CLIENT)

1600 West 7th Street, Suite 200, Fort Worth, TX 76102 . 817.810.0696

info@segpllc.com www.SHIELDENGINEERINGGROUP.com
TBPE FIRM #F-11039 TBPLS FIRM #10193890

SHIELD

13. SEVERABILITY: In case any one or more of the provisions contained in this Agreement shall be held illegal, the enforceability of the remaining provisions contained herein shall not be impaired thereby

14. JOBSITE SAFETY: Neither the professional activities of the FIRM, nor the presence of the FIRM or its employees and subconsultant's at a construction/project site, shall impose any duty on the FIRM, nor relieve the General Contractor of its obligations, duties and responsibilities including, but not limited to, construction means, methods, sequence, techniques or procedures necessary for performing, superintending and coordinating the Work in accordance with the Contract Documents and any health or safety precautions required by any regulatory agencies. The FIRM and its personnel have no authority to exercise any control over any construction contractor or its employees in connection with their work or any health or safety programs or procedures.

15. ENTIRE AGREEMENT: This Agreement represents the entire understanding of CLIENT and FIRM. No prior oral or written understandings shall be of any force or effect with respect to those matters covered herein. This Agreement may not be modified or altered except in writing signed by both parties. This Agreement constitutes, represents and is intended by the parties to be the complete and final statement and expression of all of the terms and arrangements between the parties to this Agreement with respect to the matters provided for in this Agreement. This Agreement supersedes any and all prior or contemporaneous agreements, understandings, negotiations, and discussions between the parties and all such matters are merged into this Agreement.

16. INSURANCE: FIRM shall, at its own expense, purchase, maintain and keep in force throughout the duration of this Agreement and for a period of four (4) years thereafter, professional liability insurance. The limits of liability shall be $1,000,000 per claim and in the aggregate. FIRM shall submit to the CLIENT a certificate of insurance prior to commencing any work for the CLIENT.

17. ASSIGNMENT: Neither the CLIENT nor FIRM may assign their rights or delegate their duties without the written consent of the other party. This Agreement is binding on the parties to the fullest extent permitted by law. Nothing herein is to be construed as creating any personal liability on the part of any CLIENT officer, employee or agent.

18. JURISDICTION AND VENUE: This Agreement shall be administered under the substantive laws of the State of Texas (and not its conflicts of law principles) which shall be used to govern all matters arising out of, or relating to, this Agreement and all of the transactions it contemplates, including without limitation, its validity, interpretation, construction, performance and enforcement. Exclusive venue shall lie in any court of competent jurisdiction in Tarrant County, Texas.

19. ATTORNEY'S FEES: If it becomes necessary to take legal action to interpret or enforce the terms of this Agreement, the prevailing party in such action shall be entitled to recover from the non-prevailing party, the prevailing party's reasonable attorney's fees and costs of court.

Initials _____ _____

(FIRM) (CLIENT)

1600 West 7th Street, Suite 200, Fort Worth, TX 76102 817.810.0696

info@segpllc.com www.SHIELDENGINEERINGGROUP.com

TBPE FIRM #F-11039 TBPLS FIRM #10193890

SHIELD
ENGINEERING GROUP

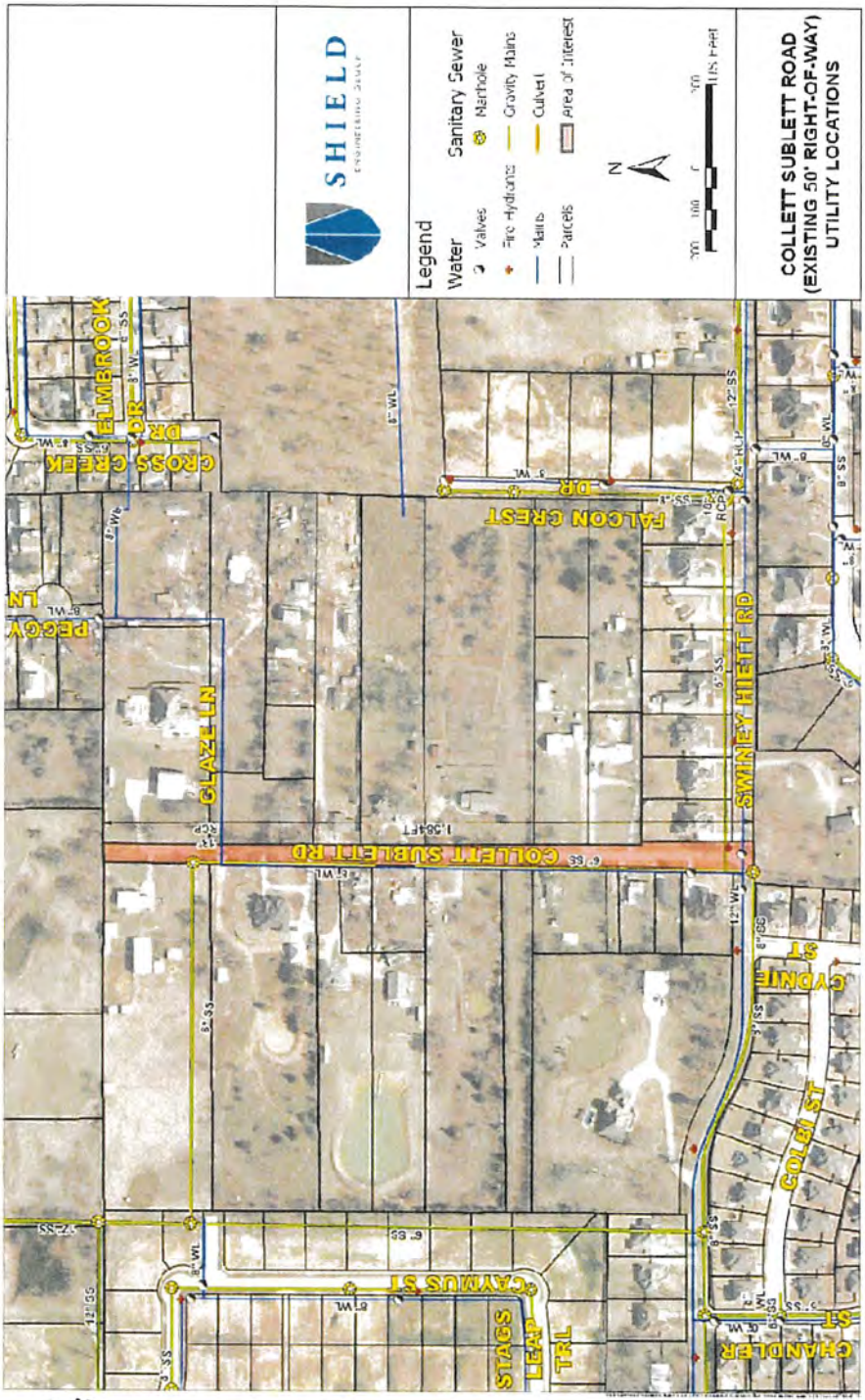
2022 HOURLY RATE SCHEDULE

Principal / Director	$265
Program Manager	$235
Project Manager	$210
Senior Professional Engineer	$200
Professional Engineer	$175
EIT II	$145
EIT I	$110
Designer	$140
CAD Drafter	$110
Support / Admin	$ 95
Senior RPLS	$210
RPLS	$165
GIS Analyst	$125
SIT	$125
Survey Technician	$115
Party Chief	$115
Survey Crew Member	$ 70

Hourly Rate Schedule as of the date of this contract is subject to change without notice.

1600 West 7th Street, Suite 200, Fort Worth, TX 76102 · 817.810.0696
info@segpllc.com · www.SHIELDENGINEERINGGROUP.com
TBPE FIRM #F-11039 · TBPLS FIRM #10193890

SHIELD
ENGINEERING GROUP



Initials JA DH

(FIRM) (CLIENT)

1600 West 7th Street, Suite 200, Fort Worth, TX 76102 · 817.810.0696

info@segpllc.com · www.SHIELDENGINEERINGGROUP.com
TBPE FIRM #F-11039 · TBPLS FIRM #10193890

SHIELD
ENGINEERING GROUP

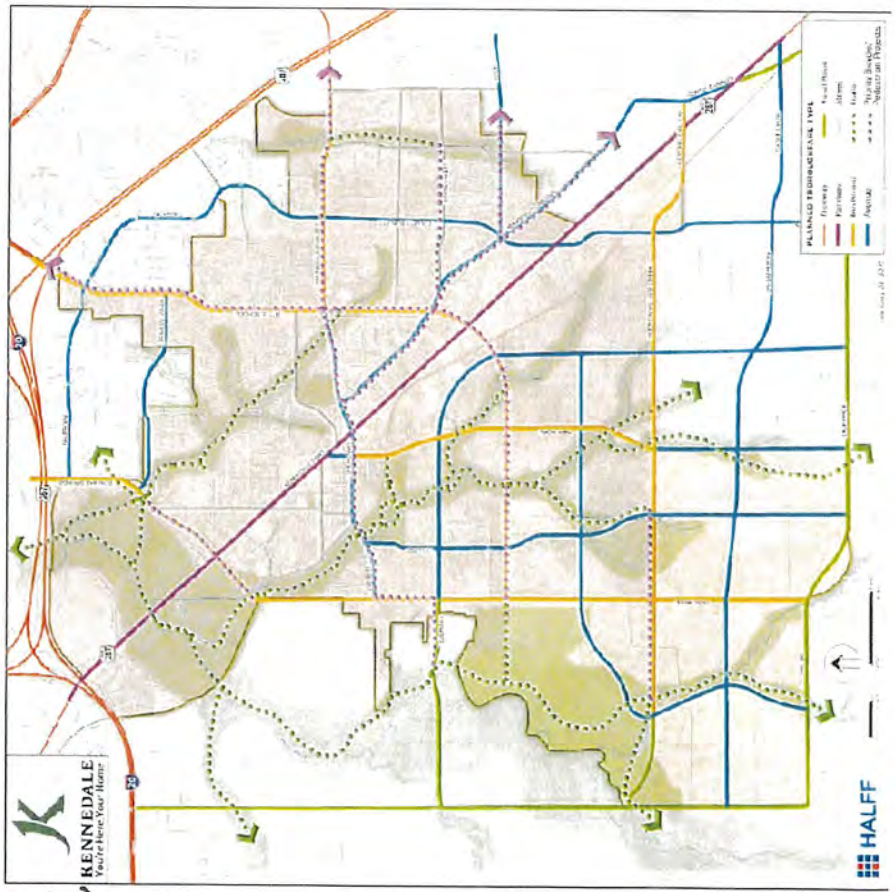
2012 COMPREHENSIVE PLAN UPDATE
FUTURE TRANSPORTATION PLAN

Thorough-fare Type	Parkway	Multiway Parkway Main lanes / Access lanes	Boulevard	Avenue	Street	Rural Road
Number of Through Lanes	4	4/2	4	2 to 4	2	2
Desired Operating Speed (mph)	40-45	40-45 / 30-35	35-40	30-35	25-30	35-40
Median	16'-32'	12'-28' / 5'-10'	12'-16'	4'-16' (optional)	--	--
Driveway Access	limited	From access lanes	Limited	Yes	Yes	Yes
Curb Parking	No	Yes (access lane)	Optional	Yes	Yes (not delineated)	No
Pedestrian Facilities[1] (clear through-way)	8'	5' 10' (access lanes)	5' 10'	5' 10'	5' 8'	5'
Bicycle Facilities[2]	SP or SH	BL or BL	SL or BSL	BL or SL	SL	SL or SH
Streetside Width[3]	16'-25'	-5'-25'	16'-22'	15'-20'	10'-16'	25'-30'
Required ROW Width	100'-150'	110'-160	100'-130	60'-132'	50'-70'	30'-100'

NOTES:
- Proposed widths of pedestrian facilities should be applied to both sides of the street.

[1] SP - Side Path; SL - Shared Lane; SH - Shoulder; BR - Buffered Bike Lane; BL - Bike Lane

[2] Streetside Width refers to the area between the street and building. It includes the sidewalk, landscaping/planting strip, curb throughways, and frontage zones.



Initials _____ _____

(FIRM) (CLIENT)

1600 West 7th Street, Suite 200. Fort Worth, TX 76102 · 817.810.0696
info@segpllc.com · www SHIELDENGINEERINGGROUP.com
TBPE FIRM #F-11039 · TBPLS FIRM #10193890