

June 15, 2026

Mr. Ron Wiederman, P.E.
Director of Engineering
City of Crest Hill
20600 City Center Blvd
Crest Hill, IL 60403

Re: 2026 Water & Sewer Utility Financial Plan Update

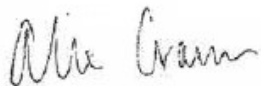
Dear Ron,

This letter proposal follows up on our prior message exchange regarding the update of the City of Crest Hill's financial plan for your water and sewer utility. We plan to follow a similar approach as our prior engagements for updating the financial models and proposed rate increases. The major elements of scope are anticipated to include:

- ▶ Review the utility's revenues, operating expenses, debt payments, balances, and capital expenditures that City records indicate were actually incurred in 2024 through 2026 and are estimated to be incurred in 2027. During this review we will compare these results to projections in our studies completed last year. The purpose of this review is to understand variances that may influence future projections.
- ▶ Update the financial plan for each utility to reflect
 - FY2027 budget
 - Beginning balances available at the start of current fiscal year (FY2027)
 - Updated assumptions regarding growth, usage, inflation, and interest rates
 - Updated water supply costs from the Grand Prairie Water Commission (expected to be available in July, 2026)
 - Conduct review meetings with you and other City staff
 - Provide a technical memorandum summarizing findings

We are pleased to continue supporting you and the City of Crest Hill. I am open to adjustments you may wish to consider that tailor our approach to meet the City's needs. Please reach out to me either by phone or email at 816-782-6055 / acraven@burnsmcd.com.

Sincerely,



Alex Craven / Project Manager

Scope of Services

Task 1 – Initiate Project

The objective of Task 1 is to initiate the Study.

To begin the Study, we will need to obtain the following key data sets:

- A. Detailed actual revenues and expenses for FY2024-FY2026.
- B. Beginning cash balances for FY 2027
- C. Billing summaries by class including accounts, volumes and revenues for 2024 through 2026.
- D. The 2027 utility budget.
- E. Existing annual debt service expenses
- F. The most recent capital improvement plan, with estimates over a 10-year planning period.

We will host a Teams meeting to initiate this Study, including a review of key issues or concerns the City may have that impacts financial planning, and a review of scope and milestones.

Task 2 – Update Financial Planning

The objective of Task 2 is to update the water and sewer utility financial plan for the next ten years, and perform a variance analysis to understand the degree to which actual financial results have varied from plans created in the prior analysis.

Task 2.1 – Evaluate Current Usage Levels and Prepare Revenue Forecast

Projected annual utility service revenues under existing rates will be developed. Burns & McDonnell will review historical growth in the number of customers by class since 2023 and then forecast the annual number of customers for each rate class for each year of the forecast period.

Burns & McDonnell will assess trends in water usage and wastewater volume per account for each customer class. Based on the usage analysis and other available information, Burns & McDonnell will estimate the future usage per customer for each rate class for the utility. The estimates of the annual number of customers and the annual usage per customer will provide the basis for forecasting annual water sales and wastewater volume usage over the Study period.

Burns & McDonnell will also develop projections of revenues from other existing sources, consistent with prior analysis.

Task 2.2 – Project Capital Flow of Funds

Burns & McDonnell will review the capital improvement plan (CIP) and develop a capital planning flow of funds. This plan will acknowledge anticipated sources and uses of capital funds to implement the CIP. Funding sources will include existing balances, issuance of proposed revenue or general obligation bonds, IEPA loans, connection fees, and other sources as applicable. Uses of funds will include the CIP, cost of potential debt issuance, and other costs as identified through consultation with the City.

Task 2.3 – Project Operating Revenue Requirements

Historical O&M will be updated since 2023 and projected O&M will be based on the FY2027 budget, with inflation to project future periods. The Grand Prairie Water Commission's cost calculator, expected to be available in July or August, will be used to refresh water supply costs.

Annual debt service requirements on any outstanding debt will be included in the operating forecast. To the extent additional financing of expected capital improvements is indicated to be required, estimates of new debt service requirements will also be incorporated in the forecast. In addition, the impacts of any financial performance requirements or targets, i.e. debt service coverage requirement, reserve levels, target operating ratio, etc., whether imposed internally or externally, will be considered.

Projections of any other utility system cash expenditures not included in any of the above categories will also be captured in the financial forecast. Such expenditures may include transfers or routine capital expenditures.

Task 2.4 – Review Historical Results & Variance Analysis

The City of Crest Hill’s most recent financial forecast was developed in 2023. Understandably there have been changes to the City’s utility revenues and costs since the prior analysis was conducted. We will compare the projections of the most recent forecast to the actual revenues and costs since the prior analysis was completed to identify areas of material difference and how those potential variances may impact new forecasting.

Task 2.5 – Review and Finalize Operating Cash Flow

Burns & McDonnell will summarize the annual forecasts of the water and sewer utility revenues, as well as the projected operating requirements in the form of pro-forma cash flow analyses. These analyses will identify potential annual operating surpluses or deficits anticipated during the study period. The total projected annual surplus or deficit will provide an indication of whether the existing rates will generate sufficient revenues to cover the utility’s costs for each year of the forecast period, and whether an overall revenue adjustment is necessary. Compliance with loans and revenue bond covenants under existing rates will also be evaluated as applicable.

We will use the same financial planning principles followed in the rate study and prior financial plan updates (reserves, debt service coverage, etc.) to evaluate the sufficiency of revenues over the forecast period. To the extent that revenues under existing rates are not sufficient to cover current and future operating and capital costs, revenue increases will be proposed to meet the funding requirements.

Burns & McDonnell will review the preliminary forecast results with the City. During this meeting, Burns & McDonnell will review assumptions and results for each component of the cash flow forecast. During the meeting, adjustments may be made “real time” to optimize the financial plans and meet the City’s needs.

Task 2 Deliverables and Meetings:

- ▶ Deliverables:
 - Water and Sewer Pro-forma cashflows
 - Historical Revenue and Expense Variance Analysis
- ▶ Formal Meeting: Teams Meeting to Review Cash Flows and Variance Analysis

Task 3 – Proposed Rate Development

The objective of Task 3 is to develop proposed water and sewer rates under the existing rate structure to meet future operating and capital needs as identified in Task 2. Utilizing the existing rate structure we will develop proposed rates from 2028 to 2032 using the system wide revenue increases developed in Task 2.5.

Burns & McDonnell will prepare a comparison of typical bills under both the existing and the proposed rates for representative water and sewer customer user profiles. A comparison will also be completed to show the average water and sewer bills of regional peers. The bill profile as well as the set of regional peer communities will be the same as used in prior studies.

Task 3 Deliverables and Meetings:

- ▶ Deliverables:
 - Proposed Water and Sewer Rates
 - Regional Data/Typical Bill Comparison

Task 4 - Deliverables

Burns & McDonnell will summarize the Study results in a draft memorandum, reviewing the key findings and documenting how the analysis and recommendations were developed. Feedback from the City will be incorporated into the memo as appropriate.

Project Timeline

A timeline of proposed major milestones is shown below and assumes a start date of July 1st.

Activity	Target Date
Initiate Study with Council Approval	August
Data Received	Week of August 24 th
First Draft Financial Plan	Week of September 14 th
Finalize Financial Plan	Week of September 28 th
Develop Regional & Typical Bill Comparison	Week of October 5 th
Draft & Finalize Rates	Week of October 12 th
Draft Memorandum	Week of October 19 th
Finalize Memo	Week of November 2 nd

** Timely receipt of data is required to maintain this schedule.*

Estimated Level of Effort and Cost

We propose to complete the scope described in this letter for a lump sum fee that shall not exceed \$27,700 which will be billed monthly on a percent complete basis. All meetings are assumed to be conducted virtually.

General Assumptions

1. Project timeline is dependent on availability of client data.
2. City will review and approve key project deliverables in a timely manner.
3. City will attend requested meetings.
4. Key data sets, such as customer billing registers operating cost chart of accounts have not changed since our prior engagement.
5. Comments and feedback from City management regarding study deliverables will not require substantial rework of the analysis or deliverables.

Terms & Conditions

All services will be performed under the terms and conditions of the attached “Terms and Conditions for Professional Services”, which is incorporated and made a part of this agreement.



Burns & McDonnell Services Agreement Terms and Conditions

Project: 2026 Water & Sewer Utility Financial Plan Update

Date of Services Proposal: June 15, 2026

Client:
City of Crest Hill ("Client")

THIS CONTRACT CONTAINS A LIMITATION OF REMEDIES AND BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

Client Signature:

Name (printed): _____

This Agreement is made as of June 15, 2026, by and between Client and Burns & McDonnell Engineering Company, Inc. (hereinafter called "BMcD").

SECTION 1 — AUTHORIZATION OF SERVICES

Services shall be undertaken only upon signing of the attached Services Proposal by Client. Such Services are more specifically identified in the Services Proposal.

SECTION 2 — SERVICES OFFERED BY BMcD

The Services are specifically identified in the attached letter, proposal, agreement, or statement of work as identified above ("Services Proposal"). BMcD will rely on information provided by Client in the undertaking of the Services.

SECTION 3 — PERIOD OF SERVICE

The provisions of this Agreement have been agreed to in anticipation of the orderly and continuous progress of the Project through completion of the services stated in the Proposal. BMcD's obligation to render services hereunder will extend for a period that may reasonably be required for the completion of Services. BMcD shall make reasonable efforts to comply with deliverable schedules (if any) and consistent with BMcD's professional responsibility.

SECTION 4 — COMPENSATION

4.1 Client shall pay BMcD for Services rendered and reimbursable expenses as stated in the Services Proposal. Invoices are payable upon receipt. A late payment charge of 1.5 percent per month or any partial month will be added to amounts not received within thirty (30) days of the statement date. Time is of the essence in payments of statements, and timely payment is a material part of the consideration of this Agreement. Costs, including reasonable attorney's fees, incurred by BMcD in collecting any delinquent amount shall be reimbursed by the Client. If a portion of BMcD's statement is disputed by Client, the undisputed portion shall be paid by Client by the due date. The Client shall advise BMcD in writing of the basis for any disputed portion of any statement.

4.2 Taxes, other than United States federal and state income taxes, and Kansas City, Missouri earnings tax, as may be imposed by the United States, state, and local authorities, shall be in addition to the payment stated under "Amount of Payment."

4.3 BMcD may engage or obtain assistance from its affiliates and subsidiaries including, without limitation, Burns & McDonnell Canada Ltd., Burns & McDonnell Global, Inc., Burns & McDonnell Western Enterprises, Inc., and Burns & McDonnell India Pvt. Ltd. ("Labor Sources") to fulfill performance obligations of BMcD under this Agreement. The Parties agree that contracts, purchase orders, or similar agreements between BMcD and any Labor Sources are not subcontracts and persons from such Labor Sources shall be billed to Client according to the rate sheet / billing rate defined for the applicable contract, purchase order, or similar agreement. Personnel from Labor Sources shall be considered agents of BMcD and able to act on behalf of BMcD within the scope of the authority granted such personnel according to job function and billing classification.

SECTION 5 — LIMITATION OF REMEDIES

5.1 **INDEMNIFICATION.** Client and BMcD each agree to indemnify and hold harmless the other, and the other's officers, directors, and employees, from and against third party damages, including reasonable attorney's fees, to the extent such damages and expenses are caused by the indemnitor's own negligent acts, errors, or omissions. In the event damages or expenses are caused by the joint or concurrent

negligence of Client and BMcD, they shall be borne by each Party in proportion to its own negligence.

5.2 **WAIVER OF CONSEQUENTIAL DAMAGES.** BMcD is not liable for any special, indirect, incidental, punitive, or consequential damages to Client. The excluded damages include, but are not limited to, by way of example, (a) Client's loss of: anticipated profits, savings, revenue, use of equipment, sublicensed software, licensed software, services, or data; (b) cost of capital; (c) cover costs, or cost of any substitute performance or replacement of equipment, facilities or services; (d) third party consequential damages; and (e) indirect damages as a result of property loss.

5.3 **LIMITATION OF LIABILITY.** Notwithstanding any other provision herein, BMcD's maximum liability to Client for all claims arising out of or related to these Services and this Agreement shall be limited to the specific remedies provided herein, but shall not exceed the greater of \$100,000 USD or the amount paid by Client to BMcD under the Agreement. The limitations of liability provided herein in this Section 5.3 shall apply should it be judicially determined that the specific remedies provided elsewhere in this Agreement fail in their essential purpose.

5.4 To the greatest extent allowed by law, the damages waived or excluded, or otherwise limited in this Section 5 Limitation of Remedies, shall be allowed, and shall apply to any and all claims or causes of action as to between the parties, including but not limited to breach of contract, breach of warranty, any tort claim including negligence, strict liability, or any other legal or statutory theory of recovery.

SECTION 6 — INSURANCE; STANDARD OF CARE; WARRANTY

6.1 During the course of performance of its services, BMcD will maintain Worker's Compensation insurance with limits as required by statute, Employer's Liability insurance with limits of \$1,000,000, Commercial General Liability with limits of \$1,000,000 per occurrence and \$2,000,000 general aggregate, and Automobile Liability insurance with combined single limit of \$1,000,000 per accident.

6.2 Client and BMcD and their respective officers, directors, agents, or employees waive all rights of recovery against each other, and their insurers' right to subrogation, for property damage and property loss covered by their respective property insurance (including deductibles and self-insurance) during and after the completion of BMcD's Services.

6.3 BMcD will perform the Services associated with the Services Proposal consistent with the standards and practices of others providing similar services under similar circumstances at time of performance ("Standard of Care"). Client shall promptly notify BMcD in writing of any failure of BMcD to comply with this standard or any perceived deficiency in its Services. During performance of the Services Proposal, and for one year after completion of Services, should BMcD receive such notice, BMcD at its sole option, may (a) reperform the Services to bring the same into conformance with the requirements of the Services Proposal and the applicable Standard of Care, or (b) BMcD may liquidate damages to Client by paying to Client, as refund or otherwise, that portion of the compensation for that portion of the Services which are found to be deficient, or otherwise were not able to be corrected or bought into conformance with Services Proposal requirements by reperformance or replacement after commercially reasonable attempts by BMcD to do so.

6.4 The mutually negotiated obligations and representations contained in Section 6.3 are BMcD's sole obligation and Client's exclusive remedy with respect to defects in the quality of Services or failure to meet the Standard of Care, regardless of the cause of action pled including, without limitation, all types of negligence. Client's improper operation,

maintenance, or unauthorized use of the Services shall relieve BMcD of any liability or damages arising out of such improper or unauthorized use.

6.5 No warranty, express or implied, is included in this Agreement, including any warranty for fitness for a particular purpose, merchantability, or noninfringement of intellectual property rights or any implied warranty arising from statute, course of dealing, course of performance, or usage of trade.

6.6 Cost estimates, projections, and forecasts prepared by BMcD relating to construction costs and schedules, operation and maintenance costs, equipment characteristics and performance, and operating results are opinions based on BMcD's experience, qualifications, and judgment. Since BMcD has no control over weather, cost and availability of labor, material and equipment, labor productivity, construction contractors' procedures and methods, unavoidable delays, construction contractors' methods of determining prices, economic conditions, competitive bidding or market conditions, and other factors affecting such opinions. BMcD does not guarantee that actual rates, costs, performance, schedules, and related items will not vary greatly from the opinions prepared by BMcD.

SECTION 7 — CHANGES; TERM; DELAYS

7.1 Client may request changes within the general scope of BMcD's Services, with an appropriate change to the Services Proposal in compensation and schedule, upon execution of a mutually acceptable amendment or change order signed by an authorized representative of the Client and BMcD

7.2 Should Client fail to fulfill its responsibilities as provided in the Services Proposal to the extent that BMcD is unduly hindered in BMcD's services or if Client fails to make any payment to BMcD on account of BMcD's services and expenses within ninety (90) days after receipt of BMcD's invoice therefor, BMcD may, after giving seven (7) days' written notice to Client, suspend services under this Agreement, with impunity and without liability, until Client has satisfied Client's obligations under this Agreement, and an equitable adjustment to schedule has been mutually agreed by a change order.

7.3 Either Party may terminate this Agreement for the other's material breach by written notice specifying in detail the nature of the breach, effective in thirty (30) days unless the other party first cures such breach. However, termination for breach will become effective immediately upon such notice, without opportunity to cure, if the breach cannot be remedied by performance after notice of termination. Failure on the part of the Client to make payments to BMcD when due shall be considered substantial nonperformance and cause for termination.

7.4 In the event of premature termination of the Agreement by the Client and through no fault of BMcD, BMcD shall be entitled to: (1) recover all reasonable costs and expenses incurred to date of termination, plus all costs incurred to assemble and close Project files and documents; (2) unavoidable down time in the reassignment of Project staff; (3) termination penalties/expenses related to third parties retained by BMcD in regard to its obligations under this contract; and (4) a termination amount of 15 percent of the remaining portion of the total compensation (or estimated compensation) agreed to herein or by separate authorization to cover lost profits, damages, and lost opportunity costs which cannot otherwise be accurately calculated.

7.5 In the event the services of BMcD are suspended or delayed by the Client, BMcD shall be entitled to additional compensation for reasonable costs incurred by BMcD and its subconsultants (if any) in temporarily suspending or delaying performance of the Services (including, but not limited to, unavoidable staff that is idled or placed on standby, reassignment of staff, or any termination expenses incurred where staff reassignment is not reasonably possible).

SECTION 8 — DISPUTE RESOLUTION

8.1 If a dispute arises relating to the performance of the services to be provided and, should that dispute result in arbitration or enforced through litigation, it is agreed that the substantially prevailing party (as determined in equity by the court) shall be entitled to recover all reasonable costs of litigation, including staff time, court costs, attorney's fees and other related expenses.

8.2 The parties shall participate in good faith negotiations to resolve any and all disputes. Should negotiations fail, the parties agree to submit to and participate in a third party-facilitated mediation as a condition precedent to resolution by litigation. Unless otherwise agreed to, mediation shall be conducted under the rules of the American Arbitration Association and shall be held in Kansas City, Missouri.

8.3 If the parties are unable to resolve their dispute after at least one session of mediation, then any claim, dispute or other matter in question arising out of or related to this Agreement (including disputes involving an

officer, director or employee of either party), whether in contract or in tort, shall be subject to arbitration in accordance with the Arbitration Rules of the American Arbitration Association then in effect. The demand for arbitration shall be filed in writing with the other party to this Agreement and with the American Arbitration Association. Any legal action necessary to compel, confirm, vacate, enforce, modify or otherwise affect the mediation or arbitration shall be filed in state or federal courts in the State of Missouri and each party expressly consents to jurisdiction therein.

8.4 Causes of action between the parties shall accrue, and applicable statutes of limitation shall commence to run the date BMcD's services are substantially complete.

SECTION 9 — GENERAL

9.1 *Use of BMcD Intellectual Property.* All deliverables prepared or furnished by BMcD (and BMcD's independent professional associates and consultants) pursuant to this Agreement are instruments of service which contains BMcD intellectual property and BMcD shall have the ownership and property interest therein whether or not the Project is completed. Client may make and retain copies for information and reference in connection with the use and occupancy of the Project by Client and others; however, such documents or intellectual property are not intended or represented to be suitable for reuse by Client or others on extensions of the Project or on any other project. Client shall not disclose or disseminate any BMcD intellectual property without prior written authorization by BMcD. Any reuse, modification, or completion by others without written verification or adaptation by BMcD for the specific purpose intended will be at Client's sole risk and without liability or legal exposure to BMcD, or to BMcD's independent professional associates or consultants, and Client shall indemnify and hold harmless BMcD and BMcD's independent professional associates and consultants from and against all claims, damages, losses, and expenses, including attorneys' fees arising out of or resulting therefrom. Any such verification or adaptation will entitle BMcD to further compensation at rates to be agreed upon by Client and BMcD.

9.2 *Rights and Benefits.* BMcD's services will be performed solely for the benefit of the Client and not for the benefit of any other entities.

9.3 *Successor and Assigns.* Client and BMcD each binds itself and its successors, executors, administrators, and assigns to the other party of this Agreement and to the successors, executors, administrators, and assigns of such other party, in respect to all covenants of this Agreement; except as above, neither Client nor BMcD shall assign, sublet, or transfer its interest in the Agreement without the written consent of the other.

9.4 *Controlling Law.* This Agreement shall be subject to, interpreted, and enforced according to the laws of the State of Missouri without regard to any conflicts of law provisions.

9.5 *Entire Agreement.* This Agreement represents the entire Agreement between BMcD and Client relative to the Scope of Services herein. All previous or contemporaneous agreements, representations, promises, and conditions relating to BMcD's services described herein are superseded. Since terms contained in purchase orders do not generally apply to professional services, in the event Client issues to BMcD a purchase order, no preprinted terms thereon shall become a part of this Agreement. Said purchase order document, whether or not signed by BMcD, shall be considered as a document for the Client's internal management of its operations.