WILLDAN

October 1 2026

Mr. Brett Klein
Town Manager
Town of Jerome
600 Clark Street
Jerome AZ 86331

Re: Scope of Services and Letter Agreement to Provide Water and Wastewater Rate Analysis and Update

Dear Mr. Klein:

Willdan Financial Services ("Willdan") is pleased to present the following scope of services and budget to assist the Town of Jerome ("The Town") in providing a comprehensive water and wastewater rate study and long-term financial plan update. We are an economic and financial consulting firm, with offices in Plano, Texas and throughout the United States. Our principal clients are national, state and local governments. Our firm contains professionals with decades of experience in water and wastewater utility operations and economic/financial management.

As you are aware, our experience includes preparing over 300 similar studies for cities throughout Texas, Oklahoma, Arizona, the Southwest, the USA and the Pacific region. We have had the privilege of serving as the Town's rate consultant for the past five years.

Scope of Services

We want to ensure that our scope of services is responsive to the Town's needs. We will work with the Town to tailor our proposed scope based on input prior to approval of this letter agreement, and as needed during the course of the project. In the course of this engagement, we will perform the following specific tasks:

- A comparison of the Town's current rates to those of surrounding providers.

- A determination of the revenues required for the Town to meet its operating and capital obligations in the current year and future years.

- We will update our previously-prepared internationally-recognized water and wastewater cost of service and rate model to develop a customized ten-year utility cost of service for the Town's water and wastewater utilities using current budget, volume, debt service and capital improvement plan ("CIP") data. The model will identify current and forecast operating expenses, capital outlays and debt service for the period FY

2027 – 2036. The model will adhere to each respective utilities' industry ratemaking standards to ensure that the cost of service for each customer class is just, reasonable and accurate.

- The project team will prepare an updated proposed water and wastewater rate plan for the Town to consider. The proposal will enable the Town to recover sufficient revenues to fund operating and capital costs and to meet key financial objectives.

- The project team will summarize its initial findings and recommendations into a PowerPoint summary presentation for review with staff and the Town Council.

As part of this engagement, the project team will conduct the following meetings with Town staff:

- an initial meeting with staff to go over information required for the study
- a status/ preliminary recommendations meeting with staff to outline initial findings and answer questions raised during the course of the analysis;
- a workshop with Council to go over findings, recommendations and rate alternatives; and
- a final Council meeting at which the recommendations are voted upon by the Council.

As Principal in Charge for this engagement, I will have sole responsibility for its successful outcome. I will be assisted by Mr. John Moseley, Project Analyst.

Proposed Timing

The project team intends to have preliminary recommendations for staff within 90 days of receipt of all required data from Town staff.

Proposed Pricing

We propose to complete this study for a fixed fee of **$18,000**, to be invoiced monthly on a percentage of completion basis. Tasks or meetings considered to be outside the scope of this engagement will be discussed with Town Staff and additional work completed would be subject to staff approval and would be billed at our hourly rates.

Additional Services

Additional services may be authorized by the Town and will be billed at our then-current hourly overhead consulting rates. Our current hourly rates are:

RATE SCHEDULE | WFS 2025	
Vice President/Director	$ 310.00
Managing Principal	$ 300.00
Principal Consultant	$ 270.00
Senior Project Manager	$ 250.00
Project Manager	$ 210.00
Senior Project Analyst	$ 150.00
Senior Analyst	$ 135.00
Analyst II	$ 120.00
Analyst I	$ 110.00

Authorization

If the terms of this engagement are acceptable, please sign where indicated and email this letter back to our contracts supervisor:

Ms. Karen Checkon
Willdan Financial Services
5500 Democracy Drive, Ste. 130
Plano TX 75024
Ph. (972) 378-6588
E-mail: kcheckon@willdan.com

We appreciate this opportunity to serve the Town. If you have any questions regarding the proposed services, please contact me directly at (972) 378-6588 or via email at djackson@willdan.com.

Sincerely,

Willdan Financial Services

Dan V. Jackson, Vice President

October 1 2026
Date

Town of Jerome

Signature

Date

Print Name

ATTACHMENT 1 TO LETTER AGREEMENT

TERMS AND CONDITIONS

The Letter Agreement between Jerome ("Client") and Willdan Financial Services ("WFS") is subject to these Terms and Conditions (collectively, this "Agreement").

1. Additional Services. Additional services shall be performed by WFS only upon Client's request evidenced by a written addendum executed by both parties.

2. Compensation. WFS shall submit monthly statements for services. Payments shall be due and payable within 30 days of invoice and if not timely paid shall bear interest at the rate of 1.5% per month.

3. Termination. Either party may terminate this Agreement at any time upon 30 days' written notice. In the event of early termination, WFS shall be paid for services performed prior to the effective date of termination.

4. Data Provided by Client. WFS shall rely upon data provided by Client without independent verification of accuracy. WFS shall not be responsible for any errors resulting from its use of inaccurate data provided by Client.

5. Indemnification. Each Party shall indemnify the other from claims resulting from their respective negligence or other wrongful conduct or the negligence or other wrongful conduct of their respective officers, agents or employees.

6. Insurance. WFS shall maintain the following insurance:

a. Workers' Compensation and Employer's Liability Insurance as prescribed by applicable law.

b. Commercial General Liability Insurance, with limits not be less than $1,000,000 per occurrence and general aggregate.

c. Commercial Automobile Liability with limits not less than $1,000,000 per occurrence.

d. Professional Liability with limits not be less than $1,000,000 per claim and annual aggregate.

e. All policies except Professional Liability and Workers Compensation shall include Client as an additional insured and be primary with respect to any insurance carried by WFS. All policies shall include a waiver of subrogation in favor of Client.

f. WFS shall provide Client with certificates of insurance evidencing compliance with the above insurance requirements prior to commencing it services.

7. **Miscellaneous.**

a. Titles used in this Agreement are for general reference and are not a part of the Agreement.

b. This Agreement shall be interpreted as though prepared by both parties.

c. Any provision of this Agreement held to violate any law shall be deemed void, and all remaining provisions shall continue in full force and effect.

d. This Agreement shall be interpreted under the laws of the State of Texas.

e. This Agreement comprises a final and complete repository of the understandings between the parties and supersedes all prior or contemporary communications, representations or agreements, whether oral or written, relating to the subject matter of this Agreement.

f. Any notices given pursuant to this agreement shall be effective on the third business day after posting by first class mail, postage prepaid, to the address appearing immediately after the signatures below.

g. WFS shall not be liable for damages resulting from the actions or inactions of governmental agencies including, but not limited to, permit processing or environmental impact reports.

h. WFS's waiver of any term, condition, or covenant, or breach of any term, condition, or covenant, shall not constitute the waiver of any subsequent breach of any other term, condition or covenant.

i. WFS shall not responsible for the performance of services by third parties not retained by WFS.

j. Consultant shall receive reasonable adjustment for delays and costs incurred due to tariffs, or other similar acts of government.

8. Project Disclaimer

Client represents, acknowledges, and agrees that:

(i) Client uses the services of one or more municipal advisors registered with the U.S. Securities and Exchange Commission ("SEC") to advise it in connection with municipal financial products and the issuance of municipal securities;

(ii) Client is not looking to Willdan to provide, and client shall not otherwise request or require Willdan to provide, any advice or recommendations with respect to municipal financial products or the issuance of municipal securities (including any advice or recommendations with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues);

(iii) The provisions of this proposal and the services to be provided hereunder as outlined in the scope of services are not intended (and shall not be construed) to constitute or include any municipal advisory services within the meaning of Section 15B of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations adopted thereunder;

(iv) For the avoidance of doubt and without limiting the foregoing, in connection with any revenue projections, cash-flow analyses, feasibility studies and/or other analyses Willdan may provide client with respect to financial, economic or other matters relating to a prospective, new or existing issuance of municipal securities of client, (A) any such projections, studies and analyses shall be based upon assumptions, opinions or views (including, without limitation, any assumptions related to revenue growth) established by client, in conjunction with such of its municipal, financial, legal and other advisers as it deems appropriate; and (B) under no circumstances shall Willdan be asked to provide, nor shall it provide, any advice or recommendations or subjective assumptions, opinions or views with respect to the actual or proposed structure, terms, timing, pricing or other similar matters with respect to any municipal financial products or municipal securities issuances, including any revisions or amendments thereto; and

(v) Notwithstanding all of the foregoing, client recognizes that interpretive guidance regarding municipal advisory activities is currently quite limited and is likely to evolve and develop during the term of the potential engagement and, to that end, client will work with Willdan throughout the term of the potential Agreement to ensure that the Agreement and the services to be provided by Willdan hereunder, is interpreted by the parties, and if necessary amended, in a manner intended to ensure that client is not asking Willdan to provide, and Willdan is not in fact providing or required to provide, any municipal advisory services. Rate and Financial Planning Model.