

EXHIBIT A SERVICES

Task 1: Project Initiation and Project Management

Work Plan Activities

This task sets the stage for efficient and effective project execution through understanding the Town's perspective and what they value in a successful project.

Project Management

Provide timely invoices, regular calls with the Town's project manager, and identify milestones and deliverables.

Project Initiation Meeting

Provide data requests in advance of the project initiation meeting.

Review prior Town rate models before the meeting

Schedule conference call to review and clarify data request items.

Discuss other policy objectives that may affect the study (e.g., reserve policies, debt coverage requirements, etc.).

Review rate model functional requirements with staff

Pricing Objectives Workshop (held during project initiation meeting)

Conduct a pricing objectives workshop with Town staff to better understand the objectives of current rate structures and critical issues that should be considered in the development of alternative rate designs

Establish criteria for each objective in which to measure the ability of each structure to meet the objectives

Prepare rate structure alternatives that align with the selected objectives. Rate structure alternatives will be evaluated in Task 4

DELIVERABLES:

On-site kick-off meeting with Town Staff

Technical Memorandum summarizing results and action items from Kick-off meeting

Pricing objectives workshop

Technical memorandum summarizing results of pricing objectives workshop

Task 2: Water and Wastewater Customer Usage Analysis

Work Plan Activities

This task is the basis for developing accurate revenue projections and cost allocation between the various customer classes.

Analyze historical billed water consumption by meter size and by customer class. Tally the number of bills by customer class and calculate the average use per bill

Complete a water bill frequency for the residential and commercial showing the percentage of bills and volume included in the minimum charge and in excess of the minimum charge. This will be used the revenue projections developed in Task 3.

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Task 2: Water and Wastewater Customer Usage Analysis

Work Plan Activities

Complete a wastewater bill frequency for the commercial showing the percentage of bills and volume included in the minimum charge and in excess of the minimum charge. This will be used the revenue projections developed in Task 3. Conduct water and volume sensitivity analysis to develop optimum sales projections scenarios

DELIVERABLES:

Customer water class demand characteristics and wastewater flow characteristics used to develop revenue projections and rate design alternatives

Technical memorandum summarizing results of water demand and bill frequency analysis

Task 3: Water Development and Tap Fees Wastewater Tap and Regional Sewer Fees

Work Plan Activities

This task will ensure that new development funds their share of system needs thereby maintaining equity between existing and new customers. We will calculate separate fees for the water and wastewater utilities using the following approach.

Evaluate the water and wastewater system's existing available capacity to serve growth and the capacity anticipated to be added with the 10-year capital improvement program to determine best methodology for calculating development fees. The basic methodologies include

Buy-in: Historical perspective. Existing available capacity with nominal future growth

Incremental: Forward-looking. Little to no capacity available with large expansions projects in the new future

Hybrid: Combination of buy-in and incremental. Some existing capacity available with future expansion projects anticipated in the near future.

Calculate the current value of available capacity and planned growth-related costs. We will evaluate the valuation of existing assets:

Value of existing system facilities at current replacement costs using Engineering News Record Construction Cost Index (ENR-CCI) or other similar construction-related index

The unit replacement cost of the water system's backbone facilities (treatment plant, large transmission mains, pump stations, treated storage, etc.).

For the incremental method, identify growth-related projects with assistance from Town staff. For the water development fee, we will rely on the current market price based on Town estimates or use a weighted average of water resources values based on the Town's water portfolio

Estimate the remaining capacity in existing facilities and capacity to be added with future facilities (e.g. growth-related CIP)

Apply adjustments such as developer contributions and outstanding loans currently paid through rates

Determine the remaining existing capacity and future capacity to be added for the water and wastewater system.

Establish the average daily demand for a ¾" water meter to serve as the basis for the ¾" water development fee

Establish peak demand basis for a ¾" water meter. Calculate the tap fees for larger meter sizes based on published meter capacity ratios

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The regional sewer tap fee will be calculated in a similar manner to the wastewater tap fee however, will only include those assets/facilities associated with providing service to those customer benefit. Raftelis will develop a separate flow requirement (gpd) to calculate this fee if needed

Raftelis will develop an industrial wastewater tap fee considering a new developments specific peak flow, BOD and TSS requirements

Prepare a tap fee survey of peer communities for use in the final presentation to the Town Council.

Prepare a water development fee survey from similar communities for use in the final presentation to Town Council

DELIVERABLES:

Technical memorandum summarizing results of development fee analysis

Peer survey of development fees

Task 4: Water and Wastewater 10-Year Financial Plan

Work Plan Activities

This task lays the groundwork for creating a long-term financial roadmap to meet financial goals. This will assist the Town with proactive planning of large capital projects, evaluating various funding options, and balancing those to minimize future revenue adjustments.

Create a financial plan for the study period from 2023 to 2032. Prepare separate cash flows within the water and wastewater financial plans that track annual operating and growth-related activities.

Operating Fund

Forecast revenue under existing (2022) rates using the demands projections developed in Task 2, the capital improvement fee, and other miscellaneous revenues.

Forecast operations and maintenance (O&M), repair and replacement (R&R) capital, and existing and proposed debt service. Incorporate new positions, changes in operating efficiencies, etc.

Forecast existing and proposed debt service based on identified capital projects available for bond funding

Capital (Growth-Related Capital Fund)

Forecast tap fee revenue and water development fee revenue based on projections from community planning or any available planning documents

Incorporate growth-related projects in the 10-year cash flow

Identify the projects eligible for bond or state loans based on timing, duration, and the project amount. Raftelis can present financial plan alternatives considering specific projects financed through state loans or grants the City has secured.

Financial Plan Optimization

Develop an 'optimal' revenue requirement financial plan balancing a mix of cash funding and debt financing capital projects (if applicable) while meeting reserve targets and debt service coverage requirements while maintaining conservative debt capacity levels and minimizing revenue increases. Calculate annual rate revenue adjustments needed through the study period.

Review existing reserve and debt capacity levels and recommend changes based on specific financial risks or upcoming large capital expenditures.

Conduct an on-site meeting to review preliminary results with Town staff.

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Task 4: Water and Wastewater 10-Year Financial Plan

Work Plan Activities

Update financial plan scenarios based on feedback from Town staff

Prepare a rate survey of communities for use in the final presentation to Town staff and the Town Council

DELIVERABLES:

Financial plan alternative cash flows

On-site meeting with Staff to review and finalize cash flows for use in the cost of service and rate design analysis

Technical memorandum summarizing results of financial plan analysis

Task 5: Water and Wastewater Cost of Service

Work Plan Activities

The cost of service analysis will determine each customer class' fair share of cost to provide service. We will use industry standard methodologies and our expertise to develop an equitable distribution of costs.

Water Utility

Determine the test year revenue requirement

Assign the net book value or replacement cost of existing utility infrastructure to the correct functional categories for the allocation of annual capital costs. Functional categories include: treatment, transmission and distribution, pumping, storage, fire protection, and non-potable costs.

Assign test-year capital costs (PAYGO financing and projected debt service), O&M expenses, and non-rate revenue offsets to the correct functional categories

Allocate test-year capital cost, O&M expenses, and non-rate revenue offsets to the correct demand parameters. Demand parameters include average day demands, peak demands, and customer-related activities such as billing, meters and services, and customer field services.

Determine customer class units of service. Units of service include class average day demands, peak demands, number of bills and number of ¾" meter equivalents.

Distribute the allocated test-year capital costs, O&M expenses and non-rate revenue offsets to customer classes based on each of their proportionate share of demands, bills and equivalent meters

Compare the class cost of service for treated and non-potable customers to the revenue projected under existing rates for the test-year. This comparison will show the percentage change in the classes based on the cost of service process.

Wastewater Utility

Determine the test year revenue requirement

Assign the net book value or replacement cost of existing utility infrastructure to the correct functional categories for the allocation of annual capital costs. Functional categories may include: primary treatment, secondary treatment, UV disinfection, headworks, collection system lift stations, etc..

Assign test-year capital costs (PAYGO financing and projected debt service), O&M expenses, and non-rate revenue offsets to the correct functional categories

Allocate test-year capital cost, O&M expenses, and non-rate revenue offsets to the correct demand parameters. Demand parameters include contributed flow, infiltration and inflow, strength, and customer-related activities such as billing, meters and services, and customer field services.

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Task 5: Water and Wastewater Cost of Service

Work Plan Activities

Determine customer class units of service. Units of service include class billable flows, infiltration and inflow contributions, strength, and customer.

Distribute the allocated test-year capital costs, O&M expenses and non-rate revenue offsets to customer classes based on each of their proportionate share of demands, bills and equivalent meters

Using the unit cost of service, develop extra strength charges for BOD and TSS

Compare the class cost of service to the revenue projected under existing rates for the test-year. This comparison will show the percentage change in the classes based on the cost of service process.

DELIVERABLES:

Draft technical memorandum summarizing assumptions, data sources, and preliminary results of the water and wastewater cost of service analysis

Conference call with Staff to review water and wastewater cost of service results.

Technical memorandum summarizing the finalized cost of service results based on feedback from Staff. These results will be used in the rate design analysis

Task 6: Water and Wastewater Rate Design

Work Plan Activities

This task develops the rate structure and rates required to meet the pricing objectives of the utility and generate sufficient revenue recovery from each customer class.

Using the selected pricing objectives and evaluation metric identified in Task 1, determine the alignment the existing rate structure has with the objectives. Assess the ability of proposed rate structures to align with the evaluation metrics. Rank the existing structure against the alternatives and select 2 or 3 structures to determine test year rates.

Update the current water and wastewater rates with the test year revenue requirement increase. This serves as the baseline for comparison against other rate structures

Based on the rate structure ranking results, develop test year rates for each alternative. Compare results from proposed rates under each structure against the ability to meet ranked pricing objectives

Develop a bill impact table for each customer class which compares typical monthly bills under existing and proposed rate structures, annual bills for typical customers, and an annual bill comparison under the rate alternative and existing rates for each customer in a class summarized to show the number of customers that will annual bill increase or decrease.

Develop a water and wastewater utility bill comparison under the Town's existing and proposed rate alternatives compared against up to 10 peer utilities

DELIVERABLES:

Technical memorandum summarizing results of rate design analysis of the existing and proposed rate structure alternatives

On-site meeting with Town Staff and other stakeholders to review rate design alternatives, update based on discussions with Staff and finalize the preferred rate alternative

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Task 7: Council Presentations and Reports

Work Plan Activities

Attend two meetings to present findings the Town Council Meetings
Prepare a draft summary report of findings and conclusions of the study for staff to review and comment Incorporate comments from the draft report into a final report.

Task 8: Public Meetings

Work Plan Activities

This task is intended to build trust and understanding in the community through public engagement

- Near the beginning of the study work with the Town to plan one open house. This will include marketing beforehand to ensure community members know to attend
- Host the first open house around the time Task 2 or 3 is taking place. The meeting will allow the rates team to better understand the community's values and give community members the opportunity to ask questions and better understand the study
- Near the end of the study, when alternatives are available, host the second open house. This final open house will ensure the community understands the rate options and their impacts. Before the meeting, Town staff will be assisted with marketing and ensure key stakeholders are present
- As discussed with the Town, Raftelis will provide guidance and materials for these meetings, but will not host them. The Town will be responsible for carrying out the meeting activities using Raftelis' guidance

DELIVERABLES:

- One planning meeting with Town staff per open house
- Attendance at two open house forums
- Guidance to Town staff for messaging and discussion topics
- Meeting materials creation as necessary – handouts, boards, slide decks
- One social media post about each meeting
- One press release announcing each meeting

**Town staff will be responsible for securing the meeting location, equipment, refreshments, childcare, and other meeting needs.*

Task 9: Rate Communications

Work Plan Activities

This task is intended to build trust and understanding in the community by providing easy-to-understand information

Produce materials to enhance understanding and awareness of the study in the community for the duration of the study

Establish communications tools and tactics at the Town kickoff meeting

Create social media posts to build awareness of the study at the beginning and understanding of the alternatives and recommendation at the end of the study

Create one list of FAQs to be used on the website. These will explain what a rate study is, the process of a rate study, its impacts, and other applicable information

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Task 9: Rate Communications

Work Plan Activities

Create additional website content to inform the community

DELIVERABLES:

One bill stuffer or brochure

10 social media posts over the course of the study

One list of FAQs to be used on the website and other materials

One page of website content for the Town to place on its website.