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June 30, 2025

Mr. Will Stallard
Civil Engineer
City of Kingsport
Utilities Department
20 West Industry Drive
Kingsport, TN 37660

Subject: Proposal to Amend Professional Services for Stormwater Master Plan – Phase 1 to Perform a Cost of Service Analysis

Dear Will:

Background

In 2011, the City's Stormwater Advisory Committee reached consensus on the recommendation for implementing a stormwater utility fee and enhanced stormwater management program. The Stormwater Utility is responsible for the operation, construction, maintenance, and rehabilitation of stormwater facilities; for stormwater system planning, property acquisition related to stormwater management, and for review of stormwater development plans for compliance with federal and state regulations, stormwater management ordinances, policies, procedures and manuals.

Following the recent Phase 1 Stormwater Master Planning effort, the City wishes to amend the current Stormwater Master Planning contract to perform an updated cost of service analysis for the Stormwater Utility funding program to identify and assess the needs of the community following 13- years of stable program funding. The study will include an evaluation of current program performance and needs, a level of service analysis, a rate structure evaluation and a recommended path forward. Also, to build on the Phase 1 Master Planning effort, this study will include an update of the City's existing utility billing file, including a revision to the impervious area layer and updated billing unit determination.

Scope of Services

Task 1 – Project Kickoff Meeting

At the project kickoff meeting, CDM Smith (CONSULTANT) will work with the City of Kingsport (CITY) staff to establish the goals and objectives of the project, review the project scope items, develop the overall project schedule, as well as discuss project data needs from the CITY. If available for the project kickoff workshop, the CITY will provide to the CONSULTANT data related to the stormwater program, current CITY budget, an updated billing database and associated GIS digital data, and a list of contact names for staff associated with elements of the stormwater management programs.





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The meeting will be conducted in person. CONSULTANT will provide a meeting summary with action items for team members within two weeks following the meeting.

Task 2 – Data Collection and Analysis

Following the project kickoff meeting, the CONSULTANT will work with the CITY to provide relevant information regarding the current stormwater program as well as accomplishments of the program since stormwater utility implementation. The CONSULTANT will use the reports and data from, and build upon, information provided by the CITY on existing expenditures, fiscal budgets, existing procedures and workflows, water quality needs based on NPDES and/or TMDLs and other available existing documents to help define existing and potential future program needs. The CONSULTANT will submit a request to the CITY for additional information to understand the CITY's system, the stormwater activities, and associated services currently provided by the CITY. This information may include:

- Existing NPDES Phase II permit and any correspondence from TDEC;
- Existing ordinances and studies (comprehensive plans, master plans, etc.);
- Water quality information on impairments for streams and rivers;
- CITY records documenting water quality and/or flooding complaints, such as monitoring information and work orders;
- Geographic Information System (GIS) inventories of stormwater facilities maintained by the CITY along with available condition data, parcels, sanitary sewer system, septic areas, land use, zoning, elevation data (DEM/las), Stormwater Control Measure (SCMs), greenways/parks, and current aerials;
- Most recent, parcel-level impervious area information;
- Stormwater utility billing file(s) and summaries of recent revenues from the fee;
- Stormwater program expenditures;
- Existing organizational structure and responsibilities by activities and department;
- Existing operations and maintenance (O&M) activities;
- Listing of known capital project needs and capital improvement projects for other departments (transportation, water, and sewer).

Task 3 – Stormwater Utility Program Needs Analysis

Building upon the information supplied by the CITY in Tasks 1 and 2 and work completed by the CONSULTANT in the Stormwater Master Plan – Phase 1 project, the CONSULTANT will review the details and compile the total annual stormwater program costs (MS4 compliance, O&M, administrative, plus capital costs) for a 10-year planning period. To compare the impacts upon user rates and funding sources, the CONSULTANT will generate estimates for different levels of service (LOS) based on the qualitative data related to comparable programs for which the CONSULTANT has compiled similar data and the future goals of the CITY. The information will be presented in tabular and graphical form to meet the annual expenditures developed during Tasks 1 and 2 in the Final Report (Task 5) and as defined by the following Subtasks.

Subtask 3.1 – Existing Stormwater Program Evaluation

The CONSULTANT's will categorize the CITY's stormwater management into four areas: program management (e.g., administration, planning, enforcement, engineering, etc.), regulatory compliance (e.g., NPDES MS4 requirements and other related water quality program elements), O&M (e.g., cleaning, pond maintenance, minor repair, etc.), and Capital Improvement Program (CIP). The current program offered by the CITY can be objectively reviewed, assigning a grade or score (A to F or 1 to 5) depending on the services provided by the CITY.

Subtask 3.2 – Expanded Stormwater Program Evaluation

Using the results from Subtask 3.1, the CONSULTANT will work with the CITY to develop a list of stormwater management activities and associated costs that yield a higher LOS than the existing program. While a minimum of LOS C is recommended for NPDES Compliance, the LOS for each of the other program elements is a function of what the CITY desires and is willing to fund. The LOS determination will be augmented with the budgets for the existing LOS as well as estimates of budgets needed to improve the LOS to a higher grade. These costs, along with the listing of services needed to improve the LOS, provide a basis for a consideration of funding alternatives.

Subtask 3.3 – Stormwater Program Cost Evaluation

Based on the existing and potential future costs, the CONSULTANT will prepare the CITY's 10-year program needs analysis to include two alternatives: the first will be a projection of costs over the 10-year period with no substantial change in LOS; the second will be projection of costs over the 10-year period with an increase in LOS mutually agreed upon by the CONSULTANT and the CITY for the four stormwater program elements defined under this task. It is anticipated that the results of the cost evaluation will be presented to CITY staff in a workshop to develop final report recommendations. The results will be included in the final report (Task 5).

Task 4 – Stormwater Utility Billing File Update and Future Rate Evaluation

As an outcome of the Stormwater Master Plan – Phase 1 project, the CONSULTANT provided recommendations for an update of the Stormwater Utility Billing file. The study identified approximately 800 residential properties and approximately 200 non-residential properties that may require review or update to bring the billing file to a current state. For this project, the CONSULTANT will use the results of the previous study to identify the parcels for review and will update the CITY'S existing utility billing file. The update will also include digitized impervious areas for the 200 non-residential properties. The level of effort for this task includes the 1000 total properties as described above. If additional properties are identified that require updates, this agreement will need to be amended accordingly.

Using the updated utility billing file, the CONSULTANT will develop an updated rate model with associated billing units to evaluate potential rate impacts for the levels of service identified in Task 3. The CONSULTANT will evaluate up to 3 scenarios. The results of this analysis will be included in the final report (Task 5).

Task 5 – Summary Report

The CONSULTANT will prepare a final draft report in “pdf” format summarizing the efforts defined in previous tasks and submit to the CITY for review. The report will include:

- An executive summary;
- Summary of background information and collected data;
- Estimation of the existing level of service and analysis of future needs;
- Analysis of baseline costs associated with the utility and funding options;
- Summary of billing file updates and adjustments to the base number of billing units;
- A 10-year projection of stormwater management costs for up to 3 levels of service; and
- Statement of final recommendations.

Following the review by the CITY, a meeting will be held to discuss the CITY's comments. The CONSULTANT will incorporate the comments received relative to the final draft report into a final report to be prepared and delivered to the CITY. The CONSULTANT will provide one electronic copy in “pdf” format delivered on a flash drive.



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Task 6 - Project and Quality Management and Meetings

Subtask 6.1 - Project Progress Meetings

The CONSULTANT will attend up to 2 progress meetings with the CITY to discuss the progress of the project for the estimated 6-month duration of the project. The CONSULTANT will prepare meeting notes of each meeting as appropriate. This task also includes internal team meetings.

Subtask 6.2 - Project Quality Management

The CONSULTANT maintains a quality management system (QMS) on all of CITY projects. An internal project planning and scope review meeting will be conducted at the start of the project. This action is required by CONSULTANT's QMS guidelines. Technical specialist reviews are budgeted for and will be performed to review various submittals.

Subtask 6.3 - Project Schedule and Status Reports

The CONSULTANT will prepare and submit a project schedule identifying major tasks, duration, and task relationships. The project schedule shall be submitted within ten 10 days after receiving a notice to proceed (NTP). The CONSULTANT's project manager will prepare and submit a monthly written status report and invoice for anticipated project duration of 6 months.

Data or Coordination Assistance Provided by the City

1. The CITY shall designate individuals who will be responsible to coordinate information and schedule necessary meetings to facilitate transfer of information and CITY's needs defined under Task 1 and Task 2.
2. The CITY will meet with the CONSULTANT to discuss the stormwater management activities accomplished by the CITY during the last year and potential future needs for the programs, potential stormwater management activities needed to accomplish future needs of the CITY.

Assumptions

1. Public meetings and/or CITY board meetings are not included in this scope of work.
2. The CONSULTANT will review and update a maximum of 1,000 parcels/accounts in the utility billing file, subdivided by 800 residential parcels and 200 non-residential parcels.
3. The CONSULTANT will rely upon data provided by the CITY for future CIP costs and/or use benchmarks from other similar sized communities. The CONSULTANT will not be responsible for developing capital projects or costs through modeling/engineering analysis.
4. CITY shall be responsible for, and CONSULTANT may rely upon, the accuracy and completeness of all requirements, programs, instructions, reports, data, and other information furnished by CITY to CONSULTANT pursuant to this Agreement. CONSULTANT may use such requirements, programs, instructions, reports, data, and information in



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performing or furnishing services under this Agreement. CONSULTANT's scope of work does not include verifying CITY Provided Information for accuracy or completeness. CITY may request an independent review of CITY Provided Information by CONSULTANT pursuant to a mutually agreed amendment to this Agreement. CONSULTANT shall be entitled to an adjustment in price and schedule to the extent that any corrective action in CONSULTANT's Services arises out of inaccurate CITY Provided Information.

Deliverables

The CONSULTANT will provide the following deliverables to the CITY:

1. One project kickoff meeting and subsequent summary meeting notes (Task 1).
2. One summary email of additional data collection needs (Task 2).
3. One digital copy of the Draft Stormwater Utility Cost of Service Analysis Report in "pdf" format.
4. One electronic copy in "pdf" format delivered on a flash drive of the Final Stormwater Utility Cost of Service Analysis Report (Task 5).

Time of Completion/Schedule

It is anticipated that the project will take 6 months to complete, starting within 10 days of receipt of a formal NTP. The estimated schedule for completion by task is shown below:

- Project Kick off Meeting and Data Collection (Month 1)
- Cost of Services and Program Needs Analysis (Months 2 & 3)
- Stormwater Utility Billing File Update Rate Structure Analysis (Month 4)
- Draft Summary Report (Month 5)
- Final Summary Report (Month 6)

A detailed schedule will be submitted to the CITY within 10 days after receiving the NTP.



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Payment and Compensation

The City of Kingsport shall compensate the CONSULTANT for providing services set forth herein in accordance with the terms of the Agreement. Invoicing for the work shall be monthly on a lump sum percentage of work completed basis. A status report will accompany each progress invoice.

An estimated breakdown of cost for this Amendment #1 by task is provided for informational purposes below. The fee for this Amendment #1 is \$126,000. The project total upper limit, including this Amendment #1, shall not exceed \$293,500 without written amendment to this authorization.

Task Number	Task Name	Estimated Cost	Estimated Hours
1	Kickoff Meeting	\$8,000	30
2	Data Collection	\$11,000	58
3	LOS Analysis	\$24,000	122
4	Rate & Billing File Update	\$34,000	232
5	Draft and Final Report	\$29,000	164
6	Project/Quality Management	\$20,000	84
TOTAL		\$126,000	690

CDM Smith looks forward to continuing our partnership with you for the on-going development of your stormwater management program. Please contact me with any questions or need for any additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Daniel Unger".

Daniel Unger, PE, PMP
Client Service Leader
CDM Smith Inc.