



## **Exhibit B – Task Order No. 11**

### **Scope of Services – Water Rate Analysis**

#### **11.1 Project Management and Coordination**

- 11.1.1 ENGINEER will provide Administrative Assistance in the form of Project Management and Coordination as described in paragraph 3.1.4 as follows:
  - 11.1.1.1 Task Kick-Off Meeting – ENGINEER shall prepare agenda, minutes and host kick-off meeting for scope of services within Task Order No. 11. Kick off meeting to coordinate project goals, preferred communications, and schedule with the project team.
  - 11.1.1.2 Work Task Coordination – ENGINEER to provide general project management activities, including oversight and coordination of the contract and budget, schedule, quality control, and monthly invoice preparation for a maximum period of time not to exceed of 120 calendar days.
  - 11.1.1.3 ENGINEER shall develop a formal Request for Information (RFI) Log that communicates data request to and from OWNER and ENGINEER.
- 11.1.2 OWNER has designated the following person(s) to act as OWNER’S representative with respect to the services to be performed under this Task Order as described in paragraph 4.7:
  - 11.1.2.1 City Administrator: David Cameron
  - 11.1.2.2 Public Works Director: Andrew Nelson
  - 11.1.2.3 City Engineer: Garrett Brickner
  - 11.1.2.4 Operations Manager: Jason Davis
  - 11.1.2.5 City Finance Director: Debbie Parks

#### **11.2 Water Financial Planning and Rate Analysis**

- 11.2.1 Using an approach comparable to the Wastewater Rate Analysis authorized under Task Order 9, ENGINEER will evaluate the sufficiency of water revenues under existing rates in meeting future water utility costs.
  - 11.2.1.1 ENGINEER will assess the financial impact of funding future operating and capital costs to assist the OWNER in determining its preferred funding strategy and inform the OWNER regarding the impact to water rates.
  - 11.2.1.2 ENGINEER will meet with the OWNER to discuss the water utility’s current financial position, develop an understanding of existing cost obligations, review any existing financial policies impacting the utility, and review potential funding strategy options. An initial data request will be prepared and submitted to the OWNER. Data required will include history on revenues, customers, and billed water volumes; annual financial reports; budgets for operation and maintenance expenses; debt service schedules on existing debt; capital improvement plans, current rates, and beginning balances. Financial policies governing water utility financial management will also be requested, such as targeted reserve balances and debt service coverage, as applicable.
  - 11.2.1.3 A five- to ten-year cash flow model will be developed to examine the sufficiency of water revenues under existing rates to fund future operation and maintenance expenses, debt obligations, and capital projects. The cash flow model will be equipped with scenario capabilities to assess different capital

funding scenarios (i.e. debt issuance assumptions; cash vs. debt funding strategies, etc.) and terms. Proposed revenue increases will be forecasted based on the projected revenue requirements associated with capital improvement plans and funding strategies. Similar to the Wastewater Rate Analysis, it is important to include capital funding requirements associated with projects such as renewal and replacement to provide a financial plan that meets the needs of the utility for the foreseeable future.

- 11.2.1.4 Utilizing an across the board increase in rates, future rates and typical bills will be estimated to provide OWNER an understanding of the rate payer impact associated with the capital improvement plans. A comparison of bills under existing and potential future rates will be made for different customer types. Additionally, typical residential bills will be developed to compare the OWNER's existing and future water bills with those of other communities in the region.
- 11.2.1.5 ENGINEER will prepare a draft report that summarizes the financial planning scenarios and estimated rate impacts, the methodology used, and assumptions included in the study. Feedback from the OWNER's review of the report will be incorporated as appropriate, and a final report will be provided. ENGINEER will present the findings to the OWNER.
- 11.2.1.6 Participate in preparation and attendance of up to two public meetings to present results and recommendations.

**Responsibilities of the OWNER:**

1. Refer to Section 4 of the Professional Services Agreement dated February 6<sup>th</sup>, 2018.