

**PROFESSIONAL SERVICES AGREEMENT
FOR
CONSULTANT SERVICES
RELATED TO
ADMIN CONTRACT NO. 0000-10089
CITY OF TOMBALL
UTILITY RATE STUDY**

**THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §**

THIS AGREEMENT is made, entered into, and executed by and between the CITY OF TOMBALL, TEXAS (the "City"), a municipal corporation of the State of Texas, and Willdan Financial Services ("Consultant").

WITNESSETH:

WHEREAS, Consultant represents that it is capable of providing and qualified to provide professional services to the City and desires to perform the same;

NOW, THEREFORE, the City and Consultant in consideration of the mutual covenants and agreements herein contained, do mutually agree as follows:

**SECTION I.
SCOPE OF AGREEMENT**

Consultant agrees to perform certain professional services as outlined and defined in the Proposal attached hereto as Exhibit A, and made a part hereof for all purposes, hereinafter sometimes referred to as "Scope of Work," and for having rendered such services, the City agrees to pay Consultant compensation as stated in the sections to follow.

**SECTION II.
CHARACTER AND EXTENT OF SERVICES**

Consultant shall do all things necessary to render the services and perform the Scope of Work in a manner consistent with the professional skill and care ordinarily provided by competent consultants practicing in the same or similar locality and under the same or similar circumstances and professional license. It is expressly understood and agreed that Consultant is an Independent Contractor in the performance of the services agreed to herein. It is further understood and agreed that Consultant shall not have the authority to obligate or bind the City, or make representations or commitments on behalf of the City or its officers or employees without the express prior approval of the City. The City shall be under no obligation to pay for services rendered not identified in Exhibit "A" without prior written authorization from the City.

**SECTION III.
OWNERSHIP OF WORK PRODUCT**

Consultant agrees that the City shall have the right to use all exhibits, maps, reports, analyses and other documents prepared or compiled by Consultant pursuant to this Agreement. The City shall be the absolute and unqualified owner of all studies, exhibits, maps, reports, analyses, determinations, recommendations, computer files, and other documents prepared or acquired pursuant to this Agreement with the same force and effect as if the City had prepared or acquired the same. It is further understood and agreed that ownership and usage rights associated with the above referenced documents and analyses, hereinafter referred to as instruments, are contingent upon Consultant's completion of the services which will result in the production of such instruments and Consultant's receipt of payment, in full, for said services. Additionally, City understands and agrees that the rights described and provided hereunder shall not preclude or prevent Consultant from continuing to use those processes, analyses and data.

**SECTION IV.
TIME FOR PERFORMANCE**

The time for performance is as estimated in Exhibit A attached hereto. Upon written request of Consultant, the City may grant time extensions to the extent of any delays caused by the City or other agencies with which the work must be coordinated and over which Consultant has no control.

**SECTION V.
COMPLIANCE AND STANDARDS**

Consultant agrees to perform the work hereunder in accordance with generally accepted standards applicable thereto and shall use that degree of care and skill commensurate with the applicable profession to comply with all applicable state, federal, and local laws, ordinances, rules, and regulations relating to the work to be performed hereunder and Consultant's performance.

**SECTION VI.
INDEMNIFICATION**

To the fullest extent permitted by Texas Local Government Code Section 271.904, Consultant shall and does hereby agree to indemnify, hold harmless and defend the City, its officers, agents, and employees against liability for damage caused by or resulting from an act of negligence, intentional tort, intellectual property infringement, or failure to pay a subcontractor or supplier committed by the Consultant, the Consultant's agent, consultant under contract, or another entity over which the Consultant exercises control.

**SECTION VII.
CONSULTANT'S COMPENSATION**

For and in consideration of the services rendered by Consultant pursuant to this Agreement, the City shall pay Consultant only for the actual work performed under the Scope of Work, on the basis set forth in Exhibit "A," up to an amount not to exceed \$45,000.00, including reimbursable expenses.

**SECTION VIII.
INSURANCE**

Consultant shall procure and maintain insurance in accordance with the terms and conditions set forth for protection from workers' compensation claims, claims for damages because of bodily injury, including personal injury, sickness, disease, or death, claims or damages because of injury to or destruction of property, including loss of use resulting therefrom, and claims of errors and omissions.

**SECTION IX.
TERMINATION**

The City may terminate this Agreement at any time by giving seven (7) days prior written notice to Consultant. Upon receipt of such notice, Consultant shall discontinue all services in connection with the performance of this Agreement and shall proceed to promptly cancel all existing orders and contracts insofar as such orders or contracts are chargeable to the Agreement. As soon as practicable after receipt of notice of termination, Consultant shall submit a statement, showing in detail the services performed under this Agreement to the date of termination. The City shall then pay Consultant that proportion of the prescribed charges which the services actually performed under this Agreement bear to the total services called for under this Agreement, less such payments on account of the charges as have been previously made. Copies of all completed or partially completed maps, studies, reports, documents and other work product prepared under this Agreement shall be delivered to the City when and if this Agreement is terminated.

**SECTION X.
ADDRESSES, NOTICES AND COMMUNICATIONS**

All notices and communications under this Agreement shall be mailed by certified mail, return receipt requested, to Consultant at the following address:

Willdan Financial Services
Attn: Dan Jackson
5500 Democracy Drive, Suite 130
Plano, Texas 75024

All notices and communications under this Agreement shall be mailed by certified mail, return receipt requested, to the City at the following address:

City of Tomball
Attn: Project Manager
501 James Street
Tomball, Texas 77375

**SECTION XI.
LIMIT OF APPROPRIATION**

Prior to the execution of this Agreement, Consultant has been advised by the City and Consultant clearly understands and agrees, such understanding and agreement being of the absolute essence to this Agreement, that the City shall have available only those sums as expressly provided for under this Agreement to discharge any and all liabilities which may be incurred by the City and that the total compensation that Consultant may become entitled to hereunder and the total sum that the City shall become liable to pay to Consultant hereunder shall not under any conditions, circumstances, or interpretations hereof exceed the amounts as provided for in this Agreement.

**SECTION XII.
SUCCESSORS AND ASSIGNS**

The City and Consultant bind themselves and their 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. Neither the City nor Consultant shall assign, sublet, or transfer its interest in this Agreement without the written consent of the other. Nothing herein shall be construed as creating any personal liability on the part of any officer or agent of any public body which may be a party hereto.

**SECTION XIII.
DISCLOSURE OF INFORMATION**

Consultant shall under no circumstances release any material or information developed in the performance of its services hereunder without the express written permission of the City.

**SECTION XIV.
MODIFICATIONS**

This instrument, including Exhibits A and B, contains the entire Agreement between the parties relating to the rights herein granted and the obligations herein assumed. Any oral or written representations or modifications concerning this instrument shall be of no force and effect excepting a subsequent modification in writing signed by both parties hereto.

**SECTION XV.
ADDITIONAL SERVICES OF CONSULTANT**

If authorized in writing by the City, Consultant shall furnish, or obtain from others, Additional Services that may be required because of significant changes in the scope, extent or character of the Scope of Work, as defined in Exhibit "A." These Additional Services, plus reimbursable expenses, will be paid for by the Owner on the basis set forth in Exhibit "A," up to the amount authorized in writing by the City.

**SECTION XVI.
CONFLICTS OF INTEREST**

Pursuant to the requirements of the Chapter 176 of the Texas Local Government Code, Consultant shall fully complete and file with the City Secretary a Conflict of Interest Questionnaire.

**SECTION XVII.
PAYMENT TO CONSULTANT FOR SERVICES AND
REIMBURSABLE EXPENSES**

Invoices for Basic and Additional Services and reimbursable expenses will be prepared in accordance with Consultant's standard invoicing practices and will be submitted to the Project Manager at least monthly. Invoices are due and payable thirty (30) days after receipt by the City.

**SECTION XVIII.
PAYMENT FOR SERVICES AND REIMBURSABLE EXPENSES**

Invoices for Basic and Additional Services and reimbursable expenses will be prepared in accordance with Consultant's standard invoicing practices and will be submitted to the City by Consultant at least monthly. Invoices are due and payable thirty (30) days after receipt by the City.

**SECTION XIX.
MISCELLANEOUS PROVISIONS**

A. Venue for any legal actions arising out of this Agreement shall lie exclusively in the federal and state courts of Harris County, Texas.

B. This Agreement is for sole benefit of the City and Consultant, and no provision of this Agreement shall be interpreted to grant or convey to any other person any benefits or rights.

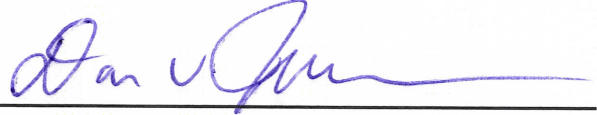
C. Consultant further covenants and agrees that it does not and will not knowingly employ an undocumented worker. An "undocumented worker" shall mean an individual who, at the time of employment, is not (a) lawfully admitted for permanent residence to the United States, or (b) authorized by law to be employed in that manner in the United States.

D. In accordance with Chapter 2270, Texas Government Code, a government entity may not enter into a contract with a company for goods or services unless the Consultant covenants and agrees that it: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the contract. Furthermore, the Consultant is prohibited from engaging in business with Iran, Sudan or Foreign Terrorist Organizations.

IN WITNESS WHEREOF, the City of Tomball, Texas, has lawfully caused this Agreement to be executed by its Mayor; and Consultant, acting by its duly authorized officer/representative does now sign, execute and deliver this instrument.

EXECUTED on this ___ day of _____, 2023.

Company Name: Willdan Financial Services



Name:

Dan V. Jackson

Title:

Vice President

CITY OF TOMBALL, TEXAS

David Esquivel, City Manager

ATTEST:

Tracylynn Garcia, City Secretary

Cover Letter

March 23, 2023

City of Tomball
Ms. Megan Mageo
Project Manager
501 James Street
Tomball, TX 77375

Re: Proposal to Prepare a Water, Wastewater and Gas Rate Study for the City of Tomball

Dear Ms. Mageo:

Thank you for the opportunity to present this proposal for a Water and Wastewater Rate Study and Long-Term Financial Plan for the City of Tomball ("the City"). **Willdan Financial Services** ("Willdan") is one of the largest public sector financial consulting firms in the United States. Our company has helped over 800 public agencies successfully address a broad range of financial challenges, such as financing the costs of growth and generating revenues to fund desired services.

We have a proven track record of completing projects on time and staying within the quoted budget. Our client references will confirm that we do not miss deadlines or exceed our budget in our engagements. We encourage you to contact the references provided for feedback on our performance, commitment to our clients and adherence to project milestones.

Willdan's interactive approach will result in a customized financial model developed in Microsoft Excel that is easy to use, and a focused and tailored analysis of the City's current rates, revenues, capital project and operational expenditures, debt commitments, reserve funding, and other financial data. The culmination of our analyses will be a comprehensive financial management plan that develops projected system operating results and allows for alternative rate plans for a ten-year time horizon. We will employ our proven interactive approach and will adapt our internationally recognized Excel-based financial model for the specific use of the City. This will prove invaluable in helping us guide the City through operating and financial scenarios, evaluate the impact of policy assumptions, and perform sensitivity analysis on utility rate and financial strategies.

Our ability to focus on the financial aspects of operating publicly owned utility systems is coupled with recognized leadership in strategic planning and operations. This combination enables us to bring unmatched value to our clients. Our team brings a set of nationally recognized qualifications and experts that sets us apart. These qualifications include:

Live and Work in Texas — We will conduct the analysis for this study both at the City and in our Plano, Texas office. We present a team of professionals with decades of experience providing economic and financial consulting services to the utility industry. Our team includes professionals with nation-wide reputations and experience in the industry, and impeccable academic credentials. Plus, we have an in-depth knowledge of the Houston-area market, given our residence here in Texas and our experience with approximately 105 Texas cities and utilities, including several in the Harris County region.

Familiarity with the City of Tomball — We completed the City's last rate study in 2018, which resulted in the successful implementation of a new long term financial plan for the water and wastewater utility. We also completed a comprehensive evaluation of and assistance with the City's new natural gas contract in 2019. This means that all the models necessary to complete a new study have already been developed, tested, reviewed and approved by staff and Council. The Council has shown confidence in us, having adopted and implemented our prior rate plan. Therefore, in this engagement we will update our previously-developed Microsoft Excel spreadsheet-based utility rate and financial planning models for the gas and water/wastewater utilities for the purposes of this engagement. We already have significant familiarity with the City, its accounting and budgeting, and its current and forecast growth. Additionally, we assisted the City in negotiating and interpreting its current Gas contract with its supplier. Whereas other firms would have to build such models from scratch and would have to become familiar with the City's operations and finances, we already possess the background knowledge we require to produce results most effectively and efficiently.

Extensive Expertise in Financial and Wholesale/Retail Rate Modeling — The Project Team's efforts will result in a focused and tailored analysis of the City's current utility rates and revenues, development of a comprehensive financial management plan, wholesale and retail cost of service analysis based on guiding industry practices, and innovative rate design solutions. Our internationally recognized model will have the capability to carefully test and evaluate financial scenarios and rate design and policy assumptions. Our team has decades of experience in utility wholesale/retail rate modeling, and the final dashboard-driven model tailored specifically for the City will be both technically proficient and remarkably easy to understand and update. The

Willdan rate model is considered to be one of the premier ratemaking tools in the industry and has been adapted for the use of setting rates for hundreds of cities across the USA and five sovereign nations.

Significant Resources to Devote to Serving the City's Needs — Willdan combines the approach and attention of a boutique, North-Texas based consulting firm with the resources of a nation-wide consulting organization. While our proposed team is based entirely in our Plano office, if necessary, we can draw from the vast resources and industry expertise of fellow Willdan employees in other regions of the USA. This gives us a significant advantage over sole proprietors or single-office consulting firms, who often have limited availability, resources and expertise that can hamper their ability to serve their client.

Effectively Communicate Study Results — Sound technical analysis is only one element of this process. It will be equally important to effectively and transparently communicate results and implications of the proposed revenue requirement and rates to City staff, Council members, key stakeholders and, ultimately, to those that will be subject to new rates.

In other words, the objective of this study is not simply to write a report, deliver it to the client, and leave. **We consider rate studies to be part of an overall process, the ultimate goal of which is to adopt a formal, and final 5 to 10-year revenue requirement analysis and rate plan.** This involves far more than the completion of a report – the public involvement process is critical, and we will work tirelessly with staff to ensure that our recommended alternatives are successfully implemented. Most of our projects incorporate significant community and/or stakeholder involvement and education efforts, and our experienced consultants are able to communicate complicated technical analysis in a manner that is easy to follow and understand. I have given over 300 public presentations before cities on the necessity of setting new rate plans over my 35 year career as a water utility consultant. We take pride in the frequent compliments we receive from clients about the ease and understandability of our presentations, and the fact that they present critical information required to make decisions in a straightforward and easy to follow manner.

Appreciate the Sensitivity of Rate Proposals – Our team understands the fact that the political, social and economic impact of rate alternatives on ratepayers is of critical importance to those who responsible for deciding whether to implement these plans. We recognize that it is never easy to ask ratepayers to pay more for utility service. Therefore, we will work with City staff to design rate alternatives that will recover the revenue the utility requires, while to the best extent possible minimizing the impact of any increases on ratepayers and their families. Given the fact that our team members work and reside in Texas, we believe that we have a very solid understanding of the demographics and preferences of the City's ratepayers. We will work collaboratively with City staff to carefully assess and understand the City's unique utility system and community concerns and issues and will develop a tailored approach that will best serve your needs.

Offer a Highly Innovative Approach — Our approach to the development of utility rates has been carefully honed over the years. **We will work collaboratively with City staff to carefully assess and understand the City's unique water and wastewater system concerns and issues and develop a tailored approach that will best serve your needs.** We do not use a "cookie-cutter" approach, but rather bring a combination of planning and financial expertise providing a thorough understanding of all aspects of utility operations and management. This allows us to work collaboratively to provide comprehensive business solutions. Our objective is to educate and inform throughout the process, not just at the completion of the project.

Services Based on a Fixed Fee — Willdan is uniquely cost competitive and guarantees the project costs presented in this proposal. We utilize a fixed fee approach based on a defined scope of service(s), and we do not request change orders or budget amendments unless additional services are requested by the client.

In summary, we are very excited about the opportunity to provide such a valuable service to the City. For that reason, we will devote our firm's resources to ensure that each of the City's objectives are achieved with the highest level of satisfaction.

Please feel free to contact me, **Dan V. Jackson**, if you have any questions or require any further clarification. I will personally serve as **Principal in Charge** for this engagement, and I am authorized to sign the City's contract with Willdan. I can be reached directly at **5500 Democracy Dr., Plano, TX 75024**, by phone at **(972) 378-6588, extension 1**, or via email at djackson@willdan.com. Thank you once again for this opportunity. We look forward to hearing from you.

Respectfully Submitted,

WILLDAN FINANCIAL SERVICES



Dan V. Jackson, Vice President

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Firm Profile

Firm History

Willdan Financial Services is an operating division within Willdan Group, Inc. (WGI), which was founded in 1964 as an engineering firm working with local governments. Today, WGI is a publicly traded company (WLDN). WGI, through its divisions, provides professional technical and consulting services that ensure the quality, value and security of our nation’s infrastructure, systems, facilities, and environment. The firm has pursued two primary service objectives since its inception—ensuring the success of its clients and enhancing its surrounding communities.

A financially stable company, Willdan has approximately 1,400 employees working in more than a dozen states across the U.S. Our employees include a number of nationally recognized Subject Matter Experts for all areas related to the broadest definition of connected communities—three of whom are committed to contribute their expertise throughout the duration of the City’s engagement.

Willdan has solved economic, engineering and energy challenges for local communities and delivered industry-leading solutions that have transformed government and commerce. Today, we are leading our clients into a future accelerated by change in resources, infrastructure, technology, regulations, and industry trends.

Willdan Financial Services

Established on June 24, 1988, Willdan Financial Services, is one of the largest public sector economic and financial analysis consulting firms in the United States. We have helped over 800 public agencies successfully address a broad range of infrastructure challenges. Willdan assists local public agencies by providing the following services:

Willdan Financial Services Primary Services

- | | |
|---|---|
| <ul style="list-style-type: none"> ▪ Utility rate and cost of service studies; ▪ User fee studies; ▪ Cost allocation studies; ▪ Real estate economic analysis; ▪ Tax increment finance district formation and amendment; ▪ Property tax audits; ▪ Housing development and implementation strategies; ▪ Municipal advisory services; | <ul style="list-style-type: none"> ▪ Development impact fee establishment and analysis; ▪ Economic development strategic plans; ▪ District administration services; ▪ Feasibility studies; ▪ Arbitrage rebate and continuing disclosure services; ▪ Debt issuance support; and ▪ Long-term financial plans and cash flow modeling. |
|---|---|

Our staff of nearly 80 full-time employees supports our clients by conducting year-round workshops and on-site training to assist them in keeping current with the latest developments in our areas of expertise.

On April 6, 2015, the Plano, Texas office of Economists.com joined Willdan. Economists.com provided economic analysis and innovative financial solutions since 1997 to a wide range of municipal and public sector utilities and other critical infrastructure organizations.

Office Locations

WFS' Plano Texas office will spearhead this project and will be responsible for all meetings, work product and deliverables. All project team members are located in our Plano office.

Tomball Engagement Office

Dan V. Jackson, Vice President
 5500 Democracy Drive Ste. 130
 Plano Texas 75024
 Tel #: (972) 378-6588
 djackson@willdan.com

Utility Rate Experience

Willdan's professional staff has provided professional consulting services, including financial planning; rate and cost-of-service studies; alternative and feasibility analyses; and operational and management studies for water, reclaimed water, wastewater, solid waste, and stormwater utility clients across the United States for three decades. Additionally, *Willdan staff are involved with the development of the rate-setting methodologies set forth in the American Water Works Association (AWWA) M-1 manual "Principles of Water Rates, Fees and Charges," and the AWWA M-29 manual, "Water Utility Capital Financing."* Willdan is nationally recognized for its expertise with staff frequently being called upon to speak or instruct on utility financial matters, as subject matter experts, including the AWWA Utility Management conference.



Willdan staff is experienced in a broad range of utility planning services; and therefore, understand the importance of an approach that integrates elements of utility planning, engineering, and finance. Willdan Team members possess considerable experience in utility rate and cost-of-service studies and have performed these services for hundreds of utilities throughout the country. Our team includes staff with public sector experience spanning 30 years, and staff on the forefront of utility ratemaking and rate-modeling. In addition, team members have held positions as finance directors, deputy city managers, and auditors, and therefore understand the financial, operational, and political realities faced by governmental staff and management; we craft solutions, which are sensitive to this. Our expertise spans across the following utility financial planning services:

Willdan Financial Services

Experience and Expertise

- Retail and wholesale rate studies;
- Revenue sufficiency analyses;
- Utility management and policy assistance;
- **Connection fee / impact fee studies;**
- Miscellaneous fee and charge studies;
- Renewal and replacement sufficiency analyses;
- Comprehensive alternatives analyses;
- Capital project funding studies;
- Interactive rate model development with dashboards showing key performance indicators;
- CIP financial scenario planning;
- Rate ordinance drafting;
- Billing system validation/rate testing;
- Bond feasibility reports;
- Valuation/divestiture studies; and
- Life cycle costs analyses

Willdan will work with the City to identify, and prioritize operational and fiscal objectives, and match these to specific rate attributes; and use this information throughout the engagement to develop a comprehensive financial plan and design utility rates that effectively meet these goals.

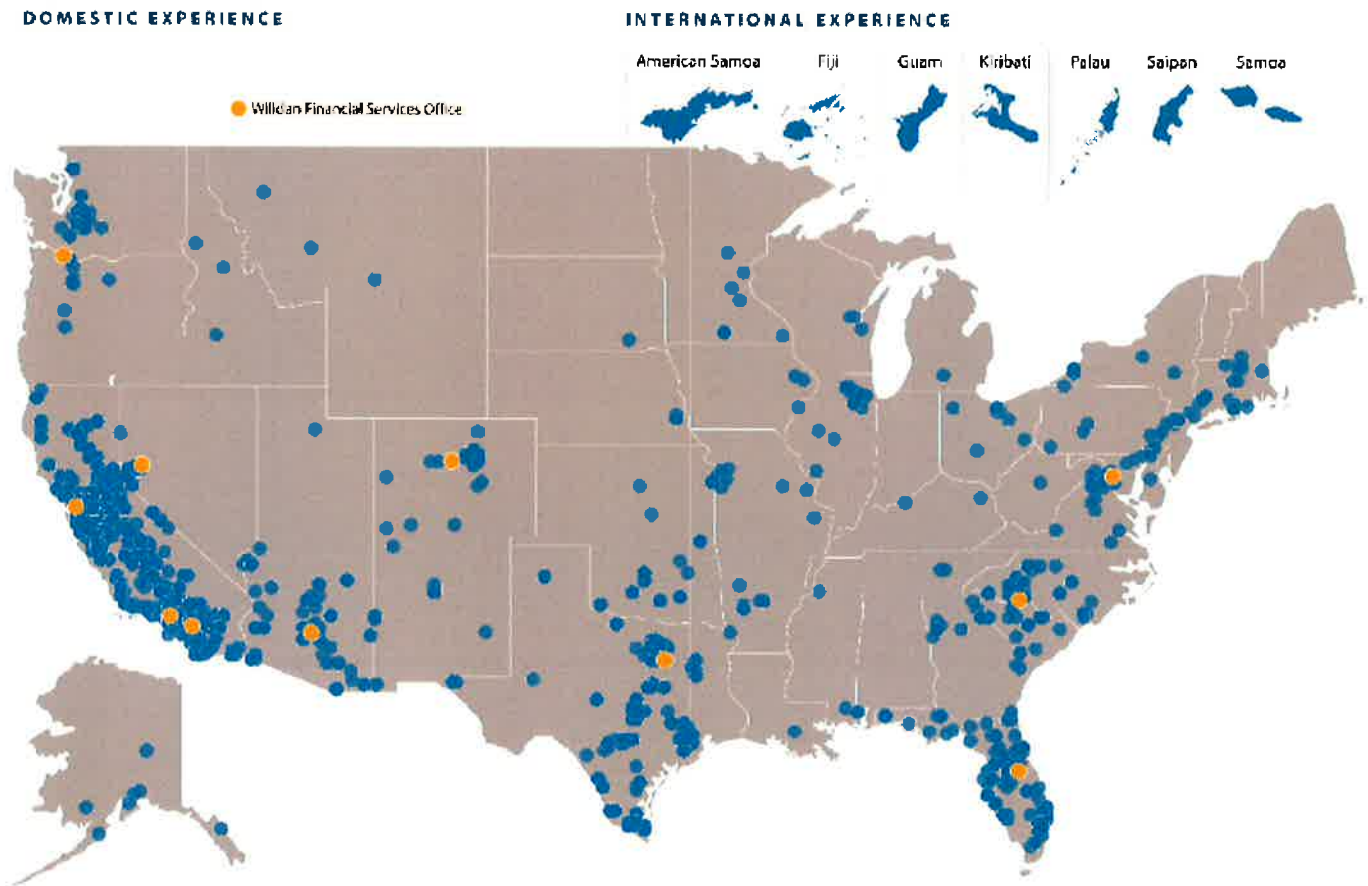
The culmination of our analyses will be rate policies that guide the rate setting process, and a financial management plan that develops projected system operating results for the utility for the forecasted period.

Willdan will employ its proven interactive approach, coupled with advanced financial modeling techniques to design rates and a financial plan that meet established goals and performance criteria. These modeling techniques serve as a powerful decision-making tool and provide the City with genuine business solutions and recommendations as to the strategic direction of its utilities.

During rate and financial planning projects we employ tools and techniques, which focus on consensus building among stakeholders to ensure the team understands the future financial implications of current management decisions. Our extensive project expertise is bolstered by our unique interactive financial planning process and model.

National and International Presence

For over 30 years, Willdan’s professional staff has provided utility rate, financial, economic, management and capital planning consulting services to utilities and governmental entities across the country. A representation of Willdan’s geographical client presence is depicted in the **graphic below**. Our client base extends from the south shores of Florida to the inside passage of Alaska, and for five sovereign nations.



Willdan Plano Clients

Willdan’s Plano office is the focal point of the company’s southwest operation. In addition to preparing the City of Tomball’s last rate study, the Plano office has prepared rate studies similar to that requested by the City for over 100 cities in the state of Texas alone.

The table below presents a comprehensive listing of the Plano office's clients. As the table shows, in addition to over 100 cities in Texas alone, the Plano office has worked for over 75 cities across the USA, the sovereign nations of Fiji, Palau, Samoa and Kiribati, and the US Commonwealth/Territories of Saipan CNMI, Guam and American Samoa. **Designated project team members listed in this proposal worked on every one of these engagements.**

This list does not include the hundreds of additional clients served by other Willdan offices. We do not "pack" our proposals with representative engagements in which designated team members did not participate, as it is our belief that a company's general experience not shared by proposed team members is not useful to, nor relevant to, the City's needs and requirements.

More information on engagements in the last five years and specific references are contained on the following pages of this proposal. We encourage all prospective clients to contact our references to assess the degree of satisfaction our past clients have with our work product and consulting services.

Willdan Financial Services							
Client List - Plano Office							
Texas		Arizona		United States			
1	Alamo Heights	54	Leander	1	Arizona Dept. of Environmental Quality	1	Bryant, AR
2	Allen	55	League City	2	Avondale	2	Conway, AR
3	Alvarado	56	Liberty Hill	3	Bisbee	3	Hot Springs, AR
4	Amarillo	57	Little Elm	4	Buckeye	4	Hot Springs Village, AR
5	Aqua Water Supply Corporation	58	Llano	5	Bullhead City	5	North Little Rock Wastewater Utility, AR
6	Aubrey	59	Los Fresnos	6	Camp Verde	6	Russellville, AR
7	Arlington	60	Marble Falls	7	Carefree	7	Ada, OK
8	Baich Springs	61	McKinney	8	Casa Grande	8	Chickasha, OK
9	Bellmead	62	Mercedes	9	Chino Valley	9	Potawatomi Nation, OK
10	Beeville	63	Mesquite	10	Clarkdale	10	Edmond, OK
11	Brady	64	Midlothian	11	Clifton	11	Miami, OK
12	Brazos River Authority	65	New Braunfels	12	Cottonwood	12	Pryor, OK
13	Brownsville Public Utility Board	66	New Summerfield	13	Chloride Domestic Water Imp. District	13	North Chicago, IL
14	Castroville	67	North Fort Bend Water Authority	14	Douglas	14	South Adams County, CO
15	Cedar Hill	68	Oak Point	15	Eagar	15	Sarpy County, NE
16	Celina	69	Pantego	16	Eloy		
17	Cinco Southwest MUD 1, 2, 3	70	Parker	17	Flowing Wells Irrigation District		
18	Cibolo Creek Municipal Authority	71	Plano	18	Florence		
19	Cibolo Valley Local Govt Corp	72	Port Arthur	19	Gila Bend		
20	Combes	73	Primera	20	Globe		
21	Coppell	74	Princeton	21	Goodyear		
22	Crandall	75	Prosper	22	Holbrook		
23	Crystal Clear SUD	76	Raymondville	23	Jerome		
24	Del Rio	77	Richardson	24	Marana		
25	Denton	78	Robstown	25	Miami		
26	Denton County FWSD #1A	79	Rockwall	26	Nogales		
27	Denton County FWSD #8C	80	Rowlett	27	Oro Valley		
28	Denton County Transportation	81	Royse City	28	Patagonia		
29	DeSoto	82	San Benito	29	Payson		
30	Donna	83	San Juan	30	Picacho Peak		
31	Duncanville	84	San Marcos	31	Pine Strawberry Water Improvement District		
32	Eagle Pass	85	Schertz	32	Pomerene Domestic Water Improvement District		
33	East Medina County SUD	86	Schertz Seguin LGC	33	Prescott		
34	El Paso County WCID #4	87	Seguin	34	Quartzsite		
35	Ferris	88	Selma	35	Queen Creek		
36	Frisco	89	Sherman	36	Safford		
37	Grand Prairie	90	Sonora	37	Show Low		
38	Galveston	91	Southmost Regional Water Auth	38	San Luis		
39	Garland	92	Taylor	39	Somerton		
40	Groesbeck	93	Tomball	40	Springerville		
41	Hackberry	94	Tornillo Water Improvement Dist	41	Tombstone		
42	Harker Heights	95	Troup	42	Water Infrastructure Finance Authority of Arizona		
43	Harlingen	96	Van Alstyne	43	Wellton		
44	Heath	97	Venus	44	Willcox		
45	Hempstead	98	Waco	45	Winslow		
46	Hewitt	99	Waller	46	Yuma		
47	Hutchins	100	Waxahachie				
48	Jonah Water SUD	101	Webb County				
49	Kempner WSC	102	West Harris County RWA				
50	La Villa	103	Whitehouse				
51	Laguna Madre Water District	104	Winona				
52	Laredo	105	Woodway				
53	Lavon	106	Yancey Water Supply Corporation				

As outlined above in – Firm Profile, Willdan’s Plano office, the office that will be serving the City of Tomball, has prepared water, wastewater, and gas rate studies with objectives similar to that requested by the City for over 100 cities in the state

of Texas, approximately 175 cities across the USA and five sovereign nations. No other firm has the range of clients that our Plano office can offer the City.

The charts contained in Section A represent a comprehensive listing of all the Plano Office’s clients. However, in keeping with the requirements of the RFP, we have also provided a chart which presents a listing of all of our rate studies prepared in the last five years. As the chart reveals, we have prepared more than one such study for several of these clients. Not all studies resulted in written reports; in some cases, usually either for updates or for studies for clients with limited budgets, were summarized into PowerPoint presentations.

The chart shows that the Plano office alone has prepared over 175 rate studies with objectives similar to those requested by the City in the last five years alone, for over 60 cities in Texas and 110 utilities across the USA and the Pacific.

Because it would be voluminous to attempt to provide the names of references for every one of these studies, we include in this section the actual projects, the name of the client city, and the timeframes for completion. We will gladly provide names and addresses of specific contacts upon request.

Five Year Experience

Willdan Financial Services Plano Texas Office

Water & Wastewater Rate Studies 2016 - 2022

	2016	2017	2018	2019	2020	2021	2022
Texas Clients							
Alamo Heights			◆				
Allen	◆						
Alvarado						◆	
Amarillo		◆					
Balch Springs		◆				◆	
Beeville	◆						◆
Brownsville PUB					◆	◆	◆
Castroville	◆		◆				
CCMA	◆			◆			◆
Cedar Hill	◆		◆				
Celina			◆			◆	
Combes						◆	
Coppell		◆				◆	
Crystal Clear SUD						◆	◆
Del Rio						◆	
Denison							◆
Denton County FWSD 1A		◆					
Denton County FWSD 8C			◆				
DeSoto	◆	◆	◆	◆	◆	◆	◆
Donna	◆	◆	◆	◆	◆		
Duncanville	◆		◆				◆
El Paso County WCID #4				◆			
Fairfield							◆
Fairview					◆		
Ferris					◆		
Frisco		◆					

Willdan Financial Services
Plano Texas Office

Water & Wastewater Rate Studies 2016 - 2022

	2016	2017	2018	2019	2020	2021	2022
Galveston					◆	◆	◆
Galveston County							◆
Grand Prairie				◆	◆	◆	◆
Heath					◆		
Hempstead	◆						◆
Hewitt						◆	
Hondo				◆			
Hutchins		◆		◆			
Josephine							◆
Laguna Madre Water District			◆		◆		
Laredo			◆	◆	◆	◆	
League City				◆		◆	◆
Leander		◆	◆		◆	◆	◆
Liberty Hill			◆	◆			
Little Elm	◆						
Los Fresnos		◆					
Marble Falls					◆		◆
McKinney	◆			◆		◆	◆
McLendon-Chisholm	◆			◆			
Mesquite			◆				
Midlothian	◆					◆	
North Fort Bend Water Authority	◆				◆		
Parker	◆					◆	◆
Plano		◆			◆	◆	◆
Port Arthur					◆		
Primera						◆	
Prosper	◆						
Richardson	◆						
Rockwall			◆				
Rowlett		◆		◆		◆	◆
Royse City			◆			◆	◆
San Juan				◆			
Schertz	◆	◆	◆	◆			
Schertz-Seguin Local Govt Corporation	◆	◆	◆		◆	◆	◆
Seguin	◆	◆	◆	◆	◆	◆	◆
Selma			◆				
Sherman						◆	◆
Tomball			◆				
Waller							◆
Webb County						◆	◆
West Harris County Regional Water Auth	◆					◆	

**Willdan Financial Services
Plano Texas Office**

Water & Wastewater Rate Studies 2016 - 2022

	2016	2017	2018	2019	2020	2021	2022
West University Place							◆
Arizona							
Bisbee			◆				
Buckeye	◆						
Bullhead City							◆
Carefree			◆			◆	
Chino Valley	◆	◆	◆				
Clifton			◆				
Eloy						◆	◆
Florence	◆			◆		◆	◆
Goodyear				◆	◆		
Jerome				◆		◆	
Marana	◆						
Nogales	◆		◆				
Oro Valley						◆	◆
Payson				◆		◆	◆
Prescott Valley							◆
Quartzsite			◆			◆	◆
Queen Creek	◆						
San Luis		◆	◆			◆	
Somerton			◆		◆		
Tonto Village DWID			◆				
Winslow	◆		◆			◆	
Yuma			◆				
Arkansas							
Bryant						◆	
Conway						◆	◆
Hot Springs				◆	◆	◆	◆
North Little Rock Wastewater Utility	◆					◆	
Russellville		◆			◆		◆
Hot Springs Village				◆			
Oklahoma							
Ada			◆				
Altus					◆	◆	◆
Chickasha	◆						
Edmond		◆	◆				◆
Miami		◆					◆
Pryor	◆				◆		
International Regulated Utilities							

**Willdan Financial Services
Plano Texas Office**

Water & Wastewater Rate Studies 2016 - 2022

	2016	2017	2018	2019	2020	2021	2022
Water Authority of Fiji	◆			◆			
Palau Public Utilities Corporation		◆					
Kiribati Public Utilities Board				◆	◆		
Commonwealth Utilities Corporation Saipan			◆			◆	
American Samoa Power Authority	◆						

Description of Study Understanding

Project Understanding

Willdan understands that the City of Tomball (“the City”) seeks a *comprehensive* water, wastewater and gas rate study with *rates adequate for at least two years and a rate schedule and long-term financial plan that maintains its integrity for at least five years*. The overall objective is to establish user rates and charges that are sufficient to meet future system revenue requirements including *capital improvement needs*, debt service coverage, *operating costs (including cost of water and gas delivered and wastewater treated)* and non-operating costs, and minimum operating reserves (60 - 90 days). The project team will also work with the City to establish rates around a broader set of goals and objectives, including but not limited to financial/rate stability, *conservation, consumption characteristics of the utility’s customer classes*, and minimizing customer impacts and maintaining competitive rates with neighboring communities.

To accomplish these overall goals and objectives, our team’s approach will utilize the “generally accepted” cash basis rate setting methodology as delineated in AWWA’s Manual M1 for the water utility and WEF MOP No. 27 for the wastewater utility.

The project team will collect from staff such standard inputs as *account growth projections*, historic and forecast adjusted water, wastewater and gas consumption (billing units), outstanding debt service schedules, the current Gas contract (which Willdan assisted the City in negotiating and analyzing), the current CIP, account/usage/revenue data from the City’s billing system, and current budget information to develop the forecast of future costs. The information developed during the course of this rate study will allow the City to choose a financial and capital plan that will minimize the impact on all classes of ratepayers, while still allowing it to meet the increasing expense demands of operations and environmental standards and regulations.

Upon finalization of the inputs outlined above, the project team will update its previously-developed comprehensive 5-year forecast (with the option to increase up to a 10-year forecast period) model that will present alternative long-term water, wastewater and gas rate plans *sufficient to fund operating expenditures, the forecast CIP and debt service*.

Willdan proposes to update our previously-developed Microsoft Excel spreadsheet-based utility rate and financial planning models for the gas and water/wastewater utilities for the purposes of this engagement. For us, this engagement is more of an update of prior successfully-completed work than the development of a new or unique product. We already have significant familiarity with the City, its accounting and budgeting, and its current and forecast growth. Additionally, we assisted the City in negotiating its current gas contract. Whereas other firms would have to build such models from scratch and would have to become familiar with the City’s operations and finances, we already possess the background knowledge we require to produce results most effectively and efficiently.

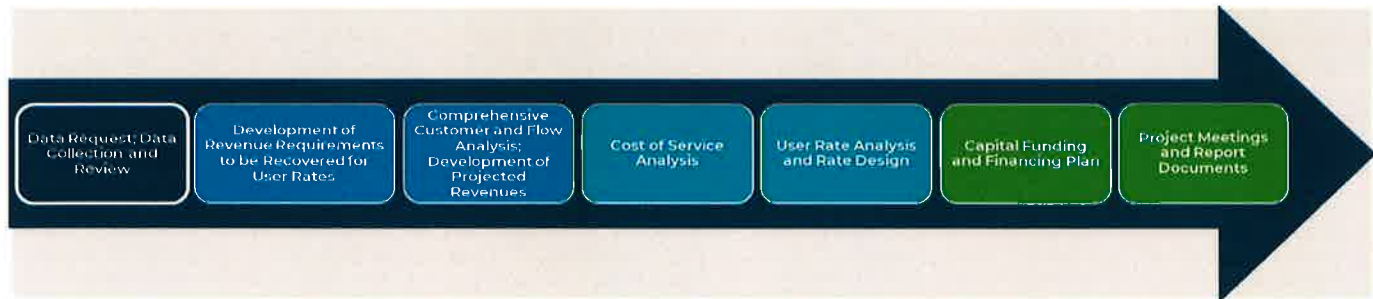
Our deliverables will include a written report that is understandable to those who are not ratemaking or financial professionals.

Our model will allow the City to test a variety of “what-if” alternatives. This is especially useful in *testing the affordability of the capital improvement program*, allowing the user to turn new projects “on or off” in the model, change the costing with updated information, delay their funding, or look at cash vs. debt vs. fee-funding alternatives and their impact on affordability.

The report will have an executive summary that succinctly documents the rate study’s findings and recommendations. We will also prepare and deliver *presentations to City Staff and City Council* and work with the City on the public involvement process, and we will work tirelessly with staff to ensure that our recommended alternatives are successfully implemented.

Work Plan

The below summarizes the standard approach commonly employed by Willdan to develop utility rates. Each step of the three-step approach is typically performed in tandem.



Scope of Work

The remainder of this section presents our approach to performing the major tasks required to successfully conduct a water, wastewater and gas rate study and long-term financial plan engagement, in accordance with the City's RFP. Assuming timely responses to information/data requests by the City, **we will complete the rate study work plan in 14 weeks**. The period required to accomplish each work plan task is listed in the task header. Many of these tasks will be performed in tandem so the sum of each task's level of effort will not necessarily match the 14-week completion commitment. **Our hours and cost estimates presented in the next section will show which project team member will be responsible for each task.**

Task I: Project Kick-off, Data Acquisition and Assessment

4 Weeks

The project team will meet with City staff at the outset of this project. The purpose of this meeting will be to discuss study goals and objectives, review requirements for completing each task, establish responsibilities and lines of communication, and refine the work plan and schedule.

Prior to this meeting we will provide a preliminary data request list to initiate data collection and organization. The initial data that will be required by the project team will include, but not be limited to, the following: current fiscal year utility budget; most recent audited financial statements; water, wastewater and gas *billing data/reports identified by customer class by month from the previous four years to present, cost and volumes delivered and treated* by month and day for all months from the previous four years; debt schedules for all outstanding water/ww/gas related debt; copy of the most recent *Capital Improvement Plans* approved by the City; wholesale contracts; and current rate schedules.

NOTE: Gathering this data and attending the kick-off meeting and work sessions with the project team represents the bulk of the time required by City staff.

Task II: Demographic Analysis

3 Weeks

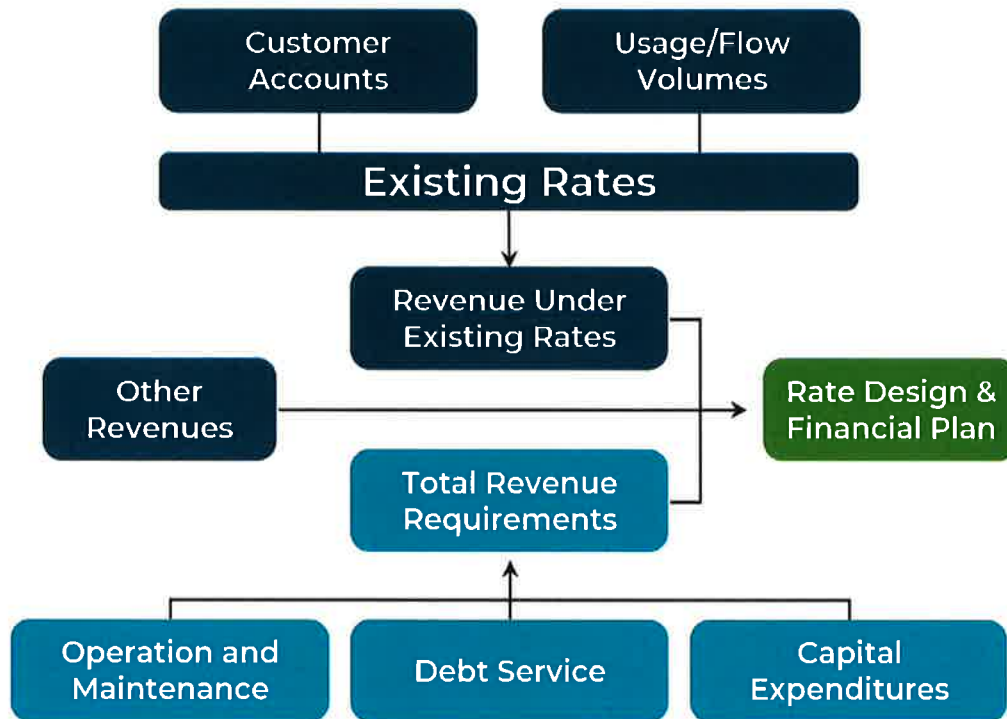
The project team will prepare a comprehensive demographic analysis of ratepayers as a pretext to the development of the water, wastewater and gas rate plans. The project team will develop current data on: number of households; median household income; average water, wastewater and gas monthly bills, both in total and as a percentage of household income; and monthly rates and fees charged by other utilities in neighboring and similar communities for a comparison survey.

Task III: Determine Revenue Requirements

6 Weeks

In this task, the project team will analyze the City's existing water, wastewater, and gas fund financial condition and the planned infrastructure improvements. Based on this analysis the project team will determine overall revenue requirements for the current year and for a five-year forecast period. The revenue requirements consist of the total cost to provide this service, including operation and maintenance (O&M) costs (*including cost of water delivered, wastewater treated and gas delivered via the purchase contract*), transfers to the General Fund, debt service payment and coverage requirements on existing and any proposed new debt, direct capital outlays financed by rates, and other financial needs. We will consider the levels of cash reserve funding required (typically 60 – 90 days) for the utility systems operation in our determination of the revenue requirements.

The development of a reasonable set of assumptions concerning future operating and non-operating costs and capital spending for repairs and replacements and system expansion is one of the most critical elements of the revenue requirement.



The project team will discuss *and analyze* all components of these categories with City staff, including: *the expected amount of CIP, the impact of peak demands on the cost of providing service*, inflation estimates, anticipated changes to operating costs, various funding alternatives, expected reserve requirements, and debt coverage requirements. The underlying assumptions used to project the water, wastewater and gas financials will be clearly stated in all rate study presentations and the rate study report.

Finally, the revenue requirements will be calculated based on the Cash Basis for the City’s retail customers.

Task IV: Determine User Characteristics and Customer Classes **6 Weeks**

A fundamental principle of cost-of-service ratemaking for water, wastewater, and gas utilities is for costs to be allocated to user groups based on the peak demands each group places on the system. In the case of water service, demands typically are measured in terms of base and *peak demands* that are critical to the sizing and operation of system facilities. For sewer service, demands usually are measured in terms of customer flows and sewage strength characteristics that determine sewer treatment plant influent loadings. These demands are collectively referred to as “user characteristics.”

This analysis is less important for determining the cost of service for the gas utility.

This task involves determining the appropriate groupings of customers so that customers with similar user characteristics populate the same customer class. *For cost-allocation purposes, customers are grouped into different classes based on differences in their user characteristics.* The development of information for grouping customers and allocating costs to specific customer groups is an essential step in the ratemaking process, to ensure that costs will be recovered from these groups in direct proportion to their use of the system.

As with all our studies, AWWA Manual M-1 will provide the framework for our allocation methodology.

The determination of customer user characteristics as noted above will include a careful review of the City’s sales volume histories and forecasts. The volume data must be considered as a whole and separately for each defined customer class. *Methodologies for projecting water and sewer revenues will be assessed to confirm appropriate accounting for expected*

growth, water losses, inflow and infiltration, and normal weather conditions. The project team will analyze historical demand and consumption characteristics.

Historical water sales data used for forecasting purposes will be reconciled against water supply/production records; historical sewer flow and loadings data will be used to determine flows and loadings for the system and individual customer classes.

The utility system accounts and respective usage will be forecast for a 5 to 10-year planning period. Such *projections will be developed by considering historical growth trends, peak demands, climatological patterns, local economic conditions, the potential for adding/losing major utility customers, changes in customer class usage patterns over time, and experienced judgment.* The forecast usage projections will be based on the projected number of utility accounts and a usage per account analysis to differentiate the historical effects of account growth and increased (decreased) average usage by customer class. The project team will finalize 5 to 10-year projections of sales volumes that will then be used to calculate projected revenues under current rates for the 5 to 10-year rate forecast period.

Task V: Cost Functionalization, Classification and Allocation

3 Weeks

In this task the project team will calculate the cost of water transmission/distribution, water supply and treatment, wastewater collection and treatment, and gas supply and distribution based on the information gathered in previous tasks. As discussed in Task III, these costs include such categories as O&M (personnel, chemicals, contractual obligations, engineering, administrative, equipment maintenance, vehicles, customer service, materials, etc.), reserves, debt service, and capital outlays funded by rates (assuming that the Cash Basis is utilized). These costs will then be assigned to individual customer classes through a three-step apportionment process designed to *prevent deviation from cost of service principles and enhance fairness and equity.*

These steps are referred to as “functionalization,” “classification,” and “allocation.” **Functionalization** involves the categorization of utility costs according to the utility functions these costs are incurred to perform. Typical water utility functions include treatment, pumping, storage, distribution, and customer billing; wastewater functions include treatment, collection, disposal, and customer billing. Gas includes supply, distribution, administration and customer. **Classification** is the apportionment of functionalized utility costs according to the types (or classes) of demands served by the utility, and is primarily applicable to the water utility. For water utilities, AWWA M-1 ratemaking methodologies prescribe classification of costs according to base, maximum-day, maximum-hour, and customer demands.

Water Environment Federation (WEF) and U.S. Environmental Protection Agency (EPA) methods classify sewer costs according to flow, biochemical oxygen demand (BOD) loadings, and total suspended solids (TSS) loadings. **Allocation** is the assignment of classified utility costs to individual customer classes. *Costs are allocated proportionately to customer classes based on their contributions to total utility system demands.*

Under typical circumstances, standard industry ratemaking principles and practices as outlined in AWWA and WEF ratemaking manuals and guidelines serve as the foundation for cost allocations to customer classes. These industry manuals and guidelines are not prescriptive and recognize the need to afford utility decision makers the flexibility to reflect local circumstances.

Task VI: Alternative Rate Designs for Current Year and Five-year Forecast

5 Weeks

After allocating costs to customer classes, a plan will be developed for evaluating rate design options that will recover allocated costs, including O&M, debt service, and reserve requirements. Because several rate alternatives will be examined in this report, the project team proposes that for ease of evaluation the rate design process be segregated into a two-step process.

In this task, the current year and 5-to-10-year forecast rate design alternatives will be presented separately. This will enable City staff to evaluate both its immediate short-term needs and its longer-term needs under each alternative.

The rate model spreadsheet will be developed in a dynamic manner such that Willdan and City staff will be able to analyze various “What If” scenarios detailing the financial impacts under each scenario. The rate structure alternatives will be developed to recover the projected revenues needed to fund utility operations, recognizing equitable cost recovery by customer class, establishing reasonable

Importantly, we will ensure that any proposed rate design can be easily incorporated into the City's billing system.

recovery of costs from existing and new utility customers, and complying with applicable regulations and policies.

We intend to consult closely with City officials to develop a consensus on the most appropriate alternative rate designs for each of the alternatives. In this task we also intend to accomplish the following objectives:

- Determine whether any rate classes are subsidizing the others, and the degree to which any subsidy is equitable;
- Estimate the impact of the proposed rate structures on conservation efforts;
- Provide a detailed delineation of the advantages and disadvantages of each alternative;
- Calculate the impact of any proposed “transition period” into the new rates;
- Compare the recommended rates to the City’s 5-to-10-year historical rate structure; and
- Prepare the cost of water, wastewater and gas utility service per household based on the new rate design (also known as a “bill impact analysis” which is commonly performed in our rate studies). If so desired we will moderate an internal review/discussion with management regarding such topics as operational objectives, long term objectives, rate impacts on users, alternative rate designs, rate elasticity and use of rate studies in implementing rate changes

Specific attention will be given to the sensitivity of system revenues to possible changes in customer usage prompted by a more aggressive conservation rate structure. Rate designs will be subjected to revenue generation tests and reviewed for administrative efficiency and ease of explanation to the customers and other lay persons.

In instances where cost-of-service-based changes in revenue responsibility will result in significant rate increases for any one customer class, the merits of implementing rate changes over a multiyear period will be discussed with City staff. If appropriate, multiyear rate transition plans will be developed that meet, to the extent possible, expressed criteria for rate change acceptance. The project team will meet with City officials prior to unveiling any recommendations to the City Council or the public to go over the initial alternatives and to make any revisions as deemed appropriate by City staff.

Task VII: Prepare and Present Draft and Final Reports, Conduct Training for City Staff **4 Weeks**

The project team will prepare concise draft and final rate study reports/memoranda. The report will provide detailed information on the determination of revenue requirements, document allocations of revenue requirements to functional parameters and customer classes, and alternative rate recommendations for the water, wastewater, and gas utilities. Information on the impact of recommended rate changes to customers’ typical monthly bills will be provided. The steps in the rate calculations will be described clearly so that there is a full understanding of the technical steps and assumptions contained in the determination of the rates.

The draft and final reports will include an executive summary that succinctly documents the rate study’s findings and recommendations. Bound copies the study and with final recommendations will be presented to the City.

The final deliverable will include an *electronic copy of both the water, wastewater, and gas rate model and the gas rate model in Microsoft Excel and training of City personnel to update the model*. The model will be designed to *integrate the revenue produced by rates with the water, wastewater and gas fund financial plan*. This model will have specific input areas for City staff to update: *consumption patterns and meter classifications, O&M, debt service and capital (CIP) costs* and other financial data needed to develop an updated rate and financial plan forecast. Most importantly, the City’s rate model will include an interactive executive dashboard. This will be a comprehensive financial tool to allow planning and evaluation of variable inputs and assumptions. This dashboard includes *pre-defined graphical presentation of consumption, revenue and expense data* as well as other vital financial indicators to determine the *utility’s ability to maintain financial integrity* as input assumption change.

Task VIII: City Council and Public Meetings **3 Weeks**

With the approval of staff, we will be prepared to conduct the following formal meetings with the City: an initial staff meeting to review project goals and data requirements (with additional meetings with staff as necessary during the analysis segment of this project), *a formal meeting with senior management to present and review preliminary findings* and recommendations and to make adjustments as necessary based on staff input, *a workshop with the City Council to present and review initial findings and recommendations*, and a final meeting and public hearing with City Council to approve the chosen rate plan.

Task IX: Project Management and Quality Control

14 Weeks

At Willdan, we utilize a Project Management Process/Approach that ensures projects are completed on time, within budget and most importantly yield results that match our clients’ expectations. We will document discussions leading to important policy decisions and/or the choice of critical assumptions used in constructing the analysis and model. Following key stakeholder discussions, we will schedule a call to summarize findings and direction with Utility staff, to make certain that we are in agreement with stated objectives, and that feedback is incorporated as appropriate.

Project Management Approach

Project Management



Define the project



Plan the project



Manage the project



Review the project



Communicate the project

<ul style="list-style-type: none"> ▪ Identify the project scope, set objectives, list potential constraints, document assumptions. ▪ Define a course of action and develop an effective communication plan. ▪ Provide a forum for applying the team’s collective expertise to solving difficult analytical issues that arise in complex projects. 	<ul style="list-style-type: none"> ▪ Collaborate with the project team and client staff and agree upon timeline to meet the estimated project timeline. ▪ Assign workload functions to appropriately qualified staff to ensure milestones are met, on time. ▪ Pre-schedule quality control meetings with project team to maintain the progressive motion of the project. 	<ul style="list-style-type: none"> ▪ Manage the execution of the project. ▪ Direct existing and upcoming project tasks. ▪ Control and monitor work in progress. ▪ Provide feedback to client and project team. ▪ Identify and resolve deviances from project timeline. 	<ul style="list-style-type: none"> ▪ Review all work product and deliverables. ▪ Utilize structured quality assurance process involving up to three levels of review at the peer level, project manager level. ▪ Procure executive officer level review. 	<ul style="list-style-type: none"> ▪ Communicate with the client regarding work status and progress. ▪ Ensure client is in receipt of regular status updates. ▪ Schedule regular conference calls to touch base. ▪ Inform client of roadblocks, work outside of projected scope.
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Quality Assurance / Quality Control Process

Our quality control program is incorporated as a required element of Willdan’s day-to-day activities. There are three levels of reviews incorporated for our deliverables:

- 1) Peer review;
- 2) Project Manager review; and
- 3) Final quality assurance manager review.

Peer reviews involve one analyst reviewing the work of another, while project manager reviews are conducted prior to delivery to the quality assurance manager. The quality assurance manager then performs a final review. This assures that our final product has been thoroughly evaluated for potential errors; thus, providing quality client deliverables, and high levels of integrity and outcomes.



The primary mission of our quality control plan is to provide staff with the technical and managerial expertise to plan, organize, implement, and control the overall quality effort, thereby ensuring the completion of a quality project within the time and budget established.

Quality Assurance Goals	
Goal	Task
Quality Assurance / Control Process	<ul style="list-style-type: none"> ▪ Establish a set of planned and systematic actions for maintaining a high level of quality in the professional services performed; Emphasize quality in every phase of work; ▪ Ensure efficient use of resources; ▪ Establish a consistent and uniform approach to the services performed; and ▪ Implement appropriate quality control measures for each work task of the project.
Quality Control Plan	<ul style="list-style-type: none"> ▪ Contract deliverables; ▪ Specific quality control procedures; ▪ Special quality control emphasis; ▪ Budget and manpower requirements; ▪ Overall project schedule and budget; and ▪ Project documentation requirements;

Conflict of Interest

Willdan Financial Services certifies that it has no conflict-of-interest, legal actions taken, or pending, against the firm during the past three years. Furthermore, no disciplinary action has been taken, or is pending, against Willdan during the past three year by any regulatory bodies and/or profession organizations.

Engagement Team Members

Project Team Profile

Mr. Dan Jackson is the **principal-in-charge** and will serve as **project manager** for this engagement. In this role, he will participate in the kick-off meeting, provide direction and supervision throughout the project, and present preliminary and final recommendations to City staff and the City Council. Mr. Jackson serves as a Willdan Financial Services Vice President. He has 36 years of experience in financial consulting for water, wastewater, stormwater, solid waste and electric utilities throughout Texas, the southwest, the United States and Pacific Region. Mr. Jackson is a frequent speaker at utilities conferences and trade associations. He received a Bachelor of Arts in Social Science and a master's in business administration in Finance and Accounting from the University of Chicago in 1984. Mr. Jackson is also a published author; his novel **The Forgotten Men** is available at Amazon.com and other media outlets

With more than 35 years of professional utility accounting/ratemaking, finance and energy procurement consulting experience, **Mr. Daniel Lanning** will serve as the project's **senior analyst**. Mr. Lanning has prepared over 150 national and international utility related studies, evaluations and professional testimony. Furthermore, Mr. Lanning will share knowledge gained through his involvement with AWWA/WEF, developing industry professional standards. He is a contributing author to the WEF Manual of Practice No. 27 – Financing and Charges for Wastewater Systems and **was involved in the most recent update to the AWWA M1 manual – Principles of Water Rates, Fees, and Charges**. He also has been a presenter at numerous utility association conferences and seminars. Working closely with Mr. Jackson he will develop the analyses under the City's scope of services.

Mr. Dennis Goral will serve as the **project analyst**. Mr. Goral is a senior analyst with three years of municipal utility analysis experience and five years financial and economic analysis experience. His consulting experience includes a variety of projects associated with public water, wastewater, reclaimed water, sanitation, natural gas, and electric utility systems throughout the United States and the Pacific region.

We are confident that our team possesses the depth of experience that will successfully fulfill the desired work performance. We also note that our project team members have over 70 years' combined experience preparing water, wastewater, and gas rate studies and long-term financial plans. Unlike many other consulting firms, our senior personnel do not just perform periphery roles while assigning most of the responsibility to less experienced personnel. Our senior level team members will be responsible for every aspect of this engagement.

Resumes

A resume for each team member is provided below for your review and consideration.

Dan V. Jackson, MBA

Vice President and Principal in Charge

Mr. Jackson has 38 years of experience as an international financial expert, having completed more than 400 water, wastewater, electric, gas, solid waste and stormwater rate/cost of service studies and long-term financial plans for clients in the USA and the Pacific region. He also has served as an expert witness in state court, federal court and before several public utility commissions. Mr. Jackson’s prior experience includes positions with Deloitte and Touche, Reed-Stowe & Company and Arthur Andersen. In 1997, Mr. Jackson co-founded Economists.com LLC, an international consulting firm with offices in Dallas and Portland, Oregon. Willdan acquired Economists.com in 2015, and Mr. Jackson now serves as Vice President and Managing Principal. Mr. Jackson has given dozens of lectures and presentations before professional associations. He is also an accomplished author; his award-winning novel **Rainbow Bridge** is now available in selected bookstores and on Amazon.com and bn.com.

His experience is summarized below.

Water/Wastewater – Rate Studies and Long-Term Financial Plans for which Mr. Jackson served as Project Manager

Texas – Dallas/Fort Worth

▪ Allen	2007, 2009, 2012,2016
▪ Balch Springs	2017,2021
▪ Burleson	2023
▪ Cedar Hill	2016, 2018
▪ Celina	2014, 2018, 2019,2020,2021
▪ Coppell	2017,2020,2021
▪ Denison	2022
▪ Denton County FWSD 1A	2017
▪ Denton County FWSD 8C	2018
▪ DeSoto	2005 -- 2022
▪ Duncanville	2002,2003,2007,2013,2018, 2022
▪ Fairview	2016, 2018
▪ Ferris	2020
▪ Frisco	2017
▪ Garland	2009 –2012
▪ Grand Prairie	2019,2020-2023
▪ Hackberry	2006
▪ Heath	2020
▪ Hutchins	2017,2019
▪ Josephine	2022
▪ Kaufman	1994
▪ Little Elm	2001, 2004,2008-2016
▪ McKinney	2010, 2016, 2019,2022
▪ Mesquite	2018,2023
▪ Midlothian	2000, 2003, 2006, 2010 2016,2021
▪ Oak Point	2006, 2011
▪ Parker	2016,2022
▪ Plano	2017,2020,2022
▪ Princeton	2012
▪ Prosper	2005, 2016, 2018
▪ Richardson	2016
▪ Rowlett	2009, 2017-2022
▪ Royse City	2007, 2011,2018,2022

Education

Master of Business Administration, University of Chicago, 1984; Specialization in Finance/Accounting

Bachelor of Arts, University of Chicago, 1982; Major in Social Sciences Dean’s Honor List

Areas of Expertise

- Rate Design
- Cost of Service
- Financial Forecasting
- Valuation Analysis
- Acquisition Analysis
- Privatization Analysis
- Economic Impact Analysis
- Expert Witness Testimony

Affiliations

Member, American Water Works Association

National Association for Business Economics

Other

The Forgotten Men (fiction) – Mediaguruz

Rainbow Bridge – Fiction – Mirador Publishing

36 Years’ Experience

D. Jackson
Resume Continued

- Rockwall 2018
- Sachse 2014
- Sherman 2021-2023
- Venus 2005, 2012
- Waxahachie 2012

- Texas -- Statewide
- Alamo Heights 2018
- Alvarado 2022
- Amarillo 2017,2023
- Aqua Water Supply Corporation 2003
- Beeville 2017, 2022
- Brownsville PUB 2020-2022
- Brady 2016
- Castroville 2016,2018
- Cibolo Creek Municipal Authority 2012, 2015,2019,2023
- Combes 2021
- Crystal Clear SUD 2021
- Del Rio 2020,2021
- Donna 2007, 2011, 2012, 2013,2015-2020
- El Paso County WCID #4 2005, 2007, 2010, 2011, 2015,2019
- El Paso County Tornillo WCID 2006, 2010
- Fairfield 2023
- Galveston 2020,2023
- Galveston County WCID 2022
- Groesbeck 2001, 2004
- Harker Heights 2006
- Hempstead 2016, 2023
- Hewitt 2009 – 2015, 2021
- Hondo 2019
- Jonah Special Utility District 2006
- Kempner WSC 2014-2015
- Laredo 2018,2019
- Laguna Madre Water District 1991-1999, 2005, 2014, 2018,2020
- La Villa 2007
- Leander 2017,2018, 2020-2022
- League City 2019,2021
- Liberty Hill 2018,2019
- Los Fresnos 2007,2017
- Marble Falls 2020,2022
- Marfa 2022
- McLendon-Chisholm 2019
- Mercedes 2001, 2003
- New Braunfels 2019
- North Fort Bend Water Authority 2011, 2016,2020
- Paris 1995
- Port Arthur 2020
- Port of Houston Authority 2001
- Primera 2021
- Raymondville 2001
- Robinson 2012, 2014, 2015
- Robstown 2014, 2015
- San Juan 2019
- Schertz 2012 – 2019

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Resume Continued

▪	Seguin	2015 -- 2022
▪	Selma	2018
▪	Schertz-Seguin Local Govt Corporation	2009 – 2023
▪	Sonora	2012
▪	Southmost Regional Water Authority	2001
▪	Tomball	2018
▪	Troup	2006
▪	Venus	2005, 2012
▪	Waller	2023
▪	West Harris County Regional Water Auth	2003, 2006, 2010, 2011,2016
▪	West University Place	2022
▪	Webb County	2011,2022
▪	Whitehouse	2008
▪	Winona	2009
▪	Yancey Water Supply Corporation	2005
	<u>Arizona</u>	
▪	Bisbee	2000 – 2005, 2018
▪	Buckeye	2013, 2015, 2016
▪	Camp Verde Sanitary District	2006, 2008
▪	Carefree	2018,2021
▪	Casa Grande	2009
▪	Chino Valley	2010-2018,2023
▪	Chloride Domestic Water Imp District	2003
▪	Clarkdale	2005
▪	Clifton	2018
▪	Cottonwood	2004, 2007, 2009
▪	Douglas	2009, 2011
▪	Eagar	2006, 2011, 2012
▪	Eloy	2007, 2011-2013
▪	Florence	2008, 2012,2017,2023
▪	Flowing Wells Improvement District	2008
▪	Goodyear	2014, 2015,2019-2020
▪	Holbrook	2004
▪	Jerome	2019
▪	Marana	2008 – 2013, 2016
▪	Miami	2010 – 2012, 2015
▪	Nogales	2011, 2015-2016, 2018
▪	Oro Valley	2022
▪	Patagonia	1999, 2002
▪	Payson	2006, 2010, 2012-2014,2019-2022
▪	Prescott	2008
▪	Prescott Valley	2022-2023
▪	Quartzsite	2004, 2009, 2011, 2012, 2018,2022
▪	Queen Creek	2004, 2007, 2015, 2016
▪	Safford	2006
▪	San Luis	2002, 2012, 2013, 2017, 2018,2022,2023
▪	Show Low	2011, 2014
▪	Somerton	1999, 2002, 2005-2010,2018,2021
▪	Tombstone	2001

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- Tonto Village DWID 2018
- Wellton 2003
- Willcox 2002
- Winslow 2016, 2018
- Yuma 2007, 2014, 2015, 2018, 2023

Arkansas

- Bryant 2021
- Conway 2022
- Hot Springs 2005, 2009-2022
- North Little Rock Wastewater Utility 1999, 2003, 2006, 2011-2015, 2021
- Russellville 2013, 2014, 2015, 2019, 2022
- Hot Springs Village 2015, 2019, 2023

Oklahoma

- Ada 2014, 2015, 2018
- Altus 2020
- Chickasha 2016
- Edmond 2010, 2015, 2017, 2018, 2022
- Miami 2009, 2014, 2017, 2023
- Pryor 2016

USA

- North Chicago, IL 2001, 2005
- Sarpy County, NE 2018
- South Adams County WSD, CO 2013

International Regulated Utilities – Pacific and Caribbean

- Water Authority of Fiji 2016, 2019
- Palau Public Utilities Corporation 2018
- Kiribati Public Utilities Board 2019, 2020
- EPC, Independent State of Samoa 2013
- Commonwealth Utilities Corp Saipan 2005-2022
- American Samoa Power Authority 2009, 2014, 2016
- Guam Power Authority 2011
- Virgin Islands Telephone Company 1990-1991

Solid Waste and Stormwater – Rate Studies & Long-Term Financial Plans

Stormwater

- Hot Springs, AR 2011, 2012, 2013, 2016
- Hewitt, TX 2018
- Bryant, AR 2021
- Balch Springs, TX 2021
- Coppell, TX 2020
- San Marcos, TX 2018
- Prescott Valley, AZ 2023

Solid Waste

- Duncanville, TX 2007
- Frisco, TX 2017
- Hewitt, TX 2010
- Mercedes, TX 1999
- San Luis, AZ 2003, 2013

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Resume Continued

- Somerton, AZ 2006
- Goodyear, AZ 2020
- Altus, OK 2021
- Miami, OK 2009

Water/Wastewater –CCN/ System Valuations and Acquisitions

- PUC Texas – 25 CCN Valuations 2022-2023
- Avondale, AZ 2006
- Bolivar WSC 2022
- Bullhead City, AZ 2020
- Buckeye, AZ 2013-2015
- Casa Grande, AZ (private) 2015
- Chino Valley, AZ 2006, 2016,2018
- Cottonwood, AZ 2009, 2012
- Clarksdale, AZ 2009
- Denton, TX 2022
- Florence, AZ 2007, 2014,2022
- Marilee SUD – 2 parcels 2022
- Marana, AZ 2009, 2010
- Pine Strawberry Water Imp District, AZ 2009
- Prescott, AZ 2006
- Prescott Valley, AZ 1998
- Queen Creek, AZ 2008, 2011
- Show Low, AZ 2010, 2011
- Aubrey, TX 2015
- Huffines Development 2022
- Arlington, TX 1999, 2001
- Celina, TX 2006, 2015
- Forney Lake WSC, TX 2016
- Gunter, TX 2006
- Kempner WSC, TX 2016
- FCS Lancaster, TX 2021
- Taylor, TX 1999
- Whitehouse, TX 2006
- Van Alstyne, TX 2019,2022
- Rockwall, TX 2005
- Trinity Water Reserve, TX 2000
- North Chicago, IL 2001
- North Little Rock WWU, AR 2015

Water/Wastewater – Impact Fee Studies

- East Medina County Special Utility Dist, TX 2000
- Cibolo Creek Municipal Authority, TX 2015
- Crystal Clear SUD, TX 2021
- Harlingen, TX 2005
- Laguna Madre Water District, TX 1993, 1996, 2000, 2003
- Liberty Hill, TX 2019
- Los Fresnos, TX 2006
- Marble Falls, TX 2022
- Mesquite, TX 1996
- Seguin, TX 2015,2020
- San Luis, AZ 2002
- Marana, AZ 2011- 2014
- Wellton, AZ 2003

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- Prescott, AZ 2007
- Yuma, AZ 2004, 2007, 2016
- Hot Springs, AR 2005, 2009, 2016

Electric Utilities – Financing Plans, Rate/Tariff Studies

Commonwealth Utilities Corporation – 11 separate cost of services studies and analyses, representation before Public Utilities Commission, Financial Feasibility report on new power plant, contract analysis for existing suppliers – 2006 – 2022.

Palau Public Utilities Board – Tariff analysis and long-term financial plan, 2018.

Tonga, Tuvalu, Kiribati – comprehensive financial feasibility analysis of proposed Floating PV generation facilities, funded by World Bank and Asian Development Bank – 2021 – 2022.

Kiribati Public Utilities Board – tariff study and long-term financial plan, 2019, 2020.

EPC, Independent State of Samoa – tariff study and long term financial plan, including the financial impact of alternative generation sources – 2013.

American Samoa Power Authority – electric cost of service study and tariff review, 2009, 2014, 2016.

Guam Power Authority – Comprehensive Load study -- 2008.

City of Miami, OK – Electric, water and wastewater and electric rate study, 2022, 2006.

Potawatomi Nation, OK – Electric rate and financial feasibility analysis, 2021-2022.

Altus OK – Electric Rate Study, 2020.

Pryor Creek, OK – Electric Rate Study, 2016, 2020.

Bonneville Power Administration ---Participation in Average System Cost (ASC) program, including proposed changes in ASC methodology, 1988-1990.

Houston Lighting & Power -- Feasibility/Prudence analysis of South Texas Nuclear Project vs. alternate forms of energy. Analysis formed the basis of partner's expert testimony before the Public Utility Commission of Texas, 1988.

Kansas Power & Light – Analysis of proposed merger with two separate companies, 1988.

Greenville Electric Utility System- Development of short-term cash investment policy in accordance with state law, 1989.

Horizon Communications– Business plan development, 2000.

City of Mercedes, TX – Economic Impact of New City Projects, 2000.

Expert Witness Testimony

City of Arlington, TX – Seven separate cost of service analyses and testimony in wholesale contract rate proceedings before TNRCC. Largest ongoing wastewater rate dispute in Texas history, 1990-1994.

Cameron County Fresh Water Supply District No. 1 vs. Town of South Padre Island (TNRCC Docket 30346-W) – Expert testimony on reasonableness of rate structure, 1992.

Cameron County Fresh Water Supply District No. 1 vs. Sheraton Hotel/Outdoor Resorts (TNRCC Docket 95-0432-UCR) – Expert testimony on reasonableness of rate structure, 1993.

Laguna Madre Water District (PUC Docket 49154) – Expert testimony on the reasonableness of the District's raw water rate -- 2019.

City of Celina, TX (SOAH Docket 2003-0762-DIS) – Expert testimony on the proposed creation of a Municipal Utility District, 2004.

City of Celina, TX (PUC Docket No. 49225) – Expert testimony on the reasonableness of outside city limit rates – 2020.

East Medina County Special Utility District (SOAH Docket 582-02-1255) – Expert testimony on CCN

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application, 2003.

East Medina County Special Utility District (SOAH Docket 582-04-1012) – Expert testimony on CCN application, 2004.

City of Karnes City, TX – Expert testimony on valuation of CCN before the Texas Commission on Environmental Quality, 2009.

City of Princeton, TX (SOAH Docket 582-06-1641 and TCEQ Docket 2006-0044-UCR) – Expert testimony on ability to serve proposed service territory, 2007.

Town of Little Elm, TX (SOAH Docket 582-01-1618) – Expert testimony on reasonableness of rate structure, 2001.

Schertz Seguin Local Government Corporation – Expert testimony addressing application of San Antonio Water System for groundwater permits for Gonzalez County UWCD, 2009.

City of Ruidoso, NM – Expert testimony on reasonableness of Wastewater Rates, 2010.

City of Hot Springs, AR – Expert witness testimony on Reasonableness of Stormwater Rates, 2010.

Dallas County Water Control and Improvement District No. 6 (TNRCC Docket 95-0295-MWD) – Hearing on the merits for proposed wastewater treatment plant permit, 1995.

Commonwealth Utilities Corporation Saipan -- Expert testimony before Commonwealth Public Utilities Commission on reasonableness of rate structure, 2010-2015.

City of Mesquite, Texas vs. Southwestern Bell Telephone Company (No. 3-89-0115-T, U.S. Federal Court Northern Texas) -- 18 year estimate of revenues excluded from municipal franchise fees by SWB. Expert testimony on SWB accounting and franchise policies and Discovery disputes, 1991-1995.

City of Port Arthur, et. al., vs. Southwestern Bell Telephone Company (No. D-142,176, 136th Judicial District Court of Beaumont, Texas) -- 20 year estimate of revenues excluded from municipal franchise fees by SWB. Expert testimony on SWB accounting and franchise policies. 1993-1995.

Southwestern Bell Telephone Company vs. City of Arlington, Texas (No. 3:98-CV-0844-X, U.S. Federal Court Northern Texas) -- 15 year estimate of access revenues excluded from municipal franchise fees by SWB. Expert testimony on SWB accounting and franchise policies, 1996.

Metro-Link Telecom vs. Southwestern Bell Telephone Company (No. 89-CV-0240, 56th Judicial District Court Galveston County Texas) -- 20 year pro forma model calculating lost revenue from the cancellation of a trunk line leasing contract.

Complaint of the City of Denton against GTE Southwest, Inc. (PUC Docket 14152), 1994.

GTE vs. City of Denton (No. 95-50259-367, 367th Judicial District Court of Denton County, Texas) -- 10 year estimate of revenues excluded from municipal franchise fees by GTE, 1994-1996.

MAS vs. City of Denton, Texas (No. 99-50263-367, Judicial District Court of Denton County, Texas) – Testimony on reasonableness of franchise fee payment calculations.

Water/Wastewater – Other Studies

City of Paris, TX – Campbell’s Soup Co. wholesale contract review/negotiations.

City of Conroe, TX – Evaluation of proposed long-term wholesale contract.

Cities of Bellmead, Woodway and Hewitt, TX – Least cost alternative analysis and assistance with wholesale contract negotiations with City of Waco.

City of Lubbock, TX – Analysis of reasonableness of rates for Franklin Water System, January 2002.

Town of Payson, AZ – Financial feasibility and economic impact study of C.C. Cragin Reservoir, 2011. Tribal Wholesale Water Contract Analysis, 2022.

City of Whitehouse, TX – Economic analysis of potential acquisition of a water supply corporation, 2006.

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City of Midlothian, TX – Drought management plans, 2001.

City of Midlothian, TX – Assistance with wholesale contract negotiations, 2000-2001.

City of Arlington, TX – Lease vs. purchase analysis of city fixed assets, 1998.

City of Donna, TX – Water and wastewater affordability analysis, 2005.

Southmost Regional Water Authority – Economic and financial impact of proposed desalination treatment plant, 2001.

Texas Water Development Board Region M – Financial feasibility analysis of water resource alternatives, 2006.

Schertz Seguin Local Government Corporation – Assistance in contract negotiations with SAWS, 2010.

Forsyth County, GA – Business plan with extensive recommendations for managing unprecedented growth in volume and customer connections. Ten-year projection of operating income, 1998.

City of Lakeland, FL – Valuation of wastewater reuse alternatives over 20-year timeframe.

Water Infrastructure Finance Authority of Arizona – Evaluation of 40-year wastewater construction financing plan for Lake Havasu City, 2002.

Water Infrastructure Finance Authority of Arizona – Comprehensive residential water and wastewater rate survey for the state of Arizona, 2004-2008.

City of Plano, TX – evaluation and assistance in development of new member city long-term contract with North Texas Municipal Water District, 2015-2020.

Telecommunications

City of Dallas, TX – Forecast of economic and financial construction and non-construction damages resulting from franchise's failure to fulfill terms of agreement, 2004

City of Dallas, TX ---Financial evaluation and forecast of alternative wireless services contracts, 2005.

City of Dallas, TX --Evaluation and advice concerning VOIP contract with SBC, 2003

Voice Web Corporation-- Financial forecast and strategic plan for CLEC development, 2001

United Telephone of Ohio -- Pro forma forecast model forecasting the impact on financial statements of proposed changes in state telecommunications regulatory structures. Model was used as the basis for privatization bids for Argentine and Puerto Rican Telephone Companies, 1988.

Bonneville Power Administration – Evaluation and financial forecast of long-term fiber optic leasing operation, 1999.

Bonneville Power Administration – Economics of Fiber Analysis, 1999.

City of Portland, Oregon –Municipal Franchise Fee Review, 2000.

US West, Inc. – Valuation study and financial forecast of headquarters operation. Used as basis for Partner's allocated cost testimony before the Public Utility Commission in Washington and Utah.

Star-Tel -- Estimate of revenues lost due to rival's unfair business practices, 1995.

Cities of Denton and Carrollton, Texas -- Review of municipal franchise fee payments by GTE, 1994-1996.

Winstar Gateway Network -- forecast of average lifespan per ANI for specific customer classes.

Advisory Commission on State Emergency Communications -- Review of E911 Equalization Surcharge Payments by AT&T, ATC Satelco, and Lake Dallas Telephone Company.

Northern Telecom -- Projection of potential revenue generated from the long-term lease of DMS-100 switching units to Pacific Bell.

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Publications/Presentations/Seminars

- **Rainbow Bridge (fiction)** – Mirador Publishing, 2020. Winner, 2021 Feathered Quill Silver Award for Animal-based literature; 2021 National Indie Excellence Award Finalist
- **The Forgotten Men (fiction)** – Mediaguruz Publishing, 2012.
- **Raising Water and Wastewater Rates – How to Maximize Revenues and Minimize Headaches** – Arizona Small Utilities Association, August 2002; Texas Section AWWA, April 2003
- **Wholesale Providers and the Duty to Serve: A Case Study** – Water Environment Federation, September 1996.
- **Lease vs. Purchase – A Guideline for the Public Sector** – Texas Town and City, March 1998.
- **An Introduction to Lease vs. Purchase** – Texas City Managers Association – May 1998.
- **Technische Universiteit Delft** – Delft Netherlands -- Annual Infrastructure Conference – May 2000, 2001.
- **The US Water Industry – A Study in the Limits of Privatization** -- Technische Universiteit Delft – Delft Netherlands – March 2007.
- **The New Information Economy: Opportunity or Threat to the Rio Grande Valley?** – Rio Grande Valley Economic Summit -- Oct 2000.
- **The Financial Benefits of Regionalization – A Case Study** – Texas Water Development Symposium – September 2010.
- **Developing Conservation Water Rates Without Sacrificing Revenue** – TWCA Conference, San Antonio Texas, October 2012.
- **Water Rates – Challenges for Pacific Utilities** – Pacific Water and Wastes Conference, American Samoa, September 2014.

Daniel D. Lanning Sr.

Project Manager and Financial Analyst

Education

Bachelor of Science, Accounting, Bentley University, Waltham Massachusetts

Areas of Expertise

Management Consulting

Impact Fee Studies

Financial Analysis

Utility Rate and Cost Studies

Feasibility and Financial Analysis and Reporting

Expert Witness

Utility Regulation

Affiliations

American Water Works Association (AWWA)

Texas Section American Water Works Association

Societies

Member: AWWA Rates and Charges Committee;

Member Task Force Revising AWWA Manual M-1 –Water Rates and Charges;

Member Task Force to prepare AWWA Manual M-54 – Developing Rates for Small Systems;

Past Member Task Force to edit/revise AWWA Manual M-29 – Fundamentals of Water Utility Capital Financing

Water Environment Federation -- Past Member Financing and Charges for Wastewater Systems Task Force that prepared WEF Manual of Practice No. 27, Financing and Charges for Wastewater Systems.

35 Years' Experience

Mr. Lanning is a management consultant with over 35 years of domestic and international experience in utility financial/cost of service studies and energy efficiency and procurement matters. As a consultant, he has served as project manager, task leader, and key staff person on cost of service, impact fee, asset valuation, financial feasibility, and management studies for public and private utilities. He has presented testimony before local and federal courts and state regulatory agencies supporting positions utility cost of service issues. He has served for the past decade on the AWWA Rates and Charges Committee. Prior to his consulting career, Mr. Lanning served as a member of the New Hampshire Public Utilities Commission staff where he held several positions including Assistant Finance Director, Chief Auditor, and a PUC Examiner.

Water/Wastewater – Cost of Service and Rate Studies

Mr. Lanning has developed and updated over 150 water, wastewater cost of service, rate and long-term financial planning studies for domestic and international government and private (IOU) entities. These studies regularly involve evaluating utility capital improvement plans, capital financing alternatives, operating statistics, and budget reporting. Mr. Lanning also has significant experience designing computer financial models for utilities and other government entities. Example projects include: San Luis, AZ (W/WW and Solid Waste Rates); McKinney, TX (W/WW Rates); Richardson, TX (W/WW Rates); Richwood, TX (Wholesale Rate Design); and USAID (Bosnia and Herzegovina sector wide financial strengthening of water/ wastewater utilities).

Stormwater and Solid Waste – Rate Studies and Long-term Financial Plans

Mr. Lanning has led and participated in numerous important stormwater and solid waste financial, rate and cost of service studies and projects. These studies included developing fees for retail solid waste, tipping fees for landfills, and developing stormwater and wastewater fees utilizing impervious area data.

Water/Wastewater - Impact Fees

Mr. Lanning has prepared impact/capacity fee analyses in Texas, Arizona, and Massachusetts. Recent example impact/capacity fee studies include: Yuma, AZ; Marana, AZ; Seguin, TX; and Cibolo Creek Municipal Authority, TX. These studies required strict adherence with state statutes that include preparation of specific reports and participation in public meetings.

Water/Wastewater – Asset Valuation

Mr. Lanning has prepared numerous asset valuations for water and wastewater utilities. These studies were used as guide for asset sale/purchases or as part of cost-of-service studies that develop rates for wholesale customers.

Energy – Procurement and Energy Management Project Feasibility

Mr. Lanning has been a key participant in several energy deregulation and comprehensive energy management projects. These projects include evaluating energy cost savings from proposed projects and developing electric procurement strategies/policies. Example studies include Dallas, TX and Houston, TX.

Professional Experience

Mr. Lanning has led and participated in over 100 important financial, rate and impact fee studies and projects as a consultant. A sample list of water and wastewater rate and solid waste analysis projects have been provided on the following page.

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Resume

- San Luis, AZ (W/WW and Solid Waste Rates)
- Yuma, AZ (W/WW Capacity/Impact Fees, Solid Waste)
- Winslow, AZ (W/WW Rates and Bond Feasibility Study)
- Douglas, AZ (Solid Waste Rates)
- Marana, AZ (W/WW Impact Fees)
- Camp Verde, AZ (W/WW Rates)
- Nogales, AZ (Water Cost Analysis)
- League City, TX (W/WW Rate Study)
- Rowlett, TX (W/WW Rate Study)
- Royse City, TX (W/WW Rate Study)
- San Juan, TX (W/WW Rate Study)
- Grand Prairie, TX (W/WW Rate Revenue Requirement Study)
- McKinney, TX (W/WW Rates)
- Frisco, TX (W/WW Rates)
- Amarillo TX (W/WW Rates)
- Laredo, TX (W/WW Rates)
- Brady, TX (W/WW Rates)
- Celina, TX (W/WW Rate Study)
- Rockwall, TX (W/WW Rates; Asset Valuation)
- Los Fresnos, TX (W/WW Rates)
- Balch Springs, TX (W/WW Rates)
- Hutchins, TX (W/WW Rates)
- University Park, TX (W/WW Rates)
- Highland Park, TX (W/WW Rates)
- Schertz, TX (W/WW Rates)
- Beeville, TX (W/WW Rates)
- West Harris Regional Water Authority, TX (Wholesale Water Rates)
- Plano, Garland, Richardson, Mesquite, TX (Evaluation of Wholesale Water Contract)
- Midlothian, TX (W/WW Rates)
- Fairview, TX (W/WW Rates)
- Richardson, TX (W/WW Rates)
- Schertz Seguin Local Government Corporation (Wholesale W Rates)
- Seguin, TX (W/WW Impact Fee)
- Liberty Hill, TX (W/WW Impact Fees)
- Hot Springs, AR (W/WW Impact Fees and Non-Revenue Water Audit)
- Cibolo Creek Municipal Authority, TX (W/WW Impact Fees and WW Rate Analysis)
- Fort Worth, TX (W/WW Impact Fees)
- North Little Rock Wastewater Utility, AR (WW Rate Study)
- Westminster, CO (W/WW Rates)
- Duluth, MN (WW Rates)
- Lansing, MI (CSO Value Engineering Study)
- Oswego, NY (W/WW Rates)
- New Bedford, MA (CSO Affordability and SRF Funding Application)
- Brewer Water District, ME (W Rates)
- Los Angeles Department of Water and Power (Integrated Resource Plan – Financial Model)
- Fort Worth, TX (Wholesale Rates & Contract Negotiations)
- Falls Church, VA (Utility Asset Valuation)
- USAID (Bosnia and Herzegovina sector wide financial strengthening of water/wastewater utilities)
- Waller Lansden Dortch, & Davis, LLP (Representing Trustee of Jefferson County, AL sewer debt)
- OK Foods Inc., Muldrow, OK (W Rates)
- Corporation (IFC) and Egyptian Ministry of Housing, Utilities & Urban Developments (Purchase Feasibility Study)
- City of Nashua, NH (Negotiation Support - Purchase of Private Water System)

Additional Relevant Experience

New Braunfels Utilities, TX – Water Rights Lease Evaluation (Senior Financial Analyst 2019): New Braunfels Utilities ("NBU") engaged Willdan Financial Services to review and provide input into a proposed methodology for charging for leased water to potential new customers of the utility. Mr. Lanning prepared a financial analysis and forecast of revenue requirements used to determine the lease of GBRA Mid-Basin water supply project water rights owned by NBU. Mr. Lanning also participated in the preparation of Willdan's comfort letter regarding the proposed lease contract.

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Town of Fairview, TX – Water and Wastewater Rate Study (Senior Financial Analyst, 2016 and 2018): Mr. Lanning prepared a water and wastewater rate analysis and report for the Town of Fairview. The report included recommended rates and a financial plan for the next 10 years. The study included evaluations of alternative rate structures and an impact analysis of recommended rate increases on customers.

City of Celina, TX – Water and Wastewater Rate Study (Senior Financial Analyst, 2018 and 2021): Mr. Lanning prepared a water and wastewater rate analysis and report for the City of Celina. Since the City is growing rapidly, the report included recommended rates for the next 3 years with a recommendation of an annual review to confirm growth estimates continue as planned. The report also included a 10-year financial plan for the water and wastewater utilities. Several alternative rate structures were developed and an impact analysis of these alternative on customers and the City were provided. Finally, the impact of recommended rate increases on customers was prepared.

City of Plano, TX – Water and Wastewater Rate Study (Senior Financial Analyst, 2017 and 2020): Mr. Lanning prepared a water and wastewater rate analysis and report for the City of Plano. The report also included a 10-year financial plan for the water and wastewater utilities. Several alternative rate structures were developed and an impact analysis of these alternative on customers and the City were provided. Finally, the impact of recommended rate increases on customers was prepared.

City of McKinney, TX – Water and Wastewater Rate Study (Senior Financial Analyst, 2016 and 2019): Mr. Lanning prepared a water and wastewater rate analysis and report for the City of McKinney. Since the City is growing rapidly, the report included recommended rates for the next 3 years with a recommendation of an annual review to confirm growth estimates continue as planned. The report also included a 10-year financial plan for the water and wastewater utilities. Several alternative rate structures were developed and an impact analysis of these alternative on customers and the City were provided. Finally, the impact of recommended rate increases on customers was prepared.

City of Richardson, TX – Water and Wastewater Rate Study (Senior Financial Analyst, 2016/2017): Mr. Lanning prepared a water and wastewater rate analysis and report for the City of Richardson. The report also included a 10-year financial plan for the water and wastewater utilities. Several alternative rate structures were developed and an impact analysis of these alternative on customers and the City were provided. Finally, the impact of recommended rate increases on customers was prepared.

City of University Park, TX – Water and Wastewater Rate Study (Project Manager, 2013): Mr. Lanning was Project Manager for a team of experts working with Kent Austin (former University Park Finance Director) completing a cost of service and rate design study for University Park that included an evaluation of customer class usage patterns; an allocation of cost of service to customer class based on demand; identification of large users (residential and commercial) and development of alternative rate structures designed to enhance water conservation. Tests were performed to determine impacts of decreased use on utility revenue and a reserve was recommended to offset variations in water use due to weather or significant changes to customer use patterns.

Professional Activities

- Water Rates in New England – A Decade of State Regulatory Decisions – North Atlantic Water Workers Symposium, 1994.
- SDWA Impact on Rates – Joint New England Water Works Association and New Hampshire Water Works Association Meeting, January 1995.
- Developing Performance Measures – Round Table Moderator; New England Water Works Association - 114th Annual Conference, 1995.

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- Benchmarking Performance Measures: What Are They? Why Use Them? Round Table Moderator; New England Water Works Association - 115th Annual Conference, 1996.
- Water Utility Rate Making – Seminar Moderator; New England Water Works Association one day seminar, 1996, 1997, 1998.
- The Breakup of Power in New England: Changes in the Rules of the Game – J.S. Kowalczyk and D.D. Lanning. New England Health Care Engineers Conference, 1997.
- The Energy Supermarket – J.S. Kowalczyk and D.D. Lanning, Rhode Island Water Works Association, December 1997.
- Electric Utility Restructuring – Round Table Moderator; New England Water Works Association - 117th Annual Conference, 1998.
- Cost of Service vs. Reality – Presentation, New York Water Works Association, 1998.
- Contributions In Aid of Construction – Past, Present and Future – AWWA Conference, Denver, CO, June 2000.
- Is Deregulation An Alternative Means To Rate Stability? Southwest Section AWWA Annual Conference, Boiser City, LA, September 2000.
- Charting a Course through the Deregulated Energy Environment: The City of Dallas Experience – R. R. Rogers, J. Dillard, D. D. Lanning; AWWA/WEF Joint Management Conference, Portland OR; February 2001.
- Rate 101 Seminar – Fundamentals of Ratemaking – Seminar Moderator – Texas AWWA one day seminar, October 2002.
- User Fees: Cause and Effect – Presenter – 2003 Arkansas Water Works and Water Environment Association Conference Short School "Visionaries for Arkansas", April 2003.
- How Utility Rates and Charges Are Determined – Presenter – Kansas Water Environmental Association, 58th Annual Conference – April 2003.
- Rate 101 Seminar – Fundamentals of Water and Wastewater Rates – Government Financial Officers Association of Texas 2004 Annual Conference – April 2004 – Presenter ("Revenue Requirements") and Lead Moderator.
- Alternative Financing Available for Water/Wastewater Utility Energy Saving Improvements: Two Examples From New York – C. Korzenko and D. Lanning, (co-presenters) American Water Works Association (AWWA) 2005 Annual Conference and Exposition – San Francisco.
- Rate 101 Seminar – Fundamentals of Water and Wastewater Rates – Government Financial Officers Association of Texas 2005 Fall Conference – November 2005 – Presenter ("Revenue Requirements") and Lead Moderator.
- "Planning and Financing Water and Wastewater Utility Infrastructure Replacement" – S. Kuhr, G. Nestel, H. Reynolds and D. Lanning – Underground Infrastructure Management – magazine and web site – five articles published between 2005 and 2008.
- "Now That I Must Do It, How Do I Do It? What You Need to Know About the Fundamentals of Water Utility Capital Finance - An Introduction to AWWA's New and Improved Manual M29," American Water Works Association (AWWA) conference ACE 07 Workshop June 24, 2007 – Workshop Presenter - "Financial Requirements Planning Process."
- "Everything You Ever Wanted to Know About Finance Management but were Afraid to Ask: An Overview of the New AWWA Financial Management for Water Utilities Manual," American Water Works Conference (AWWA) ACE 08 Workshop, June 8, 2008 – Workshop Presenter – "Operational and Capital Planning, Capital Assets, CIP and Planning, Benchmarking, Strategic Financial Planning."
- "Inside/Outside Rates: Refinements in the M1 Manual" Eric Rothstein and Dan Lanning; AWWA 2012 Annual Conference and Exhibits (ACE12) Rate and Charges Committee Session "AWWA's Updated M1 Manual - Perspectives on a Changing World;" June 13, 2012.

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Testimony Experience

- Southern New Hampshire Water Co. NH – Revenue Requirement
- Pennichuck Water Works NH – Revenue Requirement
- Manchester Water Works NH – System Development Charge
- Concord Steam Corp. NH – Revenue Requirement
- Manchester Gas Company NH – Revenue Requirement
- Public Service Company of New Hampshire – Fuel Adjustment Charge
- Gas Service Inc. NH – Revenue Requirement
- The following is a list of testimony experience Mr. Lanning has as a consultant:
- Kent County Water Authority, RI – Fire Protection
- Lakes Region Water Company, NH – Rates
- Tilton Northfield Aqueduct, NH – Rates
- Five Town Water Study Committee, NH – Cost of Service Study, Intervention in Manchester Water Works Rate Filing
- Pittsfield Aqueduct Company NH – Rates and Financing
- Carleton Trust Water Systems NH – Asset Valuation and Rates
- Brewer Water District, ME – Rates
- Garland Power and Light, TX – Petition for Transmission Improvements - Competitive Renewable Energy Zone

Dennis Goral Project Analyst

Education

Double Bachelor of Science, Finance and Economics, University of Texas

Areas of Expertise

Rate Studies

Rate Design

Dynamic Computer Modeling

Dashboard Design

Cost of Service Studies

Alternatives Analysis

Advanced Excel

Cost Allocation Studies

User Fee Studies

Clubs and Organizations

GFOAT, Government Finance Officers Association of Texas

SEED, Student Entrepreneurs and Economic Development

SIFE, Student in Free Enterprise

Alpha Beta Gamma, Business Honors Society

Honors and Awards
Lowe's Community Improvement Grant for Collin Community College, 2011

8 Years' Experience

Mr. Goral is a Senior Analyst with 6 years of municipal utility analysis experience and 2 years in financial and economic analysis experience. His consulting experience includes a variety of projects associated with public water, wastewater, reclaimed water, sanitation, natural gas, and electric utility systems throughout the United States and Pacific Islands.

Mr. Goral has been involved with many different facets of project analysis for water and wastewater utility systems including data gathering, dashboard development, dynamic model development, sensitivity analysis, cost-benefit analysis, alternative analysis, demographic analysis, consumption analysis and rate design. Additionally, he has been involved in model development and analysis for cost allocation and user fee studies.

He has special expertise in dashboard development and dynamic model development. In addition, Mr. Goral has an extensive working knowledge of Microsoft Excel and the ability to perform detailed and complex analyses. He has experience in presenting complex information in a simple and easy to understand way.

Representative Client Listing

The following is a listing of Mr. Goral's water and wastewater related project experience accumulated in the past four years:

- City of DeSoto, TX
- City of Balch Springs, TX
- City of Donna, TX
- City of McKinney, TX
- City of Schertz, TX
- City of Fairview, TX
- City of Altus, OK
- City of Winslow, AZ
- City of Cedar Hill, TX
- City of Frisco, TX
- City of Coppell, TX
- Town of Camp Verde, AZ
- City of Allen, TX
- City of Amarillo, TX
- City of Brady, TX
- City of Edmond, OK
- City of Florence, AZ
- City of Laredo, TX
- City of Leander, TX
- City of Los Fresnos, TX
- City of Somerton, AZ
- Town of Prosper, TX
- Town of Carefree, AZ
- City of Castroville, TX
- City of Crandall, TX
- City of Hutchins, TX
- City of Midlothian, TX
- City of Springtown, TX
- City of Royse City, TX
- City of Buckeye, AZ
- Schertz-Seguin Local Government Corporation, TX
- Water Authority of Fiji, Fiji
- City of Plano, TX
- Commonwealth Utilities Corporation, Saipan
- City of San Luis, AZ
- City of Rowlett, TX
- City of Russellville, AR
- Town of Springerville, AZ
- City of Tomball, TX
- City of Tornillo, TX
- City of College Station, TX
- Denton County Fresh Water Supply District 1A, TX
- LAZY 9 MUD 1A, TX
- City of New Summerfield, TX
- City of Princeton, TX
- City of Mesquite, TX

D. Goral*Continued*

- City of Duncanville, TX
- City of Rockwall, TX
- City of Ada, OK
- City of Eloy, AZ
- City of Goodyear, AZ
- City of Liberty Hill, TX
- City of Port Arthur, TX
- City of Alamo Heights, TX
- Denton County Fresh Water Supply District 8C, TX
- City of Brownsville, TX
- City of Ferris, TX
- City of Grand Prairie, TX
- City of Marble Falls, TX
- City of Seguin, TX

The following is a listing of Mr. Goral's cost allocation and user fee related project experience accumulated in the past four years:

- City of Missouri City, TX
- City of DeSoto, TX
- City of San Luis, AZ
- City of Bedford, TX
- City of Mesquite, TX
- Town of Sunnyvale, TX
- City of Coppell, TX
- City of Port Arthur, TX

A few recent projects that are relevant include:

City of Coppell, TX – Stormwater, Water and Wastewater Rate Study and Cost Allocation Plan Analysis (Senior Financial Analyst, 2017, 2019, 2020-2021): Mr. Goral prepared a water and wastewater rate analysis and report for the City of Coppell in 2017. The report included recommended rates and a financial plan for the next 10 years. In 2019, Mr. Goral, prepared a stormwater rate analysis for the City. In 2020, Mr. Goral, prepared a water and wastewater rate update and a cost allocation plan analysis for the City.

City of Frisco, TX – Solid Waste, Water and Wastewater Rate Study (Financial Analyst, 2017): Mr. Goral prepared a comprehensive water and wastewater rate study and long-term financial forecast for fiscal year 2017 and beyond. The City was experiencing rapid growth and needed to plan for and fund the significant level of growth it expects to experience in the next decade. Several alternative rate structures were developed and an impact analysis of these alternative on customers and the City were provided. Additionally, Mr. Goral helped develop the solid waste model for the City.

City of San Luis, AZ – Solid Waste, Water and Wastewater Rate Study and Cost Allocation Plan Analysis (Senior Financial Analyst, 2019, 2020): Mr. Goral prepared a solid waste, water and wastewater rate analysis and report for the City of San Luis. The report included recommended rates and a financial plan for the next 10 years. The study included evaluations of alternative rate structures and an impact analysis of recommended rate increases on customers. Also, in 2020, Mr. Goral prepared a cost allocation plan analysis for the City.

City of Leander, TX – Water and Wastewater Rate Study (Senior Financial Analyst, 2020-2021): Mr. Goral prepared a comprehensive water and wastewater rate study and long-term financial forecast for fiscal year 2021 and beyond. The City was experiencing rapid growth and needed to plan for and fund the significant level of capital improvements expected in the next decade. The City had many unique issues such as unique wholesale contracts and outside city utility basis calculation. Several alternative rate structures were developed and an impact analysis of these alternative on customers and the City were provided.

Estimated Time for Completion Water and Wastewater Rate Study

Willdan has developed the following preliminary project schedule as shown on the chart below. Assuming the project commences in May 2023, we project that we will provide final deliverables by August 2023. This will enable the City to implement any new rate plan in the autumn months when usage is falling and the financial impact on ratepayers will be minimal. It should be noted that this schedule is dependent on the timely receipt of information from the City. However, it should be noted that any delays in receiving requested data may lead to delays in completion of the project.

This schedule is also flexible. Should the City require deliverables and work product on a more expedited basis, we will work with the City to amend the schedule accordingly.

City of Tomball, Texas				
Water, Wastewater and Gas Rate Study				
Proposed Project Team Hours and Professional Fees				
	D. Jackson Project Manager	D. Goral Project Analyst	D. Lanning Senior Project Analyst	Total Hours
	\$240	\$165	\$190	
Scope of Services				
Task I: Project Kick-off, Data Acquisition & Assessment	8.0	8.0	8.0	24.0
Task II: Demographic Analysis	4.0	8.0	8.0	20.0
Task III: Determine Revenue Requirements	8.0	16.0	8.0	32.0
Task IV: Determine User Characteristics & Customer Classes	8.0	16.0	8.0	32.0
Task V: Cost Functionalization, Classification & Allocation	8.0	16.0	8.0	32.0
Task VI: Alternative Rate Designs	8.0	16.0	8.0	32.0
Task VII: Prepare & Present Draft & Final Reports	8.0	16.0	16.0	40.0
Task VIII: City Council Meetings	8.0	8.0	8.0	24.0
Task IX: Project Management & Quality Control	16.0	-	-	16.0
Subtotal Hours	76.0	104.0	72.0	252.0
Task I: Project Kick-off, Data Acquisition & Assessment	1,920	1,320	1,520	4,760
Task II: Demographic Analysis	960	1,320	1,520	3,800
Task III: Determine Revenue Requirements	1,920	2,640	1,520	6,080
Task IV: Determine User Characteristics & Customer Classes	1,920	2,640	1,520	6,080
Task V: Cost Functionalization, Classification & Allocation	1,920	2,640	1,520	6,080
Task VI: Alternative Rate Designs	1,920	2,640	1,520	6,080
Task VII: Prepare & Present Draft & Final Reports	1,920	2,640	3,040	7,600
Task VIII: City Council Meetings	1,920	1,320	1,520	4,760
Task IX: Project Management & Quality Control	3,840	-	-	3,840
Subtotal Professional Fees	18,240	17,160	13,680	\$ 49,080
Travel and Production Expenses				\$ 2,500
Total Cost				\$ 51,580
Professional Fee Discount		12.8%		(6,580)
Official Bid – Not to Exceed				\$ 45,000

References

Similar Projects

City of Tomball | Water and Wastewater Rate Study; 2018

Willdan was selected to manage and complete a comprehensive review of the City of Tomball's water, wastewater, and gas utility rates. The City is undergoing a significant amount of growth and expansion, and its capital investment needs are forecast to be substantial in the coming years. Like many other Houston-area utilities, the City must also absorb expected significant cost increases from North Harris County Regional Water Authority.

The Willdan project team developed a comprehensive forecast model that projected revenues and expenses over a ten-year period. Additionally, the project team met with City staff and Council on numerous occasions to review alternative rate plans, including one that replaced the City's complex minimum charge methodology with one that was more straightforward. Mr. Dan V. Jackson, Willdan Vice President, managed this project and directed all staff on behalf of the Willdan. The project team presented its recommendations to the City Council in December 2018. The Council adopted the project team's recommendations.

Client Contact: Mr. David Esquivel, City Manager
401 Market St. Tomball, TX 77375
Tel #: (281)290-1411 | Email: desquivel@tomballtx.gov

City of League City, TX | Water and Wastewater Multi-Year Financial Plan and Rate Design Study; 2019-2020

The City of League City engaged Willdan in late 2019 to prepare a comprehensive water and wastewater rate study and long-term financial plan. The City had been experiencing a significant amount of population and account growth and was interested in developing a long-term plan that funded growth without disproportionately impacting existing ratepayers. The City was also experiencing significant increases from its wholesale water supplier Gulf Coast Water Authority and wanted to ensure that these costs were passed through to the ratepayers in a manner that minimized their financial and economic burden. Finally, the City sought to implement a rate plan for its non-residential ratepayers that did not disproportionately burden high volume commercial customers.

The project team worked extensively with City staff to develop a series of several rate plan alternatives, which were presented to the City Council. The City Council carefully reviewed all alternatives and in early 2020 adopted the chosen alternative, a multi-year plan with annual adjustments, by a unanimous vote.

Client Contact: Mr. John Baumgartner, City Manager
300 West Walker, League City, Texas 77573
Tel: 281-554-1414 | Email: john.baumgartner@leaguecitytx.gov

City of Galveston, TX | Utility Rate Study; 2020-2021; 2023

The City of Galveston engaged Willdan in 2020 to conduct a comprehensive water, wastewater and solid waste rate study and long-term financial plan. The City had been struggling with the need to fund significant capital improvements, many associated with the repair of assets from prior year hurricane damage. The City also sought to minimize the impact of rate adjustments on families and businesses that were struggling to recover from the afore-mentioned hurricanes as well as the effects of COVID-19. Finally, the City sought to analyze the impact of alternative rate designs, particularly scenarios with less emphasis on putative conservation blocks and more designed to facilitate business and economic recovery. The project team has completed its initial analysis and draft report, and the Council is expected to adopt recommended rate plans in the near future. The study results were delayed due to the COVID pandemic and the shut-down of City facilities.

The City re-engaged Willdan to update its rate study and financial forecast for 2023 and beyond. That project is currently underway, with final results expected in summer 2023.

Client Contact: Mr. Michael Loftin, Assistant City Manager
823 Rosenberg Street, Galveston, Texas 77550
Tel #: (713) 823-0419 | Email: Mloftin@galvestontx.gov

Brownsville PUB, TX | Water and Wastewater Rate Study; 2020-2021

Brownsville PUB engaged Willdan to conduct a comprehensive water and wastewater study and long-term financial plan. The city is experiencing rapid growth and water supplies in the Rio Grande Valley have become increasingly strained. Further, the PUB has identified over \$100 million in capital improvement needs in the coming decades. The PUB is seeking to have a new long-term rate plan developed that will insure that each utility is covering their cost of service and none is being subsidized. A number of different rate plans involving the funding of both the water wastewater operation and the surrounding Resaca maintenance has been evaluated by the project team, PUB staff and the Board of Directors.

The study's completion and rate plan implementation has been repeatedly delayed due to the lingering effects of COVID-19, which has significantly affected the Rio Grande Valley. The PUB Board and the City Commission adopted the proposed rate plan in 2022. It represented the first set of water and wastewater rate increases in several years.

Client Contact: Ms. Monica Garza Cavazos, Financial Manager
1425 Robinhood Drive, Brownsville, TX 78521
Tel #: (956) 983-6172 | Email: mcavazos@brownsville-pub.com

City of Plano, TX | Water and Wastewater Cost of Service Rate Study; 2017, 2020, 2021, 2022

Willdan was engaged in April 2017 by the City of Plano, Texas to prepare a comprehensive water and wastewater rate study and long-term financial forecast for fiscal year 2017 and beyond. The City is approaching buildout and transitioning its water and wastewater utility to a mature, low-growth state. Additionally, the City must absorb significant expected increases from North Texas Municipal Water District. Finally, the City was weighing the prospect of diverting from a pay-as-you-go structure for funding capital improvements to a debt-funding alternative. Willdan's rate model provided potential impacts on financial indicators if the alternative was adopted and assisted management with its evaluation. The overall objective was to develop a long-term rate plan that will enable the City to fund these expenses while minimizing the impact on ratepayers. The City engaged Willdan again in 2020, 2021 and 2022 to prepare a new water and wastewater rate study, as a further sign of the high level of confidence the City continues to place in us. Each study resulted in a rate plan that was unanimously adopted by the City Council.

Client Contact: Mr. Mark Israelson, City Manager
1520 K Avenue, Plano, Texas 75074
Tel #: (972) 941-5112 | Email: marki@plano.gov

City of McKinney, TX | Water and Wastewater Cost of Service Rate Study; 2016, 2019, 2021

Willdan was engaged in 2016 and again in 2019 and 2021 to conduct a comprehensive review of the water and wastewater rates and complete a full cost of service rate study for the City of McKinney. The City has been experiencing significant growth in recent years, which has added to the challenge of maintaining a superior quality water system. Further, the City has had to absorb significant cost increases from its regional provider, North Texas Municipal Water District (NTMWD). Changes to the NTMWD contract and the City's CIP from the unprecedented growth required the City to review its rate studies every two years.

Each of the studies recommended a new comprehensive rate plan that will enable the City to fund its capital improvements and rate increases from NTMWD. The plans were very similar to each other but the needs of the CIP in particular required nominal changes to each rate plan. The City Council unanimously adopted the recommendations of each study.

Client Contact: Mr. Paul Grimes, City Manager
222 N. Tennessee, McKinney, TX 75070
Tel #: (972) 547-7510 | Email: citymgr@mckinneytexas.org

City of Port Arthur, TX | Water and Wastewater Rate Study; 2021

The City of Port Arthur engaged Willdan to conduct a comprehensive water and wastewater rate study and long-term financial plan. The City has undertaken a significant level of capital improvements, including the expansion of its primary water treatment plant. Further, its utility fund has been struggling in recent years and rate adjustments are required to eliminate support and subsidies from the general fund. The project team conducted a thorough analysis and has recommended a series of rate adjustments to fund both the capital improvements and restore financial health. Due to COVID-19 restrictions, the anticipated adoption of the proposed multi-year rate plan was deferred to early 2021, but was ultimately adopted by the City Council.

Client Contact: Mr. Donald Stanton, Director of Utilities
444 4th St, Port Arthur Texas 77642
Tel #: (409) 983-8226 | Email: donald.stanton@portarthurtx.gov

Financial Stability and Professional Liability Insurance

Financial Stability

To establish our financial stability, we are providing the following information. Willdan Group, Inc. (WGI) has sustained a healthy financial performance record due to the outstanding performance of our operating divisions and a strong, dependable reputation in municipal consulting.

A snapshot of WGI's financial statistics have been provided to the right demonstrating our financial position and stability. As a publicly traded company (WLDN), must provide public financial information as required by the SEC.

Additional detailed financial statements and annual reports are included on our webpage (<http://ir.willdangroup.com/>).

Willdan Financial Services is not involved in an ongoing bankruptcy as a debtor, or in a reorganization, liquidation, or dissolution proceeding, current or pending litigation, planned office closures, impending merger, which could impede our ability to complete this engagement.

Financial Stability

- In business for 57 years
- 1,400 employees, throughout the US
- Market capitalization of \$503M (as of end of 4th Quarter, 2020)
- 4th Quarter 2020 revenue \$50.8M
- Fiscal Year 2020 revenue of \$391M
- \$50 million Line of Credit with the ability to increase up to \$60 million (as of end of 1st Quarter, 2021)
- \$28.4M in cash and cash equivalents (as of end of 2020)

Insurability

Provided below is a sample of a current certificate of insurance. With a rating of A+XV, Willdan maintains insurance from top-rated companies. Upon award of contract, a certificate of insurance and endorsements specific to the Water and Wastewater Rate Study engagement will be provided to the City.

ACORD		CERTIFICATE OF LIABILITY INSURANCE		DATE: 08/03/2021 11/14/2021																																				
<p><small>THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S) AUTHORIZED REPRESENTATIVE OR PRODUCER AND THE CERTIFICATE HOLDER.</small></p> <p><small>IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed if SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in favor of such endorsement(s).</small></p>																																								
<p><small>PRODUCER</small></p> <p>ACORD 8164 Insurance Services West, Inc. 100 Wilshire Boulevard Suite 2800 Los Angeles, CA 90017-0460 USA</p>		<p><small>INSURER</small></p> <p>Travelers Property Cas Co of America The Travelers Indemnity Co of CT Lexington Insurance Company</p>		<p><small>AGENCY</small></p> <p>Willdan Financial Services 27468 Via Industria Suite 200 Tomball, CA 92190 USA</p>																																				
<p><small>COVERAGES</small></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>LINE</th> <th>TYPE OF INSURANCE</th> <th>CLASS CODE</th> <th>POLICY NUMBER</th> <th>START DATE</th> <th>EXPIRES</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>COMMERCIAL GENERAL LIABILITY</td> <td>1</td> <td>PNL07119418111211</td> <td>11/09/2020</td> <td>11/09/2021</td> <td>\$1,000,000</td> </tr> <tr> <td>2</td> <td>INTELLIGIBLE LIABILITY</td> <td></td> <td>818-74675514-21-81-G</td> <td>11/09/2020</td> <td>11/09/2021</td> <td>\$1,000,000</td> </tr> <tr> <td>3</td> <td>PROFESSIONAL LIABILITY</td> <td></td> <td>USL161678211111</td> <td>11/09/2020</td> <td>11/09/2021</td> <td>\$1,000,000</td> </tr> <tr> <td>4</td> <td>ARCHITECTURAL PROF</td> <td></td> <td>028174912</td> <td>11/09/2020</td> <td>11/09/2021</td> <td>\$2,000,000</td> </tr> </tbody> </table>						LINE	TYPE OF INSURANCE	CLASS CODE	POLICY NUMBER	START DATE	EXPIRES	AMOUNT	1	COMMERCIAL GENERAL LIABILITY	1	PNL07119418111211	11/09/2020	11/09/2021	\$1,000,000	2	INTELLIGIBLE LIABILITY		818-74675514-21-81-G	11/09/2020	11/09/2021	\$1,000,000	3	PROFESSIONAL LIABILITY		USL161678211111	11/09/2020	11/09/2021	\$1,000,000	4	ARCHITECTURAL PROF		028174912	11/09/2020	11/09/2021	\$2,000,000
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4	ARCHITECTURAL PROF		028174912	11/09/2020	11/09/2021	\$2,000,000																																		
<p><small>DESCRIPTION OF OPERATION (LOCATION), SERVICES, GOODS OR SERVICES, BUSINESS, AND BE INSURED'S NAME (NAME TO BE INSURED)</small></p> <p>RE: Proposal Only.</p>																																								
<p><small>CERTIFICATE HOLDER</small></p> <p>Willdan Financial Services 27468 Via Industria, Suite 200 Tomball, CA 92190 USA</p>			<p><small>CANCELLATION</small></p> <p>30 DAYS ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BASED ON THE COMMON CANCELLATION NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.</p> <p><small>AUTHORIZED REPRESENTATIVE</small></p> <p>Alan Reed Insurance Services West Inc.</p>																																					

Exhibit C - Completed Cost Proposal Sheet

Water, Wastewater, and Gas Rate Study

Every project is unique in terms of the scope, level of effort, travel, on-site time, challenges, and deliverables. We believe that we have properly considered all aspects of this engagement and have developed a fair and reasonable proposed price that reflects the total effort and ensures the production of a top-quality product. Provided below are our proposed project hours, professional fees, and expenses for this engagement. As the table shows, based on the scope of work described in this proposal, we are proposing professional fees and expenses for the scope of services contained in this proposal to be a **fixed fee of \$45,000**. The price is fully inclusive of all expenses and professional fees.

This fee is significantly lower than the fee we assessed for our original rate study completed in 2018. This is because the project team is familiar with the City, its operations and data, and our financial models have already been built and are operational. This means that we can work more effectively and efficiently than any of our competitors, because our service represents an update more than an original study.

The price is firm for a period of 90 days from the proposal closing date of March 23, 2023.

City of West University Place, Texas				
Water and Wastewater Rate Study				
Proposed Project Team Hours and Professional Fees				
	D. Jackson Project Manager	J. Gray Principal Consultant	D. Lanning Senior Project Analyst	Total Hours
	\$220	\$200	\$190	
Scope of Services				
Task I: Project Kick-off, Data Acquisition & Assessment	4.0	4.0	4.0	12.0
Task II: Demographic Analysis	4.0	6.0	6.0	16.0
Task III: Determine Revenue Requirements	4.0	8.0	12.0	24.0
Task IV: Determine User Characteristics & Customer Classes	4.0	8.0	12.0	24.0
Task V: Cost Functionalization, Classification & Allocation	4.0	8.0	12.0	24.0
Task VI: Alternative Rate Designs	4.0	8.0	8.0	20.0
Task VII: Prepare & Present Draft & Final Reports	4.0	8.0	8.0	20.0
Task VIII: Town Council Meetings	4.0	4.0	-	8.0
Task IX: Project Management & Quality Control	4.0	4.0	-	8.0
Subtotal Hours	36.0	58.0	62.0	156.0
Task I: Project Kick-off, Data Acquisition & Assessment	880	800	760	2,440
Task II: Demographic Analysis	880	1,200	1,140	3,220
Task III: Determine Revenue Requirements	880	1,600	2,280	4,760
Task IV: Determine User Characteristics & Customer Classes	880	1,600	2,280	4,760
Task V: Cost Functionalization, Classification & Allocation	880	1,600	2,280	4,760
Task VI: Alternative Rate Designs	880	1,600	1,520	4,000
Task VII: Prepare & Present Draft & Final Reports	880	1,600	1,520	4,000
Task VIII: Town Council Meetings	880	800	-	1,680
Task IX: Project Management & Quality Control	880	800	-	1,680
Subtotal Professional Fees	7,920	11,600	11,780	\$ 31,300
Travel and Production Expenses				\$ 2,500
Total Cost				\$ 33,800
Professional Fee Discount		14.2%		(4,800)
Official Bid – Not to Exceed				\$ 29,000

Rates for Additional Services

Hourly Rates

The table below outlines Willdan Financial Services' current hourly rates.

City of Tomball, TX Additional Services Fees	
Proposed Team Member	Hourly Rate
Dan V. Jackson	\$ 210
Jason Gray	\$ 200
Dan Lanning	\$ 175

Exhibit D – Additional Documents

Conflict of Interest Form

See Following Page:

CONFLICT OF INTEREST QUESTIONNAIRE
For vendor doing business with local governmental entity

FORM CIQ

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.

This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

OFFICE USE ONLY

Date Received

1 Name of vendor who has a business relationship with local governmental entity.

Willdan Financial Services

2 Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3 Name of local government officer about whom the information is being disclosed.

N/A

Name of Officer

4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?

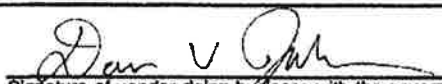
Yes No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?

Yes No

5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.

6 Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

7 
Signature of vendor doing business with the governmental entity

03/15/2023

Date

Certificate of Interested Parties

See Following Page:

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

OFFICE USE ONLY CERTIFICATION OF FILING

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.
Willdan Financial Services
Plano, TX United States

Certificate Number:
2023-994842

Date Filed:
03/15/2023

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.
City of Tomball

Date Acknowledged:

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.
RFP 2023-09
Rate Study

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary

5 Check only if there is NO interested Party.



6 UNSWORN DECLARATION

My name is Dan Jackson, and my date of birth is 09/21/1960.

My address is 5500 Democracy Dr., Ste 130, Plano, TX, 75024, USA.
(street) (city) (state) (zip code) (country)

I declare under penalty of perjury that the foregoing is true and correct.

Executed in Collin County, State of Texas, on the 21 day of March, 2023.
(month) (year)



Signature of authorized agent of contracting business entity
(Declarant)

Qualifications Highlight

Willdan's Unique Approach

Willdan proposes to develop a *Microsoft Excel-based utility rate and financial planning model* that will allow the City to test a variety of “what-if” futures, whereby the City can change and *update assumptions related to growth, consumption patterns by customer and meter classifications, the capital improvement program, operational programs*, and a variety of other planning, engineering, and financial variables and predict the financial outcome of that scenario and its effect on utility rates. This is especially useful in testing the affordability of the capital improvement program, allowing the user to turn new projects “on or off” in the model, change the costing with updated information, delay their funding, or look at cash vs. debt vs. fee-funding alternatives and their impact on affordability.

Working with the professionals on our team and City staff, we will use advanced modeling techniques to test the City’s capital improvement program for prioritization, timing, and affordability of projects. In doing so, the City will be able to identify the resources available for implementing programs identified in the capital planning process. In the end, the process will allow the City to determine the optimum rate path for balancing the financial health of the system against political and other considerations, *such as conservation*.

We cannot emphasize strongly enough the need for, and benefit of, a properly constructed public involvement process to introduce the recommended rate plan to the public. The general public and elected officials are naturally going to be inclined to oppose rate plans that involve higher rates and fees; after all, no one wants to pay more for anything at any time for any reason. Therefore, the burden is on the City and its consulting team to present any proposed rate plan to the public in a manner that is both easily understandable and emphasizes the benefits of implementation (i.e., a better quality of service). **Consulting teams and rate plans that do not recognize both the need to present information in an understandable manner and take into account the sensitivity of ratepayers and elected bodies to cost increases are doomed to fail.**

With this in mind, we would note the following about our services and the deliverables we will prepare for the City:

- We take pride in the quality of our written reports. The intent is to make our reports readable and easily understandable to those who are not ratemaking or financial professionals. We are frequently complimented by clients who tell us that they understood both the major points of our analysis and the benefits of our proposed rate plans. We pledge to produce both a final report and presentations to the City that will result in a similar reaction.
- Many regard the process of rate studies as simply writing a report, dropping it off to the client, and leaving. Rate studies should be considered overall processes, the goal of which is to ultimately adopt a formal rate and financial plan. This involves far more than the completion of a report – the public involvement process is critical, and we will work tirelessly with staff to ensure that our recommended alternatives are successfully implemented.
- We also believe that our public presentations are of a superior quality, both in terms of overall presentation and understandability. Mr. Jackson has provided over 300 public presentations in his career, to such diverse clients as large cities and suburbs, border communities, and Pacific sovereign nations. He understands how to *make presentations to audiences that include utility customers and other lay persons*.

We take pride in the frequent compliments received from clients about the ease and understandability of our presentations, and the fact that they present critical information required to make decisions in a straightforward and easy to follow manner.

In conclusion, our project team offers the benefits of not only a first-rate analysis and model development, and a well written and easily understandable report, but also a public involvement process that is designed to successfully implement the results of the analysis.

Rate and Financial Planning

During this project, we will be utilizing our Microsoft Excel-based model, with its interactive dashboard, as a comprehensive financial tool to allow planning and evaluation of variable inputs and assumptions, thereby *creating a thorough analysis of revenue requirements to address the City's goal of ensuring predictable and stable revenue*. These analyses are then seamlessly integrated with the rate development component of the model to demonstrate and project various rate design alternatives, and the effects they would have on the City's financial outlook.

The model is used in meetings, in order to efficiently cycle through rate scenarios and establish the most viable rate plans for the City. During these interactive meetings we invite City staff to participate in scenario planning/"what-if" sessions, where we use the dashboard to demonstrate and evaluate the financial/rate impact of alternative data (CIP, operating costs, etc.) and assumptions (interest rates, customer growth, cost escalation, etc.) in real-time to focus on the most critical drivers of the analysis. This ensures the resulting rate plan alternatives are viable from a financial, operational, managerial and political perspective. The rate plan alternatives will then be incorporated into the water and wastewater rate study report, which will provide the City every assumption, data item, and calculation used in the development of each rate plan alternative.

The Financial Planning component of the model provides transparency such that users can develop a viable financial plan and understand the reasons for needed revenue adjustments.

Willdan Models Guide You to Your Optimal Solutions

Real-Time Financial Modeling

The goal of financial forecasting is to provide clear vision regarding the potential financial outcomes of current management decisions. Our goal is to help you mold the existing knowledge base of the City into a viable financial management and rate plan. At Willdan, the development and use of real-time financial models in an interactive, collaborative process is an integral part of the model development.

Model Development as Part of the Consulting Process

Each model is designed with the following elements:

- Graphical dashboard to clearly show the results of various scenarios to the user;
 - Assumptions;
 - Data tables; and
- Calculation engine.

Each model is "baselined" after an initial meeting with staff to ensure that we have the correct data and a basic understanding of the financial dynamics of your system. We will then conduct interactive financial planning sessions with City staff. After validating our data, calculation approach, and baseline assumptions, we will explore alternative scenarios, varying a number of assumptions and financial planning techniques:

- Rate increase magnitude and timing;
- Alternative timing of capital projects;
- Alternative financing options (alternative combinations of pay-as-you-go, revenue bond debt and State Revolving Fund (SRF) debt, for example);
- Alternative growth/demand forecasts and other "what-if" analyses, such as the impact of a loss of one or more service areas or addition of wholesale customers; and
- Effect of increases in other sources of funds, such as impact fees.

The model is self-solving through the use of controlled feedback loops, and therefore does not require significant manipulation by the user to solve correctly. Given any combination of cost requirements (both operating and capital), non-rate sources of funds, and forecast assumptions, rate increases are generated that:

- Meet specified reserve targets;

- Fully fund capital expenditures using specified financing techniques; and
- Meet legal and contractual requirements that are financially measurable, such as debt service coverage on revenue bonds.

Alternatively, the user can specify rate increases and then examine the results to determine if the desired/required parameters are met.

Subsequent to careful development and validation of the baseline forecast, a series of alternative forecasts will be prepared illustrating various results in the following general categories.

- **What if things turn out differently?** These alternatives will demonstrate the sensitivity of the forecast to the significant assumptions used. This results in a sound understanding of areas where a conservative forecast approach is warranted.
- **What happens when we try this?** This series of alternatives focuses on different financial management approaches.
- **What can we do to make it better?** This approach to forecasting identifies the factors that may be causing significant rate increases in a given year and explores alternatives. For example, if a large capital project in a single year is the culprit, we would work with staff and the consulting engineers to determine whether this project could be phased or delayed.

In like manner, the rate design model can be used to explore the impact of various rate structures on bills for each customer class over the relevant consumption range.





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