

June 17, 2026

Morris Jordan
Walton County, Georgia
111 S. Broad Street
Monroe, Georgia 30655

Re: Engagement Proposal

Dear Morris:

Per our discussion, The Shpigler Group is pleased to have the opportunity to work with you and the team at Walton County on the development of the water rate study and financial model.

The Shpigler Group is uniquely positioned to support Walton County in developing a water rate structure and financial model that are financially sustainable, equitable across customer classes, and aligned with the County's long-term capital and operational objectives. Our approach is grounded in rigorous financial modeling and informed by extensive experience supporting utilities through periods of transition, capital investment, and system growth.

We recognize that Walton County's system presents a distinct set of considerations: a transition from purchased water to an owned supply system, significant upcoming capital investment and associated debt service, a predominantly residential customer base, and the need to balance wholesale and retail relationships. Our methodology is designed to address these factors through a structured, iterative, and collaborative process.

To meet the County's objectives, we will implement a four-phase approach that integrates financial analysis, rate design, and policy evaluation. Each phase builds on the previous while allowing flexibility to refine assumptions and evaluate alternatives as new information becomes available.

Phase 1 – Kickoff and Data Collection

This phase establishes a clear understanding of the system, validates data, and identifies key issues that will shape the study.

We will begin with a kickoff meeting with County staff to confirm objectives, align on priorities, and establish communication protocols. Early discussions will focus on key considerations such as the transition to the Hard Labor Creek supply system, anticipated capital and debt obligations, and known challenges in the current rate structure.

Our team will conduct a comprehensive review of existing documentation, including prior rate studies, rate schedules, billing practices, capital improvement plans, and debt agreements. We

will evaluate how current charges are applied across customer classes and identify areas where rates may not align with underlying system costs.

We will collect and validate key datasets, including:

- Financial and operational data to understand cost drivers
- Customer and billing data to evaluate revenue generation
- Capital planning and debt information to assess future funding needs

In parallel, we will assess the County’s current billing system and data structure to understand its ability to support detailed financial modeling, rate design, and reporting.

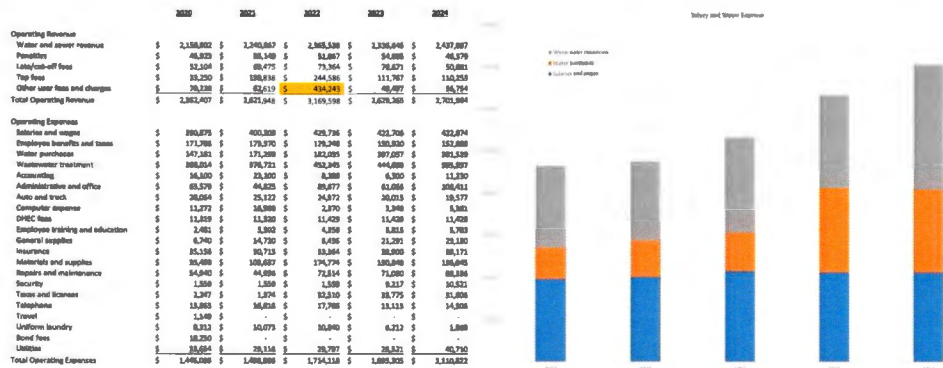
Phase 2 – Financial Modeling and Revenue Requirement Development

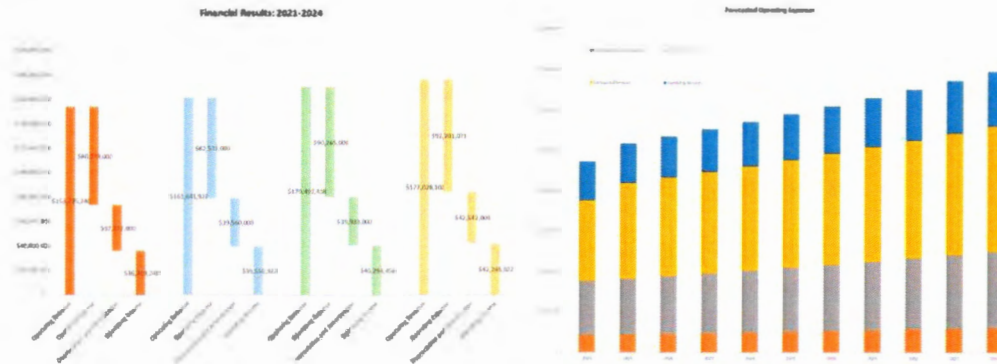
We will develop a customized financial model that reflects Walton County’s current operations and future system conditions.

The model will integrate:

- Operating and maintenance costs
- Capital improvement program (CIP)
- Debt service obligations
- Reserve and coverage requirements

Below is an example of data and graphs from previous models.





A key focus of this phase is evaluating the financial implications of the transition to the Hard Labor Creek system. This includes modeling the shift from variable purchased water costs to fixed capital and operational costs, and ensuring that revenue structures support long-term financial stability.

The model will extend over a long-term planning horizon and will be designed to evaluate multiple scenarios, including variations in growth, demand, capital timing, and funding strategies. This will allow the County to assess trade-offs between rate adjustments, funding approaches, and customer impacts.

Below is an example of a 10-year revenue requirement projection from a previous model.

Line Item	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Operating Expenses												
Salaries and wages	\$ 432,874	\$ 478,412	\$ 488,322	\$ 500,580	\$ 513,013	\$ 525,870	\$ 539,016	\$ 553,483	\$ 568,304	\$ 584,462	\$ 601,962	\$ 620,873
Employee benefits and taxes	\$ 152,809	\$ 166,287	\$ 174,774	\$ 180,394	\$ 186,328	\$ 192,602	\$ 199,256	\$ 206,305	\$ 213,772	\$ 221,583	\$ 229,753	\$ 238,299
Water purchase	\$ 392,518	\$ 427,129	\$ 432,807	\$ 448,752	\$ 466,751	\$ 477,870	\$ 483,257	\$ 498,858	\$ 507,722	\$ 520,441	\$ 530,441	\$ 540,825
Wastewater treatment	\$ 995,917	\$ 708,384	\$ 726,308	\$ 744,467	\$ 769,879	\$ 782,156	\$ 801,709	\$ 821,792	\$ 842,396	\$ 863,553	\$ 885,297	\$ 908,667
Accounting	\$ 11,239	\$ 15,219	\$ 15,589	\$ 15,989	\$ 16,389	\$ 16,789	\$ 17,189	\$ 17,589	\$ 17,989	\$ 18,389	\$ 18,789	\$ 19,189
Administrative and office	\$ 308,411	\$ 44,811	\$ 46,824	\$ 48,834	\$ 50,844	\$ 52,854	\$ 54,864	\$ 56,874	\$ 58,884	\$ 60,894	\$ 62,904	\$ 64,914
Auto and truck	\$ 18,377	\$ 27,310	\$ 28,001	\$ 28,701	\$ 29,401	\$ 30,101	\$ 30,801	\$ 31,501	\$ 32,201	\$ 32,901	\$ 33,601	\$ 34,301
Computer expense	\$ 5,864	\$ 6,846	\$ 9,170	\$ 9,899	\$ 10,628	\$ 11,357	\$ 12,086	\$ 12,815	\$ 13,544	\$ 14,273	\$ 15,002	\$ 15,731
DHEC fees	\$ 11,428	\$ 13,540	\$ 13,889	\$ 14,238	\$ 14,587	\$ 14,936	\$ 15,285	\$ 15,634	\$ 15,983	\$ 16,332	\$ 16,681	\$ 17,030
Employee training and education	\$ 1,769	\$ 4,380	\$ 5,084	\$ 5,788	\$ 6,492	\$ 7,196	\$ 7,900	\$ 8,604	\$ 9,308	\$ 10,012	\$ 10,716	\$ 11,420
General supplies	\$ 23,139	\$ 16,495	\$ 16,907	\$ 17,319	\$ 17,731	\$ 18,143	\$ 18,555	\$ 18,967	\$ 19,379	\$ 19,791	\$ 20,203	\$ 20,615
Insurance	\$ 26,171	\$ 40,853	\$ 41,875	\$ 42,897	\$ 43,919	\$ 44,941	\$ 45,963	\$ 46,985	\$ 48,007	\$ 49,029	\$ 50,051	\$ 51,073
Materials and supplies	\$ 136,091	\$ 136,887	\$ 140,094	\$ 143,301	\$ 146,508	\$ 149,715	\$ 152,922	\$ 156,129	\$ 159,336	\$ 162,543	\$ 165,750	\$ 168,957
Repairs and maintenance	\$ 88,388	\$ 74,618	\$ 77,887	\$ 79,803	\$ 81,719	\$ 83,635	\$ 85,551	\$ 87,467	\$ 89,383	\$ 91,299	\$ 93,215	\$ 95,131
Security	\$ 10,321	\$ 6,889	\$ 6,036	\$ 5,777	\$ 5,518	\$ 5,259	\$ 5,000	\$ 4,741	\$ 4,482	\$ 4,223	\$ 3,964	\$ 3,705
Taxes and licenses	\$ 33,808	\$ 22,775	\$ 23,344	\$ 23,913	\$ 24,482	\$ 25,051	\$ 25,620	\$ 26,189	\$ 26,758	\$ 27,327	\$ 27,896	\$ 28,465
Telephone	\$ 34,006	\$ 17,895	\$ 18,466	\$ 18,977	\$ 19,488	\$ 19,999	\$ 20,510	\$ 21,021	\$ 21,532	\$ 22,043	\$ 22,554	\$ 23,065
Travel	\$ -	\$ 283	\$ 290	\$ 297	\$ 305	\$ 312	\$ 320	\$ 327	\$ 335	\$ 342	\$ 350	\$ 357
Uniform laundry	\$ -	\$ 8,887	\$ 8,513	\$ 8,139	\$ 7,765	\$ 7,391	\$ 7,017	\$ 6,643	\$ 6,269	\$ 5,895	\$ 5,521	\$ 5,147
Bond fees	\$ -	\$ 4,494	\$ 4,807	\$ 5,120	\$ 5,433	\$ 5,746	\$ 6,059	\$ 6,372	\$ 6,685	\$ 7,000	\$ 7,313	\$ 7,626
Utilities	\$ 48,728	\$ 17,275	\$ 18,382	\$ 19,489	\$ 20,596	\$ 21,703	\$ 22,810	\$ 23,917	\$ 25,024	\$ 26,131	\$ 27,238	\$ 28,345
Total Operating Expenses	\$ 2,158,822	\$ 2,853,480	\$ 2,971,327	\$ 3,088,689	\$ 3,206,051	\$ 3,323,413	\$ 3,440,775	\$ 3,558,137	\$ 3,675,499	\$ 3,792,861	\$ 3,910,223	\$ 4,027,585
Depreciation and amortization	\$ 446,408	\$ 515,533	\$ 448,014	\$ 463,087	\$ 484,787	\$ 497,507	\$ 520,228	\$ 532,948	\$ 552,333	\$ 557,719	\$ 572,772	\$ 572,772
Non-Operating Revenue												
Interest and dividends	\$ 22,082	\$ 22,082	\$ 567	\$ 570	\$ 579	\$ 580	\$ 588	\$ 590	\$ 601	\$ 610	\$ 610	\$ 620
Reparal income	\$ 88,088	\$ 88,342	\$ 18,402	\$ 18,316	\$ 18,684	\$ 18,809	\$ 19,971	\$ 17,163	\$ 17,363	\$ 17,669	\$ 17,869	\$ 17,869
Interest expense	\$ (185,089)	\$ (185,510)	\$ (185,909)	\$ (178,218)	\$ (179,880)	\$ (179,880)	\$ (188,388)	\$ (188,388)	\$ (188,388)	\$ (188,388)	\$ (188,388)	\$ (188,388)
Property Tax Income	\$ 251,023	\$ 288,735	\$ 270,008	\$ 270,879	\$ 288,484	\$ 295,768	\$ 318,008	\$ 321,404	\$ 332,804	\$ 344,804	\$ 358,804	\$ 368,804
Other Income	\$ 7,809	\$ 7,827	\$ 8,072	\$ 8,315	\$ 8,564	\$ 8,812	\$ 9,060	\$ 9,308	\$ 9,556	\$ 9,804	\$ 10,052	\$ 10,299
Total Non-Operating Revenue	\$ 126,534	\$ 148,396	\$ 154,138	\$ 128,764	\$ 135,831	\$ 135,115	\$ 151,732	\$ 159,804	\$ 179,868	\$ 201,188	\$ 201,188	\$ 230,349
Revenue Requirement	\$ 2,428,706	\$ 2,675,757	\$ 2,795,206	\$ 2,760,914	\$ 2,850,232	\$ 2,818,051	\$ 2,985,995	\$ 3,048,499	\$ 3,098,685	\$ 3,155,293	\$ 3,191,754	\$ 3,191,754
Forecasted Revenue	\$ 2,701,864	\$ 2,847,714	\$ 3,021,407	\$ 3,098,843	\$ 3,174,385	\$ 3,251,724	\$ 3,339,068	\$ 3,418,444	\$ 3,508,905	\$ 3,597,503	\$ 3,681,291	\$ 3,681,291

Throughout this phase, we will work closely with County staff to refine assumptions, validate outputs, and ensure that the model reflects both financial realities and policy priorities. This collaborative, iterative process ensures that the resulting revenue requirements are accurate, transparent, and aligned with the County's long-term goals.

Phase 3 – Cost of Service and Rate Structure Development

This phase translates financial requirements into equitable and implementable rate structures.

We will conduct a detailed cost of service analysis to allocate system costs across customer classes based on cost causation principles. This includes evaluating base charges, volumetric rates, and consumption tiers, as well as identifying the need for specialized rate structures for large or high-demand users.

We will develop and evaluate a focused set of rate alternatives, assessing:

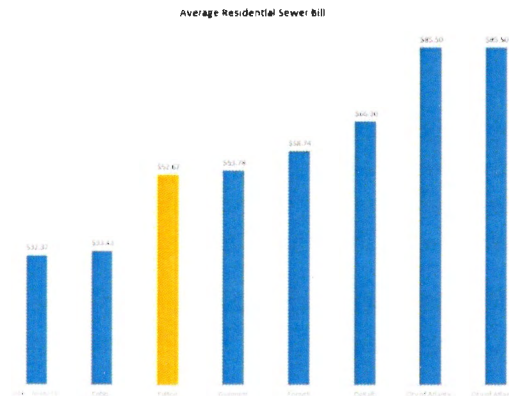
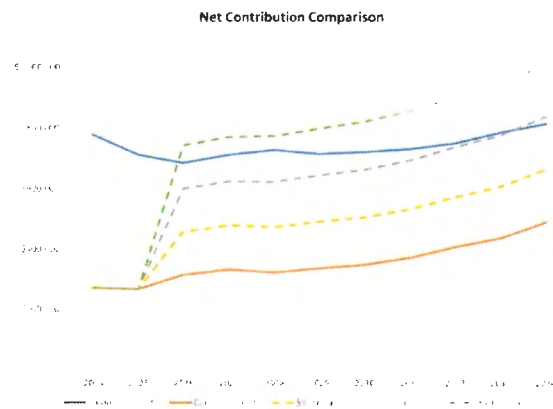
- Revenue sufficiency and financial stability
- Equity across customer classes
- Impacts on typical customer bills
- Practical considerations for implementation

In addition, we will evaluate:

- Wholesale and retail rate relationships
- Impact and connection fee structures
- Opportunities to improve rate stability and predictability

As part of this phase, we will also provide guidance on how billing system capabilities and data availability may influence rate design and ongoing financial management.

Below are examples showing net contribution comparisons between rate structures and customer impact benchmarking:



As each rate and fee alternative is developed, we will meet with County staff to review outputs, discuss implications, and determine refinements. By embedding regular feedback into this process, we ensure the final recommendations are well-understood, clearly justified, and tailored to the County's operational and community needs.

Phase 4 – Finalization and Presentation

The final phase focuses on refining recommendations, supporting decision-making, and ensuring successful implementation through clear communication.

We will prepare a comprehensive draft report that documents the full analytical process, including financial modeling results, cost of service methodology, and rate design alternatives. The report will clearly explain the rationale behind recommendations and present findings in a way that is both technically robust and accessible to non-technical audiences.

We will conduct structured review sessions with County staff to walk through findings, address questions, and refine recommendations based on feedback. This ensures that the final recommendations are well understood and aligned with County priorities before being presented publicly.

Recognizing that rate changes can have significant community impact, we will support the County in developing and delivering a clear communication strategy. This includes participating in stakeholder outreach and County meetings. Our approach emphasizes transparency and clarity, helping stakeholders understand not only what is changing, but why those changes are necessary to support the system's long-term sustainability.

Following stakeholder engagement and incorporation of feedback, we will finalize the report and provide the County with a clear, actionable roadmap for implementation, including recommended phasing, policy considerations, and next steps.

In total, and reflecting the requirements of the RFP, we anticipate at least four key meetings with stakeholder groups: the kickoff and three progress reviews (aligned with financial modeling, cost allocation, and final recommendations) include draft review. To facilitate communication, we can support virtual progress review meetings. Additional in-person or virtual stakeholder sessions may be included as needed.

The proposed project timeline is as follows:


Detailed Tasks and Activities	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11	W12	W13	W14
PHASE 1 KICKOFF AND DATA COLLECTION														
Stakeholder Engagement	█													
In-person Kickoff Meeting with County Staff	█													
Confirm scope, objectives, and communication protocols	█													
Data Collection & Initial Assessment														
Complete financial data and CIP information		█	█											
Review existing rate structure and conduct initial assessment of system costs and revenues		█	█											
Validate data sets and evaluate existing capabilities		█	█											
PHASE 2 FINANCIAL MODELING AND REVENUE REQUIREMENT DEVELOPMENT														
Financial Analysis														
Analyze historical operations, costs, and performance		█	█	█										
Evaluate capital plan and debt service obligations			█	█	█									
Model Creation														
Develop long-term financial model (20-year horizon)			█	█	█	█								
Incorporate costs, CIP, debt, and reserves				█	█	█								
Model transition to Hard Labor Creek supply				█	█	█	█							
Develop revenue requirements and financial scenarios				█	█	█	█							
Review and refine model with County staff				█	█	█	█							
PHASE 3 COST OF SERVICE AND RATE STRUCTURE DEVELOPMENT														
Cost of Service Analysis														
Allocate costs across customer classes						█	█	█	█					
Evaluate base charges and consumption fees						█	█	█	█					
Rate Structure Development														
Develop and evaluate alternative rate structures						█	█	█	█					
Assess wholesale and retail rates, and development fees						█	█	█	█					
Test rate structures within financial model							█	█	█					
Evaluate customer impacts and financial performance							█	█	█					
Provide billing systems and implementation considerations								█	█	█				
Review and refine with County staff								█	█	█				
PHASE 4 FINALIZATION AND PRESENTATION														
Prepare draft and final report											█	█		
Finalize financial model and recommendations											█	█		
Review findings with County staff												█	█	
Present recommendations to stakeholders													█	█
Support public meeting as needed														█
Deliver final study deliverables to County														█
CONTINUOUS QUALITY ASSURANCE														
Biweekly progress meetings with Town staff	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Ongoing schedule management and risk monitoring	█	█	█	█	█	█	█	█	█	█	█	█	█	█

Based on the work outlined, our assessment is that the work associated with the study will require the dedicated effort of the team for a period of fourteen weeks. We are prepared to complete all of the requirements as described above for a fixed professional fee of \$40,000. Given that we are within driving distance, no expenses for travel will be billed.

If the foregoing fairly states our understanding, please indicate your agreement by causing your duly authorized officer to sign where indicated below.

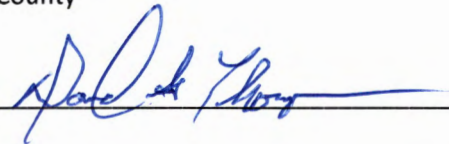
Very truly yours,

SHPIGLER CONSULTING

By: 
David Shpigler
President
Its duly authorized officer

Address of Notices: Shpigler Consulting, Inc.
10 10th Street NE
Suite 390
Atlanta, GA 30309
Phone: 404-600-5480

ACCEPTED AND AGREED TO:
Walton County

By: 

Address of Notices: 303 S. Hammond Dr
Suite 333
Monroe, GA 30655
Attn: Jennifer Wall

Dated: 6/18/2026