

May 27, 2026

Joey Dienberg, MPA  
Village Administrator  
Village of Winnebago  
108 W. Main Street  
Winnebago, Illinois 61088

**Re: Proposal for Professional Services  
Water Rate Study, Winnebago, Illinois**

Dear Joey:

The purpose of this water rate study is to provide the Village with an overview of its Enterprise Fund, existing rate structure, proposed rate increases needed to support planned operational and capital expenditures, and the resulting impacts on customer bills. The study will also evaluate an alternative to the Village's current rate structure.

Fehr Graham is pleased to submit this proposal for professional services to complete a water rate study for the Village of Winnebago. The following scope of services aligns with the project approach provided in our submittal.

## **SCOPE OF SERVICES**

**Project Management.** Our team will keep the Village's key staff informed of project status at every stage. We will manage the scope, budget and schedule to deliver the project within the agreed budget and timeline. Any potential changes or impacts to the project budget or schedule will be identified as early as possible and communicated directly to the Village's team. This task includes project controls, such as monthly invoicing to the Village of Winnebago.

**Data Collection and Project Kickoff Meeting.** Our team will ask for information before the meeting to ensure it is efficient and productive. This will allow our team to review the Village's rate study information, revenues and expenses, planned capital improvements and other pertinent data to get a head start. During the meeting, our team will work with Village staff to identify any required data that may not be available and determine what assumptions will be necessary. We will also discuss the construction of the financial model and the calibration process.

**Construct Rate Model and Proposed Rate Structures.** We will use a Microsoft Excel-based financial model to enter all the Village's historical financial data. Once entered, the model will be calibrated against historical water usage, rates and charges, debt schedules, and capital projects to assess the accuracy of projected line items throughout the forecast period. Key assumptions, such as inflation, population growth, changes in water usage, and non-revenue water, will be confirmed with Village staff to develop the Baseline Scenario and ensure the model's accuracy and precision remain within acceptable tolerances.

Once the financial model is calibrated, our team will lead a rate structure alternatives workshop for key Village personnel to review the major fixed and volumetric rate structure alternatives outlined in the American Water Works Association M1 Manual, "Principles of Water Rates, Fees, and Charges." At a minimum, we will compare the Village's existing rate structure with identified

alternatives, such as an inclining-block volumetric rate structure, to evaluate options for more equitably distributing expenditures across the customer base.

Our team will provide the Village with up to three rate scenarios:

1. Baseline Scenario, in which no rate increases are applied;
2. Scenario 1 – Existing Rate Structure, in which rate adjustments are made to the Village’s current rate structure to meet the target revenue requirement;
3. Scenario 2 – Inclining Block Rate Structure, in which the Village’s existing straight volumetric rate is broken into tier blocks with increasing rates.

For this assessment, we will prepare a financial model that incorporates core assumptions and variables, including inflation, to develop a 10-year forecast for the Water Fund. The forecast will incorporate the Village’s identified capital infrastructure projects, associated and/or proposed debt service, and planned operational expenditures to assess the rate increases needed to meet the projected revenue requirement. Additional rate scenarios or adjustments can be provided for an additional fee.

**Sample Neighboring Rates and Bill Comparisons.** We will prepare sample water bill comparisons with neighboring and similarly sized utilities to provide context for how the Village’s rates compare. These sample bills will reflect key user types, including typical meter sizes and water usage, to illustrate differences in rate structures and the financial impacts across customer classes. At the Village’s request, we will recommend updates to the existing connection fees based on the current fees used by North Park Public Water District (NPPWD). We will not perform a separate analysis to determine connection fees for the Village of Winnebago beyond matching NPPWD’s fees.

**Report and Presentation.** We will prepare a draft report outlining the study’s purpose and the assumptions used to complete the rate study. The report will summarize key discussions, project inputs, projected rates, and decisions made in coordination with Village staff. We will also prepare a draft PowerPoint presentation summarizing the rate scenarios and other key information for presentation to the Village Board or other Village representatives, as directed by Village staff.

We will prepare a final report and slide deck that incorporate any comments the Village provides and summarize decisions or direction from the Village Board regarding alternative rate scenarios. One Village Board meeting is budgeted. More meetings can be added for an additional charge.

## **EXCLUSIONS**

The following items are **not** included in the scope of services proposed here within:

- » Wastewater surcharge rate analysis (Biochemical Oxygen Demand, Total Suspended Solids, Fats, Oils, and Grease, etc.). This is the responsibility of the Four Rivers Sanitation Authority (FRSA).
- » Sanitary sewer rate considerations beyond accounting for existing debt associated with payback of existing FRSA loans.
- » Legal amendment of the Village ordinance.
- » Design engineering.
- » Determination of a minimum fund balance policy.
- » No more than four unique sample customer bills will be evaluated.

- » Modeling and analysis for connection fee rates.
- » Construction engineering services.
- » Survey services.
- » Certified public accountant approval.
- » Software implementation of rate structure.
- » Capital improvement plan creation or updates for water system (and FRSA sewer system).
- » Economic and environmental studies.
- » Permitting.
- » No more than one presentation to the Village Board.
- » Funding and Grant applications.

*Any of the above services can be performed at an additional cost to the project upon request.*

## **SCHEDULE**

Fehr Graham can begin this project immediately and complete the rate study by October 1, 2026, with a presentation to the Village Board to follow, assuming the project is awarded at the first meeting in June 2026.

## **FEES**

Based on the information available at this time, we are prepared to complete the scope of work described above for a lump-sum fee of **\$25,055**.

*\*Reimbursables are not to exceed a 15% markup. Payment for the services rendered will be requested via a monthly invoice. Fehr Graham does not accept credit and/or debit card payments.*

## **AUTHORIZATION**

We appreciate the opportunity to submit this proposal and trust it aligns with your expectations. If this proposal is acceptable, please sign the enclosed agreement and return a copy to my attention.

If you should have any questions, please do not hesitate to contact me.

Respectfully submitted,



Tim Chan, PE  
Project Manager



Luke Ziegler  
Project Engineer

TMC:kk  
Enclosure

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**AGREEMENT  
FOR PROFESSIONAL SERVICES**

Client      Joey Dienberg, MPA, Village Administrator  
                 Village of Winnebago  
                 108 W. Main Street  
                 Winnebago, Illinois 61088

Description of Services:

**Water Rate Study, Winnebago, Illinois**

Fehr Graham will complete the scope of services as outlined in the proposal dated May 27, 2026, included herein.

COST:

The Fixed Fee for performing the above services is \$25,055.

*\*Reimbursables are not to exceed a 15% markup. Payment for the services rendered will be requested via a monthly invoice. Fehr Graham does not accept credit and/or debit card payments.*

*\*All plan reproduction and distribution costs along with publication and permit fees will be paid direct by Client and are not included in the above fees.*

The attached General Conditions are incorporated into and made a part of this Agreement.

ACCEPTED AND AGREED TO:

I/we, the undersigned, authorize Fehr Graham to provide services as outlined above, and also agree that I/we are familiar with and **ACCEPT THE TERMS OF THE ATTACHED GENERAL CONDITIONS.**

CLIENT:


Signature \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Date Accepted \_\_\_\_\_

CONSULTANT:

By  \_\_\_\_\_

Name Chris DeSilva, PE

Title Business Unit Leader - Central Region

Date Proposed May 27, 2026

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## GENERAL CONDITIONS TO AGREEMENT FOR PROFESSIONAL SERVICES

1. The Client requests the professional services of Fehr Graham hereinafter called "The Consultant" as described herein.
2. The Consultant agrees to furnish and perform the professional service described in this Agreement in accordance with accepted professional standards. Consultant agrees to provide said services in a timely manner, provided, however, that Consultant shall not be responsible for delays in completing said services that cannot reasonably be foreseen on date hereof or for delays which are caused by factors beyond his control or delays resulting from the actions or inaction of any governmental agency. Consultant makes no warranty, expressed or implied, as to his findings, recommendations, plans and specifications or professional advice except that they were made or prepared in accordance with the generally accepted engineering practices.
3. It is agreed that the professional services described in the Agreement shall be performed for Client's account and that Client will be billed monthly for said services. A 1½% per month service charge will be incurred by Client for any payment due herein and not paid within 30 days of such billing which is equal to an ANNUAL PERCENTAGE RATE OF 18%. Partial payments will be first credited to the accrued service charges and then to the principal.
4. The Client and the Consultant each binds himself, his partners, successors, executors, and assigns to the other party to this Agreement and to the partners, successor, executors, and assigns of such other party in respect to this Agreement.
5. The Client shall be responsible for payment of all costs and expenses incurred by the Consultant for his account, including any such monies that the Consultant may advance for Client's account for purposes consistent with this Agreement.
6. The Consultant reserves the right to withdraw this Agreement if not accepted within 30 days.
7. A claim for lien will be filed within 75 days of the date of an invoice for services (last day of services rendered) unless the account is paid in full or other prior arrangements have been made. All attorney fees incurred by the Consultant due to the filing of said lien or the foreclosure thereof shall be borne by the Client.  
In the event suit must be filed by Consultant for the collection of fees for services rendered, Client will pay all reasonable attorney's fees and court costs.  
If Client defaults in payment of fees or costs due under the terms of this Agreement and Consultant incurs legal expenses as a result of such failure, Client shall be responsible for payment for Consultant's reasonable attorney fees and costs so
8. The Consultant shall present, for the consideration of the Client, engineering and technical alternatives, based upon its knowledge and experience in accordance with accepted professional standards, with selection of alternatives and final decisions as requested by the client to be the sole responsibility of the Client.
9. Construction Phase Activities (When applicable) - In connection with observations of the work of the Contractor(s) while it is in progress the Consultant shall make visits to the site at intervals appropriate to the various stages of construction as the Consultant deems necessary in Agreement to observe as an experienced and qualified design professional the progress and quality of the various aspects of the Contractor(s)'s work. Based on information obtained during such visits and on such observation, the Consultant shall endeavor to determine in general if such work is proceeding in accordance with the Contract Documents and the Consultant shall keep the Client informed of the progress of the work.  
The purpose of the Consultant's visits to the site will be to enable the Consultant to better carry out the duties and responsibilities assigned to and undertaken by the Consultant during the Construction Phase, and, in addition, by exercise of the Consultant's efforts as an experienced and qualified design professional, to provide for the Client a greater degree of confidence that the completed work of the Contractor(s) will conform generally to the Contract Documents and that the integrity of the design concept as reflected in the Contract Documents has been implemented and preserved by the Contractor(s). The Consultant shall not, during such visits or as a result of such observations of Contractor(s)' work in progress, supervise, direct or have control over Contractor(s)' work nor shall the Consultant have authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected by Contractor(s), for safety precautions and programs incident to the work of Contractor(s) or for any failure of Contractor(s) to comply with laws, rules, regulations, ordinances, codes, or orders applicable to Contractors(s) furnishing and performing their work. Accordingly, the Consultant can neither guarantee the performance of the construction contracts by Contractor(s) nor assume responsibility for Contractor(s)' failure to furnish and perform their work in accordance with the Contract Documents.
10. Estimates of Fees – When fees are on a time and material basis the estimated costs required to complete the services to be performed are made on the basis of the Consultant's experience, qualifications, and professional judgment, but are not guaranteed. If the costs appear likely to exceed the estimate in excess of 20%, the Consultant will notify the Client before proceeding. If the Client does not object to the additional costs within seven (7) days of notification, the increased costs shall be deemed approved by the Client.
11. The Consultant is responsible for the safety on site of his own employees. This provision shall not be construed to relieve the Client or the Contractor(s) from their responsibility for maintaining a safe work site. Neither the professional services of the Consultant, nor the presence of his employees or subcontractors shall be construed to imply that the Consultant has any responsibility for any activities on site performed by personnel other than the Consultant's employees or
12. Original survey data, field notes, maps, computations, studies, reports, drawings, specifications and other documents generated by the Consultant are instruments of service and shall remain the property of the Consultant. The Consultant shall provide copies to the Client of all documents specified in the Description of Services.  
Any documents generated by the Consultant are for the exclusive use of the Client and any use by third parties or use beyond the intended purpose of the document shall be at the sole risk of the Client. To the fullest extent permitted by law, the Client shall indemnify, defend and hold harmless the Consultant for any loss or damage arising out of the unauthorized use of such documents.

13. No claim may be asserted by either party against the other party unless an action on the claim is commenced within two (2) years after the date of the Consultant's final invoice to the Client.
14. If a Client's Purchase Order form or acknowledgment or similar form is issued to identify the agreement, authorize work, open accounts for invoicing, provide notices, or document change orders, the preprinted terms and condition of said Purchase Order shall be superseded by the terms hereof.
15. Standard of Care – Services performed by Consultant under this agreement will be conducted in a manner consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions. No other representation expressed or implied, and no warranty or guarantee is included or intended in any report, opinion or document under this agreement.
16. Liability Insurance – Consultant will maintain such liability insurance as is appropriate for the professional services rendered as described in this Agreement. Consultant shall provide Certificates of Insurance to Client, upon Client's request.
17. Indemnification and Limitation of Liability – Client and Consultant each agree to indemnify and hold the other harmless, including their respective officers, employees, agents, members, and representatives, from and against liability for all claims, costs, losses, damages and expense, including reasonable attorney's fees, to the extent such claims, losses, damages or expenses are caused by the indemnifying party's acts, errors or omissions.  
The Client understands that for the compensation herein provided Consultant cannot expose itself to liabilities disproportionate to the nature and scope hereunder. Therefore, the Client agrees to limit Consultant's liability to the Client arising from Consultant's professional acts, errors or omissions, such that the total aggregate liability of Consultant shall not exceed \$50,000 or Consultant's total fee for services rendered on this Project, whichever is less.
18. Allocation of Risk – Consultant and Client acknowledge that, prior to the start of this Agreement, Consultant has not generated, handled, stored, treated, transported, disposed of, or in any way whatsoever taken responsibility for any toxic substance or other material found, identified, or as yet unknown at the Project premises. Consultant and Client further acknowledge and understand that the evaluation, management, and other actions involving toxic or hazardous substances that may be undertaken as part of the Services to be performed by Consultant, including subsurface excavation or sampling, entails uncertainty and risk of injury or damage. Consultant and Client further acknowledge and understand that Consultant has not been retained to serve as an insurer of the safety of the Project to the Client, third parties, or the public.  
Client acknowledges that the discovery of certain conditions and/or taking of preventative measures relative to these conditions may result in a reduction of the property's value. Accordingly, Client waives any claim against Consultant and agrees to indemnify, defend, and hold harmless Consultant and its subcontractors, consultants, agents, officers, directors, and employees from any claim or liability for injury or loss allegedly arising from procedures associated with environmental site assessment (ESA) activities or the discovery of actual or suspected hazardous materials or conditions. Client releases Consultant from any claim for damages resulting from or arising out of any pre-existing environmental conditions at the site where the work is being performed which was not directly or indirectly caused by and did not result from, in whole or in part, any act or omission of Consultant or subcontractor, their representatives, agents, employees, and invitees.  
If, while performing the Services set forth in any Scope of Services, pollutants are discovered that pose unanticipated or extraordinary risks, it is hereby agreed that the Scope of Services, schedule, and costs will be reconsidered and that this Agreement shall immediately become subject to renegotiation or termination. Client further agrees that such discovery of unanticipated hazardous risks may require Consultant to take immediate measures to protect health and safety or report such discovery as may be required by law or regulation. Consultant shall promptly notify Client upon discovery of such risks. Client, however, hereby authorizes Consultant to take all measures Consultant believes necessary to protect Consultant and Client personnel and the public. Furthermore, Client agrees to compensate Consultant for any additional costs associated with such measures.
19. In the event of legal action to construe or enforce the provisions of this agreement, the prevailing party shall be entitled to collect reasonable attorney fees, court costs and related expenses from the losing party and the court having jurisdiction of the dispute shall be authorized to determine the amount of such fees, costs and expenses and enter judgment thereof.
20. Assignment - Neither party to this Agreement shall, without the prior written consent of the other party, which shall not be unreasonably withheld, assign the benefit or in any way transfer its obligations under this Agreement or any part hereof; provided, however, either Party may freely assign this Agreement to a parent, subsidiary or affiliate without the other party's consent. This Agreement shall inure to the benefit of and be binding upon the parties hereto, and except as otherwise provided herein, upon their executors, administrators, successors, and assigns.
21. Termination – The obligation to provide further services under this Agreement may be terminated by either party upon seven (7) days written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party. In the event of any termination, Consultant will be paid for all services rendered to the date of receipt of written notice of termination, at Consultant's established chargeout rates, plus for all Reimbursable Expenses including a 15% markup.
22. Provision Severable – The unenforceability or invalidity of any provisions hereof shall not render any other provisions herein contained unenforceable or invalid.
23. Governing Law and Choice of Venue – Client and Consultant agree that this Agreement will be governed by, construed, and enforced in accordance with the laws of the State of Illinois. If there is a lawsuit, Client and Consultant agree that the dispute shall be submitted to the jurisdiction of the Illinois District Court in and for Winnebago County, Illinois.