

CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
DECEMBER 20, 2022 AGENDA

Subject:	Type:	Submitted By:
PROFESSIONAL SERVICES AGREEMENT – FY25 - FY29 SEWER RATE STUDY	◆ RESOLUTION ORDINANCE RECEIVE/FILE	PAT DOWSE CITY ENGINEER

SYNOPSIS

A resolution has been prepared authorizing a professional services agreement with Burns & McDonnell Engineering Company, Inc to provide professional consulting services for the FY25 - FY29 Sewer Rate Study in an amount not to exceed \$42,254.

FISCAL IMPACT

The FY23/FY24 Sewer Fund Budget includes funding for this work.

RECOMMENDATION

Approval

BACKGROUND

The City received three (3) proposals for the sewer rate study.

• HDR	\$39,865.00
• Burns & McDonnell	\$40,254.00
• Carollo Engineers	\$49,822.00

Following review and evaluation of the proposals, staff recommends that the FY25 - FY29 Sewer Rate Study be awarded to Burns & McDonnell. Their thorough knowledge and understanding of our operations and practices establish them as the most qualified firm for this project. (*Burns & McDonnell prepared the current (FY20 – FY24) Sewer Rate Study*).

A copy of the scope is attached.

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA AUTHORIZING THE EXECUTION OF A PROFESSIONAL SERVICES AGREEMENT WITH BURNS & MCDONNELL ENGINEERING COMPANY, INC. TO PROVIDE PROFESSIONAL CONSULTNG SERVICES FOR THE FY25 - FY29 SEWER RATE STUDY IN AN AMOUNT NOT TO EXCEED \$42,254.00.

WHEREAS, the Mayor and City Council have determined that it is desirable to perform a sewer rate study; and

WHEREAS, the City Council authorized the request for letters of interest for engineering services to perform a sewer rate study on September 6, 2022; and

WHEREAS, the FY23/FY24 Sewer Fund Budget includes funding for this work; and

WHEREAS, three proposals were received and reviewed; and

WHEREAS, staff has recommended that an agreement be executed with Burns & McDonnell Engineering Company, Inc.; and

WHEREAS, Subsection (C) (9) of Section 31.23 of the La Vista Municipal Code requires that the City Administrator secure council approval prior to authorizing any purchases over \$5,000.

NOW, THEREFORE BE IT RESOLVED, by the Mayor and City Council of La Vista, Nebraska, that a professional services agreement in a form satisfactory to the City Administrator and City Attorney, be authorized with Burns & McDonnell Engineering Company, Inc. to provide professional consulting services for the FY25 - FY29 Sewer Rate Study in an amount not to exceed \$42,254.00.

PASSED AND APPROVED THIS 20TH DAY OF DECEMBER 2022.

CITY OF LA VISTA

ATTEST:

Douglas Kindig, Mayor

Pamela A. Buethe, MMC
City Clerk

AGREEMENT FOR PROFESSIONAL CONSULTING SERVICES FOR REPORTS, STUDIES AND CONSULTATION

THIS AGREEMENT is made as of December , 2022, by and between the City of La Vista, Nebraska ("Client") and Burns & McDonnell Engineering Company, Inc. ("Engineer"), a Missouri corporation specializing in professional consulting services. Client and Engineer, in consideration of their mutual covenants, agree as follows:

Client wishes Engineer to perform professional consulting services, and to provide professional consultation and advice for a professional fee (as set forth below) in connection with the Client's Sewer Rate Study (the "Project").

SCOPE OF SERVICES

The Scope of Services to be provided by Engineer, in connection with this Agreement, is as detailed in Attachment A.

TERMS AND CONDITIONS

The attached TERMS AND CONDITIONS FOR PROFESSIONAL CONSULTING SERVICES dated December , 2022, are incorporated by reference in and made a part of this Agreement.

COMPENSATION

For the services performed, Engineer shall bill Client and Client shall pay Engineer on a time and expenses basis according to Attachment B. The total budget for this project is \$40,254 including travel expenses. The costs outlined above will not be exceeded by Engineer without prior approval from Client.

SCHEDULE

Engineer is prepared to begin work on the Project upon receipt of notice to proceed, under the following schedule:

December 2022	Initiate Project
February 2023	Financial Planning Workshop
March 2023	Cost of Service Analysis review
March 2023	Proposed Rate Review
April 2023	Draft Report to City for Review
May/June 2023	Presentation to Council

IN WITNESS WHEREOF, Client, by and through its authorized officer and Engineer, by and through its authorized officer, have made and executed this Agreement as of the day and year first above written:

Client
The City of La Vista, Nebraska

Engineer
Burns & McDonnell Engineering Company, Inc.



Name: _____

David F. Naumann

Title: _____

Senior Project Manager
1898 & Co., a part of Burns & McDonnell
Engineering Company, Inc.



TERMS AND CONDITIONS FOR PROFESSIONAL SERVICES

Project: Sewer Rate Study	Date of Agreement: December _____, 2022
Client: The City of La Vista, Nebraska	Client Signature:

1. SCOPE OF SERVICES

For the above-referenced Project, Burns & McDonnell Engineering Company, Inc. (BMcD) will perform the services set forth in the above-referenced Letter, Proposal, or Agreement, in accordance with these Terms and Conditions. BMcD has relied upon the information provided by Client in the preparation of the Proposal, and shall rely on the information provided by or through Client during the execution of this Project as complete and accurate without independent verification.

2. PAYMENTS TO BMCD

A. Compensation will be as stated in the above-referenced Letter, Proposal, or Agreement. Statements will be in BMcD's standard format and are payable upon receipt. Time is of the essence in payment of statements, and timely payment is a material part of the consideration of this Agreement. A late payment charge will be added to all amounts not paid within 45 days of statement date and shall be calculated at 1.5 percent per month from statement date. Client shall reimburse any costs incurred by BMcD in collecting any delinquent amount, including reasonable attorney's fees. If a portion of BMcD's statement is disputed, Client shall pay the undisputed portion by the due date. Client shall advise BMcD in writing of the basis for any disputed portion of any statement.

B. Taxes as may be imposed on professional consulting services by state or local authorities shall be in addition to the payment stated in the above-referenced Letter, Proposal, or Agreement.

3. INSURANCE

A. During the course of performance of its services, BMcD will maintain Worker's Compensation insurance with limits as required by statute, Employer's Liability insurance with limits of \$1,000,000, and Commercial General Liability and Automobile Liability insurance each with combined single limits of \$1,000,000.

B. If the Project involves on-site construction, construction contractors shall be required to provide (or Client may provide) Owner's Protective Liability Insurance naming Client as a Named Insured and BMcD as an Additional Insured or to endorse Client and BMcD using ISO form CG 20 10 11 85 endorsement or its equivalent as Additional Insureds on all construction contractor's liability insurance policies covering claims for personal injuries and property damage in at least the amounts required of BMcD in 3A above. Construction contractors shall be required to provide certificates evidencing such insurance to Client and BMcD. Contractor's compensation shall include the cost of such insurance including coverage for contractual and indemnification obligations herein.

C. Client and BMcD release each other and waive all rights of subrogation against each other and their officers, directors, agents, or employees for damage covered by property insurance during and after the completion of BMcD's services. A provision similar to this shall be incorporated into all construction contracts entered into by Client, and all construction contractors shall be required to provide waivers of subrogation in favor of Client and BMcD for damage covered by any construction contractor's property insurance.

4. INDEMNIFICATION

A. To the extent allowed by law, Client will require all construction contractors to indemnify, defend, and hold harmless Client and BMcD from any and all loss where loss is caused or alleged to be caused in whole or in part by the construction contractors, their employees, agents, subcontractors or suppliers.

B. If this Project involves construction and BMcD does not provide consulting services during construction including, but not limited to, on-site monitoring, site visits, site observation, shop drawing review, and/or design clarifications, Client agrees to indemnify and hold

harmless BMcD from any liability arising from this Project or Agreement, except to the extent caused by BMcD's negligence.

5. PROFESSIONAL RESPONSIBILITY– LIMITATION OF REMEDIES

A. BMcD will exercise reasonable skill, care, and diligence in the performance of its services and will carry out its responsibilities in accordance with customarily accepted professional practices. If BMcD fails to meet the foregoing standard, BMcD will perform at its own cost, the professional services necessary to correct errors and omissions reported to BMcD in writing within one year from the completion of BMcD's services for the Project. No warranty, express or implied, is included in this Agreement or regarding any drawing, specification, or other work product or instrument of service.

B. In no event will BMcD be liable for any special, indirect, or consequential damages including, without limitation, damages or losses in the nature of increased Project costs, loss of revenue or profit, lost production, claims by customers of Client, and/or governmental fines or penalties.

C. BMcD's aggregate liability for all damages connected with its services for the Project not excluded by the preceding subparagraph, whether or not covered by BMcD's insurance, will not exceed \$100,000.

D. These mutually negotiated obligations and remedies stated in this Paragraph 5, Professional Responsibility – Limitation of Remedies, are the obligations of BMcD and remedies of Client, whether liability of BMcD is based on contract, warranty, strict liability, tort (including negligence), indemnity, or otherwise.

6. PERIOD OF SERVICE AND SCHEDULE

The provisions of this Agreement have been agreed to in anticipation of the orderly and continuous progress of the Project through completion of the services stated in the Proposal. BMcD's obligation to render services hereunder will extend for a period that may reasonably be required for the completion of said services. BMcD shall make reasonable efforts to comply with deliverable schedules (if any) and consistent with BMcD's professional responsibility.

7. COMPUTER PROGRAMS OR MODELS

Any use, development, modification, or integration by BMcD of computer models or programs does not constitute ownership or a license to Client to use or modify such computer models or programs. Notwithstanding the foregoing, Client shall own the deliverables provided to Client in accordance with scope described in Attachment A.

8. ELECTRONIC MEDIA AND DATA TRANSMISSIONS

A. Any electronic media (computer disks, tapes, etc.) or data transmissions furnished (including Project Web Sites or CAD file transmissions) are for Client information and convenience only. Such media or transmissions are not to be considered part of BMcD's instruments of service. BMcD, at its option, may remove all indicia of its ownership and involvement from each electronic display.

B. BMcD shall not be liable for loss or damage directly or indirectly, arising out of Client's use of electronic media or data transmissions.

9. DOCUMENTS

A. All documents prepared by BMcD pursuant to this Agreement are instruments of service in respect of the Project specified herein. They are not intended or represented to be suitable for reuse by Client or others in extensions of the Project beyond that now contemplated or on any other Project. Any reuse, extension, or completion by Client or others without written verification, adaptation, and permission by BMcD for the specific purpose intended will be at Client's sole risk and without liability or legal exposure to BMcD.

B. In the event that BMcD is to reuse, copy or adapt all or portions of reports, plans, or specifications prepared by others, Client represents that Client either possesses or will obtain permission and necessary rights in copyright, patents, or other proprietary rights and will be responsible for any infringement claims by others. Client warrants the completeness, accuracy, and efficacy of the information, data, and design provided by or through Client (including prepared for Client by others), for which BMcD shall rely on to perform and complete its services.

10. ESTIMATES, SCHEDULES, FORECASTS, AND PROJECTIONS

Estimates, schedules, forecasts, and projections prepared by BMcD relating to loads, interest rates and other financial analysis parameters, construction costs and schedules, operation and maintenance costs, equipment characteristics and performance, and operating results are opinions based on BMcD's experience, qualifications, and judgment as a professional. Since BMcD has no control over weather, cost and availability of labor, cost and availability of material and equipment, cost of fuel or other utilities, labor productivity, construction contractor's procedures and methods, unavoidable delays, construction contractor's methods of determining prices, economic conditions, government regulations and laws (including the interpretation thereof), competitive bidding or market conditions, and other factors affecting such estimates or projections, BMcD does not guarantee that actual rates, costs, quantities, performance, schedules, etc., will not vary significantly from estimates and projections prepared by BMcD.

11. POLLUTION

In view of the uncertainty involved in investigating and recommending solutions to environmental problems and the abnormal degree of risk of claims imposed upon BMcD in performing such services, notwithstanding the responsibility of BMcD set forth in Paragraph 5A to the maximum extent allowed by law, Client agrees to release, defend, indemnify and hold harmless BMcD and its officers, directors, employees, agents, consultants and subcontractors from all liability, claims, demands, damages, losses, and expenses including, but not limited to, claims of Client and other persons and organizations, reasonable fees and expenses of attorneys and consultants, and court costs, except where there has been a final adjudication that the damages were caused by BMcD's willful disregard of its obligations under this Agreement. Such indemnification includes claims arising out of, or in any way relating to, the actual, alleged, or threatened dispersal, escape, or release of, or failure to detect or contain, chemicals, wastes, liquids, gases, or any other material, irritant, contaminant, or pollutant.

12. ON-SITE SERVICES

A. Project site visits by BMcD during investigation, observation, construction or equipment installation, or the furnishing of Project representatives shall not make BMcD responsible for construction means, methods, techniques, sequences, or procedures; for construction safety precautions or programs; or for any construction contractor(s') failure to perform its work in accordance with the contract documents.

B. Client shall disclose to BMcD the location and types of any known or suspected toxic, hazardous, or chemical materials or wastes existing on or near the premises upon which work is to be performed by BMcD's employees or subcontractors. If any hazardous wastes not identified by Client are discovered after a Project is undertaken, Client and BMcD agree that the scope of services, schedule, and compensation may be adjusted accordingly. Client agrees to release BMcD from all damages related to any pre-existing pollutant, contaminant, toxic, or hazardous substance at the site.

13. CHANGES

Client shall have the right to make changes within the general scope of BMcD's services, with an appropriate change in compensation and schedule, upon execution of a mutually acceptable amendment or change order signed by authorized representatives of Client and BMcD.

14. TERMINATION

Services may be terminated by Client or BMcD by seven (7) days' written notice in the event of substantial failure to perform in accordance with the terms hereof by the other party through no fault of the terminating party. If so terminated, Client shall pay BMcD all amounts due BMcD for all services properly rendered and expenses incurred to the date of receipt of notice of termination, plus reasonable

costs incurred by BMcD in terminating the services. In addition, Client may terminate the services for Client's convenience upon payment of twenty percent of the yet unearned and unpaid estimated, lump sum, or not-to-exceed fee, as applicable.

15. NOT USED

16. WITNESS FEES

A. BMcD's employees shall not be retained as expert witnesses, except by separate written agreement.

B. Client agrees to pay BMcD pursuant to BMcD's then current schedule of hourly labor billing rates for time spent by any employee of BMcD responding to any subpoena by any party in any dispute as an occurrence witness or to assemble and produce documents resulting from BMcD's services under this Agreement.

17. CONTROLLING LAW

This Agreement shall be subject to, interpreted and enforced according to the laws of the State of Nebraska without regard to any conflicts of law provisions.

18. RIGHTS AND BENEFITS – NO ASSIGNMENT

BMcD's services will be performed solely for the benefit of Client and not for the benefit of any other persons or entities. Neither Client nor BMcD shall assign or transfer interest in this Agreement without the written consent of the other.

19. ENTIRE CONTRACT

These Terms and Conditions and the above-referenced Letter, Proposal, or Agreement contain the entire agreement between BMcD and Client relative to BMcD's services for the Project herein. All previous or contemporaneous agreements, representations, promises, and conditions relating to BMcD's services for the Project are superseded. Since terms contained in purchase orders do not generally apply to professional services, in the event Client issues to BMcD a purchase order, no preprinted terms thereon shall become part of this Agreement. Said purchase order documents, whether or not signed by BMcD, shall be considered only as an internal document of Client to facilitate administrative requirements of Client's operations.

20. SEVERABILITY

Any unenforceable provision herein shall be amended to the extent necessary to make it enforceable; if not possible, it shall be deleted and all other provisions shall remain in full force and effect.

- END -

Attachment A: Scope of Services

Task 1 | Initiate Project

The objective of Task 1 is to initiate the Study, collecting pertinent data and collaborating with the City to confirm consensus understanding of issues, milestones, communication strategies and other matters.

Task 1.1 Request for Information

Within five working days following receipt of the Notice to Proceed, we will provide the City with a preliminary data request to complete the study. The data request will itemize information needed for understanding the financial and operating characteristics and cost drivers of the utilities and within each of the service areas. Such information is anticipated to include items such as:

- Historical customer data (e.g. number of active accounts by customer class, billable sewer flow by class, revenues by class) for FY 2019 through FY 2022.
- Current FY 2023 budget.
- Detail of actual revenues and expenses FY 2019 through FY 2022.
- Audited financial statements for the last 3 years.
- Anticipated federal or state external stimulus funding.
- Bond covenants, intergovernmental agreements and other contractual requirements, as applicable.
- Projected capital expenditures.
- Fund balances at the beginning of FY 2023.
- Existing debt and loan payment schedules.
- Other appropriate information as deemed necessary

We have a substantial amount of existing data from prior work with the City. The data request will be tailored to reflect only incremental data needs required to perform the Study.

Task 1.2 Kick-off Meeting & Project Management

We will conduct a project kick-off meeting at the City's office. This meeting will provide the opportunity for our team and the City to discuss the project approach, schedule, deliverables, various issues to be addressed, and the initial data and information requested. Burns & McDonnell will provide an agenda in advance of the meeting.

Task 1 Deliverables

- Preliminary data request
- On-site kick-off meeting

Task 2 | Financial Plan Development

The objective of Task 2 is to develop a 5-year financial plan for the utility system that adequately funds the operating and capital requirements, complies with financial management policies and bond covenants, and provides a defensible and implementable plan for the utility to move forward.

Forecasting performed in Task 2 will determine whether the utility's revenues under current rates can be expected to provide adequate funding for future utility operating and capital costs.

Task 2.1 Evaluate Current Usage Levels and Prepare Revenue Forecast

Projected annual utility service revenues under existing rates will be developed. Our team will review historical growth in the number of customers by class, and then forecast the annual number of customers for each utility rate class for each year of the forecast period.

We will assess trends in sewer billable flow by class. Based on the trend analysis and other available information, our team will estimate the future usage per customer for each rate class for each utility.

Attachment A: Scope of Services

This information will be used in the forecast of revenues under existing rates, and will provide important data used in the consideration of rate structures. We will also develop projections of revenues from other existing sources, which may include interest income and other miscellaneous income sources, including connection fees. A review of development expectations and system demand through the end of the Study period will be performed.

Task 2.2 Project Capital Flow of Funds

We will review the capital improvement plan (CIP) provided by the City and develop a capital planning flow of funds. This plan will acknowledge anticipated sources and uses of capital funds to implement the CIP. Funding sources may include issuance of proposed bonds, loans, growth-related fees, existing balances, potential ARPA funding, and other sources as applicable. Uses of funds will include the CIP, cost of debt issuance, and other costs as identified through consultation with the City.

Task 2.3 – Project Operating Revenue Requirements

Projections of annual system operation and maintenance expenses will be developed based on variables that may include projected sewer usage, historical expense levels, existing budgets, inflation estimates and the input of the City staff regarding any planned changes to the operation and maintenance of the utility systems. Forecasting will take into consideration cost of sewage treatment through the City of Omaha and connection fees remitted to other agencies

Annual debt service requirements on any outstanding debt will be included in the operating forecast. To the extent additional financing of expected capital improvements is indicated to be required, estimates of new debt service requirements will also be incorporated in the forecast. In addition, the impacts of any financial performance requirements or targets, i.e. debt service coverage requirement, reserve levels, target operating ratio, etc., whether imposed internally or externally, will be considered.

Projections of any other system cash expenditures not included in any of the above categories will also be captured in the financial forecast. Such expenditures often include transfers or routine capital expenditures not otherwise included in a capital improvement plan.

Task 2.5 – Review and Finalize Operating Cash Flows

We will summarize the annual forecasts of the utility's revenues and operating requirements in the form of pro-forma cash flow analyses. These analyses will identify the annual operating surplus or deficit anticipated during the study period. The sufficiency of existing rates to meet future revenue requirements will be evaluated based the ability to meet certain financial performance measures, including the anticipated annual surplus or deficit, debt service coverage levels, reserve balance goals, and other policies or measures developed in conjunction with the City. If revenues under existing rates are not sufficient to meet future revenue requirements, adjustments will be proposed.

It is anticipated that several scenarios or "what-if's" may be evaluated during this stage of the Study. Changes in key assumptions, such as future billable flow, customer growth, inflation, debt issuance, interest rates, operating costs, etc. may be evaluated for their sensitivity in changing forecast outcomes. We also anticipate evaluating the impact of different capital planning assumptions, which may include changes in infiltration/inflow projects, renewal and replacement of existing infrastructure, treatment plant improvements, or others as identified by the City.

Our team will review the preliminary forecast results with the City during an on-site review meeting. During this meeting, we will review assumptions and results for each component of the cash flow forecast. During the meeting adjustments may be made "real time" to optimize the financial plans and meet the City's needs.

Attachment A: Scope of Services

Task 2 Deliverables

- Evaluation of billing determinants and trends
- Projected cash flow by utility
- Scenario analysis
- On-site meeting to review and finalize cash flows

Task 3 | Cost of Service Analysis

A cost of service analysis focuses on assigning cost responsibility to the different classifications of customers. Each customer class is allocated an appropriate share of the overall system costs of providing service. The test year revenue requirement selected in collaboration with the City will serve as the basis for the cost of service analysis for the utility systems. The revenue requirement will be calculated using cash basis, unless otherwise directed by contract customer requirements.

Under the cash basis, the revenues of the utility must be sufficient to cover all cash needs for the period during which the rates are intended to be adequate. This basis is generally used by publicly owned utilities and is an extension of cash-oriented budgeting and accounting systems traditionally used by local governments. Revenue requirements under this basis include operation and maintenance expenses, routine annual replacements, debt service requirements, revenue-financed major capital improvements as well as any payment or transfers to the City general fund and reserve fund deposits.

We will utilize the test year revenue requirement to conduct a cost of service analysis that result in allocation of costs to each of the City's existing rate classes. The development of the class specific allocated cost of service will be consistent with industry standards.

Task 3.1 – Determine Utility Cost Assignments by Function

We will complete the cost of service analysis using customized models that reflects the specific requirements of the City's utility system. Burns & McDonnell will complete cost functionalization and classification to functional service areas. Based on the sewer collection and conveyance services provided by La Vista to its sewer customers, functions are anticipated to include volume and customer components, consistent with the last study. If the City of Omaha's method for billing for sewer treatment service has changed since the last rate study, we will evaluate the potential for acknowledging responsibility for functions related to infiltration/inflow and strength of discharge.

The amounts included in the test year revenue requirement for each component of revenue or expense will be classified as or assigned to the various functional services by one of several methods. These methods include direct assignment to a specific related function, assumed percentage breakdowns based on estimated levels of related activities within multiple functions, ratios of statistical factors affecting multiple functions, and composite ratios of the assignments resulting from the previous methods. The classified test year revenue requirement will then be summarized by functional service.

Task 3.2 – Allocate Functional Costs to Classes

The test year revenue requirement will be allocated among the existing rate classifications. This is generally referred to as development of each utility's units of service by customer class. At a minimum, units of service will include base volumes and customers. Units for infiltration/inflow and strength will also be developed if such units impact the cost of treatment service provided by Omaha.

The cost of service will summarize the allocated revenue requirement by rate class. This output will be compared with the projected revenue to be generated by each rate class to estimate for each class the extent to which the current rates would recover the corresponding allocated share of the test year revenue

Attachment A: Scope of Services

requirement. As a result, a breakdown by rate classification of the total revenue change at the system level will be determined.

Task 3.3 – Review Cost of Service Results

We will conduct a project review meeting with the City staff to review and discuss the preliminary cost of service analysis results. Any revisions to the assumptions used in the cost of service analysis will be agreed upon for purposes of finalizing the analysis. In addition, guidance will be obtained from the City as to any adjustments to the cost recovery to be provided by each rate classification prior to beginning Task 4 of the Study.

The final cost allocations will be fair and equitable to the various classes of service and will comply with the City goals and objectives.

Task 3 Deliverables

- Cost of service allocations to classes
- Microsoft Teams meeting to discuss cost of service results

Task 4 | Proposed Rate Development

The objective of Task 4 is to develop proposed rates that meet the needs and objectives of the City. We will assess the existing rate structures for its performance, overall equity, and ability to meet the City's objectives for utility rates. The appropriateness of the current rate structures will be examined, and recommendations for change will be made to improve the fairness and equitability in cost recovery, achieve the City goals, and align with the City policies.

Task 4.1 – Design Proposed User Charge Rates

Following the completion of the allocation of test year revenue requirements to the customer classes for the systems, we will design rates to generate adequate revenues to meet the applicable test year revenue requirements, and reflect the results of the cost of service analysis. Rates will be structured to equitably recover costs and provide necessary funding identified in the financial plan to achieve revenues sufficient to meet the operating and capital needs of the system and achieve targeted reserves. Changes in rates may be phased-in over a multi-year period if needed to assist in implementation and mitigate adverse impacts to customer classes. Rates will be developed for the entire Study period and will include the evaluation of three alternatives.

Task 4.2 – Develop Forecast of Revenues Under Proposed Rates

We will utilize the detailed billing data provided by the City to test and project revenues at the proposed rates for all proposed rate classes for sewer utility service. This will provide a check that the proposed rates will generate revenues to cover the system's revenue requirement, while taking into consideration the revenue responsibility indicated by the cost of service analysis and the City's rate design policies and objectives.

Task 4.3 – Sewer Bill Comparisons

We will complete typical bill calculations for a single family customer and a commercial/industrial user. In the last study, we evaluated low, average and high use profiles for both the single family and commercial typical bill comparisons. Typical monthly bill calculations for each customer profile will demonstrate the impact the proposed rates could have on customers' monthly bills.

Burns & McDonnell will provide rate comparisons for residential sewer customers of existing and proposed rates to the rates of up to fifteen neighboring sewer utilities in the region. In the last study this included 11

Attachment A: Scope of Services

other utilities. The list of utilities for which these comparisons will be developed will be agreed upon prior to the initiation of Task 4.

Task 4.4 – Review Proposed Rates and Fees

We will conduct a project review meeting with the City staff to review and discuss the proposed rates and the forecast of revenues at proposed rates. Any revisions to the proposed rates used in the analysis will be agreed upon for purposes of finalizing the proposed rate development.

Task 4 Deliverables and Meetings

- Proposed rates
- Typical bill computation
- Regional comparison sewer bills
- Microsoft Teams meeting to review draft and final proposed rates and fees

Task 5 | Reports, Presentations, and Model

Upon completion of the utility rate development, our team will summarize the Study results in a draft report for review by the City. The report will include an executive summary describing the study process, and key findings and recommendations regarding rate design and proposed fees. Subsequent sections of the report will describe the analysis in more tactical detail and will identify the results of each task of the Study.

We will discuss the results of Study and review the draft reports in a Microsoft Teams meeting with the City staff. Based upon comments and input from the City, our team will complete a final revision to the reports and will provide a digital copy in PDF format to the City.

One on-site presentation of results at a City Council meeting. The schedule for this presentation will be developed in consultation with the City.

At the conclusion of the Study, we will provide a working copy of the Excel-based model used to perform the analysis for the City's reference and future use. Training on the model can be provided at the City's request as an additional service.

Task 5 Deliverables and Meetings

- Draft & final reports
- Adobe PDF of final reports
- Microsoft Teams meeting to review and finalize reports
- Presentation of results to City Council
- Transmit copy of model to the City

Attachment B: Fee for Consultant Services

1898 & Co., a part of Burns & McDonnell, proposes to complete the Study described in this proposal on a time and materials basis for a not-to-exceed fee of \$40,254, including 182 labor hours, and all expenses and overhead. Hours by person and by task are shown, along with labor costs and expenses by task. Hourly rates are also indicated.

Finally, our cost estimate includes three on-site meetings, one to initiate the project in Task 1, one to review financial plans in Task 2, and one to present Study results in Task 5.

La Vista, NE Sewer Rate Study							
	Task 1 - Initiate Project	Task 2 - Financial Plan Development	Task 3 - Cost of Service Analysis	Task 4 - Proposed Rate Development	Task 5 - Study Reports & Presentations	Estimated Total Hours	Hourly Billing Rates
Consultant							
Dave Naumann	8	20	8	8	16	60	\$ 268
Rick Besancon	1	4			1	6	\$ 268
Sara Stafford		2	2	2	2	8	\$ 254
Alex Craven		30	18	16	8	72	\$ 189
Evaristo Casimiro		20	4	4	8	36	\$ 166
Total Labor	9	76	32	30	35	182	
Total Labor Expenses \$⁽¹⁾	\$ 2,412	\$ 15,930	\$ 6,718	\$ 6,340	\$ 7,904	\$ 39,304	
Total Project Fees	\$ 250	\$ 250	\$ -	\$ -	\$ 450	\$ 950	
⁽¹⁾ Cost for travel and on-site meetings, to be billed at cost.							

The Study will be invoiced monthly based on time and materials and are due upon receipt. Hourly rates for our project team are shown in the table above and reflect current employee levels. In the event team members advance in 2023, rates per hour may change to reflect their new level. A full rate sheet is shown to the right. Rate changes will not impact the agreed upon not-to-exceed fee of \$40,254.

Travel expenses will be invoiced at cost.

Hourly Billing Rates

BMR 22-6a

Employee Level	Rate per Hour
16	\$268
15	\$265
14	\$262
13	\$254
12	\$232
11	\$209
10	\$189
9	\$166