

**AGREEMENT FOR  
UTILITY RATE CAPACITY STUDY CONSULTING SERVICES**

**CITY OF FLAGSTAFF  
and  
WILLDAN FINANCIAL SERVICES, INC.**

This Agreement for a City of Flagstaff Utility Rate Capacity Study Consulting Services ("Agreement") is made by and between the City of Flagstaff ("City"), a municipal corporation with offices at 211 W. Aspen Avenue, Flagstaff, Coconino County, Arizona, and Willdan Financial Services, Inc., with an office at 27368 Via Industria, Suite 110, Temecula, California 92590 ("Provider"), effective as of the date written below.

**RECITALS**

- A. The City desires to enter into this Agreement for Utility Rate Capacity Study Consulting Services; and
- B. Provider has available and offers to provide the personnel necessary to organize and provide said services in accordance with the Scope of Work, attached to this Agreement as Exhibit A;

For the reasons recited above, and in consideration of the mutual covenants contained in this Agreement, the City and Provider agree as follows:

**1. SERVICES TO BE PERFORMED BY PROVIDER**

Provider agrees to provide the services, as set forth in detail in Exhibit "A" attached hereto and hereby incorporated as part of this Agreement and adopted by reference.

**2. COMPENSATION OF PROVIDER**

The City agrees to make payment, in the amount of \$114,380 to Provider to render the services set forth in Exhibit "B".

**3. RIGHTS AND OBLIGATIONS OF PROVIDER**

3.1 Independent Contractor. The parties agree that Provider performs specialized services and that Provider enters into this Agreement with the City as an independent contractor. Nothing in this Agreement shall be construed to constitute Provider or any of Provider's agents or employees as an agent, employee or representative of the City. As an independent contractor, Provider is solely responsible for all labor and expenses in connection with this Agreement and for any and all damages arising out of Provider's performance under this Agreement. Provider is not obligated to accept all requests for services, depending on circumstances with other work being performed for other clients.

3.2 Provider's Control of Work. All services to be provided by Provider shall be performed as determined by the City in accordance with the Scope of Services set forth in Exhibit "A." Provider shall furnish the qualified personnel, materials, equipment and other items necessary to carry out the terms of this Agreement. Provider shall be responsible for and in full control of the work of all such personnel.

3.3 Reports to the City. Although Provider is responsible for control and supervision of work performed under this Agreement, the services provided shall be acceptable to the City and shall be subject to a general right of inspection and supervision to ensure satisfactory completion. This right of inspection and supervision shall include, but not be limited to, all reports if requested by the City to be provided by Provider to the City and the right of the City, and the right of the City to audit Provider's records.

3.4 Compliance with All Laws. Provider shall comply with all applicable laws, ordinances, rules, regulations and executive orders of the federal, state and local government, which may affect the performance of this Agreement. Any provision required by law, ordinances, rules, regulations, or executive orders to be inserted in this Agreement shall be deemed inserted, whether or not such provisions appear in this Agreement.

#### **4. NOTICE PROVISIONS**

Notice. Any notice concerning this Agreement shall be in writing and sent by certified or registered mail as follows:

To the City's Authorized Representative:                      To Provider:

Eileen Hamlin, CFM  
Stormwater Analyst  
City of Flagstaff  
211 W. Aspen  
Flagstaff, Arizona 86001

#### **5. INDEMNIFICATION**

To the fullest extent permitted by law, Provider shall indemnify, defend, save and hold harmless the City of Flagstaff and its officers, officials, agents, and employees (hereinafter referred to as "Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Provider or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of such Provider to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by Provider from and against any and all claims. It is agreed that Provider shall be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. Provider shall waive all rights of subrogation against the City, its officers, officials, agents and employees for losses arising from the work performed by Provider for the City.



- d. The Provider's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
  - e. Coverage provided by the Provider shall not be limited to the liability assumed under the indemnification provisions of this contract.
  - f. The policies shall contain a waiver of subrogation (not including auto) against the City, its officers, officials, and employees for losses arising from work performed by the Provider for the City.
2. Workers' Compensation and Employer's Liability Coverage: The insurer shall agree to waive all rights of subrogation against the City, its officers, officials, employees and volunteers for losses arising from work performed by the Provider for the City.
- 6.1 Notice of Cancellation. Each insurance policy required by the insurance provisions of this Agreement shall provide the required coverage and shall not be suspended, voided or canceled except after thirty (30) days prior written notice has been given to the City, except when cancellation is for non-payment of premium, then at least ten (10) days prior notice shall be given to the City. Such notice shall be sent directly to:

**Rick Compau, C.P.M., CPPO, CPPB**  
**Purchasing Director**  
**City of Flagstaff, Purchasing Division**  
**211 W. Aspen Ave.**  
**Flagstaff, Arizona 86001**

- 6.2 Acceptability of Insurers. Insurance shall be placed with insurers duly licensed or authorized to do business in the State of Arizona and with an "A.M. Best" rating of not less than A- VII, or receiving prior approval by the City. The City in no way warrants that the above-required minimum insurer rating is sufficient to protect Provider from potential insurer insolvency.
- 6.3 Verification of Coverage. Prior to commencing work or services, Provider shall furnish the City with certificates of insurance (ACORD form or equivalent approved by the City) as required by this Agreement. The certificates for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf.

All certificates and any required endorsements shall be received and approved by the City before work commences. Each insurance policy required by this Agreement shall be in effect at or prior to commencement of work under this Agreement and remain in effect for the duration of this Agreement. Failure to maintain the insurance policies as required by this Agreement or to provide evidence of renewal shall constitute a material breach of contract.

All certificates required by this Agreement shall be sent directly to **Rick Compau, C.P.M., CPPO, CPPB, Purchasing Director, City of Flagstaff, Purchasing Division, 211 W. Aspen Ave., Flagstaff, AZ. 86001**. The City project/contract number and

project description shall be noted on the certificate of insurance. The City reserves the right to request and receive within ten (10) days, complete, certified copies of all insurance policies required by this Agreement at any time. The City shall not be obligated, however, to review same or to advise Provider of any deficiencies in such policies and endorsements, and such receipt shall not relieve Provider from, or be deemed a waiver of the City's right to insist on, strict fulfillment of Provider's obligations under this Agreement.

6.4 Subcontractors. Providers' certificate(s) shall include all subcontractors as additional insureds under its policies **or** Provider shall furnish to the City separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum requirements identified above.

6.5 Approval. Any modification or variation from the insurance requirements in this Agreement shall be made by the City Attorney's office, whose decision shall be final. Such action shall not require a formal amendment to this Agreement, but may be made by administrative action.

## **7. DEFAULT AND TERMINATION**

7.1 Events of Default Defined. The following shall be Events of Default under this Agreement:

7.1.1 Any material misrepresentation made by Provider to the City;

7.1.2 Any failure by Provider to perform its obligations under this Agreement including, but not limited to, the following:

7.1.2.1 Failure to commence work at the time(s) specified in this Agreement due to a reason or circumstance within Provider's reasonable control;

7.1.2.2 Failure to perform the work with sufficient personnel and equipment or with sufficient equipment to ensure completion of the work within the specified time;

7.1.2.3 Failure to perform the work in a manner reasonably satisfactory to the City;

7.1.2.4 Failure to promptly correct or re-perform within a reasonable time work that was rejected by the City as unsatisfactory or erroneous;

7.1.2.5 Discontinuance of the work for reasons not beyond Provider's reasonable control;

7.1.2.6 Failure to comply with a material term of this Agreement, including, but not limited to, the provision of insurance; and

7.1.2.7 Any other acts specifically stated in this Agreement as constituting a default or a breach of this Agreement.

## 7.2 Remedies.

7.2.1 Upon the occurrence of any Event of Default, the City may declare Provider in default under this Agreement. The City shall provide written notification of the Event of Default and any intention of the City to terminate this Agreement. Upon the giving of notice, the City may invoke any or all of the following remedies:

7.2.1.1 The right to cancel this Agreement as to any or all of the services yet to be performed;

7.2.1.2 The right of specific performance, an injunction or any other appropriate equitable remedy;

7.2.1.3 The right to monetary damages;

7.2.1.4 The right to withhold all or any part of Provider's compensation under this Agreement;

7.2.1.5 The right to deem Provider non-responsive in future contracts to be awarded by the City; and

7.2.1.6 The right to seek recoupment of public funds spent for impermissible purposes.

7.2.2 The City may elect not to declare an Event of Default or default under this Agreement or to terminate this Agreement upon the occurrence of an Event of Default. The parties acknowledge that this provision is solely for the benefit of the City, and that if the City allows Provider to continue to provide the Services despite the occurrence of one or more Events of Default, Provider shall in no way be relieved of any of its responsibilities or obligations under this Agreement, nor shall the City be deemed to waive or relinquish any of its rights under this Agreement.

7.2.3 Any excess costs incurred by the City in the event of termination of this Agreement for default, or in the event the City exercises any of the remedies available to it under this Agreement, may be offset by use of any payment due for services completed before termination of this Agreement for default or the exercise of any remedies. If the offset amount is insufficient to cover excess costs, Provider shall be liable for and shall remit promptly to the City the balance upon written demand from the City.

## 8. **GENERAL PROVISIONS**

8.1 Headings. The article and section headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provision of this Agreement.

8.2 Jurisdiction and Venue. This Agreement shall be administered and interpreted under the laws of the State of Arizona. Provider hereby submits itself to the original jurisdiction of those courts located within Coconino County, Arizona.

8.3 Attorney's Fees. If suit or action is initiated in connection with any controversy arising out of this Agreement, the prevailing party shall be entitled to recover in addition to costs such sum as the

court may adjudge reasonable as attorney fees, or in event of appeal as allowed by the appellate court.

8.4 Severability. If any part of this Agreement is determined by a court to be in conflict with any statute or constitution or to be unlawful for any reason, the parties intend that the remaining provisions of this Agreement shall remain in full force and effect unless the stricken provision leaves the remaining Agreement unenforceable.

8.5 Assignment. This Agreement is binding on the heirs, successors and assigns of the parties hereto. This Agreement may not be assigned by either the City or Provider without prior written consent of the other.

8.6 Conflict of Interest. Provider covenants that Provider presently has no interest and shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of services required to be performed under this Agreement. Provider further covenants that in the performance of this Agreement, Provider shall not engage any employee or apprentice having any such interest. The parties agree that this Agreement may be cancelled for conflict of interest in accordance with Arizona Revised Statutes § 38-511.

8.7 Authority to Contract. Each party represents and warrants that it has full power and authority to enter into this Agreement and perform its obligations hereunder, and that it has taken all actions necessary to authorize entering into this Agreement.

8.8 Integration. This Agreement represents the entire understanding of City and Provider as to those matters contained in this Agreement, and no prior oral or written understanding shall be of any force or effect with respect to those matters. This Agreement may not be modified or altered except in writing signed by duly authorized representatives of the parties.

8.9 Non-appropriation. In the event that no funds or insufficient funds are appropriated and budgeted in any fiscal period of the City for payments to be made under this Agreement, the City shall notify Provider of such occurrence, and this Agreement shall terminate on the earlier of the last day of the fiscal period for which sufficient appropriation was made or whenever the funds appropriated for payment under this Agreement are exhausted. No payments shall be made or due to Provider under this Agreement beyond these amounts appropriated and budgeted by the City to fund payments under this Agreement.

8.10 Compliance with Federal Immigration Laws and Regulations. Provider hereby warrants to the City that the Provider and each of its subcontractors ("Subcontractors") will comply with, and are contractually obligated to comply with, all Federal Immigration laws and regulations that relate to its employees and A.R.S. §23-214(A) (hereinafter "Provider Immigration Warranty").

A breach of the Provider Immigration Warranty shall constitute a material breach of this Agreement and shall subject the Provider to penalties up to and including termination of this Agreement at the sole discretion of the City.

The City retains the legal right to inspect the papers of any Provider or Subcontractor employee who works on this Agreement to ensure that the Provider or Subcontractor is complying with the Provider Immigration Warranty. Provider agrees to assist the City in regard to any such inspections.

The City may, at its sole discretion, conduct random verification of the employment records of the Provider and any of subcontractors to ensure compliance with Provider's Immigration Warranty. Provider agrees to assist the City in regard to any random verifications performed.

The provisions of this Article must be included in any contract the Provider enters into with any and all of its subcontractors who provide services under this Agreement or any subcontract. "Services" are defined as furnishing labor, time or effort in the State of Arizona by a contractor or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.

8.11 Subcontractors. This Agreement or any portion thereof shall not be sub-contracted without the prior written approval of the City. No Subcontractor shall, under any circumstances, relieve Provider of its liability and obligation under this Agreement. The City shall deal through Provider and any Subcontractor shall be dealt with as a worker and representative of Provider. Provider assumes responsibility to the City for the proper performance of the work of Subcontractors and any acts and omissions in connection with such performance. Nothing in the Contract Documents is intended or deemed to create any legal or contractual relationship between the City and any Subcontractor or Sub-Subcontractor, including but not limited to any third-party beneficiary rights.

8.13 Waiver. No failure to enforce any condition or covenant of this Agreement by the City shall imply or constitute a waiver of the right of the City to insist upon performance of the condition or covenant, or of any other provision of this Agreement, nor shall any waiver by the City of any breach of any one or more conditions or covenants of this Agreement constitute a waiver of any succeeding or other breach under this Agreement.

## 9. DURATION

This Agreement shall become effective on and from the day and year executed by the parties, indicated below, and shall continue in force for an initial term of five (5) years, beginning April 1<sup>st</sup>, 2014 through March 31<sup>st</sup>, 2019], unless sooner terminated as provided above. Upon mutual agreement between the City and Provider, this Agreement may be renewed for a maximum of one (1) additional five (5) year term, upon mutual agreement from both parties.

**City of Flagstaff**

**Provider**

\_\_\_\_\_  
Kevin Burke, City Manager

Attest:

\_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
City Attorney

Date of Execution: \_\_\_\_\_

# EXHIBIT A

## PROJECT DESCRIPTION/BACKGROUND

The City of Flagstaff is seeking professional consulting services to prepare an economic model, a complete analysis, and resulting recommendations for its rates and charges for the following utilities:

- Water
- Wastewater
- Reclaimed Water,
- Buy-in Capacity Fees
- Stormwater

The goal of the analysis is to ensure the utility has sufficient revenues to cover the operation, maintenance and replacement costs identified below and to meet the City's debt coverage requirements and capital program guidelines. The economic model and analysis should evaluate the current rates, and provide recommendations for fee structures that will meet cost and revenue requirements for a base fiscal year and ten subsequent years.

### Water:

The City of Flagstaff has approximately 19,500 water service connections and maintains 433 miles of potable water main on twelve major reservoirs operating on three distinct pressure zones. The Utilities Water Production Section operates an eight million gallons per day (MGD) surface water processing plant obtaining raw water from Upper Lake Mary. The Inner Basin provides seasonal springs and a shallow aquifer system that are capable of up to two (2) MGD of production during the summer. Twenty-six (26) deep wells in three (3) major well fields may contribute up to an additional twelve (12) MGD of potable water. The City has purchased Red Gap Ranch located approximately 35 miles east of the City for potential groundwater development. Other water farm tracts are under consideration. There is also a possibility of a future Colorado River surface water allotment and a pipeline from Lake Powell. A comprehensive report to the City's Water Commission that is updated yearly, provides a detailed description of the infrastructure and an operation plan for the Utilities Division.

### Wastewater:

The City operates two wastewater treatment plants that serve a combined population of approximately 67,000 residents. The Wildcat Hill Wastewater Treatment Plant (WWTP) is a six (6) MGD facility and the Rio De Flag Water Reclamation Plant can process up to a four (4) MGD of wastewater flow. The City maintains 274 miles of gravity flow sanitary sewer. The City has projected estimates for additional wastewater treatment capacity needs and its timing.

### Reclaimed Water:

Additionally the Utilities Division maintains about 25 miles of reclaimed water mains connected to a two (2) million gallon storage tank. The City Parks and Recreation Division, Northern Arizona University, SCA Tissue, a recycled paper products manufacturing facility, three (3) golf courses along with construction related uses are currently the largest users of reclaimed water in the summer time. The Arizona Snowbowl is the largest user during the wintertime. Reclaimed water is available off of the existing mains down to the residential level for

permitted non-potable uses. During the last 20 years the attractive pricing of the reclaimed water has made the demand for this commodity greater than current supply during the summer months of the year. The City has estimates for capital improvements to the reclaimed system.

The Utilities Division has completed a major upgrade to the Wildcat Hill WWTP in 2010 with the intent of providing Class A+ quality reclaimed water. However, this plant is currently under a Consent Order by the Arizona Department of Environmental Quality and requires numerous additional capital projects to ensure the facility consistently makes Class A+ quality reclaimed water.

#### Buy-in Capacity Fees:

Currently this City has Capacity Fees for the water and wastewater systems. Water and Waste Water capacity fees must be developed in accordance with applicable Arizona regulations in particular Senate Bill 1525.

#### Stormwater:

The City of Flagstaff presently owns and operates stormwater management infrastructure systems and facilities which have been developed, installed and acquired through various mechanisms over many years. The future usefulness and value of the existing stormwater systems and facilities and of future additions and improvements thereto, rests on the ability of the City to effectively manage, construct, protect, operate, maintain, control, regulate, use and enhance the stormwater systems and facilities in the City. In order to do so, the City must have adequate and stable funding for its stormwater management program operating and capital improvement needs.

The City has a current water and wastewater rate model that is 3 years old. This is an Excel spread sheet model which is the preferred application for the rate model.

The City has an established water conservation program based on an inverted block rate structure that increases the cost of single-family residential water proportionally as monthly water consumption increases. Single-family Residential sewer charges are based on a winter quarter average taken when outside water use is not a factor. The success of the conservation program has reduced projected potable water consumption averages and associated revenue due to less potable water use billed and a subsequent decrease of flow to the City sewers. Other customer classes utilize a flat rate, regardless of consumption.

## **SCOPE OF WORK**

### **BASIC SERVICES**

#### **TASK 1 – STUDY ORIENTATION**

##### 1.1 Data Request

Consultant shall provide a list of financial and statistical information needed to complete rate study analysis. Consultant shall provide frequent updates of data request list showing items

that have been obtained and items still outstanding. Consultant shall revise list as necessary to reflect additional items.

### 1.2 Study Orientation Workshop

Consultant shall facilitate Study Orientation Workshop with City representatives to:

- Clarify roles, confirm study objectives, communication procedures, study schedule, and due dates for deliverables,
- discuss financial and operational information received prior to meeting,
- identify pricing objectives for utility rates including water, wastewater, reclaimed water, stormwater and Buy-in capacity fees
- identify additional information needed to complete study, and
- identify assumptions and relevant City policies as well as applicable statutes.

Consultant shall prepare and submit meeting summary within five (5) days of Study Orientation Workshop via e-mail in PDF format.

### 1.3 Rate Survey

Consultant shall obtain list from City representative of up to 10 cities to be included in survey of utility rates.

### 1.4 Project Progress and Schedule

Consultant shall monitor and report progress of project through monthly reports for an assumed 9-month period of service. The monthly reports shall include a written report of work accomplished during the month and shall accompany Consultant's monthly invoices.

### 1.5 General Management and Coordination

Consultant shall provide day-to-day general project coordination and consultation with City representatives.

## **TASK 2 – FINANCIAL PLAN**

### 2.1 Study Period

Consultant shall identify 10-year study period for financial plan forecast.

### 2.2 Capital Improvement Program

Consultant shall review utility capital improvement programs for completeness. Consultant shall assist City representatives in allocating capital projects to growth and non-growth categories.

### 2.3 Customer Units of Service

Consultant shall evaluate customer growth and usage characteristics for utilities by customer class and meter size. Consultant shall assist City representatives in developing water bill frequency analysis to determine the usage characteristics for each customer class.

### 2.4 Revenue Under Existing Rates

Consultant shall calculate revenue under current rates for study period for customer class and meter size basis using bill frequency information provided by City.

### 2.5 Miscellaneous Revenue

Consultant shall project revenue from miscellaneous utility sources for study period including Buy-in capacity fees, tap fees, hydrant rental, investment income and other sources as well as plan review fees, rough and final grading inspection fees and other ancillary charges.

#### 2.6 Operation and Maintenance Expense

Consultant shall review historical cost trends to project expenses and to recognize changes in certain costs consistent with changes in future utility operations.

#### 2.7 Debt Service]

Consultant shall conduct analysis to ensure compliance with covenants and financial requirements associated with existing or proposed bond obligations and other debt instruments.

#### 2.8 Reserves

Consultant shall review City reserve requirements and recommend changes, if appropriate, to comply with general industry standards.

#### 2.9 Cash Flow Analysis

Consultant shall develop up to four cash flow scenarios for study period incorporating revenue requirements developed and showing various capital funding options, debt coverage options, reserves options and other parameters that may affect projected rate increases.

#### 2.10 Financial Plan Technical Memorandum

Consultant shall prepare and submit meeting summary within five (5) days of meeting via e-mail in PDF format.

### **TASK 3 – COST OF SERVICE ANALYSIS**

#### 3.1 Test Year

Consultant shall select test year or years for cost of service analysis. The consultant may choose to use the existing cost of service analysis prepared in 2010.

#### 3.2 Customer Class Characteristics

Consultant shall use billing data to develop customer characteristics and recommend additional customer classes, if appropriate. The consultant has the option of using the existing customer cost allocation and customer classes established in 2010, or of preparing a new customer cost allocation for existing customer classifications.

#### 3.3 Water Cost Analysis

Consultant shall perform water cost of service analysis in accordance with American Water Works Association accepted methods.

#### 3.4 Wastewater Cost Analysis

Consultant shall perform wastewater cost of service analysis in accordance with Water Environment Federation accepted methods.

#### 3.5 Stormwater Cost Analysis

Consultant shall perform stormwater cost of service analysis in accordance with industry accepted methods. The City currently has a Stormwater Utility Fee based on an Impervious Area Rate Methodology. An Equivalent Rate Unit (ERU) is 1500 square feet of

impervious area within each parcel boundary. Each whole ERU, or increment thereof, is billed at a rate of \$1.30 per ERU.

### 3.6 Summary

Consultant shall compare test year class cost of service with class revenue under existing rates.

## **TASK 4 – RATE DESIGN**

### 4.1 Rate Design

Consultant shall design utility rates to produce adequate revenue, equitably recover class cost of service, and comply with City policies. If appropriate, rates will be designed using existing rate structure and up to two alternative structures. Consultant shall review and analyze water reclamation benefits and cost and develop rate for reuse water.

### 4.3 Rate Design Workshop

Consultant shall facilitate Rate Design Workshop with City representatives to discuss rate design preferences and to select alternative rate structures and rate levels for presentation to City management staff and Council.

### 4.4 Rate Design Technical Memorandum

Consultant shall prepare and submit meeting summary within five (5) days of meeting via e-mail in PDF format.

## **TASK 5 – STUDY REPORTS**

### 5.1 Draft Report

Consultant shall prepare up to three versions of draft report to document study assumptions, procedures, finding and recommendations. Twenty hard copies and one electronic copy of the draft report shall be provided to the City.

### 5.2 Draft Report Workshop

Consultant shall facilitate Draft Report Workshop with City representative to discuss City Comments on draft report.

### 5.3 Final Report

Consultant shall prepare final report incorporating comments received from City representatives and deliver 20 hard copies and two CD's with report files in PDF format to the City.

## **TASK 6 – PRESENTATION**

### 6.1 Preparation

Consultant shall prepare presentation for City Council and provide to City representatives for review prior to meeting. Presentations will include three (3) Water Commission Meetings and three (3) City Council meetings.

### 6.2 Presentation

Consultant shall be prepared to present to the City Council the final report with recommendations at the request of the representatives of City.

## **TASK 7 – MODEL**

### 7.1 Model Development

Consultant shall work with City representatives throughout study on design and operation of Microsoft Excel model. Consultant shall deliver a Microsoft Excel financial model to the City. The City will retain this model which enables the City to calculate future fees and charges

### 7.2 Training Session

Consultant shall conduct one-day session to train City representatives in model design and layout; adjustment of key variables that support efficient “what-if” scenario development features of model; and update with new budget, CIP, and revenue information for future use.

### 7.3 User Manual

Consultant shall deliver Microsoft Excel financial model and user manual to City. Five (5) hard copies of user manual and one (1) CD with electronic files in Microsoft Word and PDF format shall be provided to City.

## **ADDITIONAL SERVICES**

The City may request services that are supplemental to those included in the Basic Scope of Services. These services shall be upon written authorization from City and may include, but not be limited to, the following tasks:

- Development of up to three additional alternative financial plans.
- Development of up to three additional alternative rate structures.
- Development of comparison rates of 10 cities selected in Task 1.3 with current and proposed City rates with comparison of monthly bills for median residential user
- Development of an alternative for annual rate model maintenance

Please provide pricing for the above additional services as alternate pricing packages.

## Price/Fee

Based on the work plan described in Willdan Financial Services' ("Willdan") technical proposal, we propose a **not-to-exceed fee of \$114,380**. The table below provides a breakdown of this fee by task and project team member. The City requested estimated fees to provide the following additional services:

- Development of up to three additional alternative financial plans;
- Development of up to three additional alternative rate structures; and
- Development of comparison rates of 10 cities with current and proposed City rates, including a comparison of monthly bills for median residential user.

**Our rate analyses typically include these services and have been included in our normal, competitive pricing.**

City of Flagstaff— Utility Rate Capacity Study Consulting							
	C. Fisher Project Manager	K. Burnett/ J. Varnes Sr. Financial Consultants	T. Thrasher Financial Analyst	J. McGarvey QA/QC & Tech Advisor	P. Walker Tech & Policy Advisor	Total	
	\$210	\$175	\$120	\$200	\$200	Hours	Cost
Work Plan							
Task 1: Data Evaluation and Validation	2.0	12.0	8.0	2.0	2.0	26.0	4,280
Task 2: Initial Staff Planning Workshop	8.0	12.0	10.0	8.0	8.0	46.0	8,180
Task 3: Development of an Optimized Financial Management Plan	8.0	56.0	60.0	6.0	10.0	140.0	21,880
Task 4: Cost of Service Analysis (Includes Stormwater Analysis)	8.0	60.0	36.0	4.0	8.0	116.0	18,900
Task 5: Rate Design Analysis	16.0	56.0	40.0	4.0	12.0	128.0	21,160
Task 6: Capacity Fee Analysis	4.0	48.0	40.0	4.0	12.0	108.0	17,240
Task 7: Reports, Presentations, and Public Information and Educational Assistance	24.0	24.0	12.0	12.0	24.0	96.0	17,880
Task 8: Model Training	6.0	16.0	-	-	4.0	26.0	4,860
<b>Total Cost</b>	<b>76.0</b>	<b>284.0</b>	<b>206.0</b>	<b>40.0</b>	<b>80.0</b>	<b>686.0</b>	<b>\$ 114,380</b>

**Notes:**

- Our fee includes all direct expenses associated with the project.
- We will invoice the City monthly based on percentage of project completed.