



## **Staff Report**

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RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A SERVICE AGREEMENT FOR A COST OF SERVICE STUDY FOR SEWER SERVICE CHARGES WITH HDR ENGINEERING FOR AN AMOUNT NOT TO EXCEED \$27,655

Honorable Mayor and Council Members:

### **Summary**

The proposed professional services agreements with HDR Engineering will provide the City with an updated cost of service study for sewer and storm water service charges. The current sewer municipal rates are determined through a calculation of budgeted costs, fees, and debt service.

### **Background**

The City of Belmont prepares an annual analysis of the Sewer Enterprise Fund to evaluate the Fund's financial position and its ability to fund necessary operating and capital needs.

### **Discussion**

In 1999, Hilton Farnkopf & Hobson completed a study of the City's sewer and related storm water rates and created a model that provided five-year projections of operating and capital expenses, revenues from available sources and fund balances for the sewer and storm water funds. Hilton Farnkopf & Hobson updated this model as part of the City's annual analysis from FY 2000-01 through FY 2010-11.

For the FY 2011-12 annual analysis of the Sewer and Storm Water Funds, the City solicited proposals for a comprehensive cost of service study from four consultants. Three consultants were interviewed by City staff and one consultant declined due to existing workload. Of the three consultants interviewed, HDR Engineering was selected as the most qualified consultant to perform the work.

The proposed work includes analysis of revenue requirements for a minimum of five years to provide a fiscally sound plan to adequately fund the system operation and infrastructure needs, while attempting to minimize overall impacts on rates.

### **General Plan/Vision Statement**

This work is consistent with the General Plan General Community Goals and Policies section (Paragraph 1015), which states "*To provide public services efficiently and at a level adequate to serve an ultimate population of about 28,000*" and with the General Plan Public Facilities and Services Goals section (Paragraph 2041), which states "*To provide public services at a level*

*adequate to ensure public safety, health and welfare at the lowest possible cost; to establish and maintain all essential public services and facilities in a manner that ensures continued operation in time of emergency.”*

**Fiscal Impact**

Funding for the service agreement has been budgeted in Sanitary Sewer Operation Account 501-3-710-8351.

**Public Contact**

Posting of the City Council Agenda.

**Recommendation**

Staff recommends that the City Council authorize the City Manager to execute the service agreement with HDR Engineering for an amount not to exceed \$27,655.

**Alternatives**

1. Refer back to staff for additional information.
2. Deny authorization.

**Attachments**

- A. Resolution
- B. Exhibit A Scope of Services

Respectfully submitted,

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Leticia Alvarez, PE  
City Engineer

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Afshin Oskoui, PE  
Public Works Director

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Greg D. Scoles  
City Manager

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RESOLUTION NO. \_\_\_\_\_

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT  
AUTHORIZING THE CITY MANAGER TO EXECUTE A SERVICE AGREEMENT  
FOR A COST OF SERVICE STUDY FOR SEWER SERVICE CHARGES WITH HDR  
ENGINEERING FOR AN AMOUNT NOT TO EXCEED \$27,655**

**WHEREAS**, the City of Belmont prepares an annual analysis of the Sewer and Storm Water Funds to evaluate the financial portion and it's ability to fund necessary operating and capital needs; and,

**WHEREAS**, the service agreement with HDR Engineering will provide the City with a cost of service study for sewer and storm water service charges; and,

**WHEREAS**, in 1999, a study and five year model of the City's sewer and storm water rates was completed as part of the City's annual analysis from FY 2000-01 through FY 2010-11; and,

**WHEREAS**, the City solicited proposals for a comprehensive cost of service study from four consultants and selected HDR Engineering as the most qualified; and,

**WHEREAS**, the proposed work includes analysis of revenue requirements for a minimum of five years to provide a fiscally sound plan to minimize overall impacts on rates; and,

**WHEREAS**, funding for the services performed has been budgeted in the Sanitary Sewer Operations Account 501-3-710-8351.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Belmont authorizes the City Manager to execute a service agreement with HDR Engineering for a cost of service study for sewer service charges in an amount not to exceed \$27,655.

\* \* \* \* \*

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Belmont at a regular meeting thereof held on February 28, 2012 by the following vote:

AYES, COUNCILMEMBERS: \_\_\_\_\_

NOES, COUNCILMEMBERS: \_\_\_\_\_

ABSTAIN, COUNCILMEMBERS: \_\_\_\_\_

ABSENT, COUNCILMEMBERS: \_\_\_\_\_

\_\_\_\_\_  
CLERK of the City of Belmont

APPROVED:

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MAYOR of the City of Belmont



## Section 2

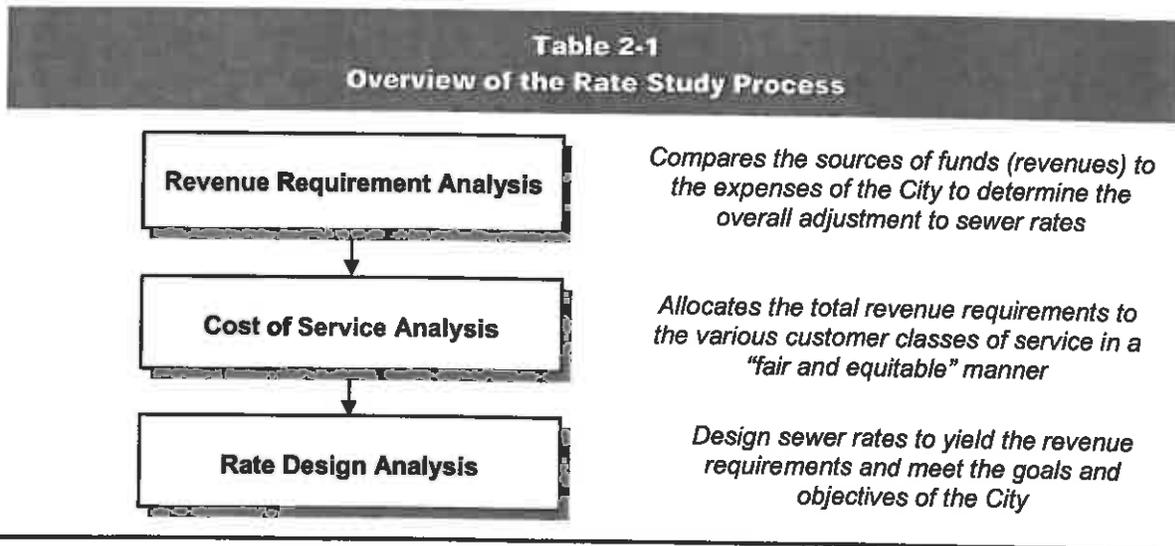
# Proposed Scope of Services

### 2.1 Introduction

The City of Belmont (City) has requested technical assistance in conducting a comprehensive sewer rate study. At the end of the study process, sewer rates will be recommended that meet the financial and rate design objectives of the City and which are cost-based and equitable. Provided in this section of the proposal is a detailed discussion of our proposed scope of services to conduct a comprehensive sewer rate study for the City.

### 2.2 Overview of a Comprehensive Sewer Rate Study

A comprehensive sewer rate study is generally comprised of three interrelated analyses: (1) the development of the revenue requirement to determine adequate funding levels, (2) a cost of service study designed to understand the cost differences associated with serving various types of customers, and (3) a rate design analysis that establishes a cost basis for setting fixed and variable rates. Provided below in Table 2-1 is a brief overview of the rate study process.



While Table 2-1 provides an overview of the typical components of a comprehensive sewer rate study, an important aspect of this study is incorporating and "tailoring" those analytical elements into an overall scope of services that will provide the work products being requested by the City.

### 2.3 City's Goals and Objectives

Determining the City's goals and objectives for the study is an important starting point. By gaining an understanding of these goals and objectives, the scope of work can be tailored to meet the City's needs. Provided below are a summary of HDR's understanding of the City's

goals and objectives that should be achieved from this study.

- Complete the study in a timely manner to meet the schedule requirements for placing the revised sewer rates (charges) on the county's tax rolls. This will require completion of the study on or before the end of April.
- Develop the study in a manner that is consistent with the principles and methodologies established by the Water Environment Federation (WEF) M27 Manual, *Financing and Charges for Wastewater Systems*. This will help the City meet the Proposition 218 requirements for cost-based rates.
- Review the City's current policies, philosophies and practices on financial/rate setting issues (reserve levels, debt service coverage ratios, capital replacement, etc.). In the financial planning process (revenue requirement) utilize and apply these policies, philosophies and rate setting practices.
- Develop the City's revenue requirement analysis to ensure that it provides prudent and adequate funding levels for O&M and infrastructure replacement funding. Develop, at a minimum, a 5-year revenue requirement analysis that provides prudent funding levels for O&M activities along with replacement funding for existing utility infrastructure.
- Develop a final proposed financial plan which adequately supports the utility's funding requirements, while attempting to minimize overall impacts to rates. If needed, develop a rate adjustment transition plan of up to five years. This study should provide a set of multi-year rates for proposed adoption by the City Council.
- Develop a cost allocation methodology that equitably allocates the cost of providing sewer service to the City's various types of customers; residential, retail/commercial, institutional/public authorities, industrial and high strength customers.
- Review the City's current sewer rate designs/structures and provide, if appropriate, alternative rate designs that are contemporary, cost based, defensible and meet the specific rate design objectives of the City. Propose multi-year sewer rates.
- Provide an effective written and oral presentation of the results of this study.
- Work closely with the City's management and staff, and as a team, maximize the value of this study to the City.

The above list is our perception of the City's goals and objectives at this time. As the project unfolds, the City can expand upon this list to assist us in better understanding your needs. Given these goals and objectives, a scope of services has been developed to meet the City needs.

## 2.4 Scope of Services

Provided below is a detailed discussion of the proposed scope of services for the City's comprehensive sewer rate study. HDR has attempted to develop a detailed scope of services that meets the goals and objectives as noted above. Our scope of services has been developed based upon our limited understanding of the City's needs, and HDR is willing to modify our scope of services to better meet those needs.

### Task 1—Initial Project (Kick-Off) Meeting

**Task Objective:** *Bring the HDR project team, City management and staff together, at the start of the project, to assure that all parties have a mutual understanding of the goals, objectives,*

*Issues and concerns related to the study.*

The initial project (kick-off) meeting is important to the overall success of this engagement since it forms the foundation for the rate study process. The initial project meeting is used as a starting point in developing a strong working relationship between HDR and City staff. At the same time, this meeting allows both parties to discuss the overall goals and objectives for this study, while at the same time discussing any issues and concerns that either party may have. It is proposed that the initial project meeting be approximately 2 hours in length.

*"The initial project (kick-off) meeting is important to the overall success of this engagement since it forms the foundation for the rate study process."*

**Expected City Staff Support for Task 1:** For this task, the City will be expected to:

- Have their key management/project team members attend a 2 hour planning meeting.
- Confirmation of the City's goals and objectives for the study.

**Deliverables as a Result of Task 1:** From the work accomplished above, the deliverables will be:

- Identification of objectives, issues and concerns by both parties.
- Face-to-face meeting to get the study off to a positive start.

## **Task 2—Data Collection**

**Task Objective:** Provide a written data request detailing the data required to complete the study.

The initial written data request details the data and information required to conduct the study.

*"The data and information requested for this study should be, for the most part, readily available information (e.g., financial, statistical, customer, etc.)."*

HDR will provide a written data request to the City prior to the initial kick-off meeting so that it can be discussed at the meeting and any problem areas quickly resolved. The data and information requested for this study should be, for the most part, readily available information (e.g., financial, statistical, customer, etc.). The key issue for data collection purposes may be the level of detail that is readily available and needed for the study. It is important to keep in mind that a study of this nature requires data and information that is more detailed

than the data typically reported for annual financial statement purposes. For those areas where the data is not readily available, or will require significant labor and expense on the City's part to provide, HDR and the City will determine the "sensitivity" or "importance" of the data required and if alternative data sources are available. Given the City's project time schedule, it is important that the City provide a timely response for the data requested.

**Expected City Staff Support for Task 2:** For this task, the City will be expected to:

- Gather the data requested in the written data request provided by HDR. (Note: typically requires approximately 20 – 30 hours of staff time to provide).

**Deliverables as a Result of Task 2:** From the work accomplished above, deliverables will include:

- An initial written data request to the City.
- Identification of any data constraints.

### Task 3—Review of Existing Financial/Rate Setting Policies, Philosophies, and Practices

**Task Objective:** Determine the financial/rate-setting policies, philosophies or practices in use by the City and utilize these policies, philosophies or practices in the current study.

The City currently has financial/rate setting policies in place. As a part of this task, HDR will review the existing financial and rate policies and practices of the City to gain an understanding of these policies and utilize them in the development of this study. All analyses developed as a part of this study will conform to the City's existing financial/rate policies, or will be based upon "generally accepted" financial/rate practices of the water utility industry.

*"... we believe that a utility should be run in a business-like manner, and therefore, should be managed in a financially prudent manner. As such, financial policies should be established accordingly."*

**Expected City Staff Support for Task 3:** For this task, the City will be expected to:

- Gather existing written policies and provide to HDR. Discuss any existing financial/rate philosophies or practices.

**Deliverables as a Result of Task 3:** From the work accomplished above, deliverables will be:

- Review of the existing financial/rate setting policies and practices of the City.

- Recommend, as necessary, additional financial/rate

policies to meet the City's goals and objectives.

### Task 4—Revenue Requirement Analysis

**Task Objective:** Using a "generally accepted" rate-setting methodology, develop the City's revenue requirement for a minimum projected 5-year period. The revenue requirement analyses will establish the cost-based 'level' of revenue to be derived from rates. If necessary, develop a plan to transition rates to cost-based levels.

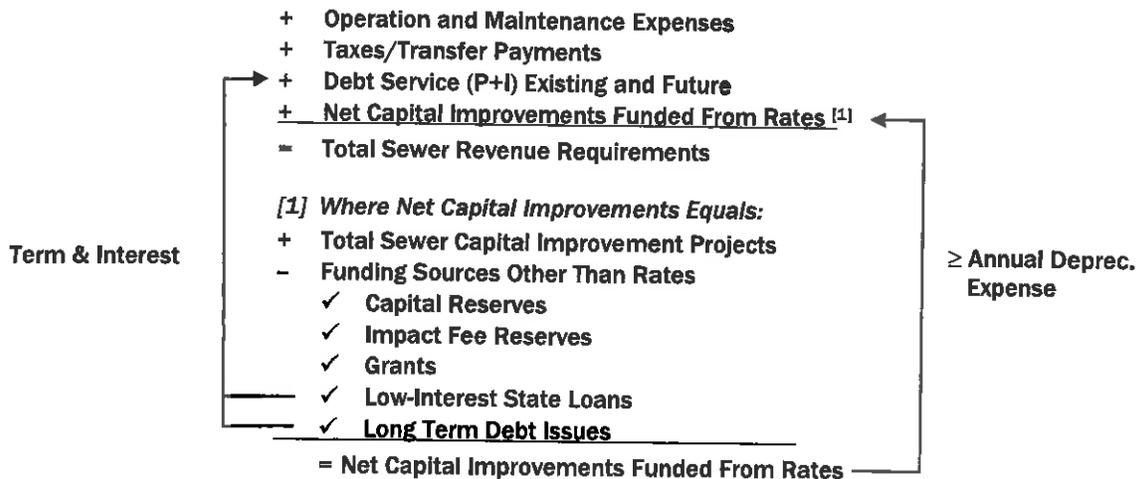
The development of the sewer revenue requirement analyses is the first major analytical portion of the comprehensive rate study process. This portion of the study entails reviewing the various revenues and comparing them to the expenses for the utility. This task considers the prudent and proper funding for O&M and capital expenditures, and determines the need for any rate adjustments over the time period selected. The various steps involved in developing the revenue requirement are described below.

**STEP 1 – SELECTION OF A TEST PERIOD** – A "test period" refers to a time frame of reference for the accumulation of revenues, expenses and consumption data. Historically, the City has used a five-year test period. In this case, at least a five-year period will be used, and based on our discussions with the City may be expanded to a longer time frame. By reviewing costs over an extended time frame, the City can determine if any major rate impacts are on the horizon and potentially take steps today to help minimize future impacts (e.g. rate adjustment transition, accumulation of capital reserves, etc.).

**STEP 2 – METHOD OF ACCUMULATING COSTS** – The methodology used by most municipal utilities to establish their revenue requirement is the "cash basis" approach. Under the "cash basis" methodology, the revenue requirement is composed of O&M, taxes/transfer payments, debt service and capital improvements funded from rates.

Provided below in Table 2-2 is an overview of the typical "cash basis" approach for establishing revenue requirements.

**Table 2-2  
Overview of a Typical "Cash Basis" Sewer Revenue Requirement Analysis**



can be seen in the top half of Table 2-2, a utility's revenue requirement is composed of both operating and capital costs. O&M and taxes/transfer payments are operating costs and debt service and net capital improvements funded from rates is how capital infrastructure is funded within rates. The bottom-half of Table 2-2 illustrates the different methods of funding capital infrastructure. As an example, if long-term debt is used to fund capital infrastructure, then the cost of that debt is included within the revenue requirement as an annual debt service payment (P+I).

In the case of this study, the City wants to segregate the discussion of the establishment of the rates from the methods that may be used to pay for capital infrastructure, and in particular, the use of long-term debt. Given that, HDR would propose a slightly different and simplified methodology for the City's revenue requirements. Table 2-3 provides an overview of this methodology.

**Table 2-3  
Overview of the City's Proposed Sewer Revenue Requirement Methodology**

- + Operation and Maintenance Expenses
- + Taxes/Transfer Payments
- + Debt Service (P+I) Existing and Future
- + Infrastructure Replacement Funding (i.e. from rates) <sup>[1]</sup>
- = Total Sewer Revenue Requirements

**[1] Level of Infrastructure replacement funding to be determined**

In the case of the City's study, the funding/financing of the City's long-term capital improvement plan will not be addressed. Rather, only replacement funding for existing

infrastructure will be included within this analysis. As a general rule, absent a formal asset management plan, it is generally prudent to attempt to fund an amount equal to or greater than annual depreciation. Annual depreciation expense generally reflects the amount of plant that is becoming worn out and obsolete. However, it is important to note that annual depreciation expense does not reflect replacement cost.

**STEP 3 – ACCUMULATION OF REVENUES AND EXPENSES** – As noted above, revenue requirement is composed of two major types of costs; operational and capital expenses. The operational costs are generally projected from historical or budgeted costs, using escalation factors for future costs, and adjusted for any known changes in operations (e.g., changes in personnel, operating costs, growth/expansion). HDR will begin with the currently adopted operating budget and project costs in the future using escalation factors for the various types of costs that the City incurs (e.g. labor, benefits, electricity, chemicals, etc.). Costs will also be analyzed and adjusted for any changes in levels of service.

For the capital expenses, the City's existing debt service schedules will be used for the funding of debt service. No new debt service will be assumed during this planning horizon. The last component will be the infrastructure replacement funding. The funding of this component may be guided by the City's financial/rate setting policies. HDR recommends, at a minimum, a funding level that is greater than or equal to annual depreciation expense.

**STEP 4 – REVIEW KEY FINANCIAL PLANNING CRITERIA** – In development the revenue requirement, a number of financial planning aspects or criteria are taken into account. First, the utility's debt service coverage (DSC) ratio is an important financial measure or indication of the utility's ability to repay debt. The DSC ratio is a legal rate covenant and must be maintained. In addition, the maintenance of adequate reserve levels is a function of meeting the operating expenses of the utility, while still providing adequate funding for capital infrastructure. The City's reserves (operating reserve, capital reserve, etc.) will be reviewed to at least maintain, as appropriate, minimum reserve levels. As a part of this study, HDR will develop the revenue requirement analysis to be consistent with the financial policies and the financial planning criteria contained within those policies (Task 3).

**STEP 5 – SUMMARIZE THE RESULTS AND DEVELOP RATE TRANSITION PLAN** –The revenue requirement analysis is designed to provide an understanding of the total costs to operate the utility from year to year. While the analysis is very detailed, an important step is to summarize those results and findings into an easy to understand format. Results are summarized both numerically and graphically. HDR will develop summary tables for the revenue requirement analysis that should provide easy to understand findings and results.

Another important element of the study is the potential need for a rate transition plan. If needed, HDR will develop a rate transition plan that may cover up to a five (5) year period. This allows for the smooth transition to cost-based rate levels.

**Expected City Staff Support for Task 4:** For this task, the City will be expected to:

- Provide “as needed” assistance to clarify the City's data and information as it relates to developing the revenue requirement.
- Provide “as needed” data refinements or additional data as determined during the process of developing the revenue requirement.
- Attend a 2 hour project meeting to review the draft revenue requirement analysis.

**Deliverables as a Result of Task 4:** From the work accomplished above, the deliverables will be:

- Sewer revenue requirement analyses for a minimum five-year period that considers the

- necessary operating and replacement capital needs.
- If needed, a transition plan to “phase in” any needed rate adjustments.
- Recommendations regarding key financial indicators (debt service coverage, capital funding/replacement through rates, reserve levels, etc.).
- One 2 hour meeting to review the draft results of the revenue requirement.

## **Task 5—Cost of Service Analysis**

***Task Objective:*** Develop an average embedded cost of service study to equitably allocate the revenue requirement to the various customers served by the City.

In simplified terms, a cost of service study attempts to equitably allocate the revenue requirement between the various customer classes of service (e.g., residential and non-residential, low-strength and high-strength). The cost of service analysis ultimately provides the basis for cost-based rates for each of the customer classes of service. A brief discussion of the major steps of the cost of service study is provided.

***STEP 1 – SELECTION OF TEST PERIOD*** – The first step of a cost of service is to select a time period for the allocation of costs. A cost of service analysis typically reviews a one year time period, or the period over which rates will be established. HDR, in consultation with the City, will select an appropriate test period for the cost of service analysis.

***STEP 2 – DETERMINATION OF CLASSES OF SERVICE*** – Classes of service refers to the grouping of customers for purposes of allocating costs. The process of establishing classes of service is to group customers into homogeneous groups. The City, at the present time, appears to have customer classes of service well-defined. No major changes to the classes of service are anticipated at this time.

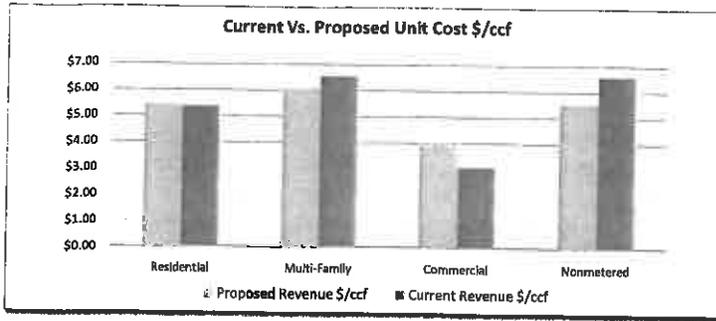
***STEP 3 – FUNCTIONALIZATION AND CLASSIFICATION OF EXPENSES*** – Next, plant in service and costs are *functionalized*. Functionalization refers to the arrangement of cost data into its basic cost categories (e.g., collection, treatment). The City’s chart of accounts will likely be used to functionalize costs. Costs are then *classified* to their various cost components. Classification involves determining whether each specific cost or account item was incurred to meet a consumer’s volume, strength or customer related needs.<sup>1</sup> A thorough review of the various types of costs the utility incurs will be undertaken and specific cost classifiers developed. Classification will be based upon generally accepted cost of service techniques.

*“In simplified terms, a cost of service study attempts to equitably allocate the revenue requirements between the various customer classes of service...”*

***STEP 4 – DEVELOPMENT OF ALLOCATION FACTORS*** – To allocate the classified expenses, allocation factors will need to be developed. For each classified cost, an equitable method will be developed to allocate each specific cost to the various customer classes of service.

***STEP 5 – ALLOCATION OF EXPENSES*** – Given the classification of expenses (revenue requirement), along with the development of allocation factors, the costs can be allocated to the various customer classes of service.

<sup>1</sup> These terms, as used herein, are used in a generic form. The WEF M-27 manual more fully describes these terms and different methodologies for the equitable allocation of costs.



*The summary page graphically presents the difference between the current level of rate revenue and the allocated cost of service by customer class.*

**STEP 6 – SUMMARY OF THE COST OF SERVICE** – The previous step allocated the rate base and expenses to each customer class of service. From this process, a summary page can be developed which compares the difference between the current level of rate revenues received from each class of service, and the allocated cost of service for each class. The summary page provides an important measure of the equity

of the current rates in comparison to the cost of service. In addition to the summary page, average unit costs (i.e. cost-based rates) are also developed for each customer class of service. These unit costs are important to the development of final rate designs. Average unit costs provide the City with an understanding of the cost/rate relationship between fixed and variable costs.

*“The summary page . . . compares the difference between the current level of rate revenues received from each class of service, and the allocated cost of service for each class.”*

HDR will meet with City staff to review the results of the draft cost of service analysis. This meeting will allow for the “transfer of knowledge” between HDR and the City’s project team. HDR will explain the overall methodology used within the cost of service analysis, along with the key assumptions used within the study.

**Expected City Staff Support for Task 5:** For this task, the City will be expected to:

- Attend a 2 hour project meeting to review the findings and results of the cost of service analyses.
- Provide any “as needed” data refinements or additional data needs as determined during the process of developing the cost of service analysis.

**Deliverables as a Result of Task 5:** From the work accomplished above, the deliverables will be:

- Review of the current customer classes of service and determine any revisions for cost allocation purposes.
- A “fair and equitable” allocation of the revenue requirements to the various classes of service.
- Cost of service average unit costs (cost-based rates) for each customer class of service.
- One 2 hour meeting to review the draft results of the cost of service analysis.

## Task 6—Rate Design Analysis

**Task Objective:** Utilize the cost information developed as a part of the previous tasks to develop sewer rate design alternatives for consideration and possible adoption by the City. Review alternative rate designs that meet the City’s rate design goals and objectives (e.g., revenue stability, affordability). Propose multi-year rate adjustments for adoption by the City.

A starting point for the rate design process is to gain an understanding of the rate design goals and objectives the City is striving for in this study. These objectives may include revenue stability, ease of administration, etc. Understanding the City’s rate design objectives will assist HDR in the development of any needed rate design alternatives. HDR does not anticipate any

major changes to the City's current sewer rate structures.

In developing the rate design alternatives, the average unit cost information from the cost of service will be utilized as a starting point. For each customer class of service, HDR will provide up to two (2) rate alternatives that are designed to meet the City's rate design goals and objectives and industry "generally accepted" rate-setting practices. For each rate design developed, a bill comparison and graph will be provided that shows a comparison between the present bill and the proposed bill at various levels of usage. Bill comparisons are useful in assessing the potential impacts to a wide variety of customers.

As a part of this task, HDR will provide an "affordability analysis." An affordability analysis provides the City Council and the public with a better understanding of the level of the proposed rates in relation to the community's ability to afford the rates. A common approach to developing an affordability analysis is to compare the annual sewer bill to a defined percentage (e.g. 1.5%) of the community's median household income.

***Expected City Staff Support for Task 6:*** For this task, the City will be expected to:

- Discuss the City's rate design goals and objectives with HDR.
- Review rate design alternatives for appropriateness, provide direction for preferred alternatives.

***Deliverables as a Result of Task 6:*** From the work accomplished above, the deliverables will be:

- Review of the City's current sewer utility rates.
- Up to two (2) rate design alternatives per customer class of service.
- Bill comparisons and graphs for the rate design alternatives developed.
- An "affordability analysis" to provide a better understanding of the level of the City's current and proposed sewer rates.

### **Task 7—Written Report**

***Task Objective:*** Provide a written report to summarize the findings, conclusions and recommendations of the comprehensive sewer rate study. In addition, provide a copy of all workpapers associated with the study to aid in future updating of the study by City staff.

Upon completion of the rate analysis, HDR will develop a draft written report of the cost of service study. The written report is intended to be comprehensive in nature and document all of the activities undertaken as a part of the project, along with our findings, conclusions and recommendations. Within all of our reports, HDR provides technical appendices of all the technical analyses undertaken. HDR will provide three (3) copies of the draft final report to the City for its review and comment. Any comments, suggestions or corrections from the City concerning the draft final report will be incorporated into the final report. Ten (10) copies of the final report will be provided to the City, along with a PDF version.

***Expected City Staff Support for Task 7:*** For this task, the City will be expected to:

- Review and comment on the draft written report.

***Deliverables as a Result of Task 7:*** From the work accomplished above, the deliverables will be:

- Three (3) copies of the draft written report.
- Ten (10) copies of the final written report.
- Copy of all work papers.

## **Task 8—Public Presentations**

***Task Objective:*** Provide effective public presentations of the findings, results and recommendations of the comprehensive sewer rate study.

The overall quality and value of a rate and fee study is often measured by the quality of the public presentation process. In addition, the ability of the consultant to present this technical material in a manner that is easily understandable to City Council members and the public is paramount. HDR excels in this aspect of the study.

For this study, the City has recommended the inclusion of up to two public meetings. These meetings are intended to meet the Proposition 281 public hearing requirements. For these meetings, HDR will prepare all handouts and the HDR Project Manager, Tom Gould, will provide those presentations. Any public presentations beyond the two (2) noted above will be provided on a time and material basis.

***Expected City Staff Support for Task 8:*** For this task, the City will be expected to:

- Review and comment on any proposed handouts for public meetings.

***Deliverables as a Result of Task 8:*** From the work accomplished above, the deliverables will be:

- Up to two (2) public presentations to present the findings, conclusions and recommendations of the study.

This concludes HDR's discussion of the proposed scope of services for the City's comprehensive sewer rate study. This scope of services may be modified to meet the specific needs of the City.

## **2.5 Summary**

This section of the proposal has provided a detailed scope of services to conduct the City's comprehensive sewer rate study. HDR has attempted to provide a detailed discussion to demonstrate our understanding of the City's needs, while communicating our depth of knowledge and skill in this area.