

ENGINEERING SERVICES AGREEMENT
FOR CONSTRUCTION OF PUBLIC IMPROVEMENTS

Updated March 2007

THIS AGREEMENT is made in Douglas County, Kansas, by and between the City of Lawrence, Kansas, hereinafter called the City, and Burns & McDonnell, hereinafter called the Consultant. The City intends to construct an improvement project (hereinafter called the Project) in Lawrence, Kansas, described in Exhibit A.

The City hereby contracts with the Consultant for professional engineering services in connection with the Project, for such engineering services more particularly described herein in consideration of the mutual covenants herein set forth. By executing this Agreement, the Consultant represents to the City that the Consultant is professionally qualified to provide such and is licensed to practice engineering by all public entities having jurisdiction over the Consultant and the Project.

SECTION I - DEFINITIONS

As used in this Agreement, the following terms shall have the meanings ascribed herein unless otherwise stated or reasonably required by this contract, and other forms of any defined words shall have a meaning parallel thereto.

“Additional Services” means any services requested by the City which are not covered by Exhibit A of this Agreement.

“Agreement” means this contract and includes change orders issued in writing.

“City” means the City of Lawrence, Kansas.

“Consultant” means the company or individual identified on page 1. Consultant shall employ for the services rendered, engineers, architects, landscape architects, and surveyors licensed, as applicable, by the Kansas State Board of Technical Professions.

“Contract Documents” means those documents so identified in the Contract, including Engineering Documents. All terms defined in said General Conditions shall have the same meaning when used in this Agreement unless otherwise specifically stated or in the case of a conflict in which case the definition used in this Agreement shall prevail in the interpretation of this Agreement.

“Engineering Documents” means all plans, specifications, reports, drawings, tracings, designs, calculations, computer models, sketches, notes, memorandums or correspondence related to the work described in Exhibit A attached hereto.

“Engineering Services” means the professional services, labor, materials, supplies, testing and other acts or duties required of Consultant under this Agreement together with Additional Services as City may request and evidenced by a supplemental agreement pursuant to the terms of this Agreement.

“Project” is as described in Exhibit A.

“Engineering Program Manager” means the person employed by the City with the title of Engineering Program Manager who is licensed to practice engineering in the State of Kansas.

“Municipal Services & Operations Director” means the person employed by the City with the title of Municipal Services & Operations Director.

SECTION II - PAYMENT

A. COMPENSATION.

1. Maximum Total Fee and Expense: The City agrees to pay the Consultant a fee based on the actual hours expended on the Project at the rates indicated in the attached Fee Schedule; Exhibit B and the actual reimbursable expenses permitted under this Agreement and incurred on this Project, but not to exceed a maximum fee of \$59,140 for Solid Waste Consulting Services. Professional fees are based on the scope of services outlined in Exhibit A of this Agreement and shall be completed in accordance with a mutually agreed to schedule. Payment to Consultant shall not exceed the amounts in each phase as detailed in Exhibit B. Other methods of compensation are allowed only after written approval by the Municipal Services & Operations Director.
2. Hourly Rate: Any Additional Services which are not set forth in this Agreement will be charged on the basis of the hourly rate schedule attached hereto as Exhibit B and reimbursable expenses not contemplated in this Agreement will be charged at actual cost. No Additional Services or costs shall be incurred without proper written authorization of the City.
3. Reimbursable Expenses: Reimbursable expenses shall be included in the total maximum fee. Reimbursable expenses include expenses of transportation in connection with the Project; expenses in connection with authorized out-of-

town travel; long-distance communications; expenses of printing and reproductions, postage and facsimile transmissions; expenses of renderings and models requested by the City and other costs as authorized by the City. Reimbursable expenses will not include overhead costs or additional insurance premiums. Unit rates for reimbursable expenses shall be included in Exhibit B attached.

4. Sales Tax: Compensation as provided for herein is exclusive of any sales, use or similar tax imposed by taxing jurisdictions on the amount of compensation, fees or services. Should such taxes be imposed, the City shall reimburse the Consultant in addition to the contractual amounts provided. The City shall provide tax exempt number if required, and if requested by the Consultant.
5. Billing: Consultant shall bill the City monthly for all services and reimbursable expenses. It is understood by the Consultant that monthly pay requests must be received by the 5th day of the month. The bill submitted by Consultant shall itemize the services and reimbursable expenses for which payment is requested, notwithstanding any claim for interest or penalty claimed in a Consultant's invoice. The City agrees to pay the Consultant within ten (10) days of approval by the governing body. If the Consultant fails to submit an itemized bill for services and/or reimbursable expenses within sixty (60) days of completion of the services, the City shall have no duty to pay the Consultant for those services.

6. City's Right to Withhold Payment: In the event the City becomes credibly informed that any representations of the Consultant provided in its monthly billing are wholly or partially inaccurate, the City may withhold payment of disputed sums then, or in the future, otherwise due to the Consultant until the inaccuracy and the cause thereof is corrected to the City's reasonable satisfaction. In the event the City questions some element of an invoice, that fact shall be made known to the Consultant immediately. The Consultant will help effect resolution and transmit a revised invoice if necessary. The City shall pay the undisputed portion of any invoice as provided in Part 5 of this Section II.
7. Timing of Services: Consultant will perform the services in a timely manner; however, if during their performance, for reasons beyond the control of the Consultant, protracted delays occur, the parties agree that they will negotiate in writing an equitable adjustment of time and compensation, taking into consideration the impact of such delays.
8. Change in Scope: For substantial modifications in authorized Project scope, and/or substantial modifications of drawings and/or specifications previously accepted by the City, when requested by the City and through no fault of the Consultant, the Consultant shall be compensated for time and expense required to incorporate such modifications at Consultant's standard hourly rates per Exhibit B. Provided, however, that any increase in contract price or contract time must be requested by the Consultant and must be approved through a written supplemental agreement prior to performing such services.

Consultant shall correct or revise any errors or deficiencies in its designs, drawings or specifications without additional compensation when due to Consultant's negligence, error, or omission.

9. Additional Services: The Consultant shall provide, with the City's concurrence, services in addition to those listed in Exhibit A, when such services are requested, in writing, by the City. Prior to entering into any Additional Services, the Consultant must submit a proposal outlining the Additional Services to be provided, estimation of total hours and a maximum fee based upon the hourly rate schedule attached hereto as Exhibit B. Payment to the Consultant, as compensation for these Additional Services, shall be in accordance with the attached hourly rate schedule attached as Exhibit B. Reimbursable expenses incurred in conjunction with Additional Services shall be paid separately and those reimbursable expenses shall be paid at actual cost. Records of reimbursable expenses and expenses pertaining to Additional Services and services performed on an hourly basis shall be made available to the City if so requested in writing. Production of these documents shall be made at the Consultant's office during normal business hours within a reasonable time at a date and time mutually convenient to both parties.

10. Supplemental Agreement: This Agreement may be amended to provide for additions, deletions and revisions in the services or to modify the terms and conditions thereof by written amendment signed by both parties. The contract price and contract time may only be changed by a written supplemental

agreement approved by the City, unless it is the result of an emergency situation in which case the Municipal Services & Operations Director may give verbal and facsimile approval to be followed by a written and approved supplemental agreement. If notice of any change affecting the general scope of the services or provisions of this Agreement, including but not limited to, contract price or time, is a requirement of any insurance policy held by the Consultant as a requirement of this Agreement, the giving of such notice shall be the Consultant's responsibility.

SECTION III - RESPONSIBILITIES OF CONSULTANT

A. SCOPE OF SERVICES: The Consultant shall furnish and perform the various professional duties and services in all phases of the Project to which this Agreement applies, as specifically provided in Exhibit A and which are required for the completion of the Project.

B. GENERAL DUTIES AND RESPONSIBILITIES

1. Personnel: The Consultant shall assign only qualified personnel to perform any service concerning the Project. Stephan L. Nalefski will perform as the Consultant's principal for this Project. As principal on this Project, this person shall be the primary contact with the Municipal Services & Operations Director, Engineering Program Manager, or another person so designated, and shall have authority to bind the Consultant. So long as the individual named above remains actively employed or retained by the Consultant, he/she shall perform the function of principal on this Project.

2. Independent Contractor: The Consultant is an independent contractor and as such is not an employee of the City.
3. Special Services: The Consultant may be called on to serve as a Consultant or witness in any litigation, arbitration, legal or administrative proceeding arising out of this Project. The Consultant shall not be paid extra by the City if the appearance is to defend Consultant's professional engineering services. If the Consultant is requested in writing by the City to appear as a witness, the Consultant will be paid its hourly fee as reflected on the hourly rate schedule attached hereto as Exhibit B.
5. Service by and Payment to Others: Any work authorized in writing by the City and performed by a third party other than the Consultant, or their subconsultants in connection with the proposed Project, shall be contracted for and paid for by the City directly to the third party or parties. Fees for extra work shall be subject to negotiation between the City and the third party. Fees shall be approved by the City prior to the execution of any extra work. Although the Consultant may assist the City in procuring such services of third parties, the Consultant shall in no way be liable to either the City or such third parties in any manner whatsoever for such services or for payment thereof.
6. Subcontracting of Service: The Consultant shall not subcontract or assign any of the architectural, engineering or consulting services to be performed under this Agreement without first obtaining the written approval of the City regarding the services to be subcontracted or assigned and the firm or person

proposed to perform the services. Neither the City nor the Consultant shall assign any rights or duties under this Agreement without the prior written consent of the other party. Unless otherwise stated in the written consent to an assignment, no assignment will release or discharge the assignor from any obligation under this Agreement.

7. Endorsement: The Consultant shall sign and seal all final plans, specifications, estimates and engineering data furnished by the Consultant. The Consultant warrants to the best of its knowledge, information and belief that its performance will be done in a professional manner. Any review or approval by the City of any documents prepared by the Consultant, including but not limited to the plans and specifications, shall be solely for the purpose of determining whether such documents are consistent with the City's construction program and intent. No review of such documents shall relieve the Consultant of their responsibility for the accuracy. It will be the Consultant's responsibility to verify the existence of any and all rights-of-way and easements, including temporary construction easements, that are necessary for the Project construction. Rights-of-way and easements shown on the construction plans shall have proper legal verification to prove their existence.
8. Professional Responsibility: The Consultant will exercise reasonable skill, care and diligence in the performance of its services as is ordinarily possessed and exercised by a licensed professional performing the same services under similar circumstances.

9. Inspection of Documents: The Consultant shall maintain all Project records for inspection by the City during the contract period and for three (3) years from the date of final payment.

SECTION IV - CITY OF LAWRENCE RESPONSIBILITIES

A. GENERAL DUTIES AND RESPONSIBILITIES

1. Communication: The City shall provide to the Consultant information and criteria regarding the City's requirement for the Project; examine and timely respond to the Consultant's submissions; and give notice to the Consultant, who shall respond promptly, whenever the City observes or otherwise becomes aware of any defect in the services.
2. Access: The City will-provide access agreements for the Consultant to enter public and private property when necessary.
3. Duties: The City shall furnish and perform the various duties and services in all phases of the Project which are outlined and designated in Exhibit A as the City's responsibility.
4. Program and Budget: The City shall provide full information stating the City's objectives, schedule, budget with reasonable contingencies, and necessary design criteria.
5. Other consultants: The City may contract with "specialty" consultants when such services are requested by the Consultant.

6. Testing: Any tests required to supplement the scope of services or tests required by law shall be furnished by the City.
7. Legal, Insurance, Audit: The City shall furnish all legal, accounting and insurance counseling services as may be necessary at any time for the Project.
8. Project Representative: The Municipal Services & Operations Director, or the Municipal Services & Operations Director's designee, shall represent the City in coordinating this Project with the Consultant, with authority to transmit instructions and define policies and decisions of the City.

SECTION V - GENERAL PROVISIONS

A. TERMINATION

1. Notice: The City reserves the right to terminate this Agreement for either cause or for its convenience and without cause or default on the part of the Consultant, by providing written notice of such termination to the Consultant. Upon receipt of such notice from City, the Consultant shall, at City's option as contained in the notice: Immediately cease all services and meet with City to determine what services shall be required of the Consultant in order to bring the Project to a reasonable termination in accordance with the request of the City. The Consultant shall also provide to the City digital and mylar copies of all drawings and documents completed or partially completed at the date of termination. The Consultant is entitled to terminate this agreement by providing thirty (30) days written notice.

2. Compensation for Convenience Termination: If City shall terminate for its convenience, as herein provided, City shall compensate Consultant for all services completed to date prior to receipt of the termination notice. Compensation shall not include anticipatory profit or consequential damages, neither of which will be allowed.
3. Compensation for Default Termination: If the City shall terminate for cause or default on the part of the Consultant, the City shall compensate the Consultant for the reasonable cost of services completed to date of its receipt of the termination notice. Compensation shall not include anticipatory profit or consequential damages, neither of which will be allowed. The City also retains all its rights and remedies against the Consultant including but not limited to its rights to sue for damages, interest and attorney fees.
4. Incomplete Documents: Neither the Consultant, nor its subconsultant, shall be responsible for errors or omissions in documents which are incomplete as a result of an early termination under this section, the Consultant having been deprived of the opportunity to complete such documents and certify them as ready for construction.

B. DISPUTE RESOLUTION

City and the Consultant agree that disputes relative to the Project should first be addressed by negotiations between the parties. If direct negotiations fail to resolve the dispute, the party initiating the claim that is the basis for the dispute shall be free to take such steps as it deems necessary to protect its interests provided, however,

that notwithstanding any such dispute the Consultant shall proceed with the services as per this Agreement as if no dispute existed.

C. OWNERSHIP OF ENGINEERING DOCUMENTS

All Engineering Documents prepared in connection with this Project shall be the property of the Consultant, whether the Project for which they are made is executed or not; however, the Consultant shall provide the City a copy of all Engineering Documents as requested by the City and related to services for which the consultant has been compensated.

Reports, plans, specifications and related documents are the Consultant's copyrighted instruments, and the Consultant, at its option, may so identify them by appropriate markings. Provided that the Consultant is paid in full for its services, then the City may reuse these final documents without any additional compensation. However, such reuse shall be for City use and the Consultant shall have no liability for City alteration to the documents or for any use other than as intended pursuant to the terms hereof.

D. INSURANCE

Unless otherwise specified, the City shall be shown as an additional insured on all applicable insurance policies except professional liability and worker's compensation. All general and automobile liability insurance shall be written on an occurrence basis unless otherwise agreed to in writing by the City. The City shall be given written thirty (30) days notice of any insurance policy cancellation.

1. Professional Liability: The Consultant shall maintain, throughout the duration of this Agreement, Professional Liability Insurance in an amount not less than one million dollars (\$1,000,000), per claim and annual aggregate, and shall provide the City with certification attached to this Agreement.

2. Commercial General Liability

Each Occurrence \$500,000

General Aggregate \$500,000

The policy must also include personal injury; products/completed operations; contractual liability and independent contractors.

3. Worker's Compensation: The Consultant shall retain Worker's Compensation Insurance in the statutory amounts.

4. Employer's Liability:

Bodily Injury by Accident \$100,000 (each accident)

Bodily Injury by Disease \$500,000 (policy limit)

Bodily Injury by Disease \$100,000 (each employee)

5. Automobile Insurance: The Consultant shall maintain a policy in the minimum amounts as required for general liability to protect against claims for bodily injury and/or property damage arising out of the ownership or use of any owned, hired and/or non-owned vehicle.

6. Industry Ratings: City will only accept coverage from an insurance carrier which offers proof that it:

- a) Is licensed to do business in the State of Kansas;
- b) Carries a Best's Policyholder rating of A or better; and
- c) Carries at least a Class X financial rating; or is a company mutually agreed upon by the City and Consultant.

7. Subconsultant's Insurance: If a part of this Agreement is to be sublet, the Consultant shall either:

- a) Cover all subconsultants in its insurance policies; or
- b) Require each subconsultant not so covered to secure insurance which will protect against all applicable hazards or risks of loss in the amount so designated.

Whichever option is chosen, the Consultant shall indemnify and hold harmless the City as to any and all damages, claims, or losses, including attorney's fees, arising out of the negligent acts or omissions of its subconsultants.

E. INDEMNITY

1. Indemnify and Hold Harmless: For purposes of this Agreement, the Consultant hereby agrees to indemnify and hold harmless the City and its employees and officials from any and all loss to the extent caused or incurred in whole or in part as a result of the negligence or wrongful acts of the Consultant, its officers, subsidiaries, employees and subconsultants/assignees

and their respective officers and employees, in the performance of services pursuant to this Agreement.

In the case of any claims against the City or its employees and officials indemnified under this Agreement, by an employee of the Consultant, its officers, subsidiaries, or subconsultant/assignees, the indemnification obligation contained in this Agreement shall be limited to those losses caused by the negligence of the Consultant but shall not be limited by any limitation on amount or type of damages, compensation or benefits payable by or for the Consultant, its officers, subsidiaries, or subconsultant/assignees, under workers' compensation acts, disability benefit acts, or other employee benefit acts, as allowed by law. The Consultant's obligation hereunder shall not include amounts attributable to the fault or negligence of the City or any third party for whom the Consultant is not responsible.

F. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements, whether oral or written, covering the same subject matter. This Agreement may not be modified or amended except in writing mutually agreed to and accepted by both parties to this Agreement.

G. APPLICABLE LAW

This Agreement is entered into under and pursuant to, and is to be construed and enforceable in accordance with, the laws of the State of Kansas.

H. ASSIGNMENT OF AGREEMENT

This Agreement shall not be assigned or transferred by either the Consultant or the City without the written consent of the other.

I. NO THIRD PARTY BENEFICIARIES

Nothing contained herein shall create a contractual relationship with, or any rights in favor of, any third party.

J. FEDERAL LOBBYING ACTIVITIES (Only applies to projects receiving federal funds via the City): N/A

K. COVENANT AGAINST CONTINGENT FEES

The Consultant warrants that they have not employed or retained any company or person, other than a bona fide employee working for the Consultant, to solicit or secure this Agreement, and that they have not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gifts, or any other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, the City may terminate this Agreement without liability or may, in its discretion, deduct from the contract price or otherwise recover the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

L. COMPLIANCE WITH LAWS

Consultant shall abide by all applicable federal, state and local laws, ordinances and regulations applicable to this Project until the Engineering Services required by this Agreement are complete. Consultant shall secure all occupational and professional

licenses, permits, etc., from public and private sources necessary for the fulfillment of its obligations under this Agreement.

M. TITLES, SUBHEADS AND CAPITALIZATION

Title and subheadings as used herein are provided only as a matter of convenience and shall have no legal bearing on the interpretation of any provision of the Agreement. Some terms are capitalized throughout the Agreement but the use of or failure to use capitals shall have no legal bearing on the interpretation of such terms.

N. SEVERABILITY CLAUSE

Should any provision of this Agreement be determined to be void, invalid unenforceable or illegal for whatever reason, such provisions shall be null and void; provided, however, that the remaining provisions of this Agreement shall be unaffected thereby and shall continue to be valid and enforceable.

O. HAZARDOUS MATERIALS

The Consultant and the Consultant's subconsultants shall have no responsibility for the discovery, presence, handling, removal, or disposal or exposure of persons to hazardous materials in any form at the Project site.

P. AFFIRMATIVE ACTION

The Consultant agrees to comply with the provisions of K.S.A. 44-1030, in the Kansas Acts Against Discrimination, and Section 10-113 eq seq of the Code of the City of Lawrence, Kansas, Affirmative Action in Public Contracts.

Q. EXECUTION OF CONTRACT

The parties hereto have caused this Agreement to be executed in duplicate this _____ day of _____, _____.

**BURNS & McDONNELL ENGINEERING
COMPANY, INC.**

By: Stephan L Nalefski

Stephan L. Nalefski
Vice President

CITY OF LAWRENCE, KANSAS

By: _____

Thomas M. Markus
City Manager

APPROVED AS TO FORM:

Toni Ramirez Wheeler
City Attorney

EXHIBIT A
SCOPE OF SERVICES AND SCHEDULE

Scope of Services

Task 1: Project Initiation & Management

Subtask 1A: Initial Data Request and Review

Following receipt of the Notice to Proceed, we will provide the City with a detailed initial data request that will encompass data needs for completing the study. The data request will itemize our needs for understanding the operational and financial considerations that must be addressed. This task also includes organization and preliminary analysis of all data received. We recognize that the City may not have all information requested readily available or may track information differently than requested. Our team will work with the appointed Project Manager to arrive at reasonable substitutes for the key data, if necessary.

Subtask 1B: Establish a Project Task Force

In order to get the best information possible and increase buy-in for the outcomes of this project, we recommend that the City establish a Project Task Force (PTF) to participate throughout the process. The PTF would ideally include five to seven key representatives from diverse roles and levels of responsibility within the City, including senior management. The PTF would participate in the kick-off meeting, help facilitate data collection, provide feedback on preliminary findings and provide support to our project team throughout the project. By involving individuals with a wide range of skills and responsibilities, a complete picture of the solid waste system can be quickly developed. Their diverse experience and concerns will help identify problem areas and contribute meaningful input to the solutions. Full participation from the PTF members can increase buy-in and accelerate implementation of the project findings.

Subtask 1C: Kick-off Meeting and Project Management

Members of the project team will conduct a kick-off conference call prior to commencing the study to plan an on-site kick-off meeting and site visit with key City staff. At this kick-off meeting we will discuss the project work plan, key issues to be addressed, key findings from previous engagements and the timing associated with the various project tasks. We will also discuss our initial data request (as previously described) that will be provided to the City staff 7 to 14 days prior to the kick-off meeting. Burns & McDonnell will provide the agenda and any handout materials in advance.

During the kick-off meeting, we will also identify primary contacts for our project team and the City to establish a protocol for the exchange of information and the resolution of issues that arise in the normal course of this engagement. To ensure effective communication between project team members and the City throughout the course of this project, Burns & McDonnell will:

- Schedule and participate in periodic conference calls, as needed, to discuss project matters (as identified in the specific tasks of this scope of work)

- Provide periodic status updates via electronic format
- Be available for other communication as needed

Task 1 Deliverables:

- Preliminary data request
- Electronic copies of the kick-off meeting agenda, handouts and follow-up summary
- Participation of Burns & McDonnell Project Manager and key staff in conference call and on-site kick-off meeting

Task 2: Cost of Service & Rate Study

A cost of service study provides a clear understanding of the current operation's cost of providing service. This methodology is consistent with other financial studies our proposed project team has completed for communities across the United States, as shown on the map in the Executive Summary.

Subtask 2A: Current Cost of Service Analysis

A "Test Year" is a common term in cost of service studies that refers to an adjusted fiscal year budget that is used as a basis for determining cost of service and setting rates. The Test Year should be representative of typical conditions, with adjustments for any unusual or one-time expenses. Any projected non-recurring expenses or revenues will be identified and incorporated into the financial forecast. We will work with the City to develop a Test Year revenue requirement that reflects the revenue required to meet all operating and maintenance (O&M) costs, debt service (including coverage and reserve requirements), working capital requirements, and capital expenditures. The goal of this task will be to document the current full cost of the City's various solid waste services and to allocate these costs to the appropriate cost centers. As part of this task, Burns & McDonnell will:

- Review current and historical financial data collected as part of Task 1
- Summarize and analyze current solid waste fees
- Develop a revenue requirement for the "Test Year," which includes, but is not limited to, the following types of costs:
 - Operational and maintenance
 - General fund and administrative overhead
 - Capital equipment and facility costs (current and future needs)
 - Current and anticipated long-term liabilities and debt obligations
 - Working capital requirements
- Work with the City to define cost centers. Cost centers will be based on the primary services provided by the Municipal Services Department and will be refined based on input from City staff. A preliminary listing of cost centers may include:
 - Residential: Trash, Yard Waste, Recycling, Bulk
 - Commercial: Front Load, Roll-off, Cardboard and Paper Recycling, Single-Stream Recycling
 - Material Management: Recycling Processing, Recycling Drop-off, Household Hazardous Waste, Composting, Landfill Disposal
 - Maintenance: Carts, Collection Vehicles

- Administration: Management, Technical Assistance
- Work with the City to allocate test year costs to the cost centers in the cost allocation model
- Develop an infrastructure and vehicle/equipment replacement analysis to account for growth and replacement
- Assist the City in developing or modifying a cost allocation strategy that captures capital, debt, operations, and maintenance costs, as well as indirect costs (administration and overhead) for each of the targeted services
- Allocate cost centers to customer classes
- Determine billing units
- Calculate the cost of service

For equipment and personnel that serve more than one function, we will assist City staff in the development of an appropriate strategy to allocate those costs among the programs being evaluated. It will be imperative to work closely with financial and operational personnel during the cost allocation process to ensure that all direct and indirect costs are apportioned in an appropriate and meaningful way among the programs being evaluated, which will be critical given the broad range of services and operations.

Subtask 2A Deliverables:

- Meeting with City staff (same trip as the kick-off meeting)
- A Test Year revenue requirement
- Calculation of the Test Year cost of service
- Conference call with City staff to discuss results of Subtask 2A

Subtask 2B: Forecasted Cost of Service Analysis, Program Revenue Stream Analysis, and Rate Development

Five-Year Forecasted Cost of Service

In addition to calculating the current cost of service for the Test Year, our team will project the future cost of service for a five-year time frame and will allocate these costs to the appropriate cost centers. We will work in conjunction with the City to develop an accurate five-year revenue requirement and billing unit forecast. To develop the five-year revenue requirement for the City, we will examine historical budgets and audited financials and, utilizing input from City staff, will develop a forecast that incorporates “known and measurable” changes for the forecasted period. Our team will analyze the assumptions used in projecting the revenue requirement and billing units including, but not limited to, growth rate, inflation rates, increase in contractual obligations and capital improvement plans for fleet, equipment and facilities.

Review Revenue Generation from Existing Customer Classes and Review Billing Methods

We will evaluate how much revenue is currently generated by the current fee structure from the existing customer classes to determine if revenues generated are sufficient to recover the cost of service assigned to each customer class. We will also assess the overall revenue requirement compared to revenue generated under the current fee structure and rates. Our team will complete this analysis based on a review of revenue received by the City for the various services provided. We will independently estimate how much revenue should be generated by the current billing units to estimate whether any under-recovery is occurring. This analysis will provide the City

with an understanding of how current rates are either over or under-recovering compared to the cost of service.

Fee Structure Methodology and Rate Development

We will develop proposed rates that meet the needs and objectives of the solid waste system for the next five years. We will assess the existing rate structure for its historical performance, overall equity, and ability to meet City objectives for future solid waste rates. Prior to developing specific rates, we will provide an overview of several proven approaches to municipal solid waste fund rate design and implementation.

Our team will develop rate alternatives for each rate category based on our industry experience and collaboration with the PTF. We will design rates for each alternative to generate adequate revenues in accordance with the financial forecast results, to reflect the results of the cost of services analysis, and to advance the objectives of the City for the utility systems. The pros and cons of each alternative will be evaluated — including for compatibility with the City’s billing system. Pricing objectives could include:

- **Escalation Strategies** – For communities that have a need for increases, rates can be designed to be phased in at once or over an extended period of time.
- **Meeting Revenue Requirements in a Stable and Predictable Manner** – Regardless of the outcome of the rate design process, rates must produce sufficient revenues to meet both the short-term and long-term financial needs.
- **Fee Structure Equity** – To the greatest extent possible, rate design will be based on cost of service principles and will not unduly subsidize certain customers or rate classes at the expense of others.
- **Environmental Sustainability** – Simply put, rates send pricing signals to customers. These pricing signals should promote efficient use of the City’s resources and increase customer understanding of the cost associated.
- **Simple and Understandable** – From a public relations perspective, simple and easily understandable rate structures are a benefit to clearly communicate the relationship between the cost of service and customer use.

In addition, our project team is knowledgeable of statutory regulations affecting cost of service and rate development and we will design rates accordingly. If desired by the City, annual inflationary adjustments can be considered to provide a means by which future adjustments may be indexed and adjusted automatically. This will effectively allow the City to systematically incorporate marginal rate increases.

Subtask 2B Deliverables:

- A “base case” five-year revenue requirement forecast and fleet replacement schedule
- The calculation of the cost of service in each year
- Revenue projections
- Conference call to discuss findings and rate recommendations
- Rate design recommendations for the next five years for each customer class

Task 3: Report Preparation and Presentation

Subtask 3A: Draft Report

Upon completion of the analyses outlined above, we will develop a Draft Report outlining recommendations and conclusions. We are committed to making sure the City thoroughly understands the recommendations in the Draft Report. Our team will provide the findings to the City staff and allow these individuals sufficient time to have their concerns and questions addressed. We will have a conference call or on-site meeting with City staff to discuss the report. We request that written comments are provided as one submittal from City staff to ensure consensus regarding staff comments.

Subtask 3B: Final Report

Upon receipt of City staff recommendations and comments, Burns & McDonnell will make appropriate changes and provide the City with a Final Report. We will issue the Final Report within three weeks of receiving comments from the City.

Subtask 3C: Develop PowerPoint and Conduct City Council Meeting

Our team will develop a PowerPoint presentation that summarizes the key findings of the study. We will attend and present findings and recommendations from the report at a City Council meeting or workshop. One PowerPoint presentation and handouts will be developed to communicate the analysis, key findings and rate recommendations.

Task 3 Deliverables:

- Electronic version of the Draft Report
- One conference call or on-site meeting to discuss the Draft Report
- Printed and electronic versions (one each) of the Final Report

Task 4: Delivery of Client Model

Task 4A: Develop Client Model

Burns & McDonnell will develop a Microsoft Excel-based model that City staff may use for future rate analysis. The City will have a royalty-free license for use of the model. The model will allow for varying rate structures and plans and will be equipped to facilitate scenario analysis regarding alternative operating and capital plans. The model will be equipped with the following features:

- Ability to modify future growth rates and customer demands.
- Modify operation and maintenance expense projections through changes in inflationary assumptions, as well as changes to collection operations.
- Evaluate alternative fleet replacement schedules, capital improvement programs and funding strategies.
- Ability to evaluate alternative rate structures.
- Dashboard to quickly evaluate impact of model changes to key model outputs

Task 4B: Model Documentation and Training

Model documentation will include a written user's guide used during the training session to illustrate concepts such as data flow. Burns & McDonnell will conduct the training using a video conferencing system.

Task 4 Deliverables:

- Client model
- Written user guide
- Video-conference training session

Schedule

Burns & McDonnell will complete Tasks 1 through 3A (Draft Report) in 120 days from the notice to proceed. Burns & McDonnell will issue the Final Report (Task 3B) within three weeks of receiving comments from the City. Burns & McDonnell will coordinate with the City for Task 3C (Presentation to City Council) and Task 4 (Delivery of Client Model).

EXHIBIT B
FEE SCHEDULE AND PHASES

The current Scope of Services and Schedule from Exhibit A will be completed in a series of Tasks under one Phase. Additional Phases will require written agreement between the City and Consultant.

Fee Schedule

Task	Hours	Labor Expenses	Reimbursable Expenses	Total
Task 1: Project Initiation & Management				
Subtask 1A: Initial Data Request & Review	27	\$4,450	\$270	\$4,720
Subtask 1B: Establish PTF	0	\$0	\$0	\$0
Subtask 1C: Kick-off Meeting & Project Mgmt	16	\$3,260	\$1,190	\$4,450
Task 2: Cost of Service & Rate Study	0	\$0	\$0	\$0
Subtask 2A: Current Cost of Service Analysis	94	\$16,870	\$940	\$17,810
Subtask 2B: Revenue Requirement Forecast	14	\$2,650	\$140	\$2,790
Subtask 2B: Revenue Stream Analysis	14	\$2,650	\$140	\$2,790
Subtask 2B: Rate Development	34	\$6,460	\$340	\$6,800
Task 3: Report Preparation and Presentation	0	\$0	\$0	\$0
Subtask 3A: Draft Report	34	\$6,460	\$340	\$6,800
Subtask 3B: Final Report	10	\$1,970	\$100	\$2,070
Subtask 3C: Develop Presentation & Council Meeting	20	\$4,080	\$1,230	\$5,310
Task 4: Delivery of Client Model	0	\$0	\$0	\$0
Subtask 4A: Develop Client Model	12	\$2,310	\$120	\$2,430
Subtask 4B: User Manual and Model Training	15	\$3,020	\$150	\$3,170
Total	290	\$54,180	\$4,960	\$59,140

EXHIBIT C

Billing Rates

Schedule of Hourly Professional Service Billing Rates

<u>Position Classification</u>	<u>Classification Level</u>	<u>Hourly Billing Rate</u>
General Office *	5	\$64.00
Technician *	6	\$78.00
Assistant *	7	\$90.00
	8	\$123.00
	9	\$147.00
Staff *	10	\$170.00
	11	\$183.00
Senior	12	\$204.00
	13	\$228.00
Associate	14	\$237.00
	15	\$241.00
	16	\$246.00
	17	\$250.00

NOTES:

1. Position classifications listed above refer to the firm's internal classification system for employee compensation. For example, "Associate", "Senior", etc., refer to such positions as "Associate Engineer", "Senior Architect", etc.
2. Project time spent by corporate officers will be billed at the Level 17 rate plus 25 percent.
3. For outside expenses incurred by Burns & McDonnell, such as authorized travel and subsistence, and for services rendered by others such as subcontractors, the client shall pay the cost to Burns & McDonnell.
4. A technology charge of \$9.95 per labor hour will be billed for normal computer usage, computer aided drafting (CAD) long distance telephone, fax, photocopy and mail services. Specialty items (such as web and video conferencing) are not included in the technology charge.
5. Monthly invoices will be submitted for payment covering services and expenses during the preceding month. Invoices are due upon receipt. A late payment charge of 1.5% per month will be added to all amounts not paid within 30 days of the invoice date.
6. The services of contract/agency and/or any personnel of a Burns & McDonnell subsidiary or affiliate shall be billed to Owner according to the rate sheet as if such personnel is a direct employee of Burns & McDonnell.
7. The rates shown above are effective for services through December 31, 2019, and are subject to revision thereafter.

EXHIBIT D
STANDARD INVOICE REQUIREMENTS

- A. Invoice shall identify Project Number and Name, and City Purchase Order Number.
- B. Individual Staff to be identified by Name and Title with itemized hours billed.
- C. Copies of Subconsultant invoices and reimbursable expenses to be included for items billed on the invoice.
- D. Invoice shall provide an accounting of Contract Total; Amount Previously Invoiced; Current Invoice Amount; Amount Remaining on Contract.