PROFESSIONAL SERVICES AGREEMENT BETWEEN
BURTON AND ASSOCIATES
AND THE CITY OF ANN ARBOR FOR
STORMWATER RATE & LEVEL OF SERVICE ANALYSIS

The City of Ann Arbor, a Michigan municipal corporation, having its offices at 301 E. Huron St. Ann Arbor, Michigan 48103 ("City"), and Burton and Associates ("Contractor") a Florida Corporation with its address at 200 Business Park Circle, Suite 101, St. Augustine, FL 32095 agree as follows on this _____ day of _____, 2016.

The Contractor agrees to provide services to the City under the following terms and conditions:

I. DEFINITIONS

Administering Service Area/Unit means **Systems Planning Unit**.

Contract Administrator means **Jennifer Lawson**, acting personally or through any assistants authorized by the Administrator/Manager of the Administering Service Area/Unit.

Deliverables means all Plans, Specifications, Reports, Recommendations, and other materials developed for and delivered to City by Contractor under this Agreement

Project means **Stormwater Rate & Level Of Service Analysis.**

II. DURATION

This Agreement shall become effective on _____, 2016, and shall remain in effect until satisfactory completion of the Services specified below unless terminated as provided for in Article XI.

III. SERVICES

A. The Contractor agrees to provide **financial forecasting, rate making, and cost of service allocation services** ("Services") in connection with the Project as described in Exhibit A. The City retains the right to make changes to the quantities of service within the general scope of the Agreement at any time by a written order. If the changes add to or deduct from the extent of the services, the contract sum shall be adjusted accordingly. All such changes shall be executed under the conditions of the original Agreement.

B. Quality of Services under this Agreement shall be of the level of quality performed by persons regularly rendering this type of service. Determination of acceptable quality shall be made solely by the Contract Administrator.

C. The Contractor shall perform its Services for the Project in compliance with all statutory, regulatory and contractual requirements now or hereafter in effect as may be applicable to the rights and obligations set forth in the Agreement.

D. The Contractor may rely upon the accuracy of reports and surveys provided to it by the City (if any) except when defects should have been apparent to a reasonably competent professional or when it has actual notice of any defects in the reports and surveys.

IV. INDEPENDENT CONTRACTOR

The Parties agree that at all times and for all purposes under the terms of this Agreement each Party's relationship to any other Party shall be that of an independent contractor. Each Party will be solely responsible for the acts of its own employees, agents, and servants. No liability, right, or benefit arising out of any employer/employee relationship, either express or implied, shall arise or accrue to any Party as a result of this Agreement.

V. COMPENSATION OF CONTRACTOR

A. The Contractor shall be paid in the manner set forth in Exhibit B. Payment shall be made monthly, unless another payment term is specified in Exhibit B, following receipt of invoices submitted by the Contractor, and approved by the Contract Administrator.

B. The Contractor will be compensated for Services performed in addition to the Services described in Section III, only when the scope of and compensation for those additional Services have received prior written approval of the Contract Administrator.

C. The Contractor shall keep complete records of work performed (e.g. tasks performed/hours allocated) so that the City may verify invoices submitted by the Contractor. Such records shall be made available to the City upon request and submitted in summary form with each invoice.

VI. INSURANCE/INDEMNIFICATION

A. The Contractor shall procure and maintain during the life of this contract such insurance policies, including those set forth in Exhibit C, as will protect itself and the City from all claims for bodily injuries, death or property damage which may arise under this contract; whether the act(s) or omission(s) giving rise to the claim were made by the Contractor, any subcontractor or anyone employed by them directly or indirectly. In the case of all contracts involving on-site work, the

Contractor shall provide to the City, before the commencement of any work under this contract, documentation satisfactory to the City demonstrating it has obtained the policies and endorsements required by Exhibit C.

B. Any insurance provider of Contractor shall be admitted and authorized to do business in the State of Michigan and shall carry and maintain a minimum rating assigned by A.M. Best & Company's Key Rating Guide of "A-" Overall and a

minimum Financial Size Category of "V". Insurance policies and certificates issued by non-admitted insurance companies are not acceptable unless approved in writing by the City.

C. To the fullest extent permitted by law, Contractor shall indemnify, defend and hold the City, its officers, employees and agents harmless from all suits, claims, judgments and expenses, including attorney's fees, resulting or alleged to result, from any acts or omissions by Contractor or its employees and agents occurring in the performance of or breach in this Agreement, except to the extent that any suit, claim, judgment or expense are finally judicially determined to have resulted from the City's negligence or willful misconduct or its failure to comply with any of its material obligations set forth in this Agreement.

VII. COMPLIANCE REQUIREMENTS

A. Nondiscrimination. The Contractor agrees to comply, and to require its subcontractor(s) to comply, with the nondiscrimination provisions of MCL 37.2209. The Contractor further agrees to comply with the provisions of Section 9:158 of Chapter 112 of the Ann Arbor City Code and to assure that applicants are employed and that employees are treated during employment in a manner which provides equal employment opportunity.

B. Living Wage. If the Contractor is a "covered employer" as defined in Chapter 23 of the Ann Arbor City Code, the Contractor agrees to comply with the living wage provisions of Chapter 23 of the Ann Arbor City Code. The Contractor agrees to pay those employees providing Services to the City under this Agreement a "living wage," as defined in Section 1:815 of the Ann Arbor City Code, as adjusted in accordance with Section 1:815(3); to post a notice approved by the City of the applicability of Chapter 23 in every location in which regular or contract employees providing services under this Agreement are working; to maintain records of compliance; if requested by the City, to provide documentation to verify compliance; to take no action that would reduce the compensation, wages, fringe benefits, or leave available to any employee or person contracted for employment in order to pay the living wage required by Section 1:815; and otherwise to comply with the requirements of Chapter 23.

VIII. WARRANTIES BY THE CONTRACTOR

A. The Contractor warrants that the quality of its Services under this Agreement shall conform to the level of quality performed by persons regularly rendering this type of service.

B. The Contractor warrants that it has all the skills, experience, and professional licenses necessary to perform the Services specified in this Agreement.

C. The Contractor warrants that it has available, or will engage, at its own expense, sufficient trained employees to provide the Services specified in this Agreement.

D. The Contractor warrants that it is not, and shall not become overdue or in default to the City for any contract, debt, or any other obligation to the City including real and personal property taxes.

E. The Contractor warrants that its proposal for services was made in good faith, it arrived at the costs of its proposal independently, without consultation, communication or agreement, for the purpose of restricting completion as to any matter relating to such fees with any competitor for these Services; and no attempt has been made or shall be made by the Contractor to induce any other perform or firm to submit or not to submit a proposal for the purpose of restricting competition.

IX. OBLIGATIONS OF THE CITY

A. The City agrees to give the Contractor access to the Project area and other City-owned properties as required to perform the necessary Services under this Agreement.

B. The City shall notify the Contractor of any defects in the Services of which the Contract Administrator has actual notice.

X. ASSIGNMENT

A. The Contractor shall not subcontract or assign any portion of any right or obligation under this Agreement without prior written consent from the City. Notwithstanding any consent by the City to any assignment, Contractor shall at all times remain bound to all warranties, certifications, indemnifications, promises and performances, however described, as are required of it under the Agreement unless specifically released from the requirement, in writing, by the City.

B. The Contractor shall retain the right to pledge payment(s) due and payable under this Agreement to third parties.

XI. TERMINATION OF AGREEMENT

A. If either party is in breach of this Agreement for a period of fifteen (15) days following receipt of notice from the non-breaching party with respect to a breach, the non-breaching party may pursue any remedies available to it against the breaching party under applicable law, including but not limited to, the right to terminate this Agreement without further notice. The waiver of any breach by any party to this Agreement shall not waive any subsequent breach by any party.

B. The City may terminate this Agreement, on at least thirty (30) days advance notice, for any reason, including convenience, without incurring any penalty, expense or liability to Contractor, except the obligation to pay for Services actually performed under the Agreement before the termination date.

C. Contractor acknowledges that, if this Agreement extends for several fiscal years, continuation of this Agreement is subject to appropriation of funds for this Project. If funds to enable the City to effect continued payment under this Agreement are not appropriated or otherwise made available, the City shall have the right to

terminate this Agreement without penalty at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The Contract Administrator shall give Contractor written notice of such non-appropriation within thirty (30) days after it receives notice of such non-appropriation.

D. The provisions of Articles VI and VIII shall survive the expiration or earlier termination of this Agreement for any reason. The expiration or termination of this Agreement, for any reason, shall not release either party from any obligation or liability to the other party, including any payment obligation that has already accrued and Contractor's obligation to deliver all Deliverables due as of the date of termination of the Agreement.

XII. REMEDIES

A. This Agreement does not, and is not intended to, impair, divest, delegate or contravene any constitutional, statutory and/or other legal right, privilege, power, obligation, duty or immunity of the Parties.

B. All rights and remedies provided in this Agreement are cumulative and not exclusive, and the exercise by either party of any right or remedy does not preclude the exercise of any other rights or remedies that may now or subsequently be available at law, in equity, by statute, in any agreement between the parties or otherwise.

C. Absent a written waiver, no act, failure, or delay by a Party to pursue or enforce any rights or remedies under this Agreement shall constitute a waiver of those rights with regard to any existing or subsequent breach of this Agreement. No waiver of any term, condition, or provision of this Agreement, whether by conduct or otherwise, in one or more instances, shall be deemed or construed as a continuing waiver of any term, condition, or provision of this Agreement. No waiver by either Party shall subsequently effect its right to require strict performance of this Agreement.

XIII. NOTICE

All notices and submissions required under this Agreement shall be delivered to the respective party in the manner described herein to the address stated in this Agreement or such other address as either party may designate by prior written notice to the other. Notices given under this Agreement shall be in writing and shall be personally delivered, sent by next day express delivery service, certified mail, or first class U.S. mail postage prepaid, and addressed to the person listed below. Notice will be deemed given on the date when one of the following first occur: (1) the date of actual receipt; (2) the next business day when notice is sent next day express delivery service or personal delivery; or (3) three days after mailing first class or certified U.S. mail.

If Notice is sent to the CONTRACTOR, it shall be addressed and sent to:

Burton & Associates
Andrew Burnham
1000 North Ashley Drive, Suite 513
Tampa, Florida 33602

If Notice is sent to the CITY, it shall be addressed and sent to:

City of Ann Arbor
Craig Hupy
Public Services Area Administrator
301 E. Huron St.
Ann Arbor, Michigan 48103

XIV. CHOICE OF LAW AND FORUM

This Agreement will be governed and controlled in all respects by the laws of the State of Michigan, including interpretation, enforceability, validity and construction, excepting the principles of conflicts of law. The parties submit to the jurisdiction and venue of the Circuit Court for Washtenaw County, State of Michigan, or, if original jurisdiction can be established, the United States District Court for the Eastern District of Michigan, Southern Division, with respect to any action arising, directly or indirectly, out of this Agreement or the performance or breach of this Agreement. The parties stipulate that the venues referenced in this Agreement are convenient and waive any claim of non-convenience.

XV. OWNERSHIP OF DOCUMENTS

Upon completion or termination of this Agreement, all documents (i.e., Deliverables) prepared by or obtained by the Contractor as provided under the terms of this Agreement shall be delivered to and become the property of the City. Original basic survey notes, sketches, charts, drawings, partially completed drawings, computations, quantities and other data shall remain in the possession of the Contractor as instruments of service unless specifically incorporated in a deliverable, but shall be made available, upon request, to the City without restriction or limitation on their use. The City acknowledges that the documents are prepared only for the Project. Prior to completion of the contracted Services the City shall have a recognized proprietary interest in the work product of the Contractor.

Unless otherwise stated in this Agreement, any intellectual property owned by Contractor prior to the effective date of this Agreement (i.e., Preexisting Information) shall remain the exclusive property of Contractor even if such Preexisting Information is embedded or otherwise incorporated in materials or products first produced as a result of this Agreement or used to develop Deliverables. The City's right under this provision shall not apply to any Preexisting Information or any component thereof regardless of form or media.

XV. CONFLICTS OF INTEREST OR REPRESENTATION

Contractor certifies it has no financial interest in the Services to be provided under this Agreement other than the compensation specified herein. Contractor further certifies that it presently has no personal or financial interest, and shall not acquire any such interest, direct or indirect, which would conflict in any manner with its performance of the Services under this Agreement.

Contractor agrees to advise the City if Contractor has been or is retained to handle any matter in which its representation is adverse to the City. The City's prospective consent to the Contractor's representation of a client in matters adverse to the City, as identified above, will not apply in any instance where, as the result of Contractor's representation, the Contractor has obtained sensitive, proprietary or otherwise confidential information of a non-public nature that, if known to another client of the Contractor, could be used in any such other matter by the other client to the material disadvantage of the City. Each matter will be reviewed on a case by case basis.

XVII. SEVERABILITY OF PROVISIONS

Whenever possible, each provision of this Agreement will be interpreted in a manner as to be effective and valid under applicable law. However, if any provision of this Agreement or the application of any provision to any party or circumstance will be prohibited by or invalid under applicable law, that provision will be ineffective to the extent of the prohibition or invalidity without invalidating the remainder of the provisions of this Agreement or the application of the provision to other parties and circumstances.

XVIII. EXTENT OF AGREEMENT

This Agreement, together with any affixed exhibits, schedules or other documentation, constitutes the entire understanding between the City and the Contractor with respect to the subject matter of the Agreement and it supersedes, unless otherwise incorporated by reference herein, all prior representations, negotiations, agreements or understandings whether written or oral. Neither party has relied on any prior representations, of any kind or nature, in entering into this Agreement. No terms or conditions of either party's invoice, purchase order or other administrative document shall modify the terms and conditions of this Agreement, regardless of the other party's failure to object to such form. This Agreement shall be binding on and shall inure to the benefit of the parties to this Agreement and their permitted successors and permitted assigns and nothing in this Agreement, express or implied, is intended to or shall confer on any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement. This Agreement may only be altered, amended or modified by written amendment signed by the Contractor and the City. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement.

FOR CONTRACTOR

By _____
Type Name

Its

FOR THE CITY OF ANN ARBOR

By _____
Christopher Taylor, Mayor

By _____
Jacqueline Beaudry, City Clerk

Approved as to substance

_____
Steven D. Powers, City Administrator

_____
Type Name
Service Area Administrator

Approved as to form and content

_____
Stephen K. Postema, City Attorney

EXHIBIT A
SCOPE OF SERVICES

(Insert/Attach Scope of Work & Deliverables Schedule)

STORMWATER RATE & LEVEL OF SERVICE ANALYSIS CONTRACT ATTACHMENT A

It is our understanding that the City has issued the Request for Proposals for a Stormwater Rate and Level of Service Analysis in order to engage a qualified firm to conduct a level of service study that will link the capital needs, financing, and policies of the City's stormwater system. A successful study will also require the firm to engage the City's customers and other stakeholders in a dialog regarding the capital and financial needs of the stormwater system associated with alternative levels of service and the corresponding cost and rate implications of each alternative.

To best accomplish the requested scope of work, our project team will work in tandem to accomplish both the financial and engineering aspects of the analysis concurrently. Burton & Associates will be leading the financial portion of the study, including developing multi-year financial planning tools for the stormwater system along with development of updated stormwater fees. OHM Advisors will provide engineering-related services related to reviewing the 2007 Level of Service and establishing an updated Level of Service for the current system, along with providing recommendations about the capital needs and operating expenses for projection purposes. Project Innovations will lead the development and implementation of a successful public engagement strategy.

Our project team is highly qualified and capable to provide this stormwater study for the City, including provision of stakeholder education presentations. Based upon our understanding of the City's needs, we are confident that the approach presented herein will provide the City with a successful rate study. The scope of work is divided into two parts (financial services and engineering services) to best describe the approach to each element of the study.

1.1 FINANCIAL SERVICES

To begin the study, we will meet with the City's team, including Public Services staff, Sustainability staff, and Finance staff to review and finalize the scope, data requirements, schedule, communication protocols, and other items of importance [**RFP Task 1**]. This will serve as the first of many meetings with the City's team. We will then review in detail, the City's current stormwater rates, the current Level of Service for the Stormwater System, and all other applicable data to develop a complete understanding the City's current stormwater system, its financial performance, and management from a policy context.

We will then determine the current level of service for the City's stormwater system. To precisely simulate the dynamics of your stormwater system, we will use our Financial Analysis and Management System (FAMS-XL©) modeling tools. We will customize individual modules for the City using currently available data, and we will make adjustments to the FAMS-XL© functionality as required to replicate your stormwater system. Throughout the study, we will conduct multiple interactive decision support work sessions with City staff with our FAMS-XL© model up and running with the "control panel" projected on a large viewing screen. In this way we can evaluate alternative financial plan and rate scenarios with instantaneous feedback. This allows us to work with City staff towards solutions while building consensus and confidence in the decision alternatives and the short and long term consequences of each.

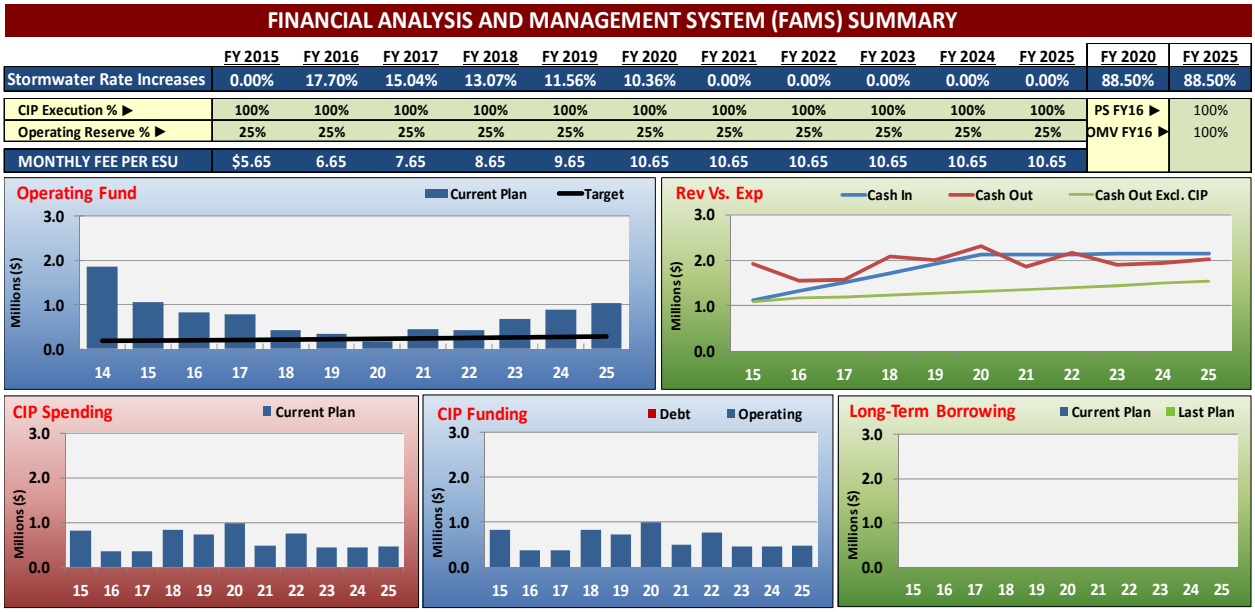
As indicated herein, FAMS-XL© has several modules, all of which are, or can be, linked depending upon your specific requirements. This following sub-sections describe the modules of FAMS-XL©, how they are

used, their relationship to each other and the linkages that will provide a complete and comprehensive evaluation of all aspects of the financial management, rates, fees, and charges of your stormwater system.

1.1.1 Revenue Sufficiency and Financial Planning Module

The modules of FAMS-XL© include a five, ten and twenty-year revenue sufficiency and financial planning module which is used to develop a sustainable long-term financial business plan for the utility, including a projection of the annual revenue requirements of the system [**RFP Task 14**]. **This module allows examination of alternative policies regarding capital funding sources, target debt service coverage levels, levels of operating and capital reserves, affordability, and other financial policies/goals that affect the financial performance of the utilities and their future rate requirements.** In addition to evaluating financial goals and objectives, we can also evaluate scenarios regarding alternative growth rates, capital improvement spending programs, cost escalation factors, and other variables that affect the financial performance of the stormwater system [**RFP Tasks 2 & 10**].

Results are displayed during "live interactive decision support work sessions" on the "control panel" of FAMS-XL© which displays results of not only the current scenario being evaluated, but also the last scenario against which the current scenario is being compared. This allows key participants in the interactive work sessions to clearly see the impacts of their alternative decision choices in terms of the financial consequences to the various financial parameters being tracked. Our experience is that the process helps key participants from our clients' staff, such as personnel from finance, budgeting, engineering, operations, management and even elected officials, work towards solutions in an open environment. The result is consensus as to the solutions identified and confidence that all alternative solutions have been thoroughly evaluated. A sample control panel is presented below.



1.1.2 Cost Allocation and Rate Design Modules

FAMS-XL© also includes a cost allocation and rate design module in which total revenue requirements will be allocated based upon appropriate allocation methods and factors for your system, and rates will then be developed based upon specific cost allocation and rate design criteria for each identified

property/customer class. As part of the process we will analyze historical capital and operating expenditures in order to properly classify and segregate the costs associated with various operations. [**RFP Tasks 5, 6 & 7**]

We have experience providing similar services to communities throughout the country, and recognize that each system is unique. We will review various apportionment methodologies based upon our understanding of your data and your stormwater system in order to develop the most appropriate cost allocation methods and rate structures for the City. We have extensive experience in developing customized stormwater methodologies that comport with local precedent and accepted industry practices. For the Town of Gilbert, Arizona, we recommended the Town implement a flat fee for developed residential properties and a unit rate applied to linear feet of property frontage for commercial, multi-unit and undeveloped properties. Whereas for the City of Fort Lauderdale, extensive flooding in roadways has led us to recommend an allocation of costs based upon trip generation rates and a bifurcated rate structure approach to incorporate the cost burdens of flooding in certain areas.

We will customize the cost allocation and rate design modules to employ the identified methodologies and concepts based upon the City's data. During this process, we will perform an independent review of the current rate structure to determine if it conforms to accepted industry practice and to determine if the current rates are fair and equitable for each class of customer. As necessary, following public engagement activities identified herein, we will revisit the cost allocation and rate design in order to incorporate the input from the community [**RFP Task 13**].

1.1.3 Linkages of FAMS-XL© Modules

The revenue requirements determined in the revenue sufficiency and financial planning module for the first projected fiscal year can be linked to the cost allocation and rate design module, which calculates specific rates necessary for each customer class to generate the required revenues based upon proper allocation of costs and the specified rate structure, or rate structure alternatives.

In instances where our clients desire a completely integrated analysis of all of the "moving parts" of the financial planning and rate making process, FAMS-XL© provides all of the required functionality and linkages within an extremely flexible and robust set of modules that, combined with the empowering interactive decision support work sessions that we facilitate with you, provides unparalleled vision, clarity and confidence in the short and long term financial management of your utilities.

1.2 ENGINEERING SERVICES

OHM Advisors will work concurrently with Burton & Associates to determine the current level of service for the stormwater management program [**RFP Task 3**]. The OHM team will review the City's current services related to the stormwater management program, based upon current expenditures and accomplishments. Given that eight years have passed since the last system-wide update, it will be important to define trends in costs and needs during this period as well as key accomplishments.

Using the 2008 Stormwater Utility Update, the OHM team will then review the Level of Service recommendations in the context of improvements that have been made between 2007 and 2015 [**RFP**

Task 4], assuming the City is still content with achieving a Level of Service "B", as previously recommended. Using current data on debt service, labor, material, and construction costs, the OHM team will update the cost estimates referenced in the 2008 report.

It will be necessary to review these updated costs in the context of the City's upcoming Asset Management Plan (separate project). It is possible that the Asset Management Plan will set new standards for Level of Service based on asset deterioration forecasts, and this should be considered when evaluating future costs. OHM will develop a cost table that summarizes current system costs under the City's desired Level of Service (assumed to be Level of Service "B"). If necessary, an additional cost scenario will be added to reflect the results of the City's upcoming Asset Management Plan.

The OHM team will also assist Burton & Associates to review data from various sources to determine minor and major capital needs [**RFP Task 8**]. This will include not only projects in the current City's CIP, but also other projects not yet identified. During this task, the OHM team will work closely with the consultant team selected for the City's upcoming Asset Management Plan project, as that project will likely result in a significant change in long term investment scenarios to maintain the overall condition of the system. OHM will develop a summary table with 7-year capital needs listed for the next 7-year period. Different annual costs will be calculated based on the desired Level of Service and the table will include the source of the identified need (i.e. existing CIP vs. WCWRC vs. Asset Management Plan).

The OHM team will review the recently-completed 2015 Stormwater Model Calibration Report [**RFP Task 9**]. The findings from this report should reveal the system components that were previously thought to be adequate but are no longer capable of providing an adequate level of service and also areas where the severity of flooding has changed (for the better or worse), which changes the magnitude of the capital improvement necessary. Using the results from the updated model, OHM will add, delete, or modify capital projects to represent the current state of the collection system.

If it becomes necessary to use the InfoSWMM model to confirm the appropriate sizes of improvements at specific locations, OHM can assist the City, as we have significant experience with InfoSWMM modeling and are familiar with the stormwater model structure through previous projects with the City.

Finally, OHM will determine levels of services related to Street Tree Management [**RFP Task 11**]. Based on the complete tree inventory performed by the Davey Resource Group in 2009 and updated by City of Ann Arbor in 2013, there were 43,244 street trees in the City. Approximately 12 percent of these street trees were considered large (diameter > 21-inch), while 51 percent were considered medium (diameter 6-inch to 20-inch), and 37 percent were considered small (diameter < 6-inch). 1,400 of these trees were dead or dying, and 735 were slated for removal during the fiscal year 2015 through a budget addition of 1 million dollars. Using these numbers, the City's tree inventory is considered middle-aged, trending young. To ensure the stability of the tree canopy, efforts and funding are most effective focused on planting of new trees and proper pruning of medium and large sized trees. Large-growing tree varieties should be used in new tree plantings to maximize addition to future canopy.

Future level of service and costs for maintaining street trees in any community is a measured balance. Proper planting and maintenance in order to preserve and increase canopy cover, reduce exposure to property damage while maintaining stormwater interception, evaporation, and infiltration, and

minimizing municipal costs are all important considerations. The challenge of most municipalities, including the City, is to manage a 5, 7, or 10 year street tree maintenance plan as well as removals and new plantings with a small contingency of full time employees and limited funds for contracted work.

OHM will work with City arborists to develop a balanced level of service that will include a seven-year maintenance cycle for medium and large sized trees and planting of new trees annually (number to be determined through consultation with City staff). This level of service will reflect a proactive and cost-balanced approach to management of street trees resulting in healthier canopy cover, control of stormwater runoff, and consistent maintenance needs year over year.

1.3 COMMUNITY ENGAGEMENT ACTIVITIES

Throughout the study, we will work closely with City staff to fully engage the public in the study [**RFP Tasks 12**]. We will develop a Public Engagement Plan that will include several public meetings with Customer Work Groups in order to have open communication as to the process and results of the study. We have provided similar services in our work with the City of Venice, Florida where we **conducted a series of interactive work sessions with a Stakeholder Work Group, comprised of representatives of various customer groups within the community.** The Stakeholder Work Group had very disparate views of what appropriate rates should be when the project began, but ultimately unanimously endorsed our recommendations, greatly facilitating the approval by City Council. We encourage you to contact Mr. Len Bramble, Assistant City Manager, [(941) 486-2626 ext. 24004, lbramble@ci.venice.fl.us] who can attest to the quality of the services we have provided and our capabilities regarding stakeholder involvement and outreach.

In addition, we are pleased to include **Project Innovations** on our team as dedicated public engagement specialists. Project Innovations' philosophy regarding public engagement is to engage the public early and often. Successful public engagement builds trust on two levels: 1) trust in the project team's technical competence and 2) the project team's willingness to truly listen to the stakeholders. A well-publicized timeline, clearly established milestones, and easily accessible digital records offer transparency. Competently facilitated meetings and fruitful conversations will create a collaborative environment to discuss complex topics in a safe space. The keys to a successful public engagement project in Ann Arbor include:

1. Creating a safe space for the public to raise and discuss the issues relating to the project.
2. Acknowledging feedback and showing how it is being utilized by the Project Team.
3. Preparing for meetings with a relevant agenda and providing facilitation that allows for all voices to be heard.
4. Disseminating information in various methods to be sure that it is reaching a wide audience, including stakeholders such as City Council, Commissions, and Boards.
5. Translating complex technical language into simplified and easy to digest documents.

We truly understand your appreciation and requirement of stakeholder involvement. Several of our project team members, including Teresa Newman (Project Innovations), William Zieburtz (Burton & Associates' Technical Advisor), Gregory Kacvinsky (OHM's Stormwater Planning Expert), and Murat Ulasir (OHM's Technical Specialist) **have all been involved in similar outreach activities for the City of Ann Arbor**

as part of previous engagements. Moreover, we have familiarized ourselves with the approach to public outreach provided as part of the 2007 Level of Service Study, and will follow a similar approach to that as part of this study. As part of our approach, we will work closely with the City to develop easy-to-understand images that help build an understanding of the key challenges facing the stormwater system of the community and the impacts of alternative solutions.

FY 15 SINGLE FAMILY RESIDENTIAL MONTHLY BILL

Rate with Current Structure & New Cost of Service Allocation		MAINTENANCE INTERVAL (YRS) N/A	10 YR 127,000 LF	7.5 YR 169,000 LF	5 YR 253,000 LF
	N/A	$3.77	$4.16	$4.42	$4.93
5-YR ADDITIONAL	4.4 MM	4.16	4.81	5.10	5.60
CAPITAL BUDGET	6.1 MM	4.48	5.23	5.48	6.21
	16.4 MM	6.21	7.26	7.75	8.62

LEVEL OF SERVICE DECISION MATRIX

5-YR PLAN OF ANNUAL RATE ADJUSTMENTS		MAINTENANCE INTERVAL (YRS) N/A	10 YR 127,000 LF	7.5 YR 169,000 LF	5 YR 253,000 LF
	N/A	0.00%	2.00%	3.25%	5.50%
5-YR ADDITIONAL	4.4 MM	2.00%	5.00%	6.25%	8.25%
CAPITAL BUDGET	6.1 MM	3.50%	6.75%	7.75%	10.50%
	16.4 MM	10.50%	14.00%	15.50%	18.00%

1.4 DETAILED PROJECT WORK PLAN

The detailed task plan presented below corresponds to the Work Plan and Cost Estimate Schedule presented in the Sealed Fee Proposal.

Task 1: Meet with City Team to Review Proposed Scope of Services and Available Data

1.1 Prepare initial data request list.

1.2 Conduct kickoff meeting with City Team to discuss data requirements, key issues, project responsibilities, public engagement, etc.

1.3 Review initial data by provided the City and prepare supplemental data requests and clarification questions.

1.4 Review supplemental data/responses provided by City staff.

Task 2: Detailed Review of Existing Stormwater Rates & Assessment of Current Stormwater Structure's Performance

2.1 Compile/review historical, current, and projected financial, system, and billing/property data.

2.2 Perform a detailed review and analysis of customer/property data by class to develop projected growth rates for all customer classes.

2.3 Evaluate budget versus actual performance (O&M and capital) to determine proper execution levels to include in rate revenue requirements as well as trends in annual expenses to inform future cost escalation factors/assumptions for baseline expense forecast.

2.4 Input financial and billing data into Burton & Associates proprietary FAMS-XL© model, run the model and produce preliminary output, including a 20-year financial management program that will include the following:

- ✓ **Capital Improvements Program** (Project listing by year, Alternative financing options for capital projects, Optimum funding source by project by year)
- ✓ **Borrowing Program** (Identify any borrowing that be required and/or appropriate to fund certain CIP projects, to include but not necessarily be limited to, revenue bonds and State or other programs; Timing of bond issue(s)/loan(s) to provide required borrowed funds; Annual debt service of bond issue(s)/loans)

- ✓ **Revenue Sufficiency Analysis** (Annual revenue projections; Annual operations and maintenance expense projections; All other annual revenue requirements such as R&R, minor capital, transfers to other funds, current debt service/loan payments, replenishment of reserves; Alternative plans of annual percentage rate adjustments to provide sufficient revenues over a multi-year projection period.
- ✓ **Sources and Uses of Funds Analysis**

2.5 Make adjustments to the FAMS-XL© model as required to calibrate to the stormwater system's specific financial dynamics.

2.6 Conduct a local and national survey of stormwater rate structures for local and comparable communities/systems.

2.7 Conduct a diagnostic analysis of the current rate structure to identify strengths and weaknesses in terms of but not limited to the following criteria:

a. Compliance with legal precedent & generally accepted industry practice (national and local).
b. Fair and equitable distribution of costs to customers in proportion to the benefit received and/or demand placed on the system.
c. Consistency with community policies
d. Fiscal stability/risk of the system
e. Administrative simplicity and accommodation within existing billing system.

2.8 Review model and survey results with consulting team, make adjustments, and create assessment of current rate structure performance.

2.9 Meet with City staff in an interactive work session to review baseline forecast results and potential adjustments to fee structure.

2.10 Perform adjustments and distribute supporting schedules of baseline forecast and structure assessment for City staff review.

2.11 Finalize forecast and rate structures to be evaluated per comments received from City staff review of detailed supporting schedules.

Task 3: Determine Current Level of Service for the City's Stormwater System

3.1 Review the City's current services related to the stormwater management program, based on current expenditures and accomplishments. This will include a written summary of:

- ✓ Frequency and severity of flooding. Working with City staff and reviewing existing report/model data, we will endeavor to quantify:
  - Percentage of the City's open channels are adequately sized to contain design flows
  - Percentage of the City's open channels that are designed with both low-flow (bankfull) and floodplain (100-yr) components
  - Percentage of the City's collection (piped) system that is able to adequately convey the design flow rate (may require coordination with the WCWRC)
- ✓ Evaluate the O&M Level of Service currently provided (with respect to the current levels (A, B, C, or D as referenced in the 2007 report).
- ✓ Determine whether updated rainfall statistics (NOAA Atlas 14) have changed the actual level of service for the City's stormwater collection system.
- ✓ Determine which portions of the City are not served by adequate underground stormwater infrastructure (previously 2% of the system).

- ✓ Extent and severity of stream erosion. Working with City staff and reviewing existing report/model data, we will endeavor to quantify percentage of open channels that currently have moderate to severe streambank erosion (may require coordination with the WCWRC).
- ✓ Status of regulatory commitments with respect to stormwater quality, including the City's MS4 permit (MDEQ) and any TMDLs for waterways to which the City discharges.
- ✓ For all of the above, the Level of Service status (A, B, C, or D) will be confirmed.

3.2 Prepare a Technical Memorandum which summarizes the data collected, to serve as a basis to quantify any Level of Service funding gap (Task 4).

Task 4: Determine Cost to Achieve 2007 Defined Levels of Service

4.1 Using the 2008 Stormwater Utility Update, review the Level of Service recommendations in the context of improvements that have been made between 2007 and 2015, assuming the City is still content with achieving a Level of Service "B", as previously recommended.

4.2 Using current data on debt service, labor, material, and construction costs, update the cost estimates referenced in the 2008 report.

4.3 Review these updated costs in the context of the City's upcoming Asset Management Plan (separate project).

4.3 Develop a cost table that summarizes current system costs under the City's desired Level of Service (assumed to be Level of Service "B"). If necessary, an additional cost scenario will be added to reflect the results of the City's upcoming Asset Management Plan.

Task 5: Analyze Historical Capital & Operational Expenditures to Segregate Costs

5.1 Perform detail review of all historical operating and capital cost requirements associated with the provision of stormwater services.

5.2 Review billing/property data and system information to identify appropriate system functions for cost allocation and rate design.

5.3 Discuss customer classes and system configuration with City to finalize cost allocation methodologies and system functions.

5.4 Allocate historical costs to defined functional cost components and to customer classes based upon appropriate allocation criteria.

5.5 Meet with City staff in an interactive work session to review preliminary results.

5.6 Perform adjustments and distribute supporting schedules of analysis for City staff review.

5.7 Finalize analysis per comments received from City staff review of detailed supporting schedules.

Task 6: Analyze & Classify Rate Recommendations as Related to Current Debt Service Obligations

6.1 Review all historical debt documentation and facility descriptions by debt issuance for the stormwater system.

6.2 Allocate debt to identified functional cost components per Task 5 and to customer classes based upon appropriate allocation criteria.

6.3 Meet with City staff in an interactive work session to review preliminary results.

6.4 Perform adjustments and distribute supporting schedules of analysis for City staff review.

6.5 Finalize analysis per comments received from City staff review of detailed supporting schedules.

Task 7: Review & Analyze the Projected O&M Expense Requirements of the City; Allocate to Proper Cost Components

7.1 Review projected operating expenditure requirements with City staff to ensure detailed understanding of the nature of the expenses.

7.2 Identify potential adjustments to expense projections based upon review against historical trends, desired programs/LOS, etc.

7.3 Prepare projected O&M expenses for defined alternative level of service scenarios and integrate into 20-year forecasting module.

7.5 Allocate expenses to identified functional cost components per Task 5 and to customers based upon appropriate allocation criteria.

7.5 Meet with City staff in an interactive work session to review preliminary results.

7.6 Perform adjustments and distribute supporting schedules of analysis for City staff review.

7.7 Finalize analysis per comments received from City staff review of detailed supporting schedules.

Task 8: Review and Analyze the 7-Year Stormwater Capital Needs Identified by the City

8.1 Review projected capital requirements with City staff to ensure detailed understanding of the nature of the expenses.

8.2 Identify potential adjustments to expense projections based upon review against historical trends, desired programs/LOS, etc.

8.3 Prepare projected capital expenses for defined alternative level of service scenarios and integrate into 20-year forecasting module.

8.4 Evaluate various funding sources, including debt, grants, user fees, etc. to support capital spending for alternative levels of service.

8.5 Allocate expenses to identified functional cost components per Task 5 and to customers based upon appropriate allocation criteria.

8.6 Meet with City staff in an interactive work session to review preliminary results.

8.7 Perform adjustments and distribute supporting schedules of analysis for City staff review. Different annual costs will be calculated based on the desired Level of Service (A, B, C, or D) and the supporting schedules will include the source of the identified need

8.8 Finalize analysis per comments received from City staff review of detailed supporting schedules.

Task 9: Review 2015 Stormwater Model Calibration Report and Make Recommendations

9.1 Review the recently-completed report on the City's stormwater calibration effort. The findings from this report should reveal the following:

- ✓ System components that were previously thought to be adequate but are no longer capable of providing an adequate Level of Service.
- ✓ Areas where the severity of flooding has changed (for the better or worse), which changes the magnitude of the capital improvement necessary.

9.2 Using the results from the updated model, add, delete, or modify capital projects to represent the current state of the collection system.

9.3 Prepare Technical Memorandum summarizing the impacts of the 2015 Stormwater Model Calibration Report on future capital improvement projects. This document will include a table that includes a list of new, modified, and deleted projects. This list will be used to develop the 7-year Capital Needs in Task 8.

Task 10: Review, Analyze & Make Recommendations on Policies, as Related to the Stormwater System

10.1 Review all appropriate ordinances, policies, procedures, for the stormwater system, notably including adjustment and credit policies.

10.2 Perform literature survey/research to identify policies of local and comparable communities relative to stormwater.

10.3 Perform a diagnostic evaluation of existing policies based upon industry practices, understanding of system costs, use of system, etc.

10.4 Identify potential adjustments to the City's existing policies.

10.5 Review diagnostic evaluation results, findings of research, and initial recommendations w/ staff.

10.6 Prepare adjustments and provide sample policy language for identified modifications.

10.7 Review draft policy language prepared by City staff/legal counsel and provide comments/edits.

Task 11: Determine and Develop Levels of Services Related to Street Tree Management

11.1 Work with City arborists to develop a balanced level of service that will include a seven year maintenance cycle for medium and large sized trees and planting of new trees annually (number to be determined through consultation with City staff).

- ✓ Reflect a proactive and cost-balanced approach to management of street trees resulting in healthier canopy cover, control of stormwater runoff, and consistent maintenance needs

Task 12: Conduct Community & Public Engagement Using Defined Levels of Services from 2007 Study

12.1 Documentation Review: Scan/review/absorb existing related City data (documents and video) to assess public engagement challenges and opportunities:

- ✓ Public Engagement results from historical Level of Service studies
- ✓ Public Engagement results from Stormwater Model Calibration study
- ✓ Relevant meeting summaries from the Stormwater Advisory Group (SWAG) meetings
- ✓ Deliverable: Executive Summary of key findings

12.2 Prepare scenarios of rate adjustment options to support costs of defined LOS options.

12.3 Conduct interactive work session with City staff to review LOS results and discuss public engagement materials/strategy.

12.4 Perform adjustments and begin preparation of initial public engagement materials, including summary documents and presentations.

12.5 Public engagement strategy development:

- ✓ Interview Key City Staff re. Public Engagement Needs, starting with Project Manager
- ✓ Situation Analysis: Identify key issues the Public Engagement Program will address. The issues will vary by project area as will all of the below tasks.
- ✓ Clarify: Clarify objectives of the public engagement efforts for the Stormwater Rate and Level of Service Analysis.
- ✓ Develop Message Model: Identify the five to seven key messages that must be communicated to build trust in the project team's competence.
- ✓ Target Audience Lists: Using the City's Toolkit, develop an expanded list of stakeholders, starting with members of the SWAG and participants in the Model Calibration Study public engagement outreach. We will also include other influencers and identified by the City Project Manager.
- ✓ Engagement Matrix: Create a matrix that shows recommended engagement with the key individuals, focus groups, the SWAG and the public at large.

Proposed Work Plan

Project Innovations' philosophy regarding public engagement is to engage the public early and often. Successful public engagement builds trust on two levels: 1) trust in the project team's technical competence and 2) the project team's willingness to truly listen to the stakeholders. A well-publicized timeline, clearly established milestones, and easily accessible digital records offer transparency. Competently facilitated meetings and fruitful conversations will create a collaborative environment to discuss complex topics in a safe space. The keys to a successful public engagement project in Ann Arbor include:

1. Creating a safe space for the public to raise and discuss the issues relating to the project.
2. Acknowledging feedback and showing how it is being utilized by the Project Team.
3. Preparing for meetings with a relevant agenda and providing facilitation that allows for all voices to be heard.
4. Disseminating information in various methods to be sure that it is reaching a wide audience, including stakeholders such as City Council, Commissions, and Boards.
5. Translating complex technical language into simplified and easy to digest documents.

Task 12.1: Documentation Review

Scan/review/absorb existing related City data (documents and video) to assess public engagement challenges and opportunities:

- Public Engagement results from historical Level of Service studies
- Public Engagement results from Stormwater Model Calibration study
- Relevant meeting summaries from the Stormwater Advisory Group (SWAG) meetings

Deliverable: Executive Summary of Key Findings

Task 12.2: Public Engagement Strategy Development

a. Interview Key City Staff re. Public Engagement Needs, starting with Project Manager
b. Situation Analysis: Identify key issues the Public Engagement Program will address. The issues will vary by project area as will all of the below tasks.
c. Clarify: Clarify objectives of the public engagement efforts for the Stormwater Rate and Level of Service Analysis.
d. Develop Message Model: Identify the five to seven key messages that must be communicated to build trust in the project team's competence.

e. Target Audience Lists: Using the City's Toolkit, develop an expanded list of stakeholders, starting with members of the SWAG and participants in the Model Calibration Study public engagement outreach. We will also include other influencers and identified by the City Project Manager.
f. Engagement Matrix**:** Create a matrix that shows recommended engagement with the key individuals, focus groups, the SWAG and the public at large.
g. Contact Plan: Confirm interviews, SWAG and public meeting schedule.
h. Create a Public Engagement Strategy, with timeline/milestones for each phase/meeting event.
i. Document the Public Engagement Strategy using Ann Arbor's Community Action Plan format

Deliverables: Community Engagement Plan, including final cost estimate.

Task 12.3: Engage the Public

a. Conduct/document up to 5 stakeholder interviews.
b. Conduct up to three focus groups.
c. Plan, facilitate, and document outcomes of 2 quarterly SWAG meetings – one shortly after project start and the other to review the first draft of the report recommendations. (Note – our proposal will accommodate more extended engagement with the SWAG if it decides it or a subcommittee would like more involvement on the project.)
d. Plan, facilitate and conduct 2 public meetings – one after the first SWAG meeting to introduce the project to the public and the second meeting will occur to review the report recommendations before final submittal to the City Project Manager.
e. Maintain project website throughout the project, providing content as defined by the Project Manager to the City.

Deliverables:

- Develop project fact sheets for public distribution.
- Input into the Task 13, Final Community Engagement Report with appropriate interview, focus group and meeting documentation.

EXHIBIT B
COMPENSATION

General

Contractor shall be paid for those Services performed pursuant to this Agreement inclusive of all reimbursable expenses (if applicable), in accordance with the terms and conditions herein. The Compensation Schedule below/attached states nature and amount of compensation the Contractor may charge the City:

(insert/Attach Negotiated Fee Arrangement)

City of Ann Arbor, MI

Stormwater Rate and Level of Service Analysis

Project Work Plan and Cost Estimate Schedule

Project Tasks		Estimated Labor Hours						Total Project
		Burton & Associates				OHM Advisors		
		Technical Advisor	Project Manager	QA/QC Advisor	Project Consultants	Project Manager	Project Engineer	
		W. Zieburtz	A. Burnham	D. Hyder	van Malssen/ Venturoni	G. Kasvinsky	M. Ulasir	
	Hourly Rates →	$205	$225	$190	$130	$165	$155	
Task 1	**Meet with City Team to Review Proposed Scope of Services and Available Data**							
1.1	Prepare initial data request list.	0	1	1	2	1	2	7
1.2	Conduct kickoff meeting with City Team to discuss data requirements, key issues, project responsibilities, public engagement, etc.	3	3	0	3	3	3	15
1.3	Review initial data by provided the City and prepare supplemental data requests and clarification questions.	1	2	1	6	2	6	18
1.4	Review supplemental data/responses provided by City staff.	0	1	1	3	2	2	9
Task 2	**Detailed Review of Existing Stormwater Rates & Assessment of Current Stormwater Structure's Performance**							
2.1	Compile and review historical, current, and projected financial, system, and billing/property data.	1	2	1	6	0	0	10
2.2	Perform a detailed review and analysis of customer/property data by class to develop projected growth rates for all customer classes.	0	1	1	4	0	0	6
2.3	Evaluate budget versus actual performance (O&M and capital) to determine proper execution levels to include in rate revenue requirements as well as trends in annual expenses to inform future cost escalation factors/assumptions for baseline expense forecast.	0	1	1	2	0	0	4
2.4	**Input financial and billing data into Burton & Associates proprietary FAMS-XL© model, run the model and produce preliminary output, including a 20-year financial management program that will include the following:** ✓ Capital Improvements Program ▪ Project listing by year ▪ Alternative financing options for capital projects ▪ Optimum funding source by project by year ✓ Borrowing Program ▪ Identify any borrowing that be required and/or appropriate to fund certain CIP projects, to include but not necessarily be limited to, revenue bonds and State or other programs. ▪ Timing of bond issue(s)/loan(s) to provide required borrowed funds ▪ Annual debt service of bond issue(s)/loan(s) ✓ Revenue Sufficiency Analysis ▪ Annual revenue projections ▪ Annual operations and maintenance expense projections ▪ All other annual revenue requirements such as R&R, minor capital, transfers to other funds, current debt service/loan payments, replenishment of reserves, etc. ▪ Alternative plans of annual percentage rate adjustments to provide sufficient revenues over a multi-year projection period. ✓ Sources and Uses of Funds Analysis	0	4	2	16	0	0	22
2.5	Make adjustments to the FAMS-XL© model as required to calibrate to the stormwater system's specific financial dynamics.	0	1	1	2	0	0	4
2.6	Conduct a local and national survey of stormwater rate structures for local and comparable communities/systems.	1	1	1	4	2	0	9
2.7	Conduct a diagnostic analysis of the current rate structure to identify strengths and weaknesses in terms of but not limited to the following criteria: a. Compliance with legal precedent and generally accepted industry practice (national and local). b. Fair and equitable distribution of costs to customers in proportion to the benefit received and/or demand placed on the system. c. Consistency with community policies d. Fiscal stability/risk of the system e. Administrative simplicity and accommodation within existing billing system.	2	2	0	0	0	0	4
2.8	Review model and survey results with consulting team, make adjustments, and create assessment of current rate structure performance.	2	3	1	6	0	0	12
2.9	Meet with City staff in an interactive work session to review baseline forecast results and potential adjustments to fee structure.	3	3	0	3	0	0	9
2.10	Perform adjustments and distribute supporting schedules of baseline forecast and structure assessment for City staff review.	1	1	1	4	0	0	7
2.11	Finalize forecast and rate structures to be evaluated per comments received from City staff review of detailed supporting schedules.	0	1	1	2	0	0	4

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Hourly Rates →	$205	$225	$190	$130	$165	$155	
Task 3 Determine Current Level of Service for the City's Stormwater System							
3.1 The project team will review the City's current services related to the stormwater management program, based on current expenditures and accomplishments. Given that eight years have passed since the last system-wide update, it will be important to define trends in costs and needs during this period. This will include a written summary of the City's accomplishments in the following areas: ✓ Frequency and severity of flooding. Working with City staff and reviewing existing report/model data, we will endeavor to quantify: ▪ Percentage of the City's open channels are adequately sized to contain deign flows ▪ Percentage of the City's open channels that are designed with both low-flow (bankfull) and floodplain (100-yr) components (may require coordination with the Washtenaw County Water Resources Commissioner (WCWRC)) ▪ Percentage of the City's collection (piped) system that is able to adequately convey the design flow rate (may require coordination with the WCWRC) ✓ Evaluate the O&M Level of Service currently provided (with respect to the current levels (A, B, C, or D as referenced in the 2007 report). ✓ Determine whether updated rainfall statistics (NOAA Atlas 14) have changed the actual level of service for the City's stormwater collection system (this can be identified during the evaluation of the City's calibrated stormwater model, Task 9). ✓ Determine which portions of the City are not served by adequate underground stormwater infrastructure (previously 2% of the system). ✓ Extent and severity of stream erosion. Working with City staff and reviewing existing report/model data, we will endeavor to quantify the percentage of open channels that currently have moderate to severe streambank erosion (this may require coordination with the WCWRC). ✓ Status of regulatory commitments with respect to stormwater quality, including the City's MS4 permit (MDEQ) and any TMDLs for waterways to which the City discharges. ✓ For all of the above, the Level of Service status (A, B, C, or D) will be confirmed.	0	0	0	0	24	60	84
3.2 Prepare a Technical Memorandum which summarizes the data collected, to serve as a basis to quantify any Level of Service funding gap (Task 4).	0	0	0	0	8	18	26
Task 4 Determine Cost to Achieve 2007 Defined Levels of Service							
4.1 Using the 2008 Stormwater Utility Update, review the Level of Service recommendations in the context of improvements that have been made between 2007 and 2015, assuming the City is still content with achieving a Level of Service "B", as previously recommended.	0	0	0	0	4	4	8
4.2 Using current data on debt service, labor, material, and construction costs, update the cost estimates referenced in the 2008 report.	0	0	0	0	6	12	18
4.3 Review these updated costs in the context of the City's upcoming Asset Management Plan (separate project). It is possible that the Asset Management Plan will set new standards for Level of Service based on asset deterioration forecasts, and this should be considered when evaluating future costs.	0	0	0	0	2	8	10
4.3 Develop a cost table that summarizes current system costs under the City's desired Level of Service (assumed to be Level of Service "B"). If necessary, an additional cost scenario will be added to reflect the results of the City's upcoming Asset Management Plan.	0	0	0	0	4	8	12
Task 5 Analyze Historical Capital and Operational Expenditures to Segregate Costs Associated with Various Operations							
5.1 Perform detail review of all historical operating and capital cost requirements associated with the provision of stormwater services.	1	1	1	3	0	0	6
5.2 Review billing/property data and system information to identify appropriate system functions for cost allocation and rate design.	1	2	1	4	0	0	8
5.3 Discuss customer classes and system configuration with City to finalize cost allocation methodologies and system functions.	2	2	0	0	0	0	4
5.4 Allocate historical costs to defined functional cost components and to customer classes based upon appropriate allocation criteria.	1	2	1	8	0	0	12
5.5 Meet with City staff in an interactive work session to review preliminary results.	3	3	0	3	0	0	9
5.6 Perform adjustments and distribute supporting schedules of analysis for City staff review.	1	2	1	4	0	0	8
5.7 Finalize analysis per comments received from City staff review of detailed supporting schedules.	0	1	1	3	0	0	5

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	Hourly Rates →	$205	$225	$190	$130	$165	$155	
Task 6	**Analyze and Classify Rate Recommendations as Related to City's Current Debt Service Obligations**							
6.1	Review all historical debt documentation and facility descriptions by debt issuance for the stormwater system.	2	2	1	4	0	0	9
6.2	Allocate debt to identified functional cost components per Task 5 and to customer classes based upon appropriate allocation criteria.	1	2	2	8	0	0	13
6.3	Meet with City staff in an interactive work session to review preliminary results.	Included in Task 5.5						
6.4	Perform adjustments and distribute supporting schedules of analysis for City staff review.	1	2	1	4	0	0	8
6.5	Finalize analysis per comments received from City staff review of detailed supporting schedules.	0	1	1	3	0	0	5
Task 7	**Review and Analyze the Projected O&M Expense Requirements of the City; Allocate to Proper Cost Components**							
7.1	Review projected operating expenditure requirements with City staff to ensure detailed understanding of the nature of the expenses.	0	1	1	2	0	0	4
7.2	Identify potential adjustments to expense projections based upon review against historical trends, desired programs/LOS, etc.	1	2	1	3	0	0	7
7.3	Prepare projected O&M expenses for defined alternative level of service scenarios and integrate into 20-year forecasting module.	0	1	1	4	0	0	6
7.5	Allocate expenses to identified functional cost components per Task 5 and to customers based upon appropriate allocation criteria.	1	1	1	4	0	0	7
7.5	Meet with City staff in an interactive work session to review preliminary results.	3	3	0	3	3	0	12
7.6	Perform adjustments and distribute supporting schedules of analysis for City staff review.	1	2	1	4	0	0	8
7.7	Finalize analysis per comments received from City staff review of detailed supporting schedules.	0	1	1	2	0	0	4
Task 8	**Review and Analyze the 7-Year Stormwater Capital Needs Identified by the City**							
8.1	Review projected capital requirements with City staff to ensure detailed understanding of the nature of the expenses.	0	1	1	2	1	2	7
8.2	Identify potential adjustments to expense projections based upon review against historical trends, desired programs/LOS, etc.	0	1	1	1	1	1	5
8.3	Prepare projected capital expenses for defined alternative level of service scenarios and integrate into 20-year forecasting module.	0	1	1	3	1	2	8
8.4	Evaluate various funding sources, including debt, grants, user fees, etc. to support capital spending for alternative levels of service.	1	2	1	3	0	0	7
8.5	Allocate expenses to identified functional cost components per Task 5 and to customers based upon appropriate allocation criteria.	1	1	1	4	0	0	7
8.6	Meet with City staff in an interactive work session to review preliminary results.	Included in Task 7.5						
8.7	Perform adjustments and distribute supporting schedules of analysis for City staff review. Different annual costs will be calculated based on the desired Level of Service (A, B, C, or D) and the supporting schedules will include the source of the identified need (i.e. existing CIP vs. WCWRC vs. Asset Management Plan).	1	2	1	4	4	8	20
8.8	Finalize analysis per comments received from City staff review of detailed supporting schedules.	0	1	1	2	1	2	7
Task 9	**Review 2015 Stormwater Model Calibration Report and Make Recommendations**							
9.1	Review the recently-completed report on the City's stormwater calibration effort. The findings from this report should reveal the following: ✓ System components that were previously thought to be adequate but are no longer capable of providing an adequate Level of Service. ✓ Areas where the severity of flooding has changed (for the better or worse), which changes the magnitude of the capital improvement necessary.	0	0	0	0	4	12	16
9.2	Using the results from the updated model, add, delete, or modify capital projects to represent the current state of the collection system.	0	0	0	0	4	8	12
9.3	Prepare Technical Memorandum summarizing the impacts of the 2015 Stormwater Model Calibration Report on future capital improvement projects. This document will include a table that includes a list of new, modified, and deleted projects. This list will be used to develop the 7-year Capital Needs in Task 8.	0	0	0	0	6	12	18

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Hourly Rates →	$205	$225	$190	$130	$165	$155	
Task 10 Review, Analyze and Make Recommendations on City Policies, as Related to the Stormwater System							
10.1 Review all appropriate ordinances, policies, procedures, for the stormwater system, notably including adjustment and credit policies.	2	4	2	0	0	0	8
10.2 Perform literature survey/research to identify policies of local and comparable communities relative to stormwater.	0	1	2	4	0	0	7
10.3 Perform a diagnostic evaluation of existing policies based upon industry practices, understanding of system costs, use of system, etc.	2	2	0	0	0	0	4
10.4 Identify potential adjustments to the City's existing policies, including additions, modifications, or deletions.	2	3	0	0	0	0	5
10.5 Review diagnostic evaluation results, findings of research, and initial recommendations with City staff.	2	2	0	2	0	0	6
10.6 Prepare adjustments and provide sample policy language for identified modifications.	1	2	1	3	0	0	7
10.7 Review draft policy language prepared by City staff/legal counsel and provide comments/edits.	1	1	0	1	0	0	3
Task 11 Determine and Develop Levels of Services Related to Street Tree Management							
11.1 Work with City arborists to develop a balanced level of service that will include a seven year maintenance cycle for medium and large sized trees and planting of new trees annually (number to be determined through consultation with City staff).	0	0	0	0	2	8	10
✓ This level of service will reflect a proactive and cost-balanced approach to management of street trees resulting in healthier canopy cover, control of stormwater runoff, and consistent maintenance needs year over year.							
Task 12 Conduct Community & Public Engagement Utilizing the Defined Levels of Services from the 2007 Study							
12.1 Prepare scenarios of rate adjustment options to support costs of defined level of service options.	2	3	2	8	4	6	25
12.2 Prepare public engagement strategy and timeline consistent with kick-off meeting.	4	4	0	0	1	0	9
12.3 Conduct interactive work session with City staff to review LOS results and discuss public engagement materials/strategy.	3	3	0	3	3	3	15
12.4 Perform adjustments and begin preparation of public engagement materials, including summary documents and presentations.	3	6	1	12	4	8	34
12.5 Conduct meetings with Community Work Group(s) throughout the contract period, in order to obtain feedback from customers throughout the process. [Includes four (4) work sessions, two (2) hours per session]	8	8	0	8	8	8	40
12.6 Document results of each meeting and adjust presentation materials/documentation as appropriate.	4	6	2	8	6	8	34
Task 13 Recommend Rate Increases to Support Desired Level of Service for the Stormwater System							
13.1 Prepare adjustments to analysis based upon input from Task 12 relative to desired LOS option(s) and funding requirements.	1	2	2	4	0	0	9
13.2 Review updated analysis with City staff to finalize LOS and rate alternative(s) to be presented for formal consideration.	3	3	0	3	0	0	9
13.3 Prepare a Draft Report of entire analysis, including content from OHM, and supporting presentation of the results of the Study.	2	6	3	8	0	0	19
13.4 Present draft results of the study to City Council in workshop setting.	3	3	0	0	0	0	6
13.5 Revise analysis and presentation per Council comments/direction.	1	2	1	4	0	0	8
13.6 Prepare Final Draft Report of the revised results of the Study, including adjustments per Council review and comment.	1	3	2	6	0	0	12
13.7 Present final results of the study to the City Council for formal approval.	3	3	0	0	0	0	6
13.8 Prepare Final Report of the results of the Study reflecting final Council action.	1	1	1	3	0	0	6
Task 14 Develop 20-Year Schedule of Future Projections and Recommendations	*Performed using module developed in Task 2 and data/analysis prepared in Tasks 5-13.*						
ESTIMATED LABOR-HOURS	85	135	55	225	111	211	**822**
ESTIMATED FEE BY PROJECT TEAM MEMBER	$17,425	$30,375	$10,450	$29,250	$18,315	$32,705	**$138,520**
TOTAL ESTIMATED PROJECT FEE				**Burton & Associates:** $87,500		**OHM:** $51,020	**$138,520**
TOTAL ESTIMATED EXPENSES				**Burton & Associates:** $7,875		**OHM:** $0	**$7,875**
TOTAL NOT-TO-EXCEED PROJECT COST				$95,375		$51,020	**$146,395**

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Proposal Cost Estimate for Public Engagement (Note: Cost range dependent on Ann Arbor requested level of effort during Task 12.2, Public Engagement Strategy Dev)

Name	Role	Rate	Hours	Total
Teresa Weed Newman	Lead Facilitator	$150	90-120	$ 13,500 to $18,000
N/A – To Be Determined	Support Facilitator	$211	20	$4,620
N/A – To Be Determined	Administrative Support	$45	80	$3,600
			Total Proposal Cost Estimate for Public Engagement:	$ 21,720 to $26,220

EXHIBIT C
INSURANCE REQUIREMENTS

Effective the date of this Agreement, and continuing without interruption during the term of this Agreement, Contractor shall provide certificates of insurance to the City on behalf of itself, and when requested any subcontractor(s). The certificates of insurance shall meet the following minimum requirements.

A. The Contractor shall have insurance that meets the following minimum requirements:

1. Professional Liability Insurance or Errors and Omissions Insurance protecting the Contractor and its employees in an amount not less than $1,000,000.

2. Worker's Compensation Insurance in accordance with all applicable state and federal statutes. Further, Employers Liability Coverage shall be obtained in the following minimum amounts:

   Bodily Injury by Accident - $500,000 each accident
   Bodily Injury by Disease - $500,000 each employee
   Bodily Injury by Disease - $500,000 each policy limit

3. Commercial General Liability Insurance equivalent to, as a minimum, Insurance Services Office form CG 00 01 07 98 or current equivalent. The City of Ann Arbor shall be an additional insured. There shall be no added exclusions or limiting endorsements which diminish the City's protections as an additional insured under the policy. Further, the following minimum limits of liability are required:

$1,000,000	Each occurrence as respect Bodily Injury Liability or Property Damage Liability, or both combined
$2,000,000	Per Job General Aggregate
$1,000,000	Personal and Advertising Injury

4. Motor Vehicle Liability Insurance, including Michigan No-Fault Coverages, equivalent to, as a minimum, Insurance Services Office form CA 00 01 07 97 or current equivalent. Coverage shall include all owned vehicles, all non-owned vehicles and all hired vehicles. Further, the limits of liability shall be $1,000,000 for each occurrence as respects Bodily Injury Liability or Property Damage Liability, or both combined.

5. Umbrella/Excess Liability Insurance shall be provided to apply in excess of the Commercial General Liability, Employers Liability and the Motor Vehicle coverage enumerated above, for each occurrence and for aggregate in the amount of $1,000,000.

B. Insurance required under A.3 above shall be considered primary as respects any other valid or collectible insurance that the City may possess, including any self-insured retentions the City may have; and any other insurance the City does possess shall be considered excess insurance only and shall not be required to contribute with this insurance. Further, the Contractor agrees to waive any right of recovery by its insurer against the City.

C. Insurance companies and policy forms are subject to approval of the City Attorney, which approval shall not be unreasonably withheld. Documentation must provide and demonstrate an unconditional 30 day written notice of cancellation in favor of the City of Ann Arbor. Further, the documentation must explicitly state the following: (a) the policy number; name of insurance company; name and address of the agent or authorized representative; name and address of insured; project name; policy expiration date; and specific coverage amounts; (b) any deductibles or self-insured retentions which shall be approved by the City, in its sole discretion; (c) that the policy conforms to the requirements specified. Contractor shall furnish the City with satisfactory certificates of insurance and endorsements prior to commencement of any work. Upon request, the Contractor shall provide within 30 days a copy of the policy(ies) to the City. If any of the above coverages expire by their terms during the term of this contract, the Contractor shall deliver proof of renewal and/or new policies to the Administering Service Area/Unit at least ten days prior to the expiration date.