Exhibit A

SCOPE OF SERVICES

Sustainable Energy Utility Advisory Services

The City of Ann Arbor seeks to engage a qualified firm to provide municipal utility start-up technical and administrative consulting services. These services are necessary as the City begins creation of a supplemental, opt-in, 100% renewable energy powered Sustainable Energy Utility. The selected firm must have experience starting new, or expanding existing, municipal utilities (ideally electric) and must have extensive experience supporting local governments with creating administrative and operational utility structures that can grow and evolve with customer demand and market transitions.

Upon review of qualifications from 8 organizations, a team of City staff selected Arbor Consultants, P.C. as the firm to provide administrative and logistical support in the creation of the Ann Arbor Sustainable Energy Utility. Arbor Consultants, P.C. will complete the tasks noted below in the timelines identified. The duration of this agreement is for a 1-year period, with a possible 1-year extension.

I. BACKGROUND:

In November of 2019, Ann Arbor City Council adopted a climate emergency declaration and set the goal of a just transition to community-wide carbon neutrality by the year 2030. In June of 2020, Ann Arbor City Council unanimously adopted the plan, framework, and programs to achieve this goal – known as A^2ZERO.

One of the core strategies within A^2ZERO is a just transition of energy consumption from fossil fuel-based sources to 100% renewable energy-based generation sources. Recognizing the importance of transitioning the electric supply to renewable energy in January of 2021, Ann Arbor City Council unanimously adopted a series of Energy Criteria and Principles that lay out the core concepts for the City to maximize in energy-related decisions. The adopted Energy Criteria and Principles include:

- Reducing greenhouse gas emissions (e.g., minimizing fossil fuel combustion)
- Additionality (ensuring projects are additional to what would be built without the City's investment)
- Social equity
- Enhancing resilience of the energy system
- Maximizing local clean energy generation
- Speed at which solutions can be deployed
- Scalability and transferability of concepts to other communities in Michigan and the U.S.
- Cost effectiveness of solutions.

The City has been exploring various options to achieve the goal of powering the community with 100% renewable energy, including the creation of a supplemental municipal utility (that will be known as the Sustainable Energy Utility or "SEU"). This work recently culminated in a November 2024 public vote of Ann Arborites where nearly 79% of voters voted to authorize creation of the Sustainable Energy Utility. The question placed before the voters was:

Exhibit A

ANN ARBOR CITY CHARTER AMENDMENT

CREATION OF A SUSTAINABLE ENERGY UTILITY

The City of Ann Arbor proposes to create within its boundaries an opt-in, publicly-owned Sustainable Energy Utility ("SEU") to (i) supply, generate, transmit, distribute, and store electricity, heat, cooling, light, and power (all from renewable sources); and (ii) provide energy-related services. The SEU could, for example, provide individual or networked rooftop solar panels, heat pumps, geothermal systems, or batteries to customers to supplement existing utility services. The SEU will be fee-based. This proposal does not authorize new taxes.

Shall the Charter be amended to authorize the City to establish, construct, own, and operate an opt-in Sustainable Energy Utility?

☐ Yes ☐ No

Now that the voters have authorized chartering of the Sustainable Energy Utility, City staff are eager to bring on additional resources to help launch the SEU, including hiring Arbor Consultants, P.C. to undertake and support many of the technical, economic, and administrative tasks that will be required in the first several months to create and launch the SEU.

II. SCOPE OF SERVICES:

The City seeks to hire Arbor Consultants, P.C. to undertake the following tasks as noted below. Tasks are grouped by thematic area with estimated delivery dates highlighted with each individual task/action. A group of City staff, inclusive of representatives from the Attorney's Office, Administrator's Office, Office of Sustainability and Innovations, Finance, and Public Works will serve as the "staff advisory board" to Arbor Consultants, P.C. This group will ultimately make final recommendations on SEU-related tasks to the City Administrator and City Council, based on input gathered from Arbor Consultants, P.C. as part of undertaking the tasks noted below.

TASK	Due Date (from contract start)
Operational Tasks	
Serve in a Project Management Role, helping to coordinate SEU-design and launch elements with internal city staff	Ongoing (over 12 months)
Support identification of funding streams to launch the SEU. Including aiding in grant writing, investor recruitment, PPA model evaluation, and/or meetings with bond agencies to support securing the capital necessary to launch the SEU.	Ongoing – no due date
Assist in determining the optimal organizational structure for the SEU (e.g., separate department of the City, external authority, agency, other?) and helping to operationalize this structure. This includes exploration of an external advisory board and how best to structure said board, should it be recommended.	2 months
Assist in creating a staffing plan for the SEU based on a well-organized energy service deployment schedule and structure.	3 months

Create a job description and assist in recruiting and interviewing candidates to serve as the SEU Director.	3 months
Develop an SEU Comprehensive plan, including a service deployment plan and schedule with details about which technologies to deploy first, where, how to determine deployment timelines and geographical areas of focus, when to phase in new offerings, how to sequence improvements, how new customers qualify and a decision-making framework to determine when and how to expand service offerings or geographical deployments.	4 months
In tandem with City staff, engage with regional stakeholders, including the County, to ensure they are aware of the SEU and that any regional operational issues, such as geothermal permitting, are understood before SEU launch.	4 months
Support the staff advisory board with identifying legal issues that need resolution and work with team to create project plan to resolve issues (e.g., ROW/easement needs, bring your own device programs, communications, etc.).	4 months
Support development of a customer recruitment and retention plan.	6 months
Work with legal department to make filings with the Michigan Public Service Commission to confirm SEU treatment under rules (e.g., RE and EE requirements, confirmation of no needed capacity filing).	6 months
Support meetings with DTE to ensure the SEU configuration and all interconnection processes for joint customers are well understood, streamlined, and any new interconnection processes necessary are put in place before program deployment. Initiate discussions with DTE on a communications plan that enables maximum benefits from installed assets.	6 months
Provide detailed recommendations on how to structure the billing system, permitting system, and design review process for the SEU, for delivered energy, alternative structures (e.g., City-owned assets on customer property with leases, others).	8 months
Create termination provisions for those that join and ultimately leave the SEU.	8 months
Economic Tasks	
Help identify consultants and assist managing their work to create a rate model and assist the City with setting rates for the services delivered by the SEU. This rate model must be compliant with Michigan law, including ensuring that rates qualify as fees under *Bolt v City of Lansing*, 587 NW2d 264 (Mich 1998).	5 months
Help identify consultants and assist managing their work to analyze the unique costs associated with a networked geothermal system operating in target neighborhoods of the City. Economic analysis should include costs associated with right of way restoration, economic and technical impacts to other utilities that occupy the right of way, and any other variables the City should consider as it explores providing networked solar, storage, and geothermal services throughout the City.	6 months
Technical Tasks	
Provide technical recommendations on how to maximize value to customers and manage any inadvertent side effects associated with widespread solar, geothermal, and energy storage system deployment in a small geographic footprint.	3 months
Provide detailed recommendations on any additional hardware or software the City should procure to operate the SEU, such as distributed energy resources	8 months

(DER) and utility communications systems, leveraging existing IT and building automation system (BAS) platforms.	
Draft, in collaboration with City staff, standard specifications for SEU and/or City staff to use when designing and permitting SEU-related infrastructure.	8 months
Draft design review standards for City staff to review, especially for SEU improvements that interact with the right of way. This includes basic standards and construction standards, as well as designing and implementing staff training on the new standards	8 months
Support identification of consultants capable of providing technical recommendations on how to manage geothermal installations given the 1,4 dioxane groundwater plume that affects much of the City. Provide support to consultants and help manage their work progress.	8 months
Support identification of consultants capable of providing technical recommendations on how to manage any inadvertent side effects associated with large geothermal deployments in a small geographic footprint. Provide support to consultants and help manage their work progress.	8 months
Analysis of deployment of initial solar + storage systems to explore the likelihood that microgrids can be created at a later phase. Includes detailed analysis of the technical parameters that need to be met as well as hardware and software necessary to operate this system. Create an initial microgrid pilot, potentially with DTE engagement, and implement such if funding is secured.	12 months
Potential support with launching, operating, and maintaining a networked geothermal installation in the Bryant neighborhood of the City.	9 months
Engagement Tasks	
Support determining and managing the public's expectations regarding SEU program deployment and service offerings. This will likely include creation of an SEU deployment timeline and schedule along with visuals that the public can use to rapidly assess when SEU-related services will be available in their geographical area.	6 months
As needed, support responses to correct any errors or misunderstandings regarding information about the SEU circulated in the public.	Ongoing
Support the development of public educational materials about the SEU and its program and service offerings.	Ongoing

III. Budget

To accomplish the tasks, Arbor Consultants, P.C. and the City of Ann Arbor will engage in a not-to-exceed contract in the amount of $200,000. Labor will be billed hourly ($125/hour) along with expenses on a monthly schedule based on records subject to the City's audit.