



# CITY OF LAREDO, TEXAS



Request for Qualifications

## **Comprehensive Water & Wastewater Rate Study 2023**



## 1. One Page Letter

December 1, 2024

City of Laredo, Texas  
Mr. Arturo García, Jr., P.E, Director  
Utilities Department  
5816 Daugherty Ave.  
Laredo, TX 78044

**Re: Request for Qualifications for Rate Study for Comprehensive Water and Wastewater Study 2023**

Thank you for the opportunity to present this proposal to provide a Comprehensive Water and Wastewater Rate Study to the City of Laredo (the "City"). Willdan Financial Services ("Willdan") is one of the largest public sector financial consulting firms in the United States. Our company has completed over 200 hundred such studies in Texas in the last five years and has helped over 800 public agencies across the USA successfully address a broad range of financial challenges, including comprehensive utility rate studies, financing the costs of growth and generating revenues for utilities to fund needed infrastructure and desired services. We have also had the privilege of preparing four separate rate studies for the City of Laredo since 2017, all with similar objectives to this current engagement and each resulting in the successful implementation of a new rate plan.

Our firm specializes in municipal and public sector financial analysis and our principal clients are local, state, and national governments. Each of our clients is served directly by senior level professionals with decades of experience in utility consulting and economic/financial management. We are proud of our history of building long-term relationships with clients based on affordability, professionalism, and performance.

We have a proven track record of completing projects on time and staying within the quoted budget. Our client references will confirm that we do not miss deadlines or exceed the contract amount. We encourage you to contact the references provided for feedback on our performance, client commitment and adherence to project milestones.

Willdan's interactive approach results from our highly regarded revenue requirement and rate model that creates a focused and tailored analysis of the City's current rates, revenues, capital project and operational expenditures, debt commitments, reserve funding, and other financial data. The culmination of our analysis will be a comprehensive utility cost-of-service study and revenue requirement financial plan that develops projected system operating results for the next five fiscal years under alternative rate designs. We will employ our proven interactive approach, supported with advanced financial modeling techniques, to develop a sophisticated and flexible revenue requirement/rate model for use by the City. ***Our internationally recognized utility rate and cost of service model will help us guide the City through operating and financial scenarios, while evaluating the impact of policy assumptions, and performing sensitivity analysis on important fiscal indicators like utility fund balances and existing debt coverage requirements.***

In summary, we are very excited about the opportunity to provide such a valuable service to the City of Laredo. For that reason, we will devote our firm's resources to ensure that each of the City's objectives are achieved with the highest level of quality and satisfaction. Please feel free to contact me if you have questions or require any further clarification.

Thank you once again for this opportunity. We look forward to hearing from you.

Respectfully Submitted,

**WILLDAN FINANCIAL SERVICES**



Jason Gray, Vice President

jgray@willdan.com | 972-378-6588 (O) | 469-396-9640 (M)

Table of Contents

1.	One Page Letter .....	i
2.	Profile of Firm .....	3
	Firm History .....	3
	Willdan Plano Clients .....	5
	Five-Year History of Similar Projects: .....	7
3.	Resumes.....	8
	Project Team.....	8
	Resumes .....	8
	Jason D. Gray, MPSA.....	9
	Dan V. Jackson. M.B.A. ....	11
	Daniel D. Lanning, Sr.....	15
	Dennis Goral .....	17
4.	Proposed Approach.....	19
	Project Approach .....	19
5.	Proposed Scope of Work.....	20
	Work Plan .....	20
	Project Disclaimer.....	26
	Proposed Schedule .....	28
6.	References.....	29
	Similar Projects.....	29
7.	Conflict of Interest Disclosure Statement.....	32



## 2. Profile of Firm

### Firm History

Willdan Financial Services is an operating division within Willdan Group, Inc. (WGI), which was founded in 1964 as an engineering firm working with local governments. Today, WGI is a publicly traded company (WLDN). WGI, through its divisions, provides professional technical and consulting services that ensure the quality, value and security of our nation's infrastructure, systems, facilities, and environment. The firm has pursued two primary service objectives since its inception—ensuring the success of its clients and enhancing its surrounding communities.

A financially stable company, Willdan has approximately 1,400 employees working in more than a dozen states across the U.S. Our employees include a number of nationally recognized Subject Matter Experts for all areas related to the broadest definition of connected communities—five of whom are committed to contribute their expertise throughout the duration of the City's engagement.

Willdan has solved economic, engineering and energy challenges for local communities and delivered industry-leading solutions that have transformed government and commerce. Today, we are leading our clients into a future accelerated by changes in resources, infrastructure, technology, regulations, and industry trends.

### Willdan Financial Services

Established on June 24, 1988, Willdan Financial Services, is one of the largest public sector economic and financial analysis consulting firms in the United States. We have helped over 800 public agencies successfully address a broad range of infrastructure challenges. Willdan assists local public agencies by providing the following services:



#### Willdan Financial Services

##### Primary Services

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>▪ Utility rate and cost of service studies;</li> <li>▪ User fee studies;</li> <li>▪ Cost allocation studies;</li> <li>▪ Real estate economic analysis;</li> <li>▪ Tax increment finance district formation and amendment;</li> <li>▪ Property tax audits;</li> <li>▪ Housing development and implementation strategies;</li> <li>▪ Municipal advisory services;</li> </ul> | <ul style="list-style-type: none"> <li>▪ Development impact fee establishment and analysis;</li> <li>▪ Economic development strategic plans;</li> <li>▪ District administration services;</li> <li>▪ Feasibility studies;</li> <li>▪ Arbitrage rebate and continuing disclosure services;</li> <li>▪ Debt issuance support; and</li> <li>▪ Long-term financial plans and cash flow modeling.</li> </ul> |
|---|---|

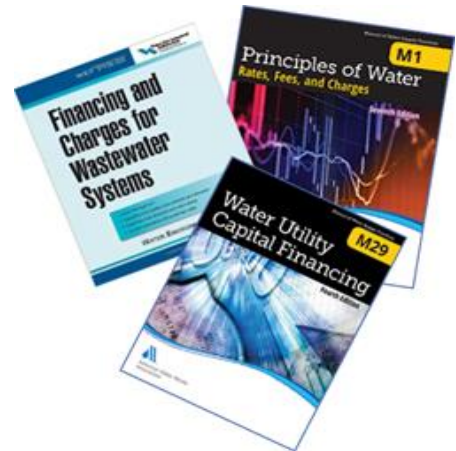
Our staff of nearly 80 full-time employees supports our clients by conducting year-round workshops and on-site training to assist them in keeping current with the latest developments in our areas of expertise.

On April 6, 2015, the Plano, Texas office of Economists.com joined Willdan. Economists.com provided economic analysis and innovative financial solutions since 1997 to a wide range of municipal and public sector utilities and other critical infrastructure organizations. **Please note that Willdan will not be using any sub-contractors for this engagement.**



## Utility Rate Experience

Willdan's professional staff has provided professional consulting services, including financial planning; rate and cost-of-service studies; alternative and feasibility analyses; and operational and management studies for water, reclaimed water, wastewater, solid waste, and stormwater utility clients across the United States for three decades. Additionally, *Willdan staff are involved with the development of the rate-setting methodologies set forth in the American Water Works Association (AWWA) M-1 manual "Principles of Water Rates, Fees and Charges," and the AWWA M-29 manual, "Water Utility Capital Financing."* Willdan is nationally recognized for its expertise with staff frequently being called upon to speak or instruct on utility financial matters, as subject matter experts, including the AWWA Utility Management conference.



Willdan staff is experienced in a broad range of utility planning services; and therefore, understand the importance of an approach that integrates elements of utility planning, engineering, and finance. Willdan Team members possess considerable experience in utility rate and cost-of-service studies and have performed these services for hundreds of utilities throughout the country. Our team includes staff with public sector experience spanning 30 years, and staff on the forefront of utility ratemaking and rate-modeling. In addition, team members have held positions as finance directors, deputy city managers, and auditors, and therefore understand the financial, operational, and political realities faced by governmental staff and management; we craft solutions, which are sensitive to this. Our expertise spans across the following utility financial planning services:

### Willdan Financial Services

#### Utility Financial Experience and Expertise

- **Retail and wholesale rate studies;**
- Revenue sufficiency analyses;
- Utility management and policy assistance;
- Connection fee / impact fee studies;
- Miscellaneous fee and charge studies;
- Renewal and replacement sufficiency analyses;
- Comprehensive alternatives analyses;
- Capital project funding studies;
- Interactive rate model development with dashboards showing key performance indicators;
- CIP financial scenario planning;
- Rate ordinance drafting;
- Billing system validation/rate testing;
- Bond feasibility reports;
- Valuation/divestiture studies; and
- Life cycle costs analyses

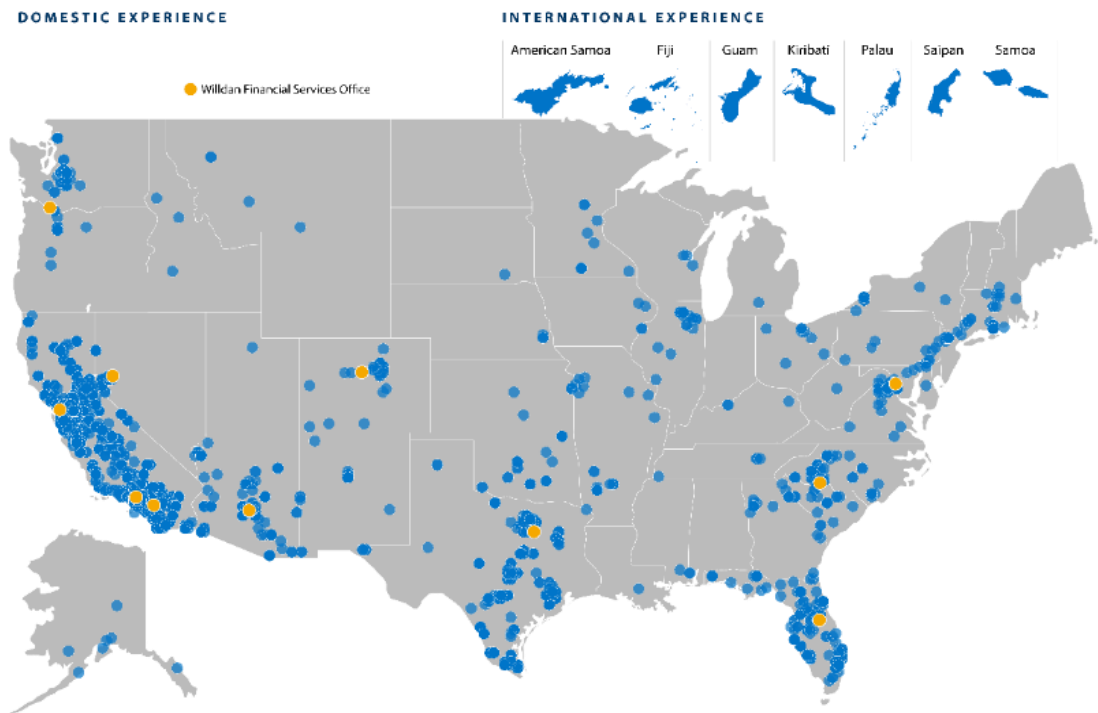
Willdan will work with the City to identify, and prioritize operational and fiscal objectives, and match these to specific rate attributes; and use this information throughout the engagement to develop a comprehensive financial plan and design utility rates that effectively meet these goals.

The culmination of our analyses will be rate policies that guide the rate setting process, and a financial management plan that develops projected system operating results for the utility for the forecasted period.

Willdan will employ its proven interactive approach, coupled with advanced financial modeling techniques to design rates and a financial plan that meet established goals and performance criteria. These modeling techniques serve as a powerful decision-making tool and provide the City with genuine business solutions and recommendations as to the strategic direction of its utilities. During rate and financial planning projects we employ tools and techniques, which focus on consensus building among stakeholders to ensure the team understands the future financial implications of current management decisions. Our extensive project expertise is bolstered by our unique interactive financial planning process and model.

## National and International Presence

For over 30 years, Willdan’s professional staff has provided utility rate, financial, economic, management and capital planning consulting services to utilities and governmental entities across the country. A representation of Willdan’s geographical client presence is depicted in the **graphic to the right**. Our client base extends from the south shores of Florida to the inside passage of Alaska, and for five sovereign nations.



## Willdan Plano Clients

Willdan’s Plano office is the focal point of the company’s southwest operation. In addition to preparing the City of Laredo’s last rate analysis, the Plano office has prepared rate studies similar to that requested by the City for over 100 cities in the state of Texas alone.

The table below presents a listing of the Plano office's clients. As the table shows, in addition to Texas, the Plano office has worked for over 75 cities across the USA, the sovereign nations of Fiji, Palau, Samoa and Kiribati, and the US Commonwealth/Territories of Saipan CNMI, Guam and American Samoa. **Designated project team members listed in this proposal worked on every one of these engagements.**

This list does not include the hundreds of additional clients served by other Willdan offices. **We do not "pack" our proposals with representative engagements in which designated team members did not participate**, as it is our belief that a company's general experience not shared by proposed team members is not useful to, nor relevant to, the City's needs and requirements.

More information on engagements in the last five years and specific references are contained on the following pages of this proposal. We encourage all prospective clients to contact our references to assess the degree of satisfaction our past clients have with our work product and consulting services.

## Willdan Financial Services

## Project List | Plano Office

Project Location	Project Count	Project Location	Project Count	Project Location	Project Count
<b>Texas</b>	<b>315</b>	Forney, Texas	1	Midlothian, Texas	5
Addison, Texas	2	Frisco, Texas	1	Missouri City, Texas	6
Alamo Heights, Texas	2	Galveston, Texas	2	New Braunfels, Texas	1
Allen, Texas	1	Garland, Texas	2	New Summerfield, Texas	1
Alvarado, Texas	1	Grand Prairie, Texas	5	Oak Point, Texas	1
Amarillo, Texas	3	Gunter, Texas	2	Parker, Texas	2
Aubrey, Texas	2	Harlingen, Texas	2	Plano, Texas	10
Austin, Texas	8	Heath, Texas	2	Port Arthur, Texas	1
Balch Springs, Texas	3	Hempstead, Texas	2	Port Isabel, Texas	1
Bee Cave, Texas	1	Hewitt, Texas	2	Primera, Texas	1
Beeville, Texas	2	Hondo, Texas	1	Princeton, Texas	4
Bolivar, Texas	3	Houston	7	Prosper, Texas	3
Brady, Texas	1	Hutchins, Texas	2	Richardson, Texas	2
Brownsville, Texas	2	Italy, Texas	2	Robinson, Texas	1
Burleson, Texas	1	Josephine, Texas	2	Rockwall, Texas	3
Castroville, Texas	4	Katy, Texas	3	Rowlett, Texas	7
Cedar Hill, Texas	2	Kennedale, Texas	1	Royse City, Texas	3
Celina, Texas	21	La Vernia, Texas	1	San Juan, Texas	1
Cibolo, Texas	1	Lampasas, Texas	1	San Marcos, Texas	5
Cleburne, Texas	2	Lancaster, Texas	1	Schertz, Texas	11
Clifton, Texas	1	Laredo, Texas	4	Seguin, Texas	23
Combes, Texas	1	Lavon, Texas	1	Selma, Texas	1
Coppell, Texas	4	League City, Texas	2	Sherman, Texas	3
Crandall, Texas	1	Leander, Texas	3	South Padre Island	1
Dallas	1	Lewisville, Texas	1	Spring, Texas	1
Del Rio, Texas	1	Liberty Hill, Texas	5	Springtown, Texas	1
Denison, Texas	2	Lindsay, Texas	1	Sunnyvale, Texas	2
Denton, Texas	13	Little Elm, Texas	3	Tomball, Texas	4
DeSoto, Texas	11	Llano, Texas	1	Tornillo, Texas	1
Dickinson, Texas	1	Los Fresnos, Texas	1	Van Alstyne, Texas	3
Donna, Texas	3	Lucas, Texas	1	Von Ormy, Texas	1
Duncanville, Texas	3	Marble Falls, Texas	5	Waco, Texas	1
Edinburg, Texas	1	Marfa, Texas	1	Waller, Texas	3
El Paso, Texas	2	McAllen, Texas	1	Waxahachie, Texas	1
Fairfield, Texas	1	McKinney, Texas	6	West University Place, Texas	1
Fairview, Texas	2	McLendon-Chisholm, Texas	1	Weston, Texas	1
Ferris, Texas	1	Mesquite, Texas	7	Whitehouse, Texas	1



## Five-Year History of Similar Projects:

As demonstrated in the following table, within the past 5 years, the Texas office of Willdan has been engaged on 180 Utility Rate Study projects, including 128 within Texas.

Willdan Financial Services Project List   Plano Office		
Project Location	Project Location	Project Location
<b>Texas</b>	Laredo Master Plan/Rate Analysis	WHCROWA   2023 Rate Study
Alamo Heights TX   2023 W-WW Rate Study	Lazy 9 MUD   2023 Rate Study	WHCROWA   2023/24 Rate Study
Alvarado 2022 Rate Study	Lindsay, OK   2023 Electric Rate Study	Whitehouse TX   2023 W-WW Rate Study
Amarillo 2023 Rate Study	Marble Falls 2021 Update	<b>Arizona</b>
Balch Springs TX   2023 W-WW Rate Study	Marble Falls 2022 Rate Update	Chino Valley 2023 Rate Study
Beeville Rate Study	Marfa 2022 Rate Study	Florence 2022 Rate Study
Burleson TX   2023 W-WW Rate Study	McKinney 2022 Update	Goodyear AZ   2023 W-WW Rate Study
CCMA Rate Update	McKinney TX   2023 Rate Update	PV Water/WW Rate Study
Celina TX   2023 W-WW Rate Study	Mesquite   2023 Rate Study	Quartzsite 2022 Rate Study
Celina Wholesale Rate	Midlothian 2022 Rate Analysis	San Luis 2021 Rate Study
Cleburne TX   2023 W-WW Rate Study	Parker Texas 2021 Rate Study	San Luis 2022 Rate Study
Cobblestone Development	Parker WSC TX   2023 Water Rate Study	Willcox General Consulting
Crystal Clear General Consulting	Plano 2022 Update	Winslow AZ   2023 Rate Update
Denison 2022 Rate Study	Rowlett 2022 Rate Study	Yuma 2022 Rate Study
Denison 2022 Wholesale Rate	Rowlett TX   2023 Analysis	<b>Arkansas</b>
DeSoto 2022 Rate Analysis	Royse City 2021 Rate Update	BWRPWA 2022 Rate Study
Desoto TX   2023 Rate Update	Schertz TX   2023 Rate Study	Community Water System   2023 Rate Study
Duncanville 2022 Rate Study	Seguin TX   2023 Rate Analysis	Conway Rate Study
Fairfield 2023 Rate Study	Sherman 2022 Update	Hot Springs 2023 Rate Update
Galveston 2023 Rate Study	Sherman 2023 Rate Analysis	Hot Springs Village 2023 Rate Study
Galveston County WCID 1	SSLGC   2023 Rate Analysis	Russellville City Corp 2022 Rate Study
Grand Prairie 2022 Update	SSLGC 2022 Analysis	<b>Nebraska</b>
Grand Prairie 2023 Consulting	Tomball TX   2023 W-WW Rate Study	Sarpy County NE   2023 WW Study
Harlingen TX WWS   2023 W-WW Rate Study	Van Alstyne -- Elmont	<b>Oklahoma</b>
Hempstead 2023 Rate Study	Waller Texas 2023 Gas Review	Altus 2023 Rate Update
Italy TX   2023 Rate Study & Valuation	Waller TX   Rate Study	Edmond 2022 Rate Study
Josephine 2022 Rate Study	Webb County 2021 Rate Study	Miami 2022 Rate Study
Josephine 2022 Rate Study-additional work	West University Place 2022 Rate Study	Potawatomi Ongoing Assistance
Kennedale TX   2023 W-WW Rate Study	Weston TX   2023 WW Rate Study	

### 3. Resumes

#### Project Team

Our management and supervision of the project team is very simple: staff every position with experienced, capable personnel in sufficient numbers to deliver a superior product on time and on budget. With that philosophy in mind, we have selected several experienced professionals for this engagement.

**Mr. Jason Gray, MPSA**, will serve as the **project manager** for this engagement. Mr. Gray has gained an extensive understanding of municipal utilities while serving in a variety of municipal staff positions for over 15 years. As a former City Manager, he acquired and maintains a full appreciation of the operational, political, and financial considerations necessary for rate and fee studies. Mr. Gray has over 10 years of professional consulting experience and has led several water and sewer rate study projects along with over 300 municipal consulting projects ranging from City Council workshop facilitations, city-wide strategic planning efforts, financial and economic impact analyses of growth and development, and frequently serves as an expert witness on behalf of municipalities in a variety of financial litigation. He consistently engages stakeholders in meaningful ways to create positive project impacts.

**Mr. Dan V. Jackson, MBA** will serve as **project advisor** for this engagement. Mr. Jackson was the co-founder, Managing Director, and Chief Executive of Economists.com. Since the acquisition of Economists.com, Mr. Jackson now serves as a Willdan Financial Services Vice President. He possesses 36 years of experience in financial consulting for water, sewer, stormwater, solid waste, and electric utilities throughout Texas, the southwest, the United States and Pacific Region. He has prepared over 400 such studies and has provided over 300 public presentations outlining the results of the analysis conducted.

With more than 30 years of professional consulting experience, **Mr. Daniel Lanning, Sr.** will serve as the **senior project analyst** working closely with Mr. Gray and Mr. Jackson to develop the analyses under the City's scope of services. Furthermore, Mr. Lanning will share knowledge gained through his involvement with American Water Works Association (AWWA) developing industry professional standards.

Mr. Lanning is a contributing author to the AWWA Manual of Practice M29 – Capital Financing for Water Utilities, and is involved in the ongoing update of the AWWA Manual M1 – Principles of Water Rates, Fees and Charges.

**Mr. Dennis Goral** is a **Senior Analyst** with 6 years of municipal utility analysis experience and 2 years in financial and economic analysis experience. His consulting experience includes a variety of projects associated with public water, wastewater, reclaimed water, sanitation, natural gas, and electric utility systems throughout the United States and Pacific Islands. Mr. Goral will assist the senior members of the project team in successfully completing NBU's scope of services.

#### Resumes

The following pages include team member resumes.

## Jason D. Gray, MPSA

### Project Manager

#### Education

Master of Public Service  
Administration, George  
Bush School of Government  
& Public Service at Texas  
A&M University

Bachelor of Arts in Political  
Science, Minnesota State  
University at Moorhead

Certificate in High  
Performance/High Potential  
Leadership

Cox School of Business at  
Southern Methodist  
University

Certification in Mediation &  
Dispute Resolution

George Bush School of  
Government & Public  
Service at Texas A&M  
University

#### Areas of Expertise

Executive-level Reporting  
Data Storytelling to Enhance  
Decision Support

Strategic Planning

Financial Forecasting

Economic Impact Analysis

Economic Development  
Negotiations

Financial Impacts of  
Municipal Growth

Bond Rating Optimization

Expert Witness Testimony

#### Affiliations

Member, International  
City/County Management  
Association

Member, Texas City  
Management Association

Member, American Public  
Works Association

Mr. Gray is a management consultant with over 25 years of combined city staff and municipal consulting experience. As a former City Manager, Mr. Gray gained a hands-on appreciation of the operational, political, and financial considerations necessary for rate and fee studies. As a professional consultant, Mr. Gray has led over 300 municipal projects ranging from utility rate studies and long-term financial plans, City Council workshop facilitations, city-wide strategic planning efforts, financial and economic impact analyses of growth and development, and consistently engages project stakeholders in meaningful ways.

### Relevant Consulting Experience & Municipal Projects

Project manager and analyst for multiple water/wastewater rate studies and long-term financial plans, including:

Heath, TX  
Primera, TX  
West University Place, TX  
Marfa, TX

Alvarado, TX  
Josephine, TX  
Cobblestone Wholesale Rate  
(TX)  
Edmond, OK

Hewitt, TX  
Mesquite, TX  
Galveston County WCID #1  
(TX)  
Sherman, TX

Solution architect for the restructuring of a multi-billion-gallon wholesale water rate, assisting 13 member cities to compromise on a generational rate structure settlement | North Texas Municipal Water District (TX)

Lead city negotiator and project manager on a multi-decade 2,100-acre mixed-use development projected to deliver over \$3 billion in direct value growth | Frisco, TX

Lead negotiator for a community to partner with a quality developer on a high-profile 14-acre commercial development site with a planned improvement value of over \$350 million | Frisco, TX

Sales tax and revenue impact analyst for mass transit authority adapting revenue estimates to account for COVID-19 pandemic | Denton County Transportation Authority, TX

Facilitated strategic planning, goal alignment, goal execution, and reporting processes:

Bismarck, ND, TX	Missouri City, TX	Pilot Point, TX
Hutto, TX	Argyle, TX	Rio Grande Valley MPO
Lancaster County, SC	Eustis, FL	

Founded the Center for Public Servant Leadership, an organization that provides tools and training to public-sector entities to develop a culture of servant leadership

### Municipal Projects and Relevant Experience

Increased General Fund reserve by 28% in 3 years with no tax increases and limited assessed value increases | McKinney, TX

Elevated S&P Credit Rating to the industry best AAA | McKinney, TX

Cultivated a culture of transparency which led to one of just four perfectly rated Texas Comptroller's Office Gold Leadership Circle awards (2012) and a Platinum Leadership Circle award (2014) | McKinney, TX



**J. Gray***Resume Continued*

- Developed multi-year financial plan to execute reasonable and regular property tax rate reductions | McKinney, TX
- Developed and implemented a strategic “Program/Service Level” methodology of budget decision-making utilizing quantitative and qualitative | McKinney, TX
- Improved ISO rating from ISO3 to ISO1, significantly decreasing commercial property and liability insurance costs | McKinney, TX
- City Manager of Money Magazine’s Best Place to Live in America in 2014 | McKinney, TX
- Increased Moody’s and S&P Bond Ratings three steps from junk bond status to investment grade | Celina, TX
- Created and administered multiple Tax Increment Reinvestment Zones | Celina, TX | Frisco, TX
- Renegotiated the City’s largest single development agreement to provide for city public safety services to a residential community outside of the city limits | Celina, TX
- Led effort to plan, propose, and approve the three successful bond elections | Celina, TX | Frisco, TX
- Dramatically increased General Fund reserve from 3 days of operating reserve to over 80 days of reserve in 3 years | Celina, TX
- Project manager for selection of and transition to a new Enterprise Resource Planning (ERP) system | Frisco, TX

**Expert Witness Testimony & Litigation Experience**

- **Petition of the Cities of Garland, Mesquite, Plano, and Richardson Appealing Wholesale Water Rates Implemented by North Texas Municipal Water District** | Public Utility Commission of Texas | Docket #46662 | Analyst and Settlement Solution Architect for multiple parties
- **Collin County Municipal Utility District No. 1 Appealing Water and Wastewater Rates established by the City of Celina** | Public Utility Commission of Texas | Docket #49448 | Expert Witness for City of Celina
- **City of Celina v. City of Pilot Point and Talley Ranch Management LTD** | Texas 2<sup>nd</sup> District of Appeals | 362<sup>nd</sup> District Court of Denton County | Docket #2-08-230-CV | Fact witness for City of Celina
- **Upstream Addicks and Barker (Texas) Flood-Control Reservoirs v. United States** | Court of Federal Claims | Sub-Master Docket No. 17-9001L | Brief for Amici Curiae
- **City of Marana, AZ v. Pulte Home Company, LLC** | Arizona Superior Court, Pima County | Case No. C2020 5095 | Expert Witness for City of Marana

**Education**

Master of Business  
Administration,  
University of Chicago,  
1984;  
Specialization in  
Finance/Accounting

Bachelor of Arts,  
University of Chicago,  
1982; Major in Social  
Sciences  
Dean's Honor List

**Areas of Expertise**

Rate Design  
Cost of Service  
Financial  
Forecasting  
Valuation Analysis  
Acquisition Analysis  
Privatization  
Analysis  
Economic Impact  
Analysis  
Expert Witness  
Testimony

**Affiliations**

Member, American  
Water Works Association

National Association for  
Business Economics

**Other**

*The Forgotten Men*  
(fiction) – Mediaguruz

*Rainbow Bridge – Fiction*  
– Mirador Publishing

## Dan V. Jackson. M.B.A.

### Project Advisor

Mr. Jackson has 38 years of experience as an international financial expert, having completed utility rate/cost of service studies and long-term financial plans for clients throughout the USA and five sovereign Pacific nations. He also has served as an expert witness in state court, federal court and before several public utility commissions. Mr. Jackson's prior experience includes positions with Deloitte and Touche and Reed-Stowe and Company. In 1997, Mr. Jackson co-founded Economists.com LLC, an international consulting firm with offices in Dallas and Portland, Oregon. Willdan acquired Economists.com in 2015, and Mr. Jackson now serves as Vice President.

Mr. Jackson has prepared over 400 utility rate studies for over 100 clients in Texas, 200 clients across the USA, and 5 sovereign nations during his long career. He has given dozens of lectures and presentations before professional associations on utility rate issues.

Mr. Jackson is also an accomplished author; his newest novel **Rainbow Bridge** is now available on Amazon.com and in selected bookstores and has won the prestigious Feathered Quill Award for animal-based literature.

### Water/Wastewater – Rate Studies and Long-Term Financial Plans

Mr. Jackson has served as project manager for over 400 water and wastewater rate studies and long-term financial plans. His clients have primarily been cities and public utilities located in Texas, Oklahoma, Arkansas, Arizona and across the USA. He has given over 300 public presentations on rate and long-term financial plans for city councils and ratepayers throughout the USA. His clients have ranged from Arizona and Texas border communities to Northwestern metropolises, rural water districts, urban suburbs and inner-city communities.

### Electric – Rate Studies and Financial Plans

Mr. Jackson has managed over 25 electric rate studies across the USA. He has helped set electric rate policy in 5 nations and has met with senior government officials and regulatory agencies to develop appropriate guidelines. He is frequently engaged by the Asian Development Bank to prepare electric tariff analyses and assess the impact of solar PV on the cost of service for Pacific utilities. He has provided expert witness testimony supporting electric rate designs.

### Solid Waste and Stormwater – Rate Studies and Financial Plans

Mr. Jackson has managed over 15 solid waste and 10 stormwater rate studies and financial plans, across the southwest United States and the Pacific Region. He has provided expert witness testimony supporting electric rate designs on numerous occasions.

### Water/Wastewater – CCN/ System Valuations and Acquisitions

Mr. Jackson has prepared approximately 50 water and wastewater CCN and system valuations, for the purpose of enabling utilities to acquire additional service territory. A critical component of these analyses was the impact of the acquisitions on the user rates for both existing ratepayers and the acquired territories.

### Water/Wastewater – Impact Fee Studies

Mr. Jackson has prepared approximately 25 water and wastewater impact fee studies for utilities throughout the United States.

**36 Years' Experience**

### International Experience

Mr. Jackson is recognized as an international expert on utility financial planning and tariff (rate) design by the World Bank and the Asian Development Bank. Under their direction, he has assisted in projects that have brought potable water to villages in developing nations. He has worked on these engagements in the independent nations of Fiji, Samoa, Palau, Kiribati, and the U.S. territories of American Samoa and the Commonwealth of Northern Mariana Islands. He has worked independently for water, wastewater and electric utilities in Guam, Tuvalu and the Kingdom of Tonga.

### Other

Mr. Jackson has prepared numerous additional utility financial analyses, including but not limited to: utility wholesale contract reviews, cost allocation studies, non-rate fee studies, lease vs. purchase, economic impact of desalination, telecommunications franchise fees, and the financial feasibility of reuse.

### Expert Witness Testimony

Mr. Jackson has served as an expert witness in over 20 cases before state court, federal court and Public Utility Commissions.

### Water/Wastewater – Rate Studies and Long-Term Financial Plans for which Mr. Jackson served as Project Manager

#### Texas – Dallas/Fort Worth

Allen	Frisco	Parker
Balch Springs	Garland	Plano
Burleson	Grand Prairie	Princeton
Cedar Hill	Hackberry	Prosper
Celina	Heath	Richardson
Coppell	Hutchins	Rowlett
Denison	Josephine	Royse City
Denton County FWSD 1A	Kaufman	Rockwall
Denton County FWSD 8C	Little Elm	Sachse
DeSoto	McKinney	Sherman
Duncanville	Mesquite	Venus
Fairview	Midlothian	Waxahachie
Ferris	Oak Point	

#### Texas — Statewide

Alamo Heights	Cibolo Creek Municipal	Galveston
Alvarado	Authority	Galveston County WCID
Amarillo	Combes	Groesbeck
Aqua Water Supply	Crystal Clear SUD	Harker Heights
Corporation	Del Rio	Hempstead
Beeville	Donna	Hewitt
Brownsville PUB	El Paso County WCID #4	Hondo
Brady	El Paso County Tornillo	Jonah Special Utility
Castroville	WCID	District
	Fairfield	Kempner WSC



Laredo  
Laguna Madre Water District  
La Villa  
Leander  
League City  
Liberty Hill  
Los Fresnos  
Marble Falls  
Marfa  
McLendon-Chisholm  
Mercedes  
New Braunfels  
North Fort Bend Water  
Authority

#### [Arizona](#)

Bisbee  
Buckeye  
Camp Verde Sanitary  
District  
Carefree  
Casa Grande  
Chino Valley  
Chloride Domestic Water  
Imp District  
Clarkdale  
Clifton  
Cottonwood  
Douglas  
Eagar

#### [Arkansas](#)

Bryant  
Conway  
Hot Springs

#### [Oklahoma](#)

Ada  
Altus

#### [International Regulated Utilities – Pacific and Caribbean](#)

Water Authority of Fiji  
Palau Public Utilities  
Corporation  
Kiribati Public Utilities  
Board

Paris  
Port Arthur  
Port of Houston Authority  
Primera  
Raymondville  
Robinson  
Robstown  
San Juan  
Schertz  
Seguin  
Selma  
Schertz-Seguin Local Govt  
Corporation  
Sonora

Eloy  
Florence  
Flowing Wells  
Improvement District  
Goodyear  
Holbrook  
Jerome  
Marana  
Miami  
Nogales  
Oro Valley  
Patagonia  
Payson  
Prescott

North Little Rock  
Wastewater Utility  
Russellville

Chickasha  
Edmond

EPC, Independent State of  
Samoa  
Commonwealth Utilities  
Corp Saipan

Southmost Regional Water  
Authority  
Tomball  
Troup  
Venus  
Waller  
West Harris County  
Regional Water Auth  
West University Place  
Webb County  
Whitehouse  
Winona  
Yancey Water Supply  
Corporation

Prescott Valley  
Quartzsite  
Queen Creek  
Safford  
San Luis  
Show Low  
Somerton  
Tombstone  
Tonto Village DWID  
Wellton  
Willcox  
Winslow  
Yuma

Hot Springs Village

Miami  
Pryor

American Samoa Power  
Authority  
Guam Power Authority  
Virgin Islands Telephone  
Company

Stormwater

Hot Springs, AR  
Hewitt, TX  
Prescott Valley, AZ

Bryant, AR  
Balch Springs, TX

Coppell, TX  
San Marcos, TX

Water/Wastewater – Impact Fee Studies

East Medina County  
Special Utility Dist, TX  
Cibolo Creek Municipal  
Authority, TX  
Crystal Clear SUD, TX  
Harlingen, TX  
Laguna Madre Water  
District, TX

Liberty Hill, TX  
Los Fresnos, TX  
Marble Falls, TX  
Mesquite, TX  
Seguin, TX  
San Luis, AZ  
Marana, AZ  
Wellton, AZ

Prescott, AZ  
Prescott Valley, AZ  
Yuma, AZ  
Hot Springs, AR

## Daniel D. Lanning, Sr.

### Senior Financial Analyst

#### **Education**

Bachelor of Science,  
Accounting, Bentley  
University, Waltham  
Massachusetts

#### **Areas of Expertise**

Management Consulting

Impact Fee Studies

Financial Analysis

Utility Rate and Cost Studies

Feasibility and Financial  
Analysis and Reporting

Expert Witness

Utility Regulation

#### **Affiliations**

American Water Works  
Association (AWWA)

Texas Section American  
Water Works Association

#### **Societies**

Member: AWWA Rates and  
Charges Committee;

Member Task Force Revising  
AWWA Manual M1 –Water  
Rates and Charges;

Member Task Force to  
prepare AWWA Manual M54  
– Developing Rates for Small  
Systems;

Past Member Task Force to  
edit/revise AWWA Manual  
M29 – Fundamentals of  
Water Utility Capital  
Financing

Water Environment  
Federation -- Past Member  
Financing and Charges for  
Wastewater Systems Task  
Force that prepared WEF  
Manual of Practice No. 27,  
Financing and Charges for  
Wastewater Systems.

#### **35 Years' Experience**

Mr. Lanning is a management consultant with over 35 years of domestic and international experience in utility financial/cost of service studies and energy efficiency and procurement matters. As a consultant, he has served as project manager, task leader, and key staff person on cost of service, impact fee, asset valuation, financial feasibility and management studies for public and private utilities. He has presented testimony before local and federal courts and state regulatory agencies supporting positions utility cost of service issues. He has served for the past decade on the AWWA Rates and Charges Committee. Prior to his consulting career, Mr. Lanning served as a member of the New Hampshire Public Utilities Commission staff where he held several positions including Assistant Finance Director, Chief Auditor, and a PUC Examiner.

#### **Water/Wastewater – Cost of Service and Rate Studies**

Mr. Lanning has developed and updated over 150 water, wastewater cost of service, rate and long-term financial planning studies for domestic and international government and private (IOU) entities. These studies regularly involve evaluating utility capital improvement plans, capital financing alternatives, operating statistics and budget reporting. Mr. Lanning also has significant experience designing computer financial models for utilities and other government entities. Example projects include: San Luis, AZ (W/WW and Solid Waste Rates); McKinney, TX (W/WW Rates); Richardson, TX (W/WW Rates); Richwood, TX (Wholesale Rate Design); and USAID (Bosnia and Herzegovina sector wide financial strengthening of water/ wastewater utilities).

#### **Stormwater and Solid Waste – Rate Studies and Long-term Financial Plans**

Mr. Lanning has led and participated in numerous important stormwater and solid waste financial, rate and cost of service studies and projects. These studies included developing fees for retail solid waste, tipping fees for landfills, and developing stormwater and wastewater fees utilizing impervious area data.

#### **Water/Wastewater - Impact Fees**

Mr. Lanning has prepared impact/capacity fee analyses in Texas, Arizona, and Massachusetts. Recent example impact/capacity fee studies include: Yuma, AZ; Marana, AZ; Seguin, TX; and Cibolo Creek Municipal Authority, TX. These studies required strict adherence with state statutes that include preparation of specific reports and participation in public meetings.

#### **Water/Wastewater – Asset Valuation**

Mr. Lanning has prepared numerous asset valuations for water and wastewater utilities. These studies were used as guide for asset sale/purchases or as part of cost of service studies that develop rates for wholesale customers.

#### **Energy – Procurement and Energy Management Project Feasibility**

Mr. Lanning has been a key participant in several energy deregulation and comprehensive energy management projects. These projects include evaluating energy cost savings from proposed projects and developing electric procurement strategies/policies. Example studies include: Dallas, TX and Houston, TX.



*D. Lanning*  
Resume Continued

**Professional Experience** Mr. Lanning has led and participated in over 100 important financial, rate and Impact Fee studies and projects as a consultant. A sample list of water and wastewater rate and solid waste analysis projects including:

- San Luis, AZ (W/WW and Solid Waste Rates)
- Yuma, AZ (W/WW Capacity/Impact Fees, Solid Waste)
- Winslow, AZ (W/WW Rates and Bond Feasibility Study)
- Douglas, AZ (Solid Waste Rates)
- Marana, AZ (W/WW Impact Fees)
- Camp Verde, AZ (W/WW Rates)
- Nogales, AZ (Water Cost Analysis)
- League City, TX (W/WW Rate Study)
- Rowlett, TX (W/WW Rate Study)
- Royse City, TX (W/WW Rate Study)
- San Juan, TX (W/WW Rate Study)
- Grand Prairie, TX (W/WW Rate Revenue Requirement Study)
- McKinney, TX (W/WW Rates)
- Frisco, TX (W/WW Rates)
- Amarillo TX (W/WW Rates)
- Laredo, TX (W/WW Rates)
- Brady, TX (W/WW Rates)
- Celina, TX (W/WW Rate Study)
- Rockwall, TX (W/WW Rates; Asset Valuation)
- Los Fresnos, TX (W/WW Rates)
- Balch Springs, TX (W/WW Rates)
- Hutchins, TX (W/WW Rates)
- University Park, TX (W/WW Rates)
- Highland Park, TX (W/WW Rates)
- Schertz, TX (W/WW Rates)
- Beeville, TX (W/WW Rates)
- West Harris Regional Water Authority, TX (Wholesale Water Rates)
- Plano, Garland, Richardson, Mesquite, TX (Evaluation of Wholesale Water Contract)
- Fairview, TX (W/WW Rates)
- Richardson, TX (W/WW Rates)
- Schertz Seguin Local Government Corporation (Wholesale W Rates)
- Seguin, TX (W/WW Impact Fee)
- Liberty Hill, TX (W/WW Impact Fees)
- Hot Springs, AR (W/WW Impact Fees and Non-Revenue Water Audit)
- Cibolo Creek Municipal Authority, TX (W/WW Impact Fees and WW Rate Analysis)
- Fort Worth, TX (W/WW Impact Fees)
- North Little Rock Wastewater Utility, AR (WW Rate Study)
- Westminster, CO (W/WW Rates)
- Duluth, MN (WW Rates)
- Lansing, MI (CSO Value Engineering Study)
- Oswego, NY (W/WW Rates)
- New Bedford, MA (CSO Affordability and SRF Funding Application)
- Brewer Water District, ME (W Rates)
- Los Angeles Department of Water and Power (Integrated Resource Plan – Financial Model)
- Fort Worth, TX (Wholesale Rates & Contract Negotiations)
- Falls Church, VA (Utility Asset Valuation)
- USAID (Bosnia and Herzegovina sector wide financial strengthening of water/ wastewater utilities)
- Waller Lansden Dortch, & Davis, LLP (Representing Trustee of Jefferson County, AL sewer debt)
- OK Foods Inc., Muldrow, OK (W Rates)
- Corporation (IFC) and Egyptian Ministry of Housing, Utilities & Urban Developments (Purchase Feasibility Study)
- City of Nashua, NH (Negotiation Support - Purchase of Private Water System)
- Midlothian, TX (W/WW Rates)

## Dennis Goral

### Senior Project Analyst

#### **Education**

*Double Bachelor of  
Science, Finance and  
Economics, University of  
Texas*

Mr. Goral is a Senior Analyst with 5 years of municipal utility analysis experience and 2 years in financial and economic analysis experience. His consulting experience includes a variety of projects associated with public water, wastewater, reclaimed water, sanitation, natural gas, and electric utility systems throughout the United States and Pacific Islands.

#### **Areas of Expertise**

*Rate Studies*

*Rate Design*

*Dynamic Computer  
Modeling*

*Dashboard Design*

Mr. Goral has been involved with many different facets of project analysis for water and wastewater utility systems including data gathering, dashboard development, dynamic model development, sensitivity analysis, cost-benefit analysis, alternative analysis, demographic analysis, consumption analysis and rate design. Additionally, he has been involved in model development and analysis for cost allocation and user fee studies.

He has special expertise in dashboard development and dynamic model development. In addition, Mr. Goral has an extensive working knowledge of Microsoft Excel and the ability to perform detailed and complex analyses. He has experience in presenting complex information in a simple and easy to understand way.

*Cost of Service Studies*

*Alternatives Analysis*

*Advanced Excel*

*Cost Allocation Studies*

*User Fee Studies*

#### **Clubs and Organizations**

*GFOAT, Government  
Finance Officers  
Association of Texas*

*SEED, Student  
Entrepreneurs and  
Economic Development*

*SIFE, Student in Free  
Enterprise*

*Alpha Beta Gamma,  
Business Honors Society*

#### **Honors and Awards**

*Lowe's Community  
Improvement Grant  
for Collin Community  
College, 2011*

### Representative Client Listing

The following is a listing of Mr. Goral's water and wastewater related project experience accumulated in the past four years:

City of DeSoto, TX

City of Balch Springs, TX

City of Donna, TX

City of McKinney, TX

City of Schertz, TX

City of Fairview, TX

City of Altus, OK

City of Winslow, AZ

City of Cedar Hill, TX

City of Frisco, TX

City of Coppell, TX

Town of Camp Verde, AZ

City of Allen, TX

City of Amarillo, TX

City of Brady, TX

City of Edmond, OK

City of Florence, AZ

City of Laredo, TX

City of Leander, TX

City of Los Fresnos, TX

City of Somerton, AZ

Town of Prosper, TX

City of Castroville, TX

City of Crandall, TX

City of Hutchins, TX

City of Midlothian, TX

City of Springtown, TX

City of Royse City, TX

City of Buckeye, AZ

Schertz-Seguín Local Government Corporation, TX

Water Authority of Fiji, Fiji

City of Plano, TX

Commonwealth Utilities Corporation, Saipan

City of San Luis, AZ

City of Rowlett, TX

City of Russellville, AR

Town of Springerville, AZ

City of Tomball, TX

City of Tornillo, TX

City of College Station, TX

Denton County Fresh Water Supply District 1A, TX

LAZY 9 MUD 1A, TX

City of New Summerfield, TX

City of Princeton, TX

Town of Carefree, AZ	City of Mesquite, TX
City of Duncanville, TX	City of Alamo Heights, TX
City of Rockwall, TX	Denton County Fresh Water Supply District 8C, TX
City of Ada, OK	City of Brownsville, TX
City of Eloy, AZ	City of Ferris, TX
City of Goodyear, AZ	City of Grand Prairie, TX
City of Liberty Hill, TX	City of Marble Falls, TX
City of Port Arthur, TX	City of Seguin, TX

### Cost Allocation and User Fee Related Project Experience

City of Missouri City, TX	City of Mesquite, TX
City of DeSoto, TX	Town of Sunnyvale, TX
City of San Luis, AZ	City of Coppell, TX
City of Bedford, TX	City of Port Arthur, TX

### A few recent projects that are relevant include:

**City of Coppell, TX – Stormwater, Water and Wastewater Rate Study and Cost Allocation Plan Analysis** (Senior Financial Analyst, 2017, 2019, 2020-2021): Mr. Goral prepared a water and wastewater rate analysis and report for the City of Coppell in 2017. The report included recommended rates and a financial plan for the next 10 years. In 2019, Mr. Goral, prepared a stormwater rate analysis for the City. In 2020, Mr. Goral, prepared a water and wastewater rate update and a cost allocation plan analysis for the City.

**City of Frisco, TX – Solid Waste, Water and Wastewater Rate Study** (Financial Analyst, 2017): Mr. Goral prepared a comprehensive water and wastewater rate study and long-term financial forecast for fiscal year 2017 and beyond. The City was experiencing rapid growth and needed to plan for and fund the significant level of growth it expects to experience in the next decade. Several alternative rate structures were developed and an impact analysis of these alternative on customers and the City were provided. Additionally, Mr. Goral helped develop the solid waste model for the City.

**City of San Luis, AZ – Solid Waste, Water and Wastewater Rate Study and Cost Allocation Plan Analysis** (Senior Financial Analyst, 2019, 2020): Mr. Goral prepared a solid waste, water and wastewater rate analysis and report for the City of San Luis. The report included recommended rates and a financial plan for the next 10 years. The study included evaluations of alternative rate structures and an impact analysis of recommended rate increases on customers. Also, in 2020, Mr. Goral prepared a cost allocation plan analysis for the City.

**City of Leander, TX – Water and Wastewater Rate Study** (Senior Financial Analyst, 2020-2021): Mr. Goral prepared a comprehensive water and wastewater rate study and long-term financial forecast for fiscal year 2021 and beyond. The City was experiencing rapid growth and needed to plan for and fund the significant level of capital improvements expected in the next decade. The City had many unique issues such as unique wholesale contracts and outside city utility basis calculation. Several alternative rate structures were developed and an impact analysis of these alternative on customers and the City were provided.

## 4. Proposed Approach

### Project Approach

Willdan understands that the City of Laredo (“the City”) seeks a *comprehensive* water, wastewater rate study with a *rate schedule and long-term financial plan that maintains its integrity for at least five years*. The overall objective is to establish user rates and charges that are sufficient to meet future system revenue requirements including *capital improvement needs*, debt service coverage, *operating costs (including cost of water delivered and wastewater treated)* and non-operating costs, and minimum operating reserves (typically 60 - 90 days). The project team will also work with the City to establish rates around a broader set of goals and objectives, including but not limited to financial/rate stability, *conservation, consumption characteristics of the utility’s customer classes*, and minimizing customer impacts and maintaining competitive rates with neighboring communities.

To accomplish these overall goals and objectives for the rate study, our team’s approach will utilize the “generally accepted” cash basis rate setting methodology as delineated in AWWA’s Manual M1 for the water utility and WEF MOP No. 27 for the wastewater utility.

The rate study project team will collect from staff such standard inputs as *account growth projections*, historic and forecast adjusted water and wastewater and consumption (billing units), outstanding debt service schedules, the current CIP that separates growth and replacement projects, account/usage/revenue data from the City’s billing system, and current budget information to develop the forecast of future costs. The information developed during the course of this rate study will allow the City to choose *alternative capital plans* that will minimize the impact on all classes of ratepayers, while still allowing it to meet the increasing expense demands of operations and environmental standards and regulations.

Upon finalization of the inputs outlined above, the project team will prepare comprehensive 10-year forecast Excel based rate and impact fee models that will present alternative long-term water and wastewater rate plans *sufficient to fund operating expenditures, the forecast CIP and debt service*.

Our rate model will allow the City to test a variety of “what-if” alternatives. This is especially useful in *testing the affordability of the capital improvement program*, allowing the user to turn new projects “on or off” in the model, change the costing with updated information, delay their funding, or look at cash vs. debt vs. fee-funding alternatives and their impact on affordability.

**Our deliverables will include written reports that is understandable to those who are not impact fee, ratemaking or financial professionals.**

The *rate study report* will have an executive summary that succinctly documents the rate study’s findings and recommendations. We will also prepare a separate *impact fee report* for City staff to review that documents each step of the analysis, including schedule of maximum justified fees by facility type and land use category.

The final deliverable will include preparations and separate delivery of rate study and impact fee *presentations to City Staff and City Council* and work with the City on the public involvement process, and we will work tirelessly with staff to ensure that our recommended alternatives are successfully implemented.

## 5. Proposed Scope of Work

### Work Plan

This section presents our work plan for performing the major tasks required to successfully conduct a Water and Wastewater Rate Study engagement. Assuming timely responses to information/data requests by the City, **we will complete the rate study work plan in 14 weeks.** The period required to accomplish each work plan task is listed in the task header. Many of these tasks will be performed in tandem so the sum of each task's level of effort will not necessarily match the 14-week completion commitment.

Task I: Project Kick-off, Data Acquisition and Assessment	4 Weeks
---	---------

The project team will meet with City staff at the outset of this project. The purpose of this meeting will be to familiarize ourselves with current practices and procedures, discuss the City's goals and objectives, review requirements for completing each task, establish responsibilities and lines of communication, and refine the work plan and schedule. We have found in our prior studies that these meetings are extraordinarily beneficial in terms of gathering required data, finalizing study objectives, and ensuring that the goals of both the project team and the City are synonymous.

During this meeting we will discuss the methodology to be used in the rate study process and describe the steps Willdan will take to produce a realistic rate structure plan recommendation and financial forecast.

**NOTE: Gathering this data and attending the kick-off meeting and work sessions with the project team represents the bulk of the time required by City staff.**

The project kick-off meeting will be followed by a detailed review of data, materials, reports, studies, etc. developed by/or for the City available to support the cost-of-service rate study. We will provide a preliminary data request list to initiate data collection and organization. This will be a comprehensive data request (i.e. a "wish list") and we realize that not all elements may be readily available. Therefore, if City staff finds that the level of effort required to fulfill this data request is excessive, we will discuss with staff alternative methods of obtaining the same or similar data with less effort. Our goal is to obtain the required data while minimizing the required staff effort, as we recognize that City staff have many other duties and responsibilities. Our familiarity with the City of Laredo's billing system and accounting software from our previous engagements will greatly assist us in this endeavor.

During this initial site visit the project team will tour City facilities and meet with the appropriate City staff. *In addition, the project team will be available to meet with other City representatives, as deemed appropriate by City staff.*

Task II: Demographic Analysis	3 Weeks
-------------------------------	---------

The project team will prepare a comprehensive demographic analysis of ratepayers as a pretext to the development of Water and Wastewater rate plans. This is a standard feature of our rate studies, as it provides information that is critical in establishing a framework for determining the appropriateness of potential rate adjustments.

The project team will develop current data on:

- Number of households;
- Average Water and Wastewater monthly bill, both total and as a percentage of household income;
- Monthly Water and Wastewater charges for other representative utilities in the City's area and throughout the state of Texas

The data developed in this section will help City staff and other decision-makers gauge the relative burden of Water and Wastewater monthly charges and connection fees in the City as compared to similar Texas utilities. This will help determine the sensitivity and reasonableness of alternative rate and fee adjustment proposals. It will also be useful information to present at any public hearings.

Task III: Determine Revenue Requirements	6 Weeks
--	---------

In this task, the project team will determine overall revenue requirements for the current year and for a ten-year forecast



period. Requirements will reflect the City's current policies and practices regarding appropriate levels of fund balance, interfund transfers, and capital financing (including debt service coverage levels and debt-to-equity ratios). Accordingly, revenue requirements that will meet financial performance measures will be determined.

**The first step in this analysis is to gain historical perspective on the City's system.** This includes *historical analysis of the data provided in response to the data request (Task I) such as current and historical volumetric data, customer and account data, budgets, financial statements, capital expenditures, customers, debt service, historical Water and Wastewater rates, current rates, rate setting procedures, and historical cost analysis for producing potable water and treating sewer.*

Total revenue requirements for the Water and Wastewater utilities will be calculated after analyzing the data outlined above. *The revenue requirements consist of the total cost to provide this service, including operation and maintenance (O&M) costs (treated water, wastewater treatment and O&M of the City's utility system), transfers to the General Fund, debt service requirements (including coverage requirements) on existing and any proposed new debt funding current and planned capital, direct capital outlays financed by rates, and other financial needs.*

O&M costs will be projected by detailed expenditure categories and, if necessary, by component system. These projections will be based on past trends, expected inflation levels, new facilities that may affect operating costs, changes in the customer base, and other factors. We will also consider the levels of cash reserve funding required for the Water and Wastewater system operations in our determination of the revenue requirements.

*The development of a reasonable set of assumptions concerning future capital spending for repairs and replacements and system expansion is one of the most critical elements of the revenue requirement.* The project team will discuss all components of this category with City staff, including the expected amount of CIP, funding alternatives (i.e. pay-as-you-go vs. long term bonds), expected reserve requirements, and coverage requirements. This data should be readily available from the City's recent Water and Wastewater Master Plan. It is essential that all parties agree on the reasonableness of these assumptions, since they will have the greatest impact on the recommended rate alternatives. As noted earlier, this involves balancing what needs to be spent from an operations/engineering perspective with the willingness and ability of ratepayers to pay. *Finally, the project team will discuss with City staff the types of additional capital improvement projects that may be required and the timing and source of funding for each.*

The project team will also analyze and incorporate data from the City's master plan involving secondary water from the City's regional ground water sources, as well as reuse water and the "purple pipe" distribution network. Our model has an existing module for calculating the cost of providing reuse water, which is becoming an increasingly important component of water and wastewater service across Texas.

Once the total costs of providing Water and Wastewater service have been calculated, these costs will be compared to the actual billing and collection for the past several fiscal years. This will have the effect of determining both the adequacy of the billing and collection procedures in effect, and the degree to which customers are currently paying the costs of providing this service.

#### Task IV: Determine User Characteristics and Customer Classes

6 Weeks

A fundamental principle of cost-of-service ratemaking for Water and Wastewater utilities is for costs to be allocated to user groups based on the demands each group places on the system. For water service, demands are typically measured in total volumes and peak volumes. For wastewater service, demands usually are measured in terms of customer flows and sewage strength characteristics that determine wastewater treatment plant influent loadings. These demands are collectively referred to as "user characteristics". This task involves determining the appropriate groupings of customers so that customers with similar user characteristics populate the same customer class. For cost-allocation purposes, customers are grouped into different classes based on differences in their user characteristics. We will evaluate the various rate classes of residential, and commercial customers, and their demands for services. The development of information for grouping customers and allocating costs to specific customer groups is an essential step in the ratemaking process, to determine the impact each class's peak demand has on the cost of providing service and ensure that costs will be recovered in direct proportion to their use of the system. As with all our studies, the AWWA Manual M-1 will provide the framework for our allocation methodology.

The determination of customer user characteristics as noted above will include a careful review of the City's sales volume histories and forecasts. The volume data must be considered as a whole and separately for each defined customer class.

Methodologies for projecting revenues will be assessed to confirm appropriate accounting for expected growth, lost and unaccounted for water, inflow and infiltration, and normal weather conditions. Historical wastewater flow and loadings data will be used to determine flows and loadings for the system and individual customer classes.

The project team will finalize 10-year projections of sales/demand volumes that will then be used to calculate projected revenues under current rates for the rate forecast period. This step is often referred to as a revenue test.

#### Task V: Cost Functionalization, Classification and Allocation

3 Weeks

In this task, the project team will calculate the cost of water and wastewater distribution/collection and treatment, based on the information gathered in previous tasks. As discussed in Task III, these costs include such categories as O&M (personnel, chemicals, engineering, administrative, equipment maintenance, vehicles, materials, etc.), reserves, debt service, and capital outlays funded by rates (assuming that the cash basis is utilized). These costs will then be assigned to individual customer classes through a three-step apportionment process.

These steps are referred to as "functionalization," "classification" and "allocation." **Functionalization** involves the categorization of utility costs according to the utility functions these costs are incurred to perform. Typical functions include treatment, distribution/collection, administration, reuse, and customer billing. **Classification** is the apportionment of functionalized utility costs according to the types (or classes) of demands served by the utility. Water Environment Federation (WEF) and U.S. Environmental Protection Agency (EPA) methods classify water costs on peaking factors, and wastewater costs according to flow, biochemical oxygen demand (BOD) loadings, and total suspended solids (TSS) loadings. **Allocation** is the assignment of classified utility costs to individual customer classes. Costs are allocated proportionately to customer classes based on their contributions to total utility system demands.

Under typical circumstances, *standard industry ratemaking principles and practices as outlined in AWWA and WEF ratemaking manuals serve as the foundation for cost allocations to customer classes*. These industry manuals are not prescriptive and recognize the need to afford utility decision makers the flexibility to reflect local circumstances.

#### Task VI: Alternative Rate Designs for Current Year and 10-year Forecast

5 Weeks

After allocating costs to customer classes, a plan will be developed for evaluating rate design options that will recover allocated water and wastewater costs, including O&M, debt service, general fund transfers and reserve requirements. The project team proposes that for ease of evaluation the rate design process be segregated into a two-step process. During this task, the current year and forecast rate design alternatives will be presented separately. This will enable City staff to evaluate both its immediate short-term needs and its longer-term needs under each alternative.

In addition, the project team will develop and establish the current and forecast system averages for charges and fees. This will provide the City with a general guideline for customer charges needed to recover the revenue requirement.

We intend to consult closely with City officials to develop a consensus on the appropriate rate designs for each alternative. In this task, we also intend to accomplish the following objectives:

**Importantly, we will ensure that any proposed rate design can be easily incorporated into the City's billing system.**

- Determine whether any rate classes are subsidizing the others, e.g., retail versus bulk, and the degree to which any subsidy is equitable;
- Discuss/recommend rate structure options that balances the goals of promoting conservation, increasing stability of revenue recovery and allows for ease of administration;
- Provide a detailed delineation of the advantages and disadvantages of each alternative and develop strategies for implementing significant rate changes in order to reduce any adverse impact on specific customer classes;

- Provide projected impact that the proposed rate structure will have on future consumption patterns;
- Calculate the impact of any proposed “transition period” into the new rates;
- Compare the recommended rates to the City’s historical rate structure; and
- Prepare the cost of water and wastewater service per customer bill based on any new rate designs (also known as a “bill impact analysis” which is commonly performed in our rate studies) that will illustrate and compare recommended rates with current rates, i.e., determine the financial impact that each option has on each customer class.

We will also present a separate summary of potential alternative rates for reuse water. There are various alternative philosophies for charging for reuse water, ranging from strictly cost-based rates to “replacement” rates (equivalent to the cost of replaced water) to discounted rates intended to encourage the use of reuse water. All approaches will be analyzed, presented and discussed with City staff.

In instances where cost-of-service-based changes in revenue responsibility will result in significant rate increases for any one customer class, the merits of implementing rate changes over a multi-year period will be discussed with City staff. If appropriate, multi-year rate transition plans will be developed that meet, to the extent possible, expressed criteria for rate change acceptance.

The project team will meet with City officials prior to unveiling any recommendations to Council or the public in order to go over the initial alternatives and to make any revisions as deemed appropriate by City staff and management.

Another key to this analysis will be to determine the extent to which *the rate designs under each alternative will cover the cost of the City’s capital improvement plan* and the resulting impact each alternative will have on the cost of providing service. The forecast alternatives will provide a roadmap to the types of future rate changes that may be necessary to meet these and other financial obligations.

#### **Task VII: Prepare and Present Draft and Final Reports and Rate Model**

**5 Weeks**

*The project team will prepare a straightforward and concise draft and final rate study report.* The report will include documentation of the analyses conducted for each study task as well as recommendations for implementation, administration, and future updating. The report will provide detailed information on the determination of revenue requirements, and document allocations of revenue requirements to functional parameters and customer classes. The steps in the rate calculations will be described clearly so that there is a full understanding/communication of the technical steps and assumptions contained in the determination of the rates.

*The project team will present and review the draft report with City officials.* The report will then be revised to incorporate comments compiled by the City. A final report based on this review in a well written, easy-to-follow format will be submitted to the City. Ten bound copies will be presented to the City. The final report and recommendations will be supported by a functioning rate model. The model will be designed in Microsoft Excel and will have an executive dashboard that will allow the user to make input adjustments and immediately see the financial impacts those adjustments have on the utilities. We have provided a more detailed description of the model below, following Task IX discussions.

#### **Task VIII: City Council Meetings**

**3 Weeks**

*The results of the rate study will ideally be presented to the City Council during a Council work session as this gives members an opportunity to focus on this very important topic and ask questions freely.* This presentation will be provided in order to offer the supporting rationale for the proposed rates and to address any questions and/or concerns raised by Council members and residents prior to action being taken on the proposed rates and charges. It is anticipated that the workshop would be followed by a presentation in a public Council meeting and a scheduled public hearing. PowerPoint presentations will be used in each of our presentations.

With the approval of staff, *we are prepared to conduct the following formal meetings with the City:*

- *An initial staff meeting to review project goals and data requirements (with additional meetings with staff as necessary during the analysis segment of this project),*

- *A formal staff meeting to review preliminary findings and recommendations, and to make adjustments as necessary based on staff input,*
- *A workshop with the City Council to review initial findings and recommendations,*
- *A final meeting and public hearing with Council to approve the chosen rate plan.*

Our project team is a strong advocate of the need for a comprehensive public involvement program to accompany any changes in the City's rates. We will assist the City in developing marketing materials to present to the public related to any rate changes proposed. It is important that the ratepayers have a proper understanding of the reasons for any proposed rate changes, and the impact of these changes on their monthly bills. It is also important for City staff to reach out to the public, to solicit comment and input, to determine the preferences among ratepayers as to alternative rate structures, and to ensure that accurate information is disseminated among the community.

#### Task IX: Project Management and Quality Control

14 Weeks

The cost-of-service rate study for the City will be effectively managed through a variety of project planning and monitoring tools, including the project budget and schedule and regular project progress reporting.

Our project team consists of experienced senior-level professionals who have conducted dozens of cost-of-service and financial studies for clients over the past two decades. This is not a team composed of one senior person and little-experienced staff; all team members are seasoned professionals who know how to complete a study on time and on budget.

Willdan's perspective on technical and logistical issues is based on and consistent with common quality assurance and quality control (QA/QC) business standards. Although the QA/QC concept has historically been applied to manufacturing and engineering standards, the concept can also be applied to utility services such as those proposed herein.

For service-oriented businesses, quality control (QC) is any procedure or set of procedures intended to ensure that a performed service meets the requirements of the client or customer. Similarly, but not identical, quality assurance (QA) is defined as a procedure or set of procedures intended to ensure that a service under development (before work is complete, as opposed to afterwards) meets specified requirements. An effective quality assurance system will increase customer confidence, enhance a company's credibility, improve work processes and efficiency, and enable a company to better compete with others. For Willdan, the QA/QC concept is based on overall "Company Quality." This concept includes a focus on the client, the company personnel, and the final product. Willdan has realized that success is only possible if the project manager leads the quality process by example. As such, the company-wide quality approach places an emphasis on three aspects:

1. **Communication** – This is actually a reoccurring theme behind each Willdan procedure and activity. We believe that frequent and open communication, both with the client and our own personnel, is the true key to completing a successful project engagement. Specific communication measures utilized by Willdan during the course of the project include active discussions and e-mail correspondences during the data acquisition stage of the project, periodic status reports, meetings to review assumptions and projections, conference calls as necessary to ensure that those involved in the process are "on the same page," and delivery of study output in portions as completed, to allow for an effective review by staff.
2. **Relationships** – Although this proposal document places specific attention on the project as defined in the RFP, one of our primary goals with any new project is to develop a positive relationship with the client. While the key to the success of a project is communication, the key to the success of Willdan is the client relationship. Of course, there is direct correlation between items 1 and 2 because communication and a successful project are the foundation for a long-term relationship.
3. **Product** – For a rate study project, the final deliverable is generally considered to be the rate study report, provided upon project completion. However, there are many other elements that lead to the development and generation of the final report. Of these other elements, the rate model (and applicable software) represents the primary component in the development of the utility rate analysis. As such, the development of the rate model is where much of the QA/QC efforts are focused. Specific measures utilized by Willdan during the course of the project to ensure that the data provided and final rate model is accurate and complete include performing internal peer reviews for calculation

accuracy, reviewing data input information with City staff (e.g. historical customer data, budgets, financial reports, capital improvement program, etc.), walking staff members through the model for understanding and auditing, and actively seeking reviews and revisions from each participating project team member. As a result of such upfront due diligence, the possibility of significant inaccuracies is mitigated.

## Deliverables

Based on the objectives as the scope of work presented above, the project team will provide the following project deliverables:

1. A formal, documented, and detailed schedule outlining the analysis, report development and public involvement process associated with this study. *This schedule will include periodic meetings with City Officials to provide updates, discuss issues, preliminary findings, and recommendations.*
2. Up to 10 bound copies (upon request of the City) and an electronic PDF copy of a final rate study report that documents the results of the project, the recommendations presented in accordance with the objectives stated above, and detailed support for all conclusions. The report will describe the process used to:
  - Determine revenue requirements during the test year and 10-year forecast period. Revenue requirements include the *water and wastewater utility's operations and maintenance costs*, capital needs/outlays funded by rates, debt service for capital needs funded by rates, reserve requirements for emergency/shortfalls and rate stabilization, non-rate revenues, and other pertinent utility costs.
  - Allocate costs between customer classes and functional areas. The revenue requirements will first be allocated to functional areas, including water treatment, water distribution, wastewater treatment, wastewater collection, customer service, administration and billing. *These costs will then be allocated to the customer classes based on their system historical billing units. This is the first step in distributing costs on an equitable basis by customer category.* The calculation of these costs for the test year will be a crucial stepping-stone in the forecast of these costs over the next five years.
  - Present alternative rate structures to the Mayor, City Council and City staff based as stated above on revenue requirements, cost of service, current standards, and customers' ability to pay. We anticipate that the final rate plan will be developed as a result of consensus between staff, governing bodies and the project team at the close of the public hearings.
  - PowerPoint presentations will be used in each of our presentations. We are prepared to conduct the following formal meetings with the City:
    - *An initial City management and staff meeting to review project goals and data requirements (with additional meetings with staff as necessary during the analysis course of this project);*
    - *A formal meeting to review preliminary findings and recommendations, and to make adjustments as necessary based on City staff input;*
    - *A workshop with the City Council to review initial findings and recommendations;*
    - *A final Council meeting/public hearing to explain to the public the rationale behind and benefits of the proposed rate plan and at which the Council will adopt the rate plan.*

2) Project Manager review; and

3) Final quality assurance manager review.

Peer reviews involve one analyst reviewing the work of another, while project manager reviews are conducted prior to delivery to the quality assurance manager. The quality assurance manager then performs a final review. This assures that our final product has been thoroughly evaluated for potential errors; thus, providing quality client deliverables, and high levels of integrity and outcomes.

The primary mission of our quality control plan is to provide staff with the technical and managerial expertise to plan, organize, implement, and control the overall quality effort, thereby ensuring the completion of a quality project within the time and budget established.








Quality Assurance Goals	
Goal	Task
Quality Assurance / Control Process	<ul style="list-style-type: none"> <li>Establish a set of planned and systematic actions for maintaining a high level of quality in the professional services performed;</li> <li>Emphasize quality in every phase of work;</li> <li>Ensure efficient use of resources;</li> <li>Establish a consistent and uniform approach to the services performed; and</li> <li>Implement appropriate quality control measures for each work task of the project.</li> </ul>
Quality Control Plan	<ul style="list-style-type: none"> <li>Contract deliverables;</li> <li>Specific quality control procedures;</li> <li>Special quality control emphasis;</li> <li>Budget and manpower requirements;</li> <li>Overall project schedule and budget; and</li> <li>Project documentation requirements;</li> </ul>

## Project Disclaimer

While Willdan Financial Services is an SEC-registered Municipal Advisory (MA) firm, this engagement does not include Willdan serving as the City's financial advisor. If approved for this project, the City of Laredo will represent, acknowledge, and agree that:

- (i) The City uses, or may use, the services of one or more municipal advisors registered with the U.S. Securities and Exchange Commission ("SEC") to advise it in connection with municipal financial products and the issuance of municipal securities;
- (ii) The City is not looking to Willdan to provide, and City shall not otherwise request or require Willdan to provide, any advice or recommendations with respect to municipal financial products or the issuance of municipal securities (including any advice or recommendations with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues);
- (iii) The provisions of this proposal and the services to be provided hereunder as outlined in the scope of services are not intended (and shall not be construed) to constitute or include any municipal advisory services within the meaning of Section 15B of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations adopted thereunder;
- (iv) For the avoidance of doubt and without limiting the foregoing, in connection with any revenue projections, cash-flow analyses, feasibility studies and/or other analyses Willdan may provide the City with respect to financial, economic or other matters relating to a prospective, new or existing issuance of municipal securities of the City, (A) any such projections, studies and analyses shall be based upon assumptions, opinions or views (including, without limitation, any assumptions related to revenue growth) established by the City, in conjunction with such of its municipal, financial, legal and other advisers as it deems appropriate; and (B) under no circumstances shall Willdan be asked to provide, nor shall it provide, any advice or recommendations or subjective assumptions, opinions or views with respect to the actual or proposed structure, terms, timing, pricing or other similar matters with respect to any municipal financial products or municipal securities issuances, including any revisions or amendments thereto; and
- (v) Notwithstanding all of the foregoing, the City recognizes that interpretive guidance regarding municipal advisory activities is currently quite limited and is likely to evolve and develop during the term of the potential engagement and, to that end, the City will work with Willdan throughout the term of the potential Agreement to ensure that the Agreement and the services to be provided by Willdan hereunder, is interpreted by the parties, and if necessary amended, in a manner intended to ensure that the City is not asking Willdan to provide, and Willdan is not in fact providing or required to provide, any municipal advisory services.

## Project Management Approach

Project Management				
				
Define the project	Plan the project	Manage the project	Review the project	Communicate the project
<ul style="list-style-type: none"> <li>Identify the project scope, set objectives, list potential constraints, document assumptions.</li> <li>Define a course of action and develop an effective communication plan.</li> <li>Provide a forum for applying the team's collective expertise to solving difficult analytical issues that arise in complex projects.</li> </ul>	<ul style="list-style-type: none"> <li>Collaborate with the project team and client staff and agree upon timeline to meet the estimated project timeline.</li> <li>Assign workload functions to appropriately qualified staff to ensure milestones are met, on time.</li> <li>Pre-schedule quality control meetings with project team to maintain the progressive motion of the project.</li> </ul>	<ul style="list-style-type: none"> <li>Manage the execution of the project.</li> <li>Direct existing and upcoming project tasks.</li> <li>Control and monitor work in progress.</li> <li>Provide feedback to client and project team.</li> <li>Identify and resolve deviances from project timeline.</li> </ul>	<ul style="list-style-type: none"> <li>Review all work product and deliverables.</li> <li>Utilize structured quality assurance process involving up to three levels of review at the peer level, project manager level.</li> <li>Procure executive officer level review.</li> </ul>	<ul style="list-style-type: none"> <li>Communicate with the client regarding work status and progress.</li> <li>Ensure client is in receipt of regular status updates.</li> <li>Schedule regular conference calls to touch base.</li> <li>Inform client of roadblocks, work outside of projected scope.</li> </ul>

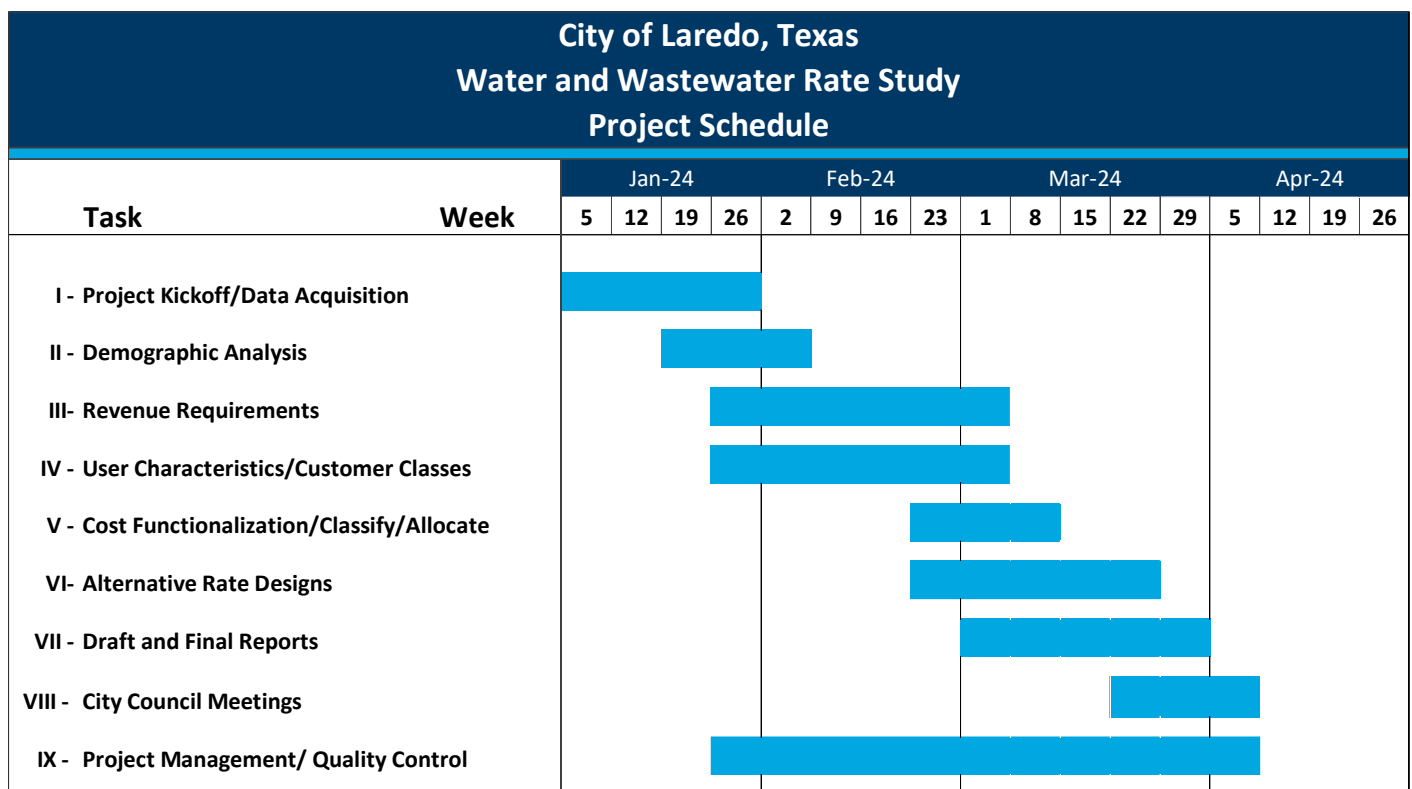
## Proposed Schedule

Willdan prides itself on being responsive to customer needs. In line with this core belief, we will work within the timeline identified within the City's RFP.

It is important to note that completion of the tasks within this expedited timeframe will depend to a great extent upon the availability of required data from the City, and the ability to schedule meetings in a timely manner with City staff and Council. In order to assist with the process, we will prepare an initial request for information for the City and submit it in advance of the project kick-off workshop, to aid the City in compiling the data needed. We generally can deliver preliminary recommendations within 60 days of receipt of all data.

Based on these factors and our current understanding of the solicitation, Willdan has developed the following preliminary project schedule as shown on the chart below. The chart assumes that the project begins the first week of January 2024, after the end of the Christmas holidays. Under this assumption final deliverables will be provided by April 2024.

It should be noted that **this schedule is heavily dependent on the timely receipt of information from the City**. Any delays in receiving requested data may lead to delays in completion of the project.



## 6. References

### Similar Projects

#### City of Laredo, TX | Water and Wastewater Rate Study; 2017,2019, 2021

Willdan was engaged to conduct a wastewater rate study in early 2017 by the City of Laredo. This study was later expanded to include the water utility as well. The City was experiencing a significant amount of new growth, which is impacting revenue and cost structure. Additionally, the City required the construction of substantial new wastewater treatment facilities to service the actual and forecast growth. Another major concern is the increasing need to develop new water resources to service future population. The project team has worked extensively with staff and Council members to design a comprehensive rate plan that will recover the revenues required to fund increasing expenses and capital improvements. The Council adopted the project team's recommendations.

In 2019 Willdan was engaged again to prepare an update to the rate study and financial plan. This included a new five year forecast and the development of a multi-family rate. The project team presented its findings to the City Council in April 2019.

In 2021 the City engaged Willdan again to analyze the impact of its master plan on the City's utility fund and long-term rate plan. The project team conducted an extensive analysis and the Council was briefed on our findings in November 2021.

Through its various engagements the project team has developed an extensive knowledge of the City's operations, master plans and utility finances. The project team has also earned the confidence of the City Council, as demonstrated by the Council's repeated adoptions of the project team's recommendations.

**Client Contact:** Mr. Michael Rodgers, Assistant Director Utilities Department  
5816 Daugherty, Laredo, TX 78041  
Tel #: (956) 721-2000 | Email: [mrodgers@laredo.tx.us](mailto:mrodgers@laredo.tx.us)

#### Brownsville PUB, TX Water and Wastewater Rate Study; 2020-2021

After a competitive bidding process the Brownsville PUB engaged Willdan to conduct a comprehensive water and wastewater rate study and long-term financial plan. The City has experienced significant growth and requires hundreds of millions of dollars of capital improvements to fund both growth and maintenance. Additionally, the PUB has a significant number of outside city customers and required a rate to be put in place that was fair, just and reasonable. Finally, the PUB sought to develop a rate for its Resaca customers to ensure that they were paying for the cost of water they were extracting.

The project experienced delays due to the COVID-19 shutdowns of 2020, but was back on track by late 2020. The project team completed its analysis and presented its results, including the imposition of a multi year rate plan, in late 2021. The City Council must adopt the Board's recommendation, and that is expected to occur in early 2021.

The PUB has recently engaged Willdan to prepare a new analysis of Resaca-related costs and their impact on the City's overall rate plan. This engagement is currently under way.

**Client Contact:** Mr. Miguel Perez, Chief Financial Officer  
1425 Robinhood Drive, Brownsville Texas 78521  
(956) 983-6173 | email: [mperez@brownsville-pub.com](mailto:mperez@brownsville-pub.com)

### Harlingen Waterworks System | Water and Wastewater Cost of Service Rate Study; 2023

Willdan was engaged by Harlingen Waterworks System after a competitive bid to conduct a water and wastewater utility cost of service and rate study. HWWS is facing both an increased rate of growth and the need to fund as much as \$160 million in capital improvements in the next five years. The utility has not increased its rates in several years. The challenge faced by the project team and the utility is to implement a new rate plan that will fund the significant but necessary capital requirements while at the same time minimizing the impact on ratepayers. The project is currently under way and results are anticipated by the end of December 2023.

**Client Contact:** Mr. Timothy Skoglund, General Manager  
121 E. Harrison, Harlingen TX 78551  
Tel #: (956) 430-6155 [tskoglund@hwws.com](mailto:tskoglund@hwws.com)

### City of Plano, TX | Water and Wastewater Cost of Service Rate Study; 2017, 2020, 2022

Willdan was initially engaged in April 2017 by the City of Plano to prepare a comprehensive water and wastewater rate study and long-term financial forecast for fiscal year 2017 and beyond. The City had been approaching buildout and is transitioning its water and wastewater utility to a mature, low-growth state. Additionally, the City had to absorb significant expected increases from its wholesale water supplier, North Texas Municipal Water District. Finally, the City was weighing the prospect of diverting from a pay-as-you-go structure for funding capital improvements to a debt-funding alternative. The overall objective was to develop a long-term rate plan that will enable the City to fund these expenses while minimizing the impact on ratepayers. Willdan completed its rate study was completed in late 2017, and the Council unanimously adopted the multi-year rate plan recommended by the study.

During the 2017-2020 time period Willdan assisted the City of Plano and several other member cities in negotiations with North Texas Municipal Water District for a new comprehensive long-term contract for wholesale water service. This contract adopted a new methodology for calculating the cost of service for member and non-member cities. The contract was successfully negotiated and adopted in late 2020.

In 2020 Willdan was engaged again by the City of Plano to develop a new rate study and long-term financial plan. The study was completed during the summer of 2020 and analyzed the impact of new growth, the impact of the proposed new NTMWD contract, and the impact of COVID-19 on usage. The study was completed in late 2020 and the City Council unanimously adopted the proposed new long-term rate plan.

In 2022 Willdan was engaged again to calculate the impact on the rate plan of higher levels of inflation and significant rate increases implemented by NTMWD. We presented an adjusted rate plan to the Plano City Council, which was unanimously adopted.

**Client Contact:** Mark Israelson, City Manager  
1520 K Avenue, Plano, TX 75086  
Tel # : (972) 941-5112 | Email: [marki@plano.gov](mailto:marki@plano.gov)

### City of Tomball | Water and Wastewater Rate Study; 2018; 2023

Willdan was selected to manage and complete a comprehensive review of the City of Tomball's water, wastewater, and gas utility rates. The City is undergoing a significant amount of growth and expansion, and its capital investment needs are forecast to be substantial in the coming years. Like many other Houston-area utilities, the City must also absorb expected significant cost increases from North Harris County Regional Water Authority.

The Willdan project team developed a comprehensive forecast model that projected revenues and expenses over a ten-year period. Additionally, the project team met with City staff and Council on numerous occasions to review alternative rate plans, including one that replaced the City's complex minimum charge methodology with one that was more straightforward. Mr. Dan V. Jackson, Willdan Vice President, managed this project and directed all staff on behalf



of the Willdan. The project team presented its recommendations to the City Council in December 2018. The Council adopted the project team's recommendations.

The project team was engaged in April 2023 to prepare a new comprehensive water, wastewater and gas rate study for the City, and that project is currently under way. The project team has recently briefed the City Council on the study's results and the Council is expected to adopt its recommended five year rate plan before the end of the year.

**Client Contact:** Mr. David Esquivel, City Manager  
401 Market St. Tomball, TX 77375  
Tel #: (281)290-1411 | Email: [desquivel@tomballtx.gov](mailto:desquivel@tomballtx.gov)

## 7. Conflict of Interest Disclosure Statement

Willdan is not aware of any actual, apparent, direct, or potential conflicts of interest that would arise from any work performed by our project team that would impair or impede our ability to perform objectively for the City of Laredo, Texas.



5500 Democracy Drive, Suite 130

Plano, TX 75024

Phone: 972.378.6588

[www.willdan.com](http://www.willdan.com)