

**CLERK'S CONTRACT and AGREEMENT COVER PAGE**

**Legistar File ID#:** 2015-0448

**Innoprise Contract #:** C15-0089

**Year:** 2015

**Amount:** \$45,400.00

**Department:** Finance - Sarah Schueler

**Contract Type:** Services

**Contractors Name:** Municipal & Financial Services Group LLC

**Contract Description:** Comprehensive Water & Sewer Rate Study 2015

MAYOR  
Daniel J. McLaughlin  
  
VILLAGE CLERK  
John C. Mehalek  
  
14700 S. Ravinia Ave.  
Orland Park, IL 60462  
(708) 403-6100  
[www.orlandpark.org](http://www.orlandpark.org)



VILLAGE HALL

TRUSTEES  
Kathleen M. Fenton  
James V. Dodge  
Patricia A. Gira  
Carole Griffin Ruzich  
Daniel T. Calandriello  
Michael F. Carroll

September 2, 2015

Mr. Edward J. Donahue III, CMC  
Municipal & Financial Services Group  
911-A Commerce Road  
Annapolis, Maryland 21401

**RE: *NOTICE TO PROCEED - Water & Sewer Rate Study 2015***

Dear Mr. Donahue:

This notification is to inform you that the Village of Orland Park has received all necessary documents in order for work to commence on the above stated project as of August 28, 2015.

Please contact Sarah Schueler at 708-403-6192 to arrange the commencement of the work.

The Village will be processing a Purchase Order for this contract/service and it will be faxed to your company. It is imperative that this number on the Purchase Order be noted on all invoices, correspondence, etc. All invoices should be sent directly to the Accounts Payable Department at 14700 S. Ravinia Ave. Orland Park, IL 60462. Also, your final invoice for this contract/service should state that it is the final invoice pertaining to that Purchase Order.

For your records, I have enclosed one (1) original executed contract dated August 26, 2015 in an amount not to exceed Forty Five Thousand Four Hundred and No/100 (\$45,400.00) Dollars. If you have any questions, please call me at 708-403-6173.

Sincerely,

A handwritten signature in black ink, appearing to read "Denise Domalewski".  
Denise Domalewski  
Contract Administrator

Encl:

cc: Sarah Schueler

MAYOR

Daniel J. McLaughlin

VILLAGE CLERK

John C. Mehalek

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VILLAGE HALL

TRUSTEES

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August 26, 2015

Mr. Edward J. Donahue III, CMC  
Municipal & Financial Services Group  
911-A Commerce Road  
Annapolis, Maryland 21401

NOTICE OF AWARD – WATER AND SEWER RATE STUDY 2015

Dear Mr. Donahue:

This notification is to inform you that on August 17, 2015, the Village of Orland Park Board of Trustees approved awarding Municipal & Financial Services Group the contract in accordance with the proposal you submitted dated July 2, 2015, for the Water and Sewer Rate Study for an amount not to exceed Forty Five Thousand Four Hundred and No/100 (\$45,400.00) Dollars.

In order to begin this engagement, you must comply with the following within ten business days of the date of this Notice of Award, which is by September 10, 2015.

- I am attaching the Contract for Water and Sewer Rate Study 2015. Please sign two (2) copies and return them both directly to me. I will obtain signatures to fully execute the Contract and one original executed Contract will be returned to you.
- Please submit a Certificate of Insurance from your insurance company in accordance with all of the Insurance Requirements listed and agreed to in the RFP at minimum and endorsements for a) the additional insured status, b) the waiver of subrogation for General Liability and c) the waiver of subrogation for Workers Compensation.

Please deliver this information directly to me, Denise Domalewski, Contract Administrator, at Village Hall located at 14700 S. Ravinia Ave., Orland Park, IL 60462. The signed Contracts, Insurance Certificates and Endorsements are required to be in place and received at my office prior to the commencement of work on this project. You will be issued a Notice to Proceed letter and a purchase order when you are in full compliance with this process. Failure to comply with these conditions within the time specified will entitle the Village to consider your proposal abandoned and to annul this Notice of Award. If you have any questions, please do not hesitate to call me at 708-403-6173 or e-mail me at [ddomalewski@orlandpark.org](mailto:ddomalewski@orlandpark.org).

Sincerely,

Denise Domalewski  
Contract Administrator

cc: Sarah Schueler

Received

AUG 28 2015

Finance Department

**VILLAGE OF ORLAND PARK**  
**Comprehensive Water and Sewer Rate Study**

This Contract is made this 26th day of August, 2015 by and between The Village of Orland Park

(hereinafter referred to as the "VILLAGE") and Municipal & Financial Services Group (hereinafter referred to as the "CONTRACTOR").

**WITNESSETH**

In consideration of the promises and covenants made herein by the VILLAGE and the CONTRACTOR (hereinafter referred to collectively as the "PARTIES"), the PARTIES agree as follows:

**SECTION 1: THE CONTRACT DOCUMENTS:** This Contract shall include the following documents (hereinafter referred to as the "CONTRACT DOCUMENTS"); however, this Contract takes precedence and controls over any contrary provision in any of the CONTRACT DOCUMENTS. The Contract, including the CONTRACT DOCUMENTS, expresses the entire agreement between the PARTIES and where it modifies, adds to or deletes provisions in other CONTRACT DOCUMENTS, the Contract's provisions shall prevail. Provisions in the CONTRACT DOCUMENTS unmodified by this Contract shall be in full force and effect in their unaltered condition.

The Request for Proposals dated June 9, 2015

The Instructions to Proposers

This Contract

The Terms and Conditions

The Proposal dated July 2, 2015 as it is responsive to the VILLAGE'S proposal requirements

Affidavit of Compliance

References

Insurance Requirements

Certificates of insurance

**SECTION 2: SCOPE OF THE WORK AND PAYMENT:** The CONTRACTOR agrees to provide labor, equipment and materials necessary to provide the services as described in the CONTRACT DOCUMENTS and further described below:

Conduct a rate study to establish 5-year water, sewer and storm sewer utility rates that will achieve the following objectives:

- Reflect the true cost of service to ensure financial coverage while meeting level of service objectives and achieving fairness in allocation of costs between customer classes;
- Provide for planned infrastructure improvements, ensuring that revenues are sufficient to meet any financing needed for such improvements;
- Be easy to understand and administer by the Village of Orland Park and its customers;
- Reduce revenue volatility from variables such as seasonality, weather conditions and other factors that affect water usage;
- Recommend policies with respect to adequate reserves for operations, rate stabilization and infrastructure needs;
- Provide for other impacts as identified and/or required.

## SCOPE OF REQUIRED SERVICES

The scope of work shall include the following:

- Review Background Information.
- Prepare a five year analysis of revenue requirements based on projections of operational expenses, debt service requirements and capital improvement costs. The forecasts for the water and sewer system should be summarized in a cash flow analysis that will show the use of balances on hand, revenues and, if necessary the use of financing alternatives to meet the water and sewer system financing needs.
- Compare revenue under existing rates for each customer class with their allocated cost of service to determine the adequacy of present revenue levels for each class and the indicated adjustment in rates required to equitably distribute costs to the respective classes of customers.
- Prepare recommendations for financing the utility capital improvement program. Recommended financing alternatives should be developed that minimize any rate impacts to existing ratepayers and comply with the existing water and sewer revenue bond covenants.
- Determine current usage and billing characteristics of each customer class using available billing information, water system peak demand statistics and consultant's experience with water systems exhibiting similar usage, capacity, storage and patterns.
- Develop a proposed water and sewer rate schedule designed to fund estimated operating and capital expenditures for the next five years. Affirm the appropriateness of existing water usage tiers and/or develop new rate structures to encourage conservation and enterprise fund stability. Include all categories of charges listed in the Village's current Water and Sewer Rate Ordinance. Identify the portion of the rate attributable to the City of Chicago and Village of Oak Lawn rate charges, separate from the Village of Orland Park rates. Evaluate the impact of proposed rates on customers and compare with similar utilities in the Chicago metro area. The Village plans to implement the recommended service rates during the FY2016 budget process. The budget process is from June to December.
- Review the "administrative overhead" charged to the water and sewer funds for its adequacy of services rendered in common by other Village support (legal, managerial, financial, information technology, Public Works, etc.) and calculate a fair service charge for each of the five years, fully disclosing the methodology used in making such calculations.
- Evaluate and make recommendations for the following other fees: connection fees, etc. Include a comparison of recommended fees to fees charged by other municipalities in the region and standard industry practices.
- Provide a user-friendly rate model in Microsoft Excel that can be used by Village staff post-study to calculate alternative scenarios/sensitivity analysis. Rate model should include a dashboard with interactive components that produce reports as input variables

are adjusted. The model will be the property of the Village and may be used by the Village for any purpose.

- Formulate other observations or recommendations that may be prudent, desirable or necessary to adequately respond to the objectives of this study.
- Meet with Village staff as needed and also the Village's Finance Committee and Village Board as necessary in the evening during the term of the study to discuss findings and recommendations.
- Prepare five (5) draft copies and ten (10) bound copies of the final report with all necessary text, tables and exhibits, to clearly show the results of the investigations made and the basis of the conclusions and recommendations presented. Provide an electronic copy of the complete final report in PDF format. The report will document all recommendations, assumptions and methodology. The final report must include an executive overview (Power Point presentation) clearly and concisely communicating key results and recommendations of the Project.

(hereinafter referred to as the "WORK") as further detailed in the Request for Proposals and CONTRACTOR's submitted proposal. The VILLAGE agrees to pay the CONTRACTOR pursuant to the provisions of the Local Government Prompt Payment Act (50 ILCS 505/1 *et seq.*) the following amount for performance of the described services:

TOTAL: an amount not to exceed Forty Five Thousand Four Hundred and No/100 (\$45,400.00) Dollars.

**SECTION 3: ASSIGNMENT:** CONTRACTOR shall not assign the duties and obligations involved in the performance of the WORK which is the subject matter of this Contract without the written consent of the VILLAGE.

**SECTION 4: TERM OF THE CONTRACT:** The CONTRACTOR shall commence the WORK of this Contract upon receipt of a Notice to Proceed and shall complete performance of the WORK of this Contract **by October 16, 2015** (hereinafter referred to as the "CONTRACT TIME"). Failure to meet the CONTRACT TIME shall be considered an occasion of default under the CONTRACT DOCUMENTS. The CONTRACT TIME shall not be increased without the express written consent of the VILLAGE. This Contract may be terminated by either of the PARTIES for default upon failure to cure after ten (10) days prior written notice of said default from the aggrieved PARTY. The VILLAGE, for its convenience, may terminate this Contract with thirty (30) days prior written notice.

**SECTION 5: INDEMNIFICATION AND INSURANCE:** The CONTRACTOR shall indemnify, defend and hold harmless the VILLAGE, its trustees, officers, directors, agents, employees and representatives and assigns, from lawsuits, actions, costs (including attorneys' fees), claims or liability of any character, incurred due to the alleged negligence of the CONTRACTOR, brought because of any injuries or damages received or sustained by any person, persons or property on account of any act or omission, neglect or misconduct of said CONTRACTOR, its officers, agents and/or employees arising out of, or in performance of any of the provisions of the CONTRACT DOCUMENTS, including any claims or amounts recovered for any infringements of patent, trademark or copyright; or from any claims or amounts arising or recovered under the "Worker's Compensation Act" or any other law, ordinance, order or decree. In connection with any such claims, lawsuits, actions or liabilities, the VILLAGE, its trustees, officers, directors, agents, employees, representatives and their assigns shall have the right to defense counsel of their choice. The CONTRACTOR shall be solely liable for all costs of such defense and for all expenses, fees, judgments, settlements and all other costs arising out of such claims, lawsuits,

actions or liabilities.

The Contractor shall not make any settlement or compromise of a lawsuit or claim, or fail to pursue any available avenue of appeal of any adverse judgment, without the approval of the Village and any other indemnified party. The Village or any other indemnified party, in its or their sole discretion, shall have the option of being represented by its or their own counsel. If this option is exercised, then the Contractor shall promptly reimburse the Village or other indemnified party, upon written demand, for any expenses, including but not limited to court costs, reasonable attorneys' and witnesses' fees and other expenses of litigation incurred by the Village or other indemnified party in connection therewith.

The indemnification obligation under this paragraph shall not be limited in any way by any limitations on the amount or type of damages, compensation or benefits payable by or for the benefit of Subcontractor or any indemnities under any Worker's Compensation Act, Occupational Disease Act, Disability Benefits Act, or any other employee benefits act. The Subcontractor further agrees to waive any and all liability limitations based upon the Worker's Compensation Act court interpretations or otherwise.

Execution of this Contract by the VILLAGE is contingent upon receipt of Insurance Certificates provided by the CONTRACTOR in compliance with the CONTRACT DOCUMENTS.

**SECTION 6: COMPLIANCE WITH LAWS:** CONTRACTOR agrees to comply with all federal, state and local laws, ordinances, statutes, rules and regulations including but not limited to the Illinois Human Rights Act as follows: CONTRACTOR hereby agrees that this contract shall be performed in compliance with all requirements of the Illinois Human Rights Act, 775 ILCS 5/1-101 *et seq.*, and that the CONTRACTOR and its subcontractors shall not engage in any prohibited form of discrimination in employment as defined in that Act and shall maintain a sexual harassment policy as the Act requires. The CONTRACTOR shall maintain, and require that its subcontractors maintain, policies of equal employment opportunity which shall prohibit discrimination against any employee or applicant for employment on the basis of race, religion, color, sex, national origin, ancestry, citizenship status, age, marital status, physical or mental disability unrelated to the individual's ability to perform the essential functions of the job, association with a person with a disability, or unfavorable discharge from military service. CONTRACTOR and all subcontractors shall comply with all requirements of the Act and of the Rules of the Illinois Department of Human Rights with regard to posting information on employees' rights under the Act. CONTRACTOR and all subcontractors shall place appropriate statements identifying their companies as equal opportunity employers in all advertisements for workers to be employed in work to be performed under this contract.

The CONTRACTOR shall obtain all necessary local and state licenses and/or permits that may be required for performance of the WORK and provide those licenses to the VILLAGE prior to commencement of the WORK.

**SECTION 7: NOTICE:** Where notice is required by the CONTRACT DOCUMENTS it shall be considered received if it is delivered in person, sent by registered United States mail, return receipt requested, delivered by messenger or mail service with a signed receipt, sent by facsimile or e-mail with an acknowledgment of receipt, to the following:

**To the VILLAGE:**

Denise Domalewski, Contract Administrator  
Village of Orland Park  
14700 South Ravinia Avenue  
Orland Park, Illinois 60462  
Telephone: 708-403-6173  
Facsimile: 708-403-9212  
e-mail: [ddomalewski@orlandpark.org](mailto:ddomalewski@orlandpark.org)

**To the CONTRACTOR:**

Edward J. Donahue III, CMC  
Municipal & Financial Services Group  
911-A Commerce Road  
Annapolis, Maryland 21401  
Telephone: 410-266-9101  
Facsimile: 410-266-5545  
e-mail: [edward.donahue@mfsgllc.com](mailto:edward.donahue@mfsgllc.com)

or to such other person or persons or to such other address or addresses as may be provided by either party to the other party.

**SECTION 8: STANDARD OF SERVICE:** Services shall be rendered to the highest professional standards to meet or exceed those standards met by others providing the same or similar services in the Chicagoland area. Sufficient competent personnel shall be provided who with supervision shall complete the services required within the time allowed for performance. The CONTRACTOR'S personnel shall, at all times present a neat appearance and shall be trained to handle all contact with Village residents or Village employees in a respectful manner. At the request of the Village Manager or a designee, the CONTRACTOR shall replace any incompetent, abusive or disorderly person in its employ.

**SECTION 9: PAYMENTS TO OTHER PARTIES:** The CONTRACTOR shall not obligate the VILLAGE to make payments to third parties or make promises or representations to third parties on behalf of the VILLAGE without prior written approval of the Village Manager or a designee.

**SECTION 10: COMPLIANCE:** CONTRACTOR shall comply with all of the requirements of the Contract Documents, including, but not limited to, the Illinois Prevailing Wage Act where applicable and all other applicable local, state and federal statutes, ordinances, codes, rules and regulations.

**SECTION 11: FREEDOM OF INFORMATION ACT COMPLIANCE:** The Illinois Freedom of Information Act (FOIA) has been amended and effective January 1, 2010. This amendment adds a new provision to Section 7 of the Act which applies to public records in the possession of a party with whom the Village of Orland Park has contracted. The Village of Orland Park will have only a very short period of time from receipt of a FOIA request to comply with the request, and there is a significant amount of work required to process a request including collating and reviewing the information.

The undersigned acknowledges the requirements of FOIA and agrees to comply with all requests made by the Village of Orland Park for public records (as that term is defined by Section 2(c) of FOIA) in the undersigned's possession and to provide the requested public records to the Village of Orland Park within two (2) business days of the request being made by the Village of Orland Park. The undersigned agrees to indemnify and hold harmless the Village of Orland Park from all claims, costs, penalty, losses and injuries (including but not limited to, attorney's fees, other professional fees, court costs and/or arbitration or other dispute resolution costs) arising out of or relating to its failure to provide the public records to the Village of Orland Park under this agreement.

**SECTION 12: LAW AND VENUE:** The laws of the State of Illinois shall govern this Contract and venue for legal disputes shall be Cook County, Illinois.

**SECTION 13: MODIFICATION:** This Contract may be modified only by a written amendment signed by both PARTIES.

**SECTION 14: COUNTERPARTS:** This Contract may be executed in two (2) or more counterparts, each of which taken together, shall constitute one and the same instrument.

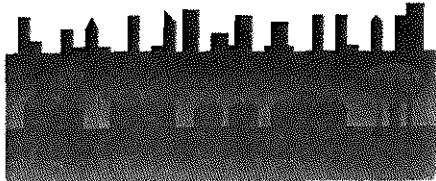
This Contract shall become effective on the date first shown herein and upon execution by duly authorized agents of the parties.

**FOR: THE VILLAGE**

By:   
Print Name: Paul G. Grimes  
Title: Village Manager  
Date: 8/28/15

**FOR: THE CONTRACTOR**

By: Edward J. Donahue III  
Print Name: Edward J. DONAHUE III  
Title: President  
Date: 08/27/2015



## Municipal & Financial Services Group

July 2, 2015

Ms. Sarah Schueler, Assistant Finance Director  
Village Orland Park  
14700 Ravinia Avenue  
Orland Park, IL 60462

*Reference: Response to RFP - Request for Proposal for Comprehensive Water and Sewer Rate Study*

Ms. Schueler:

The Municipal & Financial Services Group (MFSG) is pleased to submit our proposal to complete a Comprehensive Water and Sewer Rate Study as specified in your Request for Proposals. We have read the RFP carefully and take no exception to its terms and conditions. While the enclosure to this letter sets forth our project approach, experience, qualifications and schedule there are a few key points to stress:

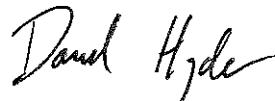
- **Uniquely Qualified Project Team** - MFSG is uniquely qualified to complete the study for the Village of Orland Park, having completed the previous rate study in 2007. **We understand the key issues and challenges facing the Village and will bring this knowledge and our expertise in addressing these areas. Our knowledge of the Village and its utility systems will limit our learning curve allowing our team to effectively and efficiently complete the study.** In addition to our experience working with the Village, our project team has extensive experience providing financial services in the state of Illinois having successfully completed water and sewer rate studies for the Cities of Batavia, Effingham, Geneva, Moline and Wheaton and the Villages Downers Grove, Morton Grove, Glenview, Skokie, South Elgin and Winnetka. In several of these engagements we have developed financial plans that address the increasing cost of water from the City of Chicago. As a result we are extremely familiar with the requirements within the state pertaining to rate and fee setting. In addition to our specific local experience, MFSG brings extensive national experience to the Village's study. MFSG's clients provide municipal services to more than 45% of the nation's population. Large municipal clients have included Boston, Cleveland, Dallas, Denver, Detroit, New York City, Orlando, Pittsburgh, San Francisco, Tucson and Washington, DC.
- **Industry Leading Professional Staff** - We have assembled and will commit to the specific performance of a project team comprised of senior and experienced professionals with strong functional skills in engineering, accounting, economics, financial simulations and environmental/water law. **Our project manager, with more than 16 years of professional experience, has managed numerous water, sewer and storm sewer rate studies around the country, including the 2007 study for the Village and numerous studies in the suburban Chicago area.** He is a contributing author to the latest addition of the American Water Works Association (AWWA) Manual M1, *Principles of Rates, Fees and Charges*. Our project officer and technical advisor, with more than 40 years of professional experience, served as chairman of AWWA's Finance, Accounting & Management Controls Committee and is an author of numerous water and wastewater manuals of practice and textbooks. The key

personnel on our project team have worked with one another for many years; this is not a hastily assembled project team.

- **Financial Model** - We will deliver to the Village a valuable tool that will be useful on an on-going basis to review and revise water, sewer and storm sewer user and fees rates and to assess the financial impact of proposed capital projects. The model will include a dashboard that will facilitate monitoring the financial health of the enterprise funds including how the funds stand in relation to target cash balances within the funds. We will provide "hands on" training in how to use and maintain the model. The user-friendly financial model, along with MFSG provided training, will allow Village staff to easily adjust rates if necessary over a multi-year planning period as circumstances change. We would propose to develop a new financial model for the Village as our financial models have been enhanced significantly since the model developed in 2007 for the Village.
- **Responsiveness** - MFSG provides the responsiveness of a regional firm with the experience of a national firm. We take great pride in being fully engaged with our clients so that the study the client envisions is completed. The project team will be readily available throughout the project with a project member available on-site within a day's notice. Our project approach includes project status meetings to ensure that the Village is fully informed throughout the study.
- **Demonstrated Performance** - We have included numerous references in our proposal and strongly encourage the Village to contact them to learn more about our firm and specific team. A recent sample rate study for the City of Batavia is included in the appendices of our proposal.

We thoroughly enjoyed our previous engagement with the Village and look forward to working with you on this important and interesting study. Please contact me on my direct line at 443.951.4220, or by e-mail at [david.hyder@mfsgllc.com](mailto:david.hyder@mfsgllc.com) if you would like to discuss our project team and approach.

Very truly yours,



David Hyder  
Vice President

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## Appendices

- Required Forms
- Professional Resumes
- Sample Report - City of Batavia Water and Sewer Rate Study

# 1. INTRODUCTION

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This chapter of our proposal sets forth our understanding of the project and our general approach to cost of service / rate studies.

## A. Study Understanding

The Village of Orland Park, with a population of about 57,000, is located west of the southern shore of Lake Michigan; the City of Chicago is about twenty miles northeast of Orland Park. The Village owns water distribution and wastewater collection systems that serve about 22,000 customer accounts within the incorporated Village and 1,500 customer accounts outside corporate limits. The Village obtains potable water from the City of Chicago via a purchase of water from the Village of Oak Lawn. Wastewater is transmitted to the Metropolitan Water Reclamation District of Greater Chicago (MWRDGC), the successor agency to Chicago MSD, via an interceptor. The Village operates its water, wastewater, stormwater and solid waste disposal utilities as an enterprise fund with a calendar fiscal year. In 2007, MFSG completed a comprehensive water and sewer rate study for the Village. Since the completion of the rate study, the Village has been using the financial model developed as part of the study to evaluate and adjust rates on an annual basis.

The enterprise had property, plant and equipment (PP&E) as of December 31, 2013 with a book value of \$215.7 million (less depreciation of \$68.0 million). This value includes construction work in progress. The enterprise had FY2013 operating revenues of \$21.7 million, and an operating loss of \$1.7 million when including depreciation expense of \$3.8 million. In FY2013 the enterprise had an unrestricted net position of \$13.1 million down approximately \$3.4 million from FY2012. The Village has planned approximately \$15 million in capital improvements in 2015, with the majority of the projects resulting from the Village Storm Water Management Improvement Project. Additional projects water and sewer projects totaling \$25 million have been identified for fiscal years 2016 - 2018. In addition to these capital projects the Village has agreed to pay its' proportional share of the capital cost of the Regional Water System Improvement Project as defined in the agreement with the Village of Oak Lawn.

The Village desires to engage an independent qualified consultant to develop a cost of service and rate methodology that complies with applicable law and regulations, that is consistent with industry practice, and that will produce specific recommended rates and fees for the next five years. The study must provide rates that:

- Allow for funding of planned infrastructure improvements.
- Are easy to administer by the Village.
- Limit revenue volatility given seasonal and weather conditions.

MFSG will develop a financial model with a projection period of a minimum of 10 years, although specific rates will be recommended for only five years. The model can be used by the Village as a valuable tool to assess the impact of various capital projects or variable assumptions (inflation, energy costs, labor costs, etc.) on rates and customer bills. As part of the study, we will provide specific guidance on reserves for operations, rate stabilization and infrastructure needs.

## **B. Legal/Regulatory Background**

The first major regulation affecting the pricing and costs of water and wastewater was set forth in Section 204(b)1 of the Clean Water Act, which specifies that any publicly owned treatment works (POTW) that accepted federal grant funds under the Clean Water Act must impose a series of user charges that recover the operating, maintenance and replacement costs of the POTW from all discharges to the POTW, and that such use charges must be based on the volume and strength of the discharges of each user or user class. Chicago MSD (now MWRDGC) was a test case as to how this section of the federal law would be implemented, because MSD wanted to use property taxes to pay for wastewater treatment, as a means to incentivize industry to remain in Cook County. Prolonged discussions with USEPA's Region V ultimately lead to litigation, and a clarification of the federal statute that effectively allowed for the use of dedicated ad valorem taxes to pay for residential wastewater treatment, with surcharges based on strength and volume used for non-residential customers. Grantees such as MSD (now MWRDGC) are required to impose ("pass on") the same requirements to satellite dischargers (e.g., suburban wholesale customers).

The Clean Water Act was followed by the Safe Drinking Water Act (SDWA), which promulgated federal standards in one law that had either been enacted in piece-meal fashion in other legislation, or that were completely lacking. SDWA also regulated inter-basin transfers of water, and SDWA attempted to reflect and incorporate some of the treaty provisions that had been adopted by treaty between the United States and Canada as part of the Great Lakes cleanup program. One of the outcomes of the Great Lakes program was the adoption of regulations by the State of Illinois (reflected in various permits required of water and wastewater utilities) regulating withdrawals of water from Lake Michigan and the consumptive use of that water once taken from the Lake. A series of criteria and priorities was also established to govern the allocation of water withdrawn from Lake Michigan.

The professional and industry associations that are perceived as having authority over the financial operations of water and wastewater utilities are GFOA and AWWA/WEF. To a certain extent, entities such as NARUC (National Association of Regulated Utility Commissioners) become involved in municipal rate-making, because some states require that local water and sewer utilities subscribe to standards such as NARUC's chart of accounts. In Illinois the state Commerce Commission has no jurisdiction over municipally owned water, sewer and storm sewer utilities.

## **C. Benefits**

The Village of Orland Park will receive objective professional advice and technical assistance from a project team of very senior professionals with a national reputation in the area of water, sewer and storm sewer rates and financing. This team of professionals, whose specific performance is guaranteed, will develop and deliver to Orland Park a cost of service and ratemaking methodology that can be used by the Village's staff on an on-going basis to review and revise water, sewer and storm sewer rates without the use of outside consultants. The methodology will be reflected in a financial model custom-tailored to reflect Orland Park's budgeting and financial reporting formats. Orland Park will receive a perpetual license to use this financial model without payment of royalties or fees.

## **D. General Approach to Cost of Service / Rate Studies**

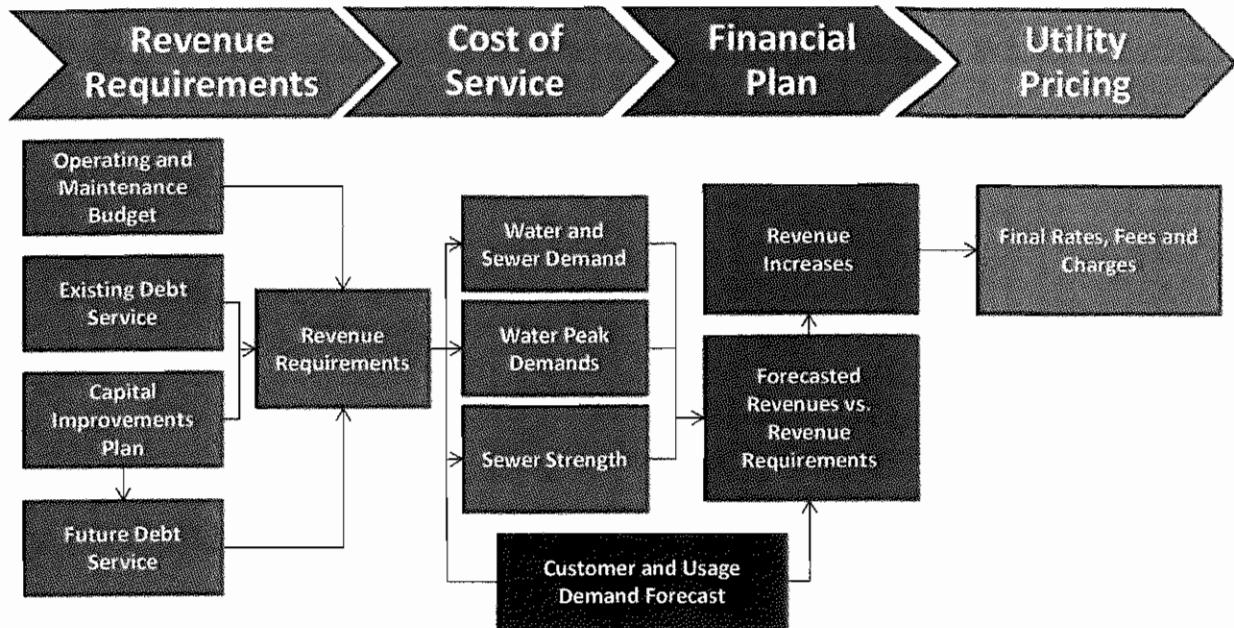
When undertaking a cost of service or rate study for a municipal utility, it is important that participants in the study have a shared vision of the objectives and characteristics that must be reflected in the study. Our approach to reviewing and evaluating municipal utility rates is governed by the view that the ideal rate

structure must satisfy six criteria: equity, efficiency, revenue adequacy, sustainability, administrative practicality and legal and regulatory compliance:

- *Equity* requires that rates and charges result in no undue discrimination among customers or customer classes. Although equity is normally related to the cost of service, it should be realized that customer acceptance will center on preconceived notions of equity and fairness.
- *Efficiency* refers to the ability of the rate schedule to encourage wise use of the resources devoted to the services that the utility provides. In some areas, this means the adoption of "conservation" rates. Whether or not this proves appropriate, efficiency considerations require that:
  - Rates should reflect the incremental cost of providing the next unit of service. If capacity is a limiting factor, for example, rates should reflect capacity costs.
  - Rates should be similar for customers or customer classes served under similar conditions.
  - Customers should be able to understand the rate schedules so that they can make rational decisions regarding their purchase of additional service.
- *Revenue Adequacy* is the most fundamental of all considerations, as it recognizes that rates are basically cost driven. In evaluating any rate structure, it is necessary that the rates produce revenues sufficient to operate the system and those rates produce sufficient revenues if there are changes in demand for service.
- *Sustainability* means that the objective of the rate methodology is to keep rates low over time, not to merely keep them low for the short-term by omitting or deferring needed expenses such as maintenance and funding of necessary cash reserves.
- *Administrative Simplicity* recognizes that limits must be placed on the number of customer classes, complexity of the rate schedule and frequency of billing.
- *Legal and Regulatory Compliance* is a prime consideration, because rate structures must incorporate applicable local, state and federal statutes. Where questionable areas exist, they should either be buttressed by documentation or modified.

The application of the criteria should recognize that a rate schedule is a form of public policy statement, setting forth those values that the utility considers important. Rate structures must be tailored to community perceptions, realities and values. While each utility's budgeting, financial reporting and flow of funds is unique, a generalized schematic illustrating our approach to a cost of service / rate study is shown below in Exhibit 1.

Exhibit 1. Schematic Diagram of a Cost of Service / Rate Study



Our standard approach to completing a water and sewer rate study is predicted on a four step process which includes:

- **Revenue Requirements** - Development of the full cost of providing each service (water and sewer separately) including those costs that may not be identified such as the need for repair and replacement (deferred maintenance).
- **Cost of Service** - Allocation of revenue requirements to customer classes or types of customers based on the cost of providing service.
- **Financial Plan** - Development of a financial plan to fund system revenue requirements taking into account customer and usage demand forecasts.
- **Utility Pricing** - Review of the current and alternative rate designs based on revenue needs and rate design pricing objectives with specific rate projections.

Each cost of service / rate study performed by MFSG has a unique work plan that is tailored to the specific client assignment, but the functional elements described above are common to all MFSG rate studies.

## 2. TECHNICAL APPROACH

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This chapter of our proposal sets forth our specific project workplan that we propose for this study.

### A. Project Workplan

The Village's RFP for the rate study sets forth a specific scope for services to be completed as part of the study. The scope of work provided by the Village is logical and will provide for a comprehensive rate study. For ease of presentation and understanding by the reader, we have converted this list of specific work items into a workplan of ten tasks that will produce a draft report (supported by an excel-based financial model) within eight weeks of notice to proceed.

#### Task 1 - Project Management and Data Collection/Review

MFSG will manage all aspects of the study. This will include coordination of all activities necessary for completion of the study, development of an implementation plan and detailed schedule, project status monitoring/reporting and coordination with Village staff. While we will not require a significant amount of Village staff time, our overall approach to the project is to keep the Village fully informed and engaged during the study to solicit input and provide transparency. We propose to conduct periodic review meetings as well as remote meetings using web-conferencing when appropriate.

Immediately upon receipt of notice to proceed, MFSG will submit to the Village a detailed data request, identifying the data that is needed to perform the scope of work specified in the Village's RFP. As the Village furnishes this data, it will be loaded into an on-line storage site, indexed and stored to enable access by project personnel and others authorized by the Village. This will assure that all interested parties have access to all data, and that all have the most current data available. We will review all of the requested data to ensure that we have a solid understanding of the Village water, sewer and storm sewer systems.

##### **Deliverable:**

- Data Request

#### Task 2 - Project Kickoff Meeting

A project kickoff meeting will be held, which all key Village and consultant personnel will be invited to attend and participate. The purpose of this relatively short (1-2 hours in duration) meeting is to review, update and validate the proposed work plan, introduce key personnel to one another, identify any roadblocks to timely completion, agree to key dates, provide Village personnel with contact information for consultant personnel and establish the formal and informal reporting relationships that are necessary for a smooth project. Administrative requirements (invoice formats and timing, documentation, insurance certificates, etc.) will be established.

As part of the kickoff meeting we will want to review all of the current financial and rate policies currently in place as they will serve as key guideposts for the study. We will also want to discuss any potential policy issues that may need to be addressed during the study. Based on our experience in working with municipal

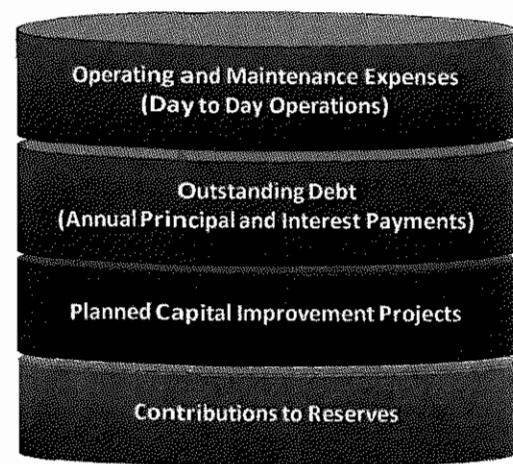
governments it is vitally important to identify and evaluate the key policy issues early in the study to ensure that consensus is developed regarding the principals that will govern the study. The primary goal of Task 2 is to set a strong foundation for the study ensuring all parties understand desired outcomes.

**Deliverable:**

- Kickoff Meeting Materials
- Kickoff Meeting Documentation
- Updated scope of work and project schedule (if necessary)

### Task 3 – Revenue Requirements

One of the primary tasks for the study is the identification of the cost of providing water, sewer and storm sewer services. Our approach includes a detailed review of each of the costs incurred by the Village (both identified and unidentified) to ensure a true cost of service is developed. The unidentified costs are often those associated with repair and replacement of buried assets. The cost analysis can be broken down into four main categories of costs: operating and maintenance costs, capital improvements, existing debt service and any contributions to reserves. The following section of our proposal describes our approach to reviewing and identifying each of these costs. The total amount of cash required on an annual basis for all purposes and from all sources constitutes the revenue requirement.



*Review O&M Costs* – Using the Village's current operating budget as a starting point, we will review the adequacy of budgeted operating and maintenance costs. To the extent that costs are directly identified to specific functions of the water, sewer or storm sewer system, they will be so documented. Included in the review of O&M costs will be a review of the current allocation of administrative overhead and other charges to the functions to evaluate if they are appropriate, recommending changes if deemed necessary. O&M expenses will be forecasted based on estimated annual inflation rates at the budgetary account line item level. The forecast of operating expenditures will be based on:

- Review of historical operating expenditure increases by individual budget account line item,
- Any additional information that would increase the accuracy of the estimates (i.e., staffing increases/decreases, etc.),
- Identifying contractual commitments for future wage and benefit increases, and
- Identifying and assessing the impact of the current capital improvement program on operating expenditures.

*Review Capital Improvements Program* – We will review the Village's current five-year capital improvement plan for the water, sewer and storm sewer systems to ensure that they are appropriate and complete. This will be accomplished by reviewing the age, useful life and replacement cost associated with the Village's water and sewer infrastructure to identify if the planned investments result in realistic replacement schedules.

*Evaluate Potential Financing Sources* – The types, mix and levels of various funding sources to pay for the capital and operating costs of the utility systems will be examined, and the impacts of various approaches will be quantified. While it is presumed that all operating and maintenance costs will be funded via user rates there are various approaches to funding capital expenses. They can be paid from operating revenues (“pay as you go” funding, the most conservative financial approach), from grants or developer contributions, from long-term debt (e.g., bonds, long-term leases, SRF loans, etc.) and existing cash reserves. Typically, a utility might use a mix of these financing sources. Based on current Village policy and our industry expertise we will recommend an approach to funding each capital project within the Village’s five-year capital plan.

*Analyze Current and Projected Debt Service* – The annual principal and interest payments for existing debt service related to the utility systems will be documented. Those projects or categories of projects contained in the CIP and which are anticipated to be debt-funded will be identified, and projections of debt service will be developed. The Village’s practices on types of debt (general obligation bonds, revenue bonds, use of IEPA loans, frequency of borrowing, etc.) will be determined, as will typical debt structure (e.g., payment term, level principal payments vs. level debt service) and assumed interest rate.

*Review the Adequacy/Appropriateness of Reserves* – The wise use and management of financial reserves provides many advantages to a utility: rate stabilization and “smooth” rate increases, as well as enhanced credit ratings and resulting interest savings. We will review the adequacy of the Village’s current reserves in light of Village policy and our industry expertise. The analysis will include development of recommended target balances for the Village reserves including the 3R reserve.

*Develop Revenue Requirement* – The sum of the O&M costs, annualized capital costs (debt service plus cash purchases of capital assets) and any contributions to reserves constitutes the revenue requirement – the amount of money that must be raised from all sources over a given year. This amount becomes significant when sensitivity analyses are performed to evaluate miscellaneous revenues (below), since any shortfall in miscellaneous revenues must be offset by either drawing down reserves or increasing user rates. Prior to developing “final” revenue requirements, we perform a variety of sensitivity analyses to identify key variables (inflation rates, interest rates [borrowing and investments], loss or addition of wholesale customers, etc.) to assess the impact of swings in key variables. This allows the Village to assess changing economic conditions (e.g., growth rates, interest rates [on borrowing and investing], inflation rates [by budgetary line item], etc.) and the inclusion/exclusion of various customer classes (e.g., tax-exempt properties) or treatment of customer classes in rate alternatives.

Task 3 will provide a comprehensive five-year forecast of system revenue requirements for the Village system with the ability to change assumptions (capital financing, economic assumption, etc.) and immediately see the impact on revenue requirements. We will also provide a long term high-level forecast out 20 years. The forecast will include a breakdown of those costs associated with the purchase of water from the City of Chicago and the Village of Oak Lawn.

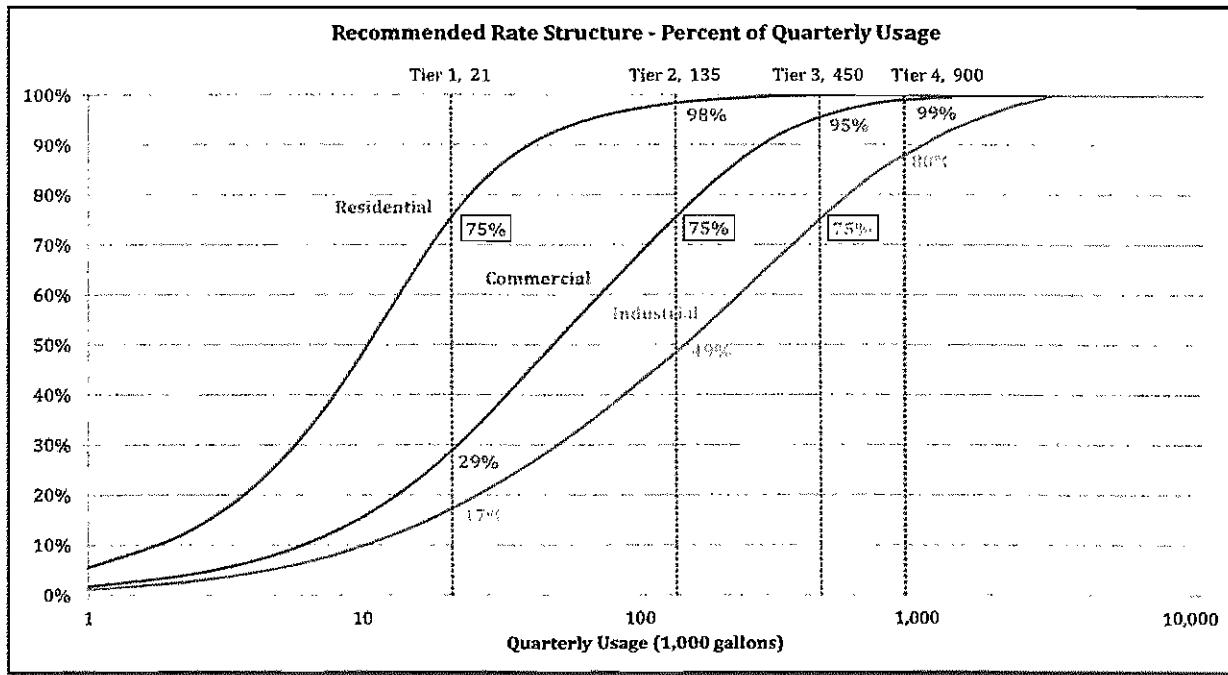
#### **Task 4 - Demand Forecast**

Task 4 consists of two components which include the development of customer and demand forecast for the Village’s service area and a detailed analysis of historical customer usage to examine customer usage patterns.

**Demand Projections** – The demand forecast will be based on historical usage patterns, water facilities plans and discussions with the Village, regional and state entities as to projected water demand. We will compare projected customer growth with the Village's comprehensive plans to confirm consistency with such plans. If there are deviations from the Village's general plans, we will document the basis for and reasonableness of such deviations. The projections will be developed for at least a 10-year period, by customer class. One of the key variables that must be developed is the rate of growth in the utility, including the numbers and types of new customers to be added year-by-year as well as increases (or decreases) in water usage over time by existing customers. Recent national trends indicate an average decrease in per capita consumption of about 1% per year; in some places recurring decreases of 1% - 2% per capita per year have been documented. As a result it may not be accurate to assume a consistent growth in number of customers and usage. To develop an accurate demand forecast the usage trends on per account basis must be examined. The demand forecast will include adjustments in customer usage due to price elasticity (impact of raising rates on customer usage).

**Detailed Usage Analysis / Peak Demands** – A key step in the rate study is to gain an understanding of the make-up of the customers serviced by the system and how and when they use water and generate sewage throughout the year, particularly how various customers peak the system. This is necessary for determining appropriate cost allocations, to develop demand projections, to evaluate the appropriateness of the current rate structure and to evaluate potential alternative rate structures. To facilitate this review, MFSG will request several years of detailed consumption at the customer account level. The customer and customer usage data will be statistically analyzed to identify usage patterns, including seasonal usage and customer class peaking. Demand ratios (max week, max day, max hour, etc.) will be identified and considered in this analysis, as will peak demands related to any large customers or customer classes. Typical demand / usage analysis data is presented in Exhibit 2.

*Exhibit 2. Typical Usage Analysis*



**Deliverable:**

- Demand forecast and customer usage analysis

**Task 5 - Develop Cost of Service**

*Water Revenue Requirement Cost Allocation* – The revenue requirements from rates (Task 3, above) will be allocated as necessary by class to serve as the basis for rate determination for each class. The Village currently bills customers within two separate classes, those located within the corporate limits of the Village and those outside the Village. To complete the cost of service analysis we would propose to follow the methodology described in American Water Works Association (AWWA) Manual M1 for allocating water system revenue requirements. We typically utilize the base extra capacity methodology described in M1, but we will evaluate whether or not the commodity demand methodology would be more appropriate for the Village. To the extent that there is no appreciable difference in average unit costs allocated among classes, rate classes may be combined in order to reduce the number of rate classes. To the extent that significantly differing usage or demand patterns among customers or customer classes exist, or to the extent required by external agreements, costs will be functionalized or segregated as necessary. Costs related to consumption of water will be allocated based on base use, maximum day and peak hour. Costs not related to consumption will be allocated to customers based on factors such as meter size and hydrant and/or fire line size.

*Sewer Revenue Requirement Cost Allocation* – The methodology utilized by our project team to develop sanitary sewer rates is consistent with and based on the principles provided by the Water Environment Federation's (WEF) Manual of Practice 27 - Financing and Charges for Wastewater systems. Operating and capital expenses will be allocated to fixed costs and variable costs (flow). The current revenues from each class will be compared with the allocated cost of service to identify discrepancies in the current allocations.

**Task 6 - Evaluate Revenue Adequacy of Current Rates and Fees and Financial Plan Development**

The primary output from Task 5 will be a detailed forecast of the costs associated with each individual water and sewer service provided by the Village. Task 6 evaluates the sufficiency of the current system of rates to meet the annual revenue requirements. This will be accomplished by developing the anticipated revenues generated by current rates and fixed fees over the projection period compared with the costs by water sewer and storm sewer service type developed in Task 5. Based on this analysis we will develop a financial plan for revenue adjustments to ensure the financial health and sustainability of the Village water, sewer and storm sewer systems.

**Task 7 - User Rate Analysis**

The Village currently charges inclining block rates for water service and unit rates for sewer and storm sewer service. Water customers located outside the Village are assessed rates that are approximately 43% higher than inside Village rates, sewer rates are about 27% higher outside the Village. Each of the various fees will be reviewed to determine if the structure of the fee or charge is appropriate. In general our focus will be on developing a simplified and unified single rate schedule that reflects the differences in the cost of providing service to various classes of customers (residential vs. commercial vs. institutional/industrial, etc.). Sensitivity analyses will be employed to assess the potential rate and bill impact on various classes and customer groups. It must be kept in mind that the issue of rate design is a

“zero sums” game; that is; the amount of money to be raised from rates is the same, regardless of the rate design. There are many rate designs that comply with industry practice and will withstand legal challenge. The policy determinations and preferences of the Village are one of the most important factors in determining the preferred rate and fee design. Ultimately the Village may not need to change the current rate structure but rather change the allocation of costs among the components of the rate structure.

Based on the results of the evaluation of alternative rate designs, and relying on discussions with Village staff, a recommended rate design will be developed in detail, including an analysis of its impact on typical customers and customer classes. The recommended rate design will be developed to project annual rates for the five-year projection period. A tabular matrix will be developed to compare proposed rates (and their impact on customer bills) with adjacent and comparable utilities. Exhibits will be developed for use during presentations (as well as inclusion in formal reports) to illustrate the rate and bill impact of alternative rate designs on various customer classes, on typical customers and on the system’s 25 largest customers.

**Deliverable:**

- Rate alternative memorandum documenting rate alternatives considered and recommended rate structure.

### **Task 8 - Connection and Other Fees**

We will evaluate Village’s current connection fees for new customers to determine if they represent the cost of providing service to new customers. Recommendations for modifications to the fees and the method used to calculate the fees will be provided if deemed appropriate and provide comparisons with connection fees imposed by other municipalities.

We will evaluate the Village’s current ancillary fees for water and sewer service. Fees imposed by the Village that recover the cost of service or materials (such as meter fees) will be evaluated based on cost of providing the service. Fees such as penalties will be evaluated based on current industry practice and industry norms. We will recommend adjustments to current fees if deemed appropriate.

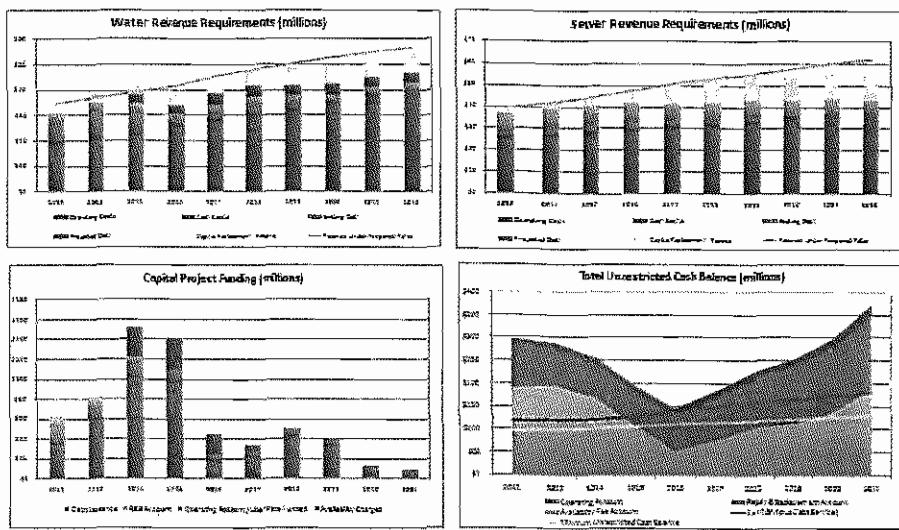
**Deliverable:**

- Recommended connection and ancillary fees

### **Task 9 - Financial Model**

As part of our work for the Village in 2007, we developed a financial rate model for the water, sewer and storm sewer systems. It is our understanding that the Village has used the model to evaluate rates since the study. While we would be able to update the existing model, we would propose to develop a new financial model with enhanced capabilities, unless the Village desires to use the existing model. The model will produce a series of interactive schedules, each of which will address a principal topic (O&M costs, debt service, demand/usage, cost of service, etc.), as well as specialized schedules to support borrowing (e.g., projected coverage ratios). Built into the model is a series of summary-level graphics that can be used as stand-alone charts (e.g., average bill by year, total outstanding debt by year, cash balance by year, projected rate increases by year, cash balance targets, etc.). The graphics are “fed” by the data contained

in the model, and are produced with no additional effort on the part of the user. The model will utilize Microsoft's Excel software. The model developed during the study will be licensed to the Village at no charge at the conclusion of the study. MFSG does not charge any form of licensing fee or royalty for continued use of the model. The model consists of a series of schedules, all linked to facilitate updating and to minimize input errors. The model developed for the Village will be extremely user-friendly. We make every effort to ensure that the model is a useful tool for the Village. The model will not be a black box but rather a tool that can easily be used, understood and updated.



**Deliverables:**

- Excel-based spreadsheet model to enable review/revision of future rates, as well as training of Village staff in the use of the model.

### Task 10 - Final Report / Presentations

We will document all work performed in the water and sewer rate study in a concise narrative report. The report will include an executive summary that will be written in easy to understand terms so that it is "public-friendly." All data sources relied upon in the study will be identified and documented, and all assumptions clearly set forth. The report will be delivered to the Village in draft form within 8 weeks of notice to proceed, and a revised report will be delivered to the Village 2 weeks after receipt of comments on the draft report. The final report will include data and graphics to facilitate comparison of the Village's operational and financial indicators with those of comparable and/or nearby utilities and will include data on rates, annual bills, ratios of employees to customers, fund balance ratios, age of accounts receivable and other benchmarks.

We will attend meetings with the Village Finance Committee and Board to be specified by the Village to discuss interim status, preliminary findings and recommendations and the final report and recommendations. These formal meetings will be in addition to periodic progress meetings with Village Staff.

**Deliverables:**

- 5 copies of draft report
- 10 bound copies of the final report
- 1 electronic copy of the final report in .PDF file format
- Executive summary Power Point presentation

### 3. PROJECT ORGANIZATION

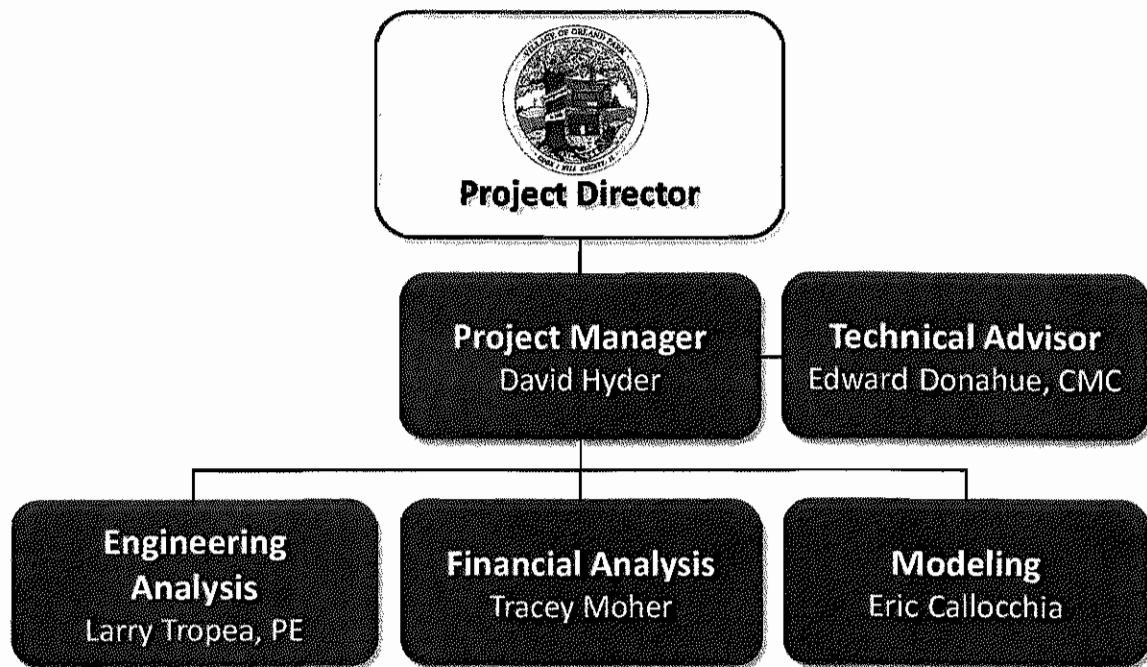
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This section of our proposal presents the organizational chart for the study and specific skills and backgrounds for the project staff assigned to the study.

#### A. Project Workplan

The key personnel identified for and committed to the Village's project are nationally recognized and acknowledged as experts in the field. Our key personnel are active in industry and professional associations such as AWWA, WEF and GFOA. In addition to the needed functional skills, our project team has the relevant specialized industry experience in municipal utilities both nationally and locally. We believe that the successful outcome of the study envisioned by the Village requires a project team with strong functional skills in accounting and finance, economics and civil and environmental engineering, combined with hands on experience in municipal operations, regulatory programs and utilities. We have assembled and will commit to the specific performance of a project team comprised of very senior professionals with a national reputation. Our project organization is depicted as Exhibit 3.

*Exhibit 3. Project Organization*



## B. Project Staff Profiles

Profiles for each of the staff members assigned to the study are provided in the following section. It should be noted that Mr. Hyder, Ms. Moher and Mr. Callocchia will be tasked with completing the majority of the analysis for the study. The other project members will be available on an as needed basis to provide technical guidance and quality control.

- **David Hyder (Project Manager)** is Vice President of MFSG and has fifteen years of experience in water, wastewater, stormwater and solid waste systems. He has served as project manager for water and wastewater rate studies for the Villages of Downers Grove, Morton Grove, Orland Park and Glen View, South Elgin and the Cities of Batavia, Geneva, Moline and Wheaton. He is currently serving as project manager for a sewer rate study for the Urbana Champaign Sanitary District and a water rate study for the Village of Skokie. He has managed a project to establish a new regional water and sewer authority serving the area in and around Wilmington, North Carolina, and assisted the Southeastern Public Service Authority (Chesapeake, VA) in negotiating the sale of its waste-to-energy facility. He is a member of AWWA's Rates and Charges Committee and recently assisted in authoring portions of the recent update to the AWWA *Manual M1 Principal of Rates Fees and Charges*. His engineering experience includes development of water and sewer master plans for the Wicomico County/City of Salisbury, Maryland, Anne Arundel County, Maryland and Winchester/Frederick County, Virginia, and demand and consumption studies for DC Water and Sewer Authority and the Washington Suburban Sanitary Commission.

**Project Role:** Mr. Hyder will oversee the day to day management of the study for the Village. He will lead the financial analysis and rate design efforts and be the Village's point of contact for the study. He will be responsible for presenting the results of the study.
- **Edward J. Donahue III, CMC (Project Officer / Technical Advisor)** established the Municipal & Financial Services Group more than 35 years ago and has served as its director ever since. His relevant experience includes cost of service, rate and feasibility work for more than 125 clients, including work for cities, counties and special purpose authorities and commissions in Alaska, California, Connecticut, Delaware, the District of Columbia, Illinois, Kentucky, Maine, Maryland, Massachusetts, New York, North Carolina, Ohio, Pennsylvania, Virginia and others. Recent client work includes rate work for the City of Wilmington, New Hanover County and the Lower Cape Fear Water & Sewer Authority in North Carolina; the establishment of a stormwater utility in Auburn, Massachusetts; a five-year business plan for the Cleveland Water Division and that City's Water Pollution Control Division; a governance study for the District of Columbia Water & Sewer Authority, as well as rate and fee advice; rate and fee consulting for the New York City Water Finance Authority; organizational and operational advice for the Anchorage Water & Wastewater Utility; a financial feasibility study for the Town of Leesburg, Virginia; cost of service and rate studies for Glenview and Orland Park, Illinois; and sale of a water system for West Manheim Township, Pennsylvania. He has served as chairman of AWWA's Finance, Accounting and Management Controls Committee and currently chairs that organization's GASB 34 Task Force; he recently served on a special committee to revise and update *Water Utility*

**Project Role:** Mr. Donahue will service as the project officer ensuring overall project accountability and quality control. He will provide technical guidance related to financial, management and accounting aspects of the study.

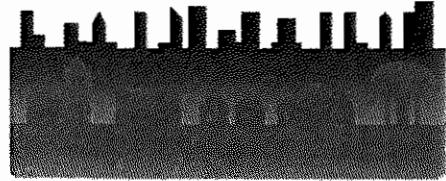
*Accounting*, a textbook sponsored jointly by AWWA and GFOA. He has been accredited and served as an expert witness in accounting, contract, construction and rate matters.

- **Tracey Moher (Financial Analysis)** is a Manager with Municipal & Financial Services Group, applying financial and consulting experience to support the principals of MFSG. Her consulting experience consists of the development of cost of service models involving rate/fee design for jurisdictions in several states including Illinois, Kansas, Maryland, Missouri and Virginia. Her recent work has focused on financial analysis for water and sewer utility providers including funding plans and rate/fee structure analysis. She has also completed water and sewer cost of service and rate studies for several municipalities in Illinois including the Villages of Downers Grove and South Elgin and the Cities of Batavia, Geneva, Moline and Wheaton.  
  
**Project Role:** Ms. Moher will provide financial analysis support during the study. She will work closely with Mr. Hyder to develop the system revenue requirements, financial plan and examine various rate and fee structures.
- **Lawrence C. Tropea, Jr., P.E., DEE (Engineering)** has more than 35 years of professional experience in engineering and environmental programs. He has served as executive director of regional water, wastewater and solid waste authorities and director of utilities for municipal governments, where he oversaw the capital planning, design and construction of major facilities. He has served as Deputy Secretary (Water Management) of the Department of Environment Protection for the Commonwealth of Pennsylvania and as a vice president of Environmental Health and Safety for a Fortune 100 corporation. He has substantial engineering experience in all aspects of project planning and engineering management, and is an expert on the structure and effectiveness of engineering organizations.  
  
**Project Role:** Mr. Tropea will provide engineering support on an as needed basis focusing primarily on review of operating costs and planned capital improvement projects.
- **Eric Callocchia (Financial Analysis)** is an Associate in the Municipal & Financial Services Group, applying economic, mathematical and financial skills to a broad range of projects for clients. He has experience with both rate modeling and cash flow simulations. His recent work has focused on cost of service studies for Loudoun County and King George County, Virginia; the City of Fullerton, California; Hampton, Virginia; Newport News, Virginia; Falls Church, Virginia; The City of Olathe, Kansas, and the Washington County Service Authority, Virginia. He has also participated in cost of service and management studies for the Town of Barnstable, Massachusetts, the Delaware Solid Waste Authority, the City of Fredericksburg, Virginia and Cleveland Water Control Division.  
  
**Project Role:** Mr. Callocchia will provide financial analysis and model development support on the study. He will also complete the customer and consumption analysis and demand forecast.

Full resumes for each of our project team members are presented in the appendices to our proposal.

## 4. FIRM QUALIFICATIONS

The Municipal and Financial Services Group (MFSG) is a specialized management consulting practice that was established in 1976 and was for many years part of the management consulting department of national or regional CPA firms or engineering firms. For almost forty years, MFSG has remained focused on assisting our clients with meeting the financial and management needs of public sector infrastructure (especially in environmentally related areas such as water, wastewater, stormwater and solid waste) and in the efficient delivery of public sector services. As a result, MFSG has gained a national reputation as a leader in the area of municipal cost of service analysis and pricing of water and sewer services. Our firm is a key player in helping to shape the industry with members of our firm authoring and co-authoring many industry standard books regarding utility rate setting, finance and accounting. MFSG provides financial and management consulting expertise to local governments throughout the United States and brings a wealth of industry knowledge and expertise to all of our client engagements.



MFSG will provide staff for the Village's study from our central office located in Annapolis Maryland; members of our staff are frequently (typically several times per month) in the Chicago Metro area due to the number of clients we serve in the area.

MFSG's core business is providing financial expertise related to water and sewer infrastructure. The specialized services we offer to our clients include:

- **Cost of Service/Rate Studies** – We believe that expenses drive revenues, and that cost of service is tied to operating and capital budgets and must take into account properly allocated indirect costs. We have developed rate structures based on both cash and utility bases. All data sources and assumptions are clearly identified, and extensive public participation, under client control, is emphasized. Our approach emphasizes the use of spreadsheet financial models that enable long-term projections reflecting sensitivity analysis for key variables. Each model is custom designed for the specific client, and becomes the property of the client.
- **Operational Reviews/Management Audits** – Our preferred approach to a management audit is comprised of three steps: a diagnostic which takes a "top down" look at high dollar functions or costs, plus any known problem areas; a detailed study of potential cost savings or service improvements identified during the diagnostic phase; and implementation assistance. This technique can be applied to virtually any municipal entity, from schools to public works, from corrections to finance. Many municipal utilities periodically conduct this type of review to eliminate inefficiencies and to identify potential improvements. This type of review can either encompass all operational aspects of an agency, or can focus on known/potential trouble spots (e.g., plant operations, chemical or energy usage, information systems/GIS/SCADA, customer service and billing, etc.). Studies of this sort are sometimes required prior to a proposed rate or tax increase.
- **Comparative Analyses / Benchmarking** – Many organizations periodically compare themselves with other similar entities ("best in class") or disaggregate their functions (e.g., purchasing,

information technology, customer service, construction management, etc.) to compare specific functions with other organizations that may or may not be in a similar industry or service (“world class”). MFSG has lead or participated in numerous exercises of this sort, enabling its clients to develop comparative indicators to support long-range planning and operational reviews.

- **Financial Feasibility Studies** – For debt issues requiring feasibility studies, we perform comprehensive financial feasibility studies including rate and fee requirements and projections of all financial statements and coverage ratios. All analyses are tied to the client’s official budgets, CIP, comprehensive plan and other relevant data. For high growth areas, we have developed impact fee-backed revenue bonds and have supported clients in presenting such financing structure to rating agencies.
- **Infrastructure Management/GASB 34** – The key to keeping life cycle costs low is to maintain infrastructure assets at their desired service levels, thereby assuring their longest possible useful lives. MFSG has worked with numerous clients to develop condition assessments, asset tracking systems, preventive maintenance systems and other information systems to support asset management. Our work is also focused on compliance with GASB 34 and USEPA’s CMOM/SSO requirements, which also affect municipal utilities, as well as tying in with other information systems such as GIS applications.
- **System Development Charges/Capacity Fee Studies** – Capacity fees or system development charges are used by utilities to recover the costs of increasing capacity from the users of the new capacity. Our approach to developing system development charges for utilities uses spreadsheet models to ensure that all capital costs incurred in constructing new system capacity—in particular, future debt service payments—are recovered through fees paid only by new customers.
- **Conservation Studies** – Many water utilities are being required to perform conservation studies and implement conservation rates and programs. We have an extensive library of conservation research studies and have tracked the success of the conservation rates we have developed. This data permits us to estimate the result of various conservation rate structures. We also have an extensive library of data on water-using fixtures and can design retrofit programs. In addition, we have studied peaking factor reduction strategies and the related capital cost savings.

In summary, we are well versed in virtually every management and financial aspect of municipal water and sewer services.

MFSG completes typically between 10 to 15 water and sewer rate studies per year. A sample listing of recent projects ongoing or completed is included in Exhibit 4 on the following page. Included with our proposal materials is a copy of the report for the Water & Sewer Rate Study recently completed for the City of Batavia, IL.

Exhibit 4. Recent Rate Study Experience

CLIENT	State	Type of Study					Date Completed
		Water	Sewer	Storm Water	Solid Waste	Capital Charges	
Washington Suburban Sanitary Commission	MD	✓	✓			✓	Ongoing
Claremont, City of	NH	✓	✓				Ongoing
Harford County	MD	✓	✓				Ongoing
Manchester, Town of	CT	✓	✓			✓	Ongoing
Warrenton, Town of	VA	✓	✓			✓	Ongoing
Howard County	MD	✓	✓		✓		Ongoing
Skokie, Village of	IL	✓					Ongoing
Urbana Champaign Sanitary District	IL		✓				Ongoing
Beacon, City of	NY		✓				Ongoing
Fishkill, Town of	NY	✓	✓				Ongoing
Richmond, City of	VA				✓		Ongoing
South Elgin, Village of	IL	✓	✓				2015
Concord, City of	CA		✓				2015
Rochester, City of	NY	✓					2015
Portsmouth, City of	NH	✓	✓	✓		✓	2015
Olathe, City of	KS	✓	✓				2015
Hampton, City of	VA		✓	✓	✓		2015
Annapolis, City of	MD	✓	✓		✓	✓	2015
Summit County	OH		✓				2015
Batavia, City of	IL	✓	✓	✓			2015
Norfolk, City of	VA				✓		2015
Barnstable, Town of	MA	✓	✓		✓	✓	2014
Middleburg, Town of	VA	✓	✓				2014
Hazleton City Authority	PA	✓				✓	2014
Loudoun Water	VA	✓	✓			✓	2014
Downers Grove, Village of	IL	✓			✓		2014
Cleveland, City of	OH	✓	✓				2014
Centreville, Town of	MD	✓	✓	✓			2014
Albemarle County Service Authority	VA	✓	✓			✓	2014
Watertown, Town of	CT	✓	✓				2014
Georgetown, Town of	DE		✓			✓	2014
Jurupa Community Services District	CA	✓	✓				2014
Delaware County Regional Water Quality Control Authority	PA		✓				2014
Winnetka, Village of	IL				✓		2014
Effingham, City of	IL	✓					2014
Moline, City of	IL	✓	✓				2013
Cecil County	MD		✓			✓	2013
Prince William County Service Authority	VA	✓	✓			✓	2013
Newport News, City of	VA		✓	✓	✓	✓	2013
Westminster, City of	MD	✓	✓				2013
Lovettsville, Town of	VA	✓	✓			✓	2013

A summary of some of our recent project work with specific references are included below. The Village is strongly encouraged to contact the references.

## **Village of South Elgin, IL**

### ***Water and Sewer Rate Study (2015)***

The Village of South Elgin hired MFSG in the fall of 2014 to complete a comprehensive water and sewer financial plan and rate study for the Village owned water and sewer utilities. The study included the evaluation of the consolidation of several sets of water and sewer rates and fees within the Village which were remnants of a privately owned system within the Village. MFSG developed a transition plan for the Village to move towards consistent water and sewer rates and fees. The study was completed on time and budget with the recommendations adopted by the Village Council.

**Client Contact:** Greg Swanson, Utilities General Manager, 309.736.5757/  
gswanson@moline.il.us

**Dates of Engagement:** 7/13 - 12/13

**MFSG Project Staff:**

Project Manager - Hyder

Project Analyst - Moher

**Dates of Engagement:** 11/14 – 3/15

**MFSG Project Staff:**

Project Manager - Hyder

Project Analyst - Moher

## **City of Batavia, IL**

### ***Water and Wastewater Rate and Cost of Service Study (2014-2015)***

The City of Batavia is a largely residential community located northwest of the City of Chicago. MFSG was engaged by the City to develop a comprehensive water and wastewater financial plan and cost of sewer cost of service rate study. A key component of the study was the development of a financial plan to facilitate the funding of the upgrade and expansion of the City's wastewater treatment plant. The City plans to upgrade and expand its wastewater plant using a phased approach over the next eight years. The City estimates that the total cost of the project will exceed \$60 million. We developed a comprehensive financial plan that comprised of a combination of IEPA loans, bank loans and cash funding that will allow the City to gradually adjust rates over the next ten years to recover the cost of the plant upgrade and expansion. In addition to the financial plan development, we examined various water and sewer rates structure alternatives including the use of a summer usage limit for residential customers based on winter usage. MFSG is currently reporting the study to the City Council. The City plans to adjust rates later this year.

**Client Contact:** Gary Holm, Director of Public Works, 630.454.2300/  
gholm@cityofbatavia.net

**Dates of Engagement:** 9/14 – 1/15

**MFSG Project Staff:**

Project Manager - Hyder

Project Analyst - Moher

## **City of Moline, IL**

### ***Wastewater Rate and Cost of Service Studies (2009, 2013)***

The City of Moline is a largely residential community located in far western Illinois in the Quad Cities region. MFSG was engaged by the City to develop a comprehensive sewer cost of service rate study and financial plan for its Water Pollution Control Division first in 2009 and then again in 2013. During our first engagement, the key tasks for the study were to identify how to fund the required investments in the

City's wastewater collection system. We developed a comprehensive financial plan that comprised of a combination of IEPA loans and cash funding to allow the City to begin funding the collection system. In addition to developing a comprehensive cost of service and rate study for the City's wastewater system, MFSG also conducted an extensive review of the City's current high strength sewage surcharge program, identifying that the current program was unnecessarily complex and not adequately covering the costs incurred by the City to serve these customers. MFSG proposed an adjustment to the current program that was easy to implement and maintain, based on customer activity classification and known pollutant loading/sampling data. The study was successfully completed in the fall of 2010, with the City Council adopted a three-year rate plan designed to provide ongoing funding for collection system reinvestment. Most recently, MFSG to update the financial plan for the sewer system to assist with the funding of a \$45 million wastewater treatment plant upgrade. The study was completed in December of 2013 with the adoption of a five-year financial plan for the City's wastewater system that will allow for funding of the wastewater treatment plant upgrade.

## **Washington Suburban Sanitary Commission (MD)**

***Comprehensive Water and Sewer Rate Study (2014)***

The Washington Suburban Sanitary Commission (WSSC) hired MFSG as part of a competitive procurement to complete a comprehensive water and sewer rate study for WSSC earlier this year. WSSC had not completed a formal rate study for over twenty years. WSSC is the eighth largest utility in the United States. Over the last 20 years, like many utilities WSSC has significantly increased its spending on repair and replacement of its water and wastewater systems. The Commission has historically bond funded the majority of its capital investments but in recent years has come to a point where well 50% of revenues are required for debt service. As a result, the Commission has begun to fund a portion of its system reinvestment with current revenues. As part of our study we developed a comprehensive financial model that allowed for the examination of various funding approaches and ultimately a long-term financial plan. Additional we developed a number alternative water and sewer rate structures including a system reconstruction fee which will be used to fund the ongoing repair and replacement of the WSSC's water distribution and sewer collection system. The study also included a comprehensive cost of service analysis to examine the appropriate cost allocations within the WSSC's rate structure including the amount that should be collected in the fixed charge and the portion collected in the usage rates. MFSG provided public outreach primarily in the form of serving as content experts and in formal presentations given to community advisory groups and the WSSC Board. The study was in January of 2014 and unanimously supported by the WSSC Board.

**Client Contact:**

Christopher Cullinan, Chief Financial Officer, 434.970.3300 / [cullinan@charlottesville.org](mailto:cullinan@charlottesville.org) (current)

**Dates of Engagement:** 5/13 - 1/14

**MFSG Project Staff:**

Project Manager - Hyder

Financial Analyst - Moher

## **City of Geneva, IL**

### ***Water and Sewer Rate Study (2012)***

MFSG completed a comprehensive water and sewer rate study for the City of Geneva. The key issues for the study include identification of the true cost of provide water and sewer service including identification of necessary system reinvestment due to aging infrastructure and development of alternative rate structures to enhance revenue stability. To complete the study MFSG developed a long-term financial plan that has allowed the City to begin significant reinvestment in the water and sewer systems with water and sewer rates adjusted in a steady manner to support the investment while minimizing one-time customer impacts. To complete the study MFSG conducted a series of workshop with the City Council during the study. The workshops were used to educate the Council on the key issues and how to address the issues. The City Council unanimously supported the recommendations developed as part of the study. The City continues to use the financial model developed during the study to evaluate its financial position and adjust rates as needed to maintain the financial plan.

**Client Contact:** Bob Van Gyseghem,  
Superintendent Water and Sewer,  
630.232.1551 /  
[bvangyseghem@geneva.il.us](mailto:bvangyseghem@geneva.il.us)

**Dates of Engagement:** 1/13 - 5/13

**MFSG Project Staff:**

Project Manager - Hyder  
Project Analyst - Moher

## **City of Olathe, KS**

### ***Water and Wastewater Cost of Service and Rate Study (2009 - 2015)***

MFSG was engaged by the City to develop a comprehensive water and wastewater cost of service analysis and rate study for this large and growing community located southwest of Kansas City, Missouri. Olathe provides water service to approximately 34,000 water customers and sanitary sewer service to 28,000 customers. The sanitary sewer system, which consists of approximately three hundred-fifty miles of collection system piping, thirteen sewage lift stations and two wastewater treatment plants, provides treatment for approximately two thirds of the City's population. The study encompasses a complete cost of service analysis with an emphasis on appropriate planning and funding of rehabilitation and replacement of the City's water and wastewater infrastructure. The City also provides wholesale water and sewer services to communities outside its corporate limits, for which a utility basis methodology was used to determine an appropriate and fair rate differential. The City has engaged MFSG on an annual basis to assist with updating the study.

**Client Contact:** Tony Purvis, Program Manager, 913.971.9068 /  
[tpurvis@olatheks.org](mailto:tpurvis@olatheks.org)

**Dates of Engagement:** 2/09 - Current

**MFSG Project Staff:**

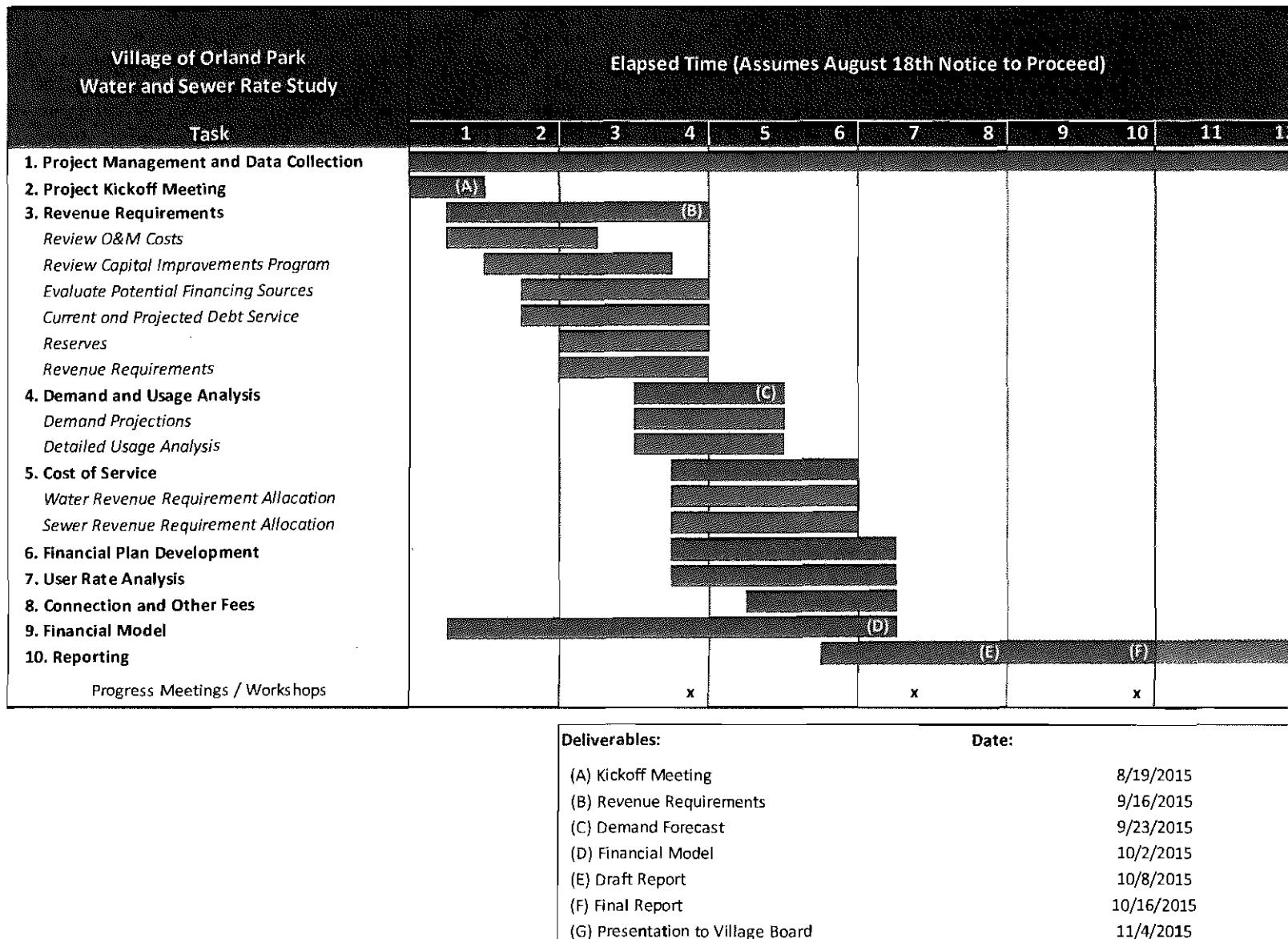
Project Manager - Hyder  
Financial Analysis - Moher

## 5. PROJECT SCHEDULE

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The technical approach set forth in Chapter 2 of this proposal will result in delivery of a draft report eight weeks after delivery of the data necessary to complete the study, with a revised report submitted two weeks after submission of the draft report. The detailed project schedule is presented as Exhibit 5.

Exhibit 5. Project Workplan / Schedule



Received

AUG 28 2015

Finance Department

## II – REQUIRED PROPOSAL SUBMISSION DOCUMENTS

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### PROPOSAL SUMMARY SHEET

#### RFP #15-017 Comprehensive Water and Sewer Rate Study

IN WITNESS WHEREOF, the parties hereto have executed this proposal as of date shown below.

Organization Name: Municipal & Financial Services Group

Street Address: 911 A Commerce Road

City, State, Zip: Annapolis, MD 21401

Contact Name: David Hyder

Phone: 443-951-4220 Fax: 410-266-5545

E-Mail address: David.Hyder@mfsllc.com

FEIN#: 52-2215040

Signature of Authorized Signee: David Hyder Edward J. Malone

Title: Vice President President

Date: 6/30/15 08/27/2015

ACCEPTANCE: This proposal is valid for ninety (90) calendar days from the date of submittal.

Attach additional pages if necessary

## AFFIDAVIT OF COMPLIANCE

Proposers shall complete this Affidavit of Compliance. Failure to comply with all submission requirements may result in a determination that the Proposer is not responsible.

The undersigned David Hyder / Edward J. Monahan, as Vice President / President  
(Enter Name of Person Making Affidavit) (Enter Title of Person Making Affidavit)  
and on behalf of the Municipal & Financial Services Group, certifies that:  
(Enter Name of Business Organization)

### **1) BUSINESS ORGANIZATION:**

The Proposer is authorized to do business in Illinois: Yes  No

**Federal Employer I.D. #:** 52-2215040  
*(or Social Security # if a sole proprietor or individual)*

The form of business organization of the Proposer is (check one):

Sole Proprietor  
 Independent Contractor (*Individual*)  
 Partnership  
 LLC  
 Corporation \_\_\_\_\_

2) ELIGIBILITY TO ENTER INTO PUBLIC CONTRACTS: Yes  No

The Proposer is eligible to enter into public contracts, and is not barred from contracting with any unit of state or local government as a result of a violation of either Section 33E-3, or 33E-4 of the Illinois Criminal Code, or of any similar offense of "Bid-rigging" or "Bid-rotating" of any state or of the United States.

3) SEXUAL HARRASSMENT POLICY: Yes [x] No [ ]

Please be advised that Public Act 87-1257, effective July 1, 1993, 775 ILCS 5/2-105 (A) has been amended to provide that every party to a public contract must have a written sexual harassment policy in place in full compliance with 775 ILCS 5/2-105 (A) (4) and includes, at a minimum, the following information: (I) the illegality of sexual harassment; (II) the definition of sexual harassment under State law; (III) a description of sexual harassment, utilizing examples; (IV) the vendor's internal complaint process including penalties; (V) the legal recourse, investigative and complaint process available through the Department of Human Rights (the "Department") and the Human Rights Commission (the "Commission"); (VI) directions on how to contact the Department and

Commission; and (VII) protection against retaliation as provided by Section 6-101 of the Act. (Illinois Human Rights Act). (emphasis added). Pursuant to 775 ILCS 5/1-103 (M) (2002), a "public contract" includes "...every contract to which the State, any of its political subdivisions or any municipal corporation is a party."

4) **EQUAL EMPLOYMENT OPPORTUNITY COMPLIANCE:** Yes  No

During the performance of this Project, Proposer agrees to comply with the "Illinois Human Rights Act", 775 ILCS Title 5 and the Rules and Regulations of the Illinois Department of Human Rights published at 44 Illinois Administrative Code Section 750, et seq. The Proposer shall: (I) not discriminate against any employee or applicant for employment because of race, color, religion, sex, marital status, national origin or ancestry, age, or physical or mental handicap unrelated to ability, or an unfavorable discharge from military service; (II) examine all job classifications to determine if minority persons or women are underutilized and will take appropriate affirmative action to rectify any such underutilization; (III) ensure all solicitations or advertisements for employees placed by it or on its behalf, it will state that all applicants will be afforded equal opportunity without discrimination because of race, color, religion, sex, marital status, national origin or ancestry, age, or physical or mental handicap unrelated to ability, or an unfavorable discharge from military service; (IV) send to each labor organization or representative of workers with which it has or is bound by a collective bargaining or other agreement or understanding, a notice advising such labor organization or representative of the Vendor's obligations under the Illinois Human Rights Act and Department's Rules and Regulations for Public Contract; (V) submit reports as required by the Department's Rules and Regulations for Public Contracts, furnish all relevant information as may from time to time be requested by the Department or the contracting agency, and in all respects comply with the Illinois Human Rights Act and Department's Rules and Regulations for Public Contracts; (VI) permit access to all relevant books, records, accounts and work sites by personnel of the contracting agency and Department for purposes of investigation to ascertain compliance with the Illinois Human Rights Act and Department's Rules and Regulations for Public Contracts; and (VII) include verbatim or by reference the provisions of this Equal Employment Opportunity Clause in every subcontract it awards under which any portion of this Agreement obligations are undertaken or assumed, so that such provisions will be binding upon such subcontractor. In the same manner as the other provisions of this Agreement, the Proposer will be liable for compliance with applicable provisions of this clause by such subcontractors; and further it will promptly notify the contracting agency and the Department in the event any subcontractor fails or refuses to comply therewith. In addition, the Proposer will not utilize any subcontractor declared by the Illinois Human Rights Department to be ineligible for contracts or subcontracts with the State of Illinois or any of its political subdivisions or municipal corporations. "Subcontract" means any agreement, arrangement or understanding, written or otherwise, between the Proposer and any person under which any portion of the Proposer's obligations under one or more public contracts is performed, undertaken or assumed; the term "subcontract", however, shall not include any agreement, arrangement or understanding in which the parties stand in the relationship of an employer and an employee, or between a Proposer or other organization and its customers. In the event of the Proposer's noncompliance with any provision of this Equal Employment Opportunity Clause, the Illinois Human Right Act, or the Rules and Regulations for Public Contracts of the Department of Human Rights the Proposer may be declared non-responsible and therefore ineligible for future contracts or subcontracts with the State

of Illinois or any of its political subdivisions or municipal corporations, and this agreement may be canceled or avoided in whole or in part, and such other sanctions or penalties may be imposed or remedies involved as provided by statute or regulation.

5) TAX CERTIFICATION: Yes  No

Proposer is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, or if it is: (a) it is contesting its liability for the tax or the amount of tax in accordance with procedures established by the appropriate Revenue Act; or (b) it has entered into an agreement with the Department of Revenue for payment of all taxes due and is currently in compliance with that agreement.

6) AUTHORIZATION & SIGNATURE:

I certify that I am authorized to execute this Affidavit of Compliance on behalf of the Proposer set forth on the Proposal Summary Sheet, that I have personal knowledge of all the information set forth herein and that all statements, representations, that the Proposal is genuine and not collusive, and information provided in or with this Affidavit are true and accurate. The undersigned, having become familiar with the Project specified, proposes to provide and furnish all of the labor, materials, necessary tools, expendable equipment and all utility and transportation services necessary to perform and complete in a workmanlike manner all of the work required for the Project.

ACKNOWLEDGED AND AGREED TO:

*David Hyder* *Edward J. Donahue III*

Signature of Authorized Officer

David Hyder

*Edward J. Donahue III*

Name of Authorized Officer

Vice President

*President*

Title

*6/30/15*

*08/27/2015*

Date

Subscribed and Sworn To  
Before Me This 30 Day  
of June, 2015.

*D. S.*

Notary Public Signature

DARREN JAMES LEU  
Notary Public-Maryland  
Anne Arundel County  
My Commission Expires  
July 29, 2017

NOTARY SEAL

## REFERENCES

ORGANIZATION	Village of Downers Grove
ADDRESS	801 Burlington Ave
CITY, STATE, ZIP	Downers Grove, IL 60515
PHONE NUMBER	630-434-5528
CONTACT PERSON	Judy Buttney - Finance Director
DATE OF PROJECT	Water Rate Studies: 2011 and 2014 ; Stormwater Utility: 2013
ORGANIZATION	Village of South Elgin
ADDRESS	10 North Water Street
CITY, STATE, ZIP	South Elgin, IL 60177
PHONE NUMBER	847-695-2742
CONTACT PERSON	Richard Gallas - Public Works Director
DATE OF PROJECT	Water and Sewer Rate Study: 11/14 - 3/15
ORGANIZATION	City of Geneva
ADDRESS	1800 South Street
CITY, STATE, ZIP	Geneva, IL 60134
PHONE NUMBER	630-208-1503
CONTACT PERSON	Bob Van Gyseghem - Public Works Director
DATE OF PROJECT	Water and Sewer Rate Study: 1/13 - 5/13
Proposer's Name & Title:	David Hyder, Vice President

Signature and Date:

David Hyder 6/30/15  
Edward J. Donegan III 6/27/2015

## **INSURANCE REQUIREMENTS**

*Please submit a policy Specimen Certificate of Insurance showing bidder's current coverage's*

## **WORKERS COMPENSATION & EMPLOYER LIABILITY**

\$500,000 – Each Accident    \$500,000 – Policy Limit

\$500,000 – Each Employee

## Waiver of Subrogation in favor of the Village of Orland Park

## **AUTOMOBILE LIABILITY**

\$1,000,000 – Combined Single Limit

Additional Insured Endorsement in favor of the Village of Orland Park

**GENERAL LIABILITY (Occurrence basis)**

\$1,000,000 – Each Occurrence    \$2,000,000 – General Aggregate Limit

\$1,000,000 – Personal & Advertising Injury

\$2,000,000 – Products/Completed Operations Aggregate

Additional Insured Endorsement & Waiver of Subrogation in favor of the Village of Orland Park

#### **EXCESS LIABILITY (Umbrella-Follow Form Policy)**

\$2,000,000 – Each Occurrence    \$2,000,000 – Aggregate

**EXCESS MUST COVER:** General Liability, Automobile Liability, Workers Compensation

## PROFESSIONAL LIABILITY

\$1,000,000 Limit -Claims Made Form, Indicate Retroactive Date & Deductible

Any insurance policies providing the coverages required of the Contractor, excluding Professional Liability, shall be specifically endorsed to identify "The Village of Orland Park, and their respective officers, trustees, directors, employees and agents as Additional Insureds on a primary/non-contributory basis with respect to all claims arising out of operations by or on behalf of the named insured." If the named insureds have other applicable insurance coverage, that coverage shall be deemed to be on an excess or contingent basis. The policies shall also contain a Waiver of Subrogation in favor of the Additional Insureds in regards to General Liability and Workers Compensation coverage's. The certificate of insurance shall also state this information on its face. Any insurance company providing coverage must hold an A VII rating according to Best's Key Rating Guide. Permitting the contractor, or any subcontractor, to proceed with any work prior to our receipt of the foregoing certificate and endorsement however, shall not be a waiver of the contractor's obligation to provide all of the above insurance.

The bidder agrees that if they are the selected contractor, within ten days after the date of notice of the award of the contract and prior to the commencement of any work, you will furnish evidence of Insurance coverage providing for at minimum the coverages and limits described above directly to the Village of Orland Park, Denise Domalewski, Contract Administrator, 14700 S. Ravinia Avenue, Orland Park, IL 60462. Failure to provide this evidence in the time frame specified and prior to beginning of work may result in the termination of the Village's relationship with the selected bidder and the bid will be awarded to the next lowest bidder or result in creation of a new bid.

ACCEPTED & AGREED THIS 30 DAY OF June, 2015

David Hyder Edward J. Donahue, II 08/27/2015  
Signature Authorized to execute agreements for:  
David Hyder, Vice President President Municipal & Financial Services Group

---

Printed Name & Title

Name of Company



## **CERTIFICATE OF LIABILITY INSURANCE**

DATE (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERNS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> <b>Wright Gardner Insurance, Inc.</b> <b>100 West Antietam Street</b> <b>Hagerstown, MD 21740</b>		<b>CONTACT NAME:</b> <b>PHONE (A/C, No, Ext): 1 (301) 733-1234</b> <b>FAX (A/C, No): 1 (301) 733-5821</b> <b>E-MAIL ADDRESS:</b>
<b>INSURED</b>  <b>Management and Financial Services Group LLC</b> <b>911-A Commerce Road</b> <b>Annapolis, MD 21401</b>		<b>INSURER(S) AFFORDING COVERAGE</b>
		<b>INSURER A: Hartford Casualty Insurance Company</b>
		<b>29424</b>
		<b>INSURER B: Twin City Fire Insurance Company</b>
		<b>29459</b>
		<b>INSURER C: Landmark American Insurance Co (RSU)</b>
<b>33138</b>		
<b>INSURER D:</b>		
<b>INSURER E:</b>		
<b>INSURER F:</b>		

## COVERAGES

**CERTIFICATE NUMBER:**

**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

EXCLUSIONS AND CONDITIONS OF COVERAGE				EXCLUDED LIMITS OR EXCLUSIONS HAVE BEEN RELETED ON THE BACK									
INSR LTR	TYPE OF INSURANCE		ADD'L SUBR INSP WWD	POLICY NUMBER		POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS					
A	X COMMERCIAL GENERAL LIABILITY		X CLAIMS-MADE	X OCCUR		X 30SBABL3680	01/01/2015	01/01/2016	EACH OCCURRENCE	\$ 1,000,000			
									DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 300,000			
									MED EXP (Any one person)	\$ 10,000			
									PERSONAL & ADV INJURY	\$ 1,000,000			
									GENERAL AGGREGATE	\$ 2,000,000			
									PRODUCTS - COMP/OP AGG	\$ 2,000,000			
										\$			
GEN'L AGGREGATE LIMIT APPLIES PER:													
	POLICY	PRO- JECT	LOC										
	OTHER:												
AUTOMOBILE LIABILITY						X 30SBABL3680	01/01/2015	01/01/2016	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000			
A	ANY AUTO	SCHEDULED AUTOS		X					BODILY INJURY (Per person)	\$			
	ALL OWNED AUTOS								BODILY INJURY (Per accident)	\$			
X	Hired Autos	X NON-OWNED AUTOS							PROPERTY DAMAGE (Per accident)	\$			
										\$			
X UMBRELLA LIAB				X OCCUR					EACH OCCURRENCE	\$ 2,000,000			
A	EXCESS LIAB	CLAIMS-MADE			30SBABL3680		01/01/2015	01/01/2016	AGGREGATE	\$ 2,000,000			
	DED	X RETENTION \$	10,000							\$			
B WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				Y/N			X 30WECKJ7356	01/01/2015	01/01/2016	X PER STATUTE	X OTHER		
B	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)				N/A					E.L. EACH ACCIDENT	\$ 500,000		
	If yes, describe under DESCRIPTION OF OPERATIONS below									E.L. DISEASE - EA EMPLOYEE	\$ 500,000		
										E.L. DISEASE - POLICY LIMIT	\$ 500,000		
B	Directors & Officers				30KB0243315		02/01/2015	02/01/2016	Per Occ/ Agg		1,000,000		
C	Professional Liability				LHR749292		01/14/2015	01/14/2016	\$5K Ded/ \$3M AGG		1,000,000		

**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)**

**When required by written contract The Village of Orland Park is an additional insured per the attached form.**

When required by written contract, the Village of Channahon is per the attached form.

General Liability is Primary & Non Contributory.

**CERTIFICATE HOLDER**

**CANCELLATION**

**Village of Orland Park  
14700 Ravinia Ave  
Orland Park, IL 60462**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

**AUTHORIZED REPRESENTATIVE**

F. Clinton Wyeth