

SCS ENGINEERS

September 21, 2018

Mr. Mike Mundell
Solid Waste Manager
City of New Braunfels
424 S. Castell Ave.
New Braunfels, TX 78130

Subject: Solid Waste Rate Study Proposal

Dear Mr. Mundell,

The City of New Braunfels (City) has requested a cost of additional services to perform a comprehensive solid waste rate study for the City in conjunction with the Solid Waste Management Plan already in progress. SCS Engineers (SCS) is pleased to present our proposed scope of services and cost estimate.

Ensuring the City's long-term financial sustainability is an ongoing challenge. SCS will support you by offering our expertise in rate making for municipal government. Our capabilities in this regard will ensure that you realize your revenue requirements while developing rates that are equitable, comply with State law and statutes, and reflect your desired level of service for your residents.

We propose to complete this project for a fixed fee of \$30,000. The description of our proposed scope of services and detailed work plan and cost estimate are on the following pages.

We are submitting this proposal for your review and consideration. We look forward to the opportunity to serve you.

Sincerely,



Vita Quinn, MBA
Financial/ Rate Expert
SCS Engineers



Michelle Leonard
Project Manager SCS Engineers



City of New Braunfels, TX
Comprehensive Solid Waste Rate Study
Project Work Plan Labor Summary

Tasks and Descriptions	Financial/ Expert Analyst	Financial Clerical	Secretarial/ Rate	
Project Tasks	\$220	\$95	\$78	Total
Task 1 - Project Initiation				
Prepare initial data request list and tentative project schedule. Establish project team and initiate project set up.	2	4	0	6
Attend kick-off meeting with City staff. Discuss overall study objectives and fiscal objectives. Identify key staff, discuss correspondence, and project schedule. Provide data request, describe format and detail required for requested data, and discuss protocol for file sharing.	--- Included in existing scope ---			0
Task 1 Hours	2	4	0	6
Task 2 - Perform Revenue Sufficiency Analysis				
Perform a detailed review of all data as it is received.	--- Included in existing scope ---			0
Review and compile historical and budgeted revenues, expenses, debt service, capital, and transfers. Evaluate budget vs actual performance to inform future assumptions.	--- Included in existing scope ---			0
Review historical billed tonnage and customer data to observe trends in usage/conservation and develop basis for projection.	--- Included in existing scope ---			0
Review budgeted CIP plan. Test additional capital scenarios and any capital and operations costs that may be associated with these projects.	--- Included in existing scope ---			0
Input all data into financial model along with City financial policies and borrowing assumptions and produce preliminary results.	--- Included in existing scope ---			0
Review results with Project Team and make adjustments as required.	--- Included in existing scope ---			0
Meet with City staff in an collaborative work session to review preliminary results. Test scenarios as required and develop a preliminary financial management plan.	--- Included in existing scope ---			0
Make adjustments based upon input from staff. Prepare workbooks of assumptions and preliminary results.	--- Included in existing scope ---			0
Meet with City staff in a second work session to review revised results, test SWMP scenarios, and finalize recommended financial management plan.	--- Included in existing scope ---			0
Make final adjustments based upon input from City staff and prepare revised workbook of assumptions and results.	--- Included in existing scope ---			0
Task 2 Hours	0	0	0	0
Task 3 - Complete Cost of Service Analysis				
Identify test year revenue requirements and input into cost allocation models.	2	12	0	14
Establish cost allocation factors to be used in analysis.	2	6	0	8
Apply cost allocation factors to service types, fixed and variable costs, and customer classes as required for analysis.	2	12	0	14
Meet with City Staff to discuss costs allocated to services and functional classes and make recommendations.	8	8	0	16
Make adjustments based upon input from staff. Prepare workbooks of assumptions and preliminary results.	2	8	0	10
Task 3 Hours	16	46	0	62

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Tasks and Descriptions	Financial/ Expert Analyst	Financial Rate	Secretarial/ Clerical	
Project Tasks	\$220	\$95	\$78	Total
Task 4 - Rate Analysis				
Review existing rates by service and class and compare to results of cost allocation.	2	6	0	8
Review billing data sets and perform billing data analysis.	4	32	0	36
Input results of billing data analyses and cost of service analyses into rate models.	1	12	0	13
Calibrate rate models to City's existing rate structure.	4	16	0	20
Test alternate rate structures to present to staff.	2	4	0	6
Conduct a meeting with City staff to discuss the findings and develop recommendations.	8	8	0	16
Task 4 Hours	21	78	0	99
Task 5 - Rate Comparison				
Identify entities to be surveyed and rates to compare.	--- Included in existing scope ---			0
Contact entities to discuss rates and input rates into rate comparison model.	--- Included in existing scope ---			0
Evaluate allocation of rate structure from cost allocation and compare to other benchmarked i i	--- Included in existing scope ---			0
Task 5 Hours	0	0	0	0
Task 6 - Presentation of Results				
Prepare Draft Report of results, and provide to City staff for review.	8	16	4	28
Adjust analysis per edits and comments submitted by staff. Issue Final Report.	4	8	4	16
Prepare presentations for Council.	4	1	2	7
Distribute presentations to City staff and adjust as required prior to Council meeting.	2	0	0	2
Attend Council meeting.	4	4	0	8
Task 6 Hours	22	29	10	61
Total Estimated Labor Hours	61	157	10	228
Percentage	27%	69%	4%	100%
Total Estimated Labor Cost	\$13,420	\$14,915	\$780	\$29,115
			Estimated Expenses	\$885
			Total Project Cost	\$30,000