

EXHIBIT A - WORK PLAN

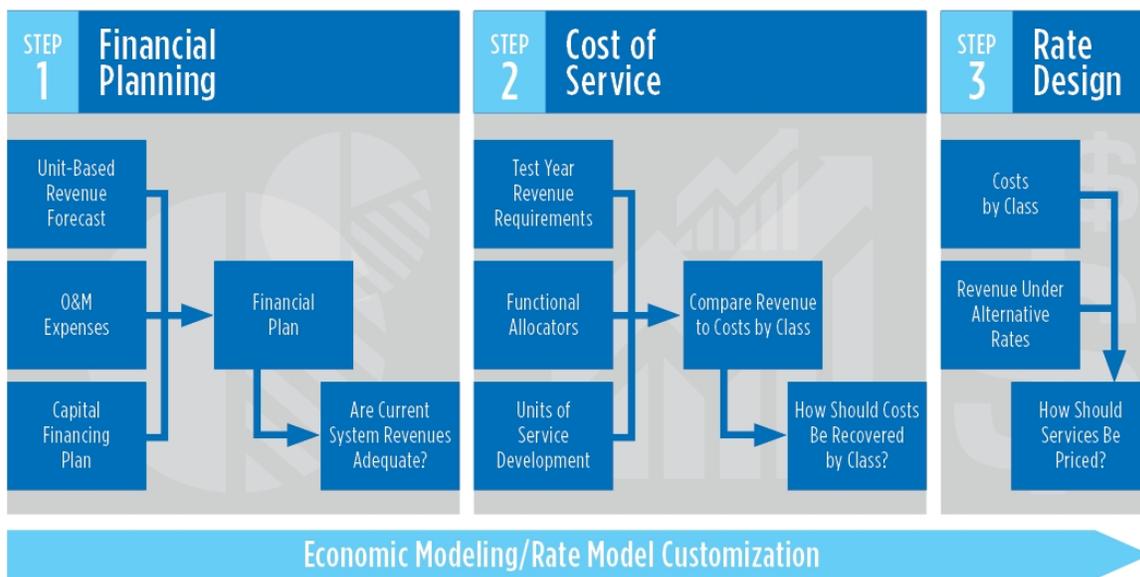
Burns & McDonnell proposes to provide the professional consulting services required by the City of Joplin, Missouri (the City) to conduct a comprehensive financial planning, cost of service and rate design study for the City’s wastewater utility. The proposed scope of work described herein is based substantially on the most recent study completed in 2014.

The primary objective of the study is to provide the City with recommended sewer charges that will support the financial viability of the system and provide appropriate debt service coverage. Proposed rates will be designed to provide the system with sufficient revenues to meet capital and operating costs over a 5-year study period.

OUR APPROACH TO MUNICIPAL RATE STUDIES

At its most basic level, Burns & McDonnell’s rate studies are designed to create a financial roadmap to prudently plan for funding requirements, to defensibly and equitably recover costs, and to implement rate adjustments that achieved utility policy goals and objectives.

Our approach to executing utility rate studies is grounded in the principles established by both the American Water Works Association (AWWA) *M1 Rate Manual*, and the Water Environment Federation (WEF) *Financing and Charges for Wastewater Systems*. The three-step approach we follow to complete utility rate studies aligns with industry standards and is depicted below. Our proposed project team has applied this approach in essentially all comprehensive financial planning, cost of service and rate studies we conduct.



- Step 1: Financial Planning provides an indication of the adequacy of the revenue generated by current rates. The results of the financial forecast analysis will answer the questions “Are the existing rates adequate?” and “If not, what level of overall revenue adjustment is needed?”

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- ▶ **Step 2: Cost of Service focuses on assigning cost responsibility to customer classes.** Each customer class is allocated an appropriate share of the overall system costs based on the level of service provided. The net revenue requirements (costs to be recovered from rates) identified in Step 1 are allocated to customers in accordance with industry standards and principles and system characteristics.
- ▶ **Step 3: Rate Design provides for the required revenue recovery.** Once the overall level of revenue required is identified and customer class responsibility for that level of revenue is determined, schedules of rates for each rate class are developed that will generate revenues accordingly.

The remainder of this section provides the proposed scope of services.

PROPOSED WORK PLAN

Task 1 - Initiate Project

The objective of Task 1 is to initiate the Study, collecting pertinent data and collaborating with the City to confirm consensus understanding of issues, milestones, communication strategies, and other matters.

An initial data request may be found at the end of this section to identify the information desired to start the study. Requested data is intended to address relevant current financial and operating information including billing summaries, most recently approved budgets, capital improvement plans, covenants associated with existing debt, formal financial policies or goals, fixed asset data, system operating information, and annual financial reports. The request for data is designed to be comprehensive; however, additional information may be requested as the project proceeds.

Task 1.1 - Conduct Project Kick-off Meetings

Burns & McDonnell will initiate the project by conducting a project kick-off meeting at the City's offices. This meeting will provide the opportunity for Burns & McDonnell to meet with key utility staff and gain further understanding of the wastewater utility system. It will also allow Burns & McDonnell and the City to discuss the project approach, the various issues to be addressed, and the initial data and information requested. During the meeting, we will work with the City to finalize the study goals, objectives, and timeline that will result in completion of all tasks and deliverables in accordance with the City's needs.

Task 1 Deliverables and Meetings:

- ▶ Deliverables: Initial data request
- ▶ Formal Meeting: Project meeting at the City's offices

Task 2 - Financial Plan Development

The objective of Task 2 is to develop a five-year financial plan that adequately funds the operating and capital requirements, complies with financial management policies, and provides a defensible and implementable plan for the utility to move forward.

Burns & McDonnell will develop the five-year financial forecast of the wastewater utility operating results. This will

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determine whether revenues under current rates can be expected to provide adequate funding for future utility operating and capital costs. The results of this financial forecast will be utilized to define the target annual revenue requirements for the wastewater services.

Task 2.1 -Prepare Revenue Forecast

Projected annual utility service revenues under existing and planned user charges and rates will be developed. Burns & McDonnell will review historical growth in the number of customers by class and then forecast the annual number of customers for each utility rate class for each year of the forecast period.

Burns & McDonnell will assess trends in billable flow per account for each customer class. Based on the volume analysis and other available information, Burns & McDonnell will estimate the future billable flow per customer for each rate class. The estimates of the annual number of customers and the annual billable flow per customer will provide the basis for forecasting annual billed volumes over the study period. The existing schedules of wastewater rates will be applied to the projected billable flow and the estimated numbers of customers to develop forecasted annual wastewater revenues under existing rates for the forecast period.

Burns & McDonnell will also develop projections of revenues from other existing sources, which may include interest income, penalties, tap fees and other miscellaneous income sources.

Task 2.2 - Project Capital Flow of Funds

Burns & McDonnell will review the capital improvement plan (CIP) and develop a capital planning flow of funds. This plan will acknowledge anticipated sources and uses of capital funds to implement the CIP. Funding sources may include issuance of proposed bonds, loans, connection fees, existing balances, and other sources as applicable. Uses of funds will include the CIP, cost of debt as applicable, and other costs as identified through consultation with the City.

Task 2.3 - Project Operating Revenue Requirements

Projections of annual system operation and maintenance expenses will be developed based on variables that may include projected billed volumes, historical expense levels, existing budgets, inflation estimates, and the input of City staff regarding any planned changes to the operation and maintenance of the utility system.

Annual debt service requirements on any outstanding debt will be included in the operating forecast. To the extent additional financing of expected capital improvements is indicated to be required in Task 2.2, estimates of new debt service requirements will also be incorporated in the forecast. In addition, the impacts of any financial performance requirements or targets, i.e. debt service coverage requirement, reserve levels, target operating ratio, etc., whether imposed internally or externally, will be considered.

Projections of any other wastewater system cash expenditures not included in any of the above categories will also be captured in the financial forecast. Such expenditures often include transfers or routine capital expenditures.

Task 2.4 - Review and Finalize Operating Cash Flows

Burns & McDonnell will summarize the annual forecasts of the wastewater utility revenues from Task 2.1, as well as the projected operating requirements from Task 2.3 in the form of pro-forma cash flow analyses for the sewer utility. This analysis will identify any annual operating surplus or deficit anticipated during the study period. The total projected annual surplus or deficit will provide an indication of whether the existing rates will generate sufficient revenues to cover the utility's costs for each year of the forecast period and whether an overall revenue adjustment is necessary.

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Burns & McDonnell will review the preliminary forecast results with the City at a meeting at the City offices. During this meeting, Burns & McDonnell will review assumptions and results for each component of the cash flow forecast. Following the meeting, the forecast will be updated to reflect applicable feedback received by the City.

Task 2 Deliverables and Meetings:

- ▶ Deliverables: Five-Year Wastewater Operating & Capital Funding Plans
- ▶ Formal Meeting: Meeting at City Offices to Review and Finalize Cash Flow

Task 3 -Cost of Service Analysis

The objective of Task 3 is to determine the cost of service based on the revenue requirements developed in Task 2, and to subsequently determine each customer class' responsibility in recovering that cost of service.

The information contained in the financial forecasts developed in Task 2 will be used to determine the corresponding annual revenue requirements. Burns & McDonnell will create a cost of service analysis that will equitably allocate the overall revenue requirements to customer classes utilizing the cash basis. An examination of wastewater treatment costs for allocation to the extra strength components of BOD and suspended solids will be conducted. The development of the allocated class cost of service will be consistent with industry standards as promulgated by WEF.

Task 3.1 - Determine Utility Cost Assignments

Burns & McDonnell will functionalize and assign each category of the wastewater system's costs to applicable utility functions. Functions for the wastewater system may include flow, strength, customer accounts, etc.

Task 3.2 - Allocate Functional Costs to Classes

Service requirements for each customer class will be estimated for each of the utility cost functions. Unit costs will be applied to each customer class units to assign costs from Task 3.1 to customer classes in accordance with the service provided.

Task 3.3 - Review Cost of Service Results

Burns & McDonnell will prepare a comparison of the allocated cost of service results with the projections of revenues under existing rates by class to identify the degree to which existing rates create inequities in the recovery of costs among the rate classes

Task 3.4 - Review Cost of Service Results

Burns & McDonnell will review the cost of service results with the City to discuss appropriate rate strategies and methodologies before proceeding with the rate evaluation and design.

Task 3 Deliverables and Meetings:

- ▶ Deliverables: Cost of service allocations to customer classes
- ▶ Formal Meeting: Conference call to discuss cost of service results

Task 4 - Proposed Rate Development

The objective of Task 4 is to develop proposed rates that meet the needs and objectives of the utility.

Burns & McDonnell will assess the existing rate structure for its performance, overall equity, and ability to meet City objectives for future wastewater rates. Burns & McDonnell will take into consideration alternative rate structures from our experience with other sewer utilities. Where appropriate, recommendations will be offered for modifications to the existing rate structure to improve the alignment with City goals and objectives.

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Burns & McDonnell will provide a proposed rate for industrial pretreatment services based on the labor and other expenses incurred by the City to provide its pretreatment program.

Burns & McDonnell will prepare a comparison of typical bills under both the existing and the proposed rates for each customer class. Additionally, a comparison of typical residential bills will be provided with up to seven other utilities. Comparison utilities will be determined in consultation with the City

Task 4 Deliverables and Meetings:

- ▶ Deliverables: Proposed sewer user charge rates
 Proposed pretreatment program fees
 Typical bill comparison
- ▶ Formal Meeting: Conference call to review draft and final proposed rates

Task 5 - Deliver Study Results

Burns & McDonnell will summarize the study results in a preliminary report for review by City staff. Two hard copies of the draft report will be provided. The report will include recommendations, to be followed by a description of the analysis completed and identification of the key inputs, assumptions, methodology, and results of the study. The draft report will present the financial forecasts, cost-of-service analyses, and rate designs in tabular form.

Burns & McDonnell will discuss the results of the study in a conference call with City staff. Based upon comments and input from the City, Burns & McDonnell will revise the final report, as appropriate, and will provide ten copies of the final report to the City. An electronic copy of the report will also be provided in Adobe PDF format.

Following the finalization of the study report, Burns & McDonnell will participate in a presentation of the study results to the City Council to explain the details of the report, to answer questions, and to discuss Burns & McDonnell recommendations. Burns & McDonnell will also support the City by attending one public open house to address questions.

Task 5 Deliverables and Meetings:

- ▶ Deliverables: Draft & final reports, two and ten hard copies respectively
 Adobe PDF copy of the final reports
- ▶ Formal Meeting: Conference call to discuss reports
 One Public Work Session with City Council
 One Public Open House

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INITIAL DATA REQUEST

Listed below are the key data sets anticipated for the wastewater financial planning, cost of service and rate study.

While this list is intended to be comprehensive, during the conduct of the study, it is possible that additional data may be requested. Information available in electronic format is preferred over hard copy. If information is obtainable from the City's website, a link directing the project team to that data is acceptable.

Financial Reports

1. Audited financial statements for the last 3 years
2. Year-to-date financial statements as may be available
3. Detailed operation and maintenance expenses for the last 3 years
4. A summary of historical revenues for the last 3 years, including user charges, interest income, miscellaneous fees, and other revenues as appropriate
5. Most recent annual budget and any operating budget projections available
6. Existing debt and loan payment schedules
7. Official Statement for most recent bond issue, if applicable
8. The most recent 5-year capital improvement plan
9. Beginning operating and capital fund balances at the start of the most recent fiscal year
10. A spreadsheet or report of itemized fixed assets including account number, description, original cost, accumulated depreciation, annual depreciation, and net book value. The total values should tie to values included in the most recently audited financial statements.
11. Basis for determination of transfers to General Fund, if applicable
12. Financial policies or targets such as debt service coverage ratios, reserve balances, etc as applicable

Billing and Rate Information

13. Current rate schedules
14. A summary of customer accounts, billed wastewater volumes, and revenues by class and meter size for the last three years
15. Three years of monthly billing history for excess strength / monitored customers, including billed volume and strength quantities and related revenues
16. Any special rate/service contracts terms and conditions, as applicable

Operating Reports

17. Average monthly flow treated at the wastewater treatment plant(s) over the last three years, and average monthly strength loadings (mg/l BOD and SS) of the influent wastewater
18. Any estimates of historical infiltration/inflow amounts as may be available
19. Amount of wastewater utility resources (labor, equipment, etc) involved in industrial monitoring or high strength management

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PROJECT SCHEDULE

The schedule on the following page illustrates the timing of tasks as described in our proposed Work Plan. This schedule assumes a start date in February 2019.

