

## Public Records Request #6422

The following materials have been gathered in response to public records request #6422. These materials include:

- RFP# FY21-RFP-20: Cost Allocation Plan Services – Raftelis
- RFP# FY21-RFP-20: Cost Allocation Plan Services – Evaluation

This information was provided as a response to a public records request on 10/27/21 and is current to that date. There is a possibility of more current information and/or documents related to the stated subject matter.

### Further Information

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For further information about this request or the Citywide Records Program, please contact:

Cheyenne Flotree  
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City of Charlotte/City Clerk's Office  
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Charlotte, NC 28202  
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# **Charlotte Water / City Stormwater Services**



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**Diversity and inclusion are an integral part of Raftelis' core values.**

We are committed to doing our part to fight prejudice, racism, and discrimination by becoming more informed, disengaging with business partners that do not share this commitment, and encouraging our employees to use their skills to work toward a more just society that has no barriers to opportunity.

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January 5, 2021

Ms. Adrienne Lewis  
Procurement Commodities and Services Manager  
Charlotte Water  
Procurement Department, 2nd Floor  
5100 Brookshire Boulevard  
Charlotte, NC 28216

**Subject: Proposal for Cost Allocation Plan Services (RFP# FY21-RFP-20)**

Dear Ms. Lewis:

Raftelis is pleased to submit this proposal to the City of Charlotte (City) and Charlotte Water to assist in the development of a new shared resources cost allocation plan (CAP), methodology, and tool for the combined management of the City's Storm Water Services and Charlotte Water.

Organizational structure changes, such as the City bringing City Storm Water Services under the leadership of the Charlotte Water Director, requires realignment of shared resources between the two departments. The development of a new shared resources CAP will ensure cost-justified allocation of shared services cost, will align to other cost allocation models with the City and County, will be mutually accepted and adopted by stakeholders, and will simplify the methodology and cost allocation tool as much as possible.

Our approach to completing this engagement involves utilizing our staff resources that have provided UMS Billing and Collections cost allocation, police service cost allocation, and utility cost of service evaluation services to Charlotte Water and the City in the past, and leverages our proven process and methodology for completion of the work. Through these prior engagements with Charlotte Water, we are familiar with the City's cost structure and have developed an efficient and effective methodology for completing cost allocation services. Our proposed solution consists of: (1) fully understanding the organizational structure changes and their impact related to potential near-term and long-term shared resources and related work practices between Charlotte Water and City Storm Water Services through engagement of stakeholders and staff in an interview process; (2) reviewing existing cost allocation plans, local agreements, ordinances, state statutes, relevant Federal Guidelines, and Federal compliance requirements, and then making recommendations for modifications to the CAP, as appropriate; (3) engagement with stakeholders through meetings and workshops to establish consensus and adoption of the CAP; and, (4) providing documentation, an Excel model, training, ongoing review, and audit support for the new CAP.

Raftelis offers the following advantages to Charlotte Water and the City:

- **History of Similar Success.** Our project team includes staff that has worked with Charlotte Water and the City on past financial engagements, and our familiarity with Charlotte Water and the City will allow our team to complete the work efficiently and effectively, building upon the prior methodologies and tools that have been prepared for the City in the past.
- **Collaborative Working Relationships.** Our project team members have worked collaboratively with Charlotte Water and the City to successfully deliver work products and solutions to challenges. You can be assured that our team will have success in helping to achieve consensus on an updated shared resources CAP.
- **Extensive Cost Allocation Experience.** Charlotte Water and the City will have access to our extensive experience completing similar CAPs for other utilities across the country. This experience will help to ensure that the CAP will be compliant with industry guidelines, meet your needs, and will be as simple and streamlined as possible.
- **Strong Local Presence.** By selecting Raftelis, Charlotte Water and the City will receive a firm that can complete the work cost effectively and respond quickly to your needs. Raftelis is headquartered in Charlotte and has 24 staff members located in Charlotte. Our location is only minutes from your offices, and the support of local resources on the project will allow the work to be completed efficiently and cost effectively.

The information contained in this Proposal, including Exhibits, Schedules, and other documents delivered to the City, is true, accurate, and complete. This Proposal includes all information necessary to ensure that the statements therein do not in whole or in part mislead the City as to any material facts. This Proposal is not made in connection with any competing Service Provider submitting a separate response to this RFP and is in all respects fair and without collusion or fraud.

Raftelis is truly excited about the potential opportunity of working with Charlotte Water and the City on this engagement. I am authorized to contract and bind legal documents with Charlotte Water and the City. If you have any questions about this proposal, please do not hesitate to contact me with the following information:

Jon Davis, Executive Vice President  
227 W. Trade Street, Suite 1400, Charlotte, NC 28202  
P: 704.936.4434 / E: [jdavis@raftelis.com](mailto:jdavis@raftelis.com) / F: 828.484.2442

Sincerely,



**Jon Davis**  
*Executive Vice President*



## Project Understanding

Organizational structure changes, such as the City of Charlotte bringing Storm Water Services under the leadership of the Charlotte Water Director, require realignment of shared resources between the two departments. As such, this engagement consists of providing professional consulting services to facilitate the development of a new shared resources cost allocation plan (CAP), methodology, and tool for the combined management of the departments. The CAP will provide alignment to other cost allocation models with the City and County, will be mutually accepted and adopted by stakeholders, and will simplify the methodology and cost allocation tool as much as possible.

# Proposed Solution and Project Plan

Our proposed solution consists of: (1) fully understanding the organizational structure changes and their impact related to potential near-term and long-term shared resources and related work practices between Charlotte Water and City Storm Water Services through engagement of stakeholders and staff in an interview process; (2) reviewing existing cost allocation plans, local agreements, ordinances, state statutes, relevant Federal Guidelines and Federal compliance requirements, and making recommendations for modifications to the CAP, as appropriate; (3) engagement with stakeholders through meetings and workshops to establish consensus and adoption of the CAP; and, (4) providing documentation, an Excel model, training, ongoing review, and audit support for the new CAP.

The following detailed task elements will be completed to develop a cost allocation plan for the City:

1. Raftelis will facilitate a project initiation meeting with representatives of Charlotte Water, City Storm Water Services, Mecklenburg County Storm Water Services, City of Charlotte Strategy and Budget, and City of Charlotte Finance to review project scope, purpose, uses, and goals of the Cost Allocation Plan to ensure that the proposed solution will be both accurate and appropriate to the City's needs. The meeting will also be held to review the project schedule and answer any questions pertaining to the successful development of the CAP.
2. Prior to the project initiation meeting, we will provide a written request for information to gather information needed to complete the work. This information will be discussed at the project initiation meeting.
3. Following the project initiation meeting, Raftelis will review the current and projected operating environment to develop appropriate cost allocations for shared services. This will be accomplished by

- facilitating interviews with City and County department staff, including the following:
- » One interview with County Storm Water
  - » One interview with City of Charlotte Strategy and Budget
  - » One interview with City Finance
  - » Two interviews with Charlotte Water and Storm Water Executive Leadership
  - » One to two interviews with the Charlotte Water Business Office
  - » One to two interviews with City Storm Water Business Office
  - » Two to three interviews with Charlotte Water Divisions
  - » Two to three interviews with Storm Water Division staff
  - » One to two interviews with other stakeholder groups
4. Information gathered from these meetings will include a description of the services provided, process and operations, identification of shared services and functions, quantification of the level of effort required to provide the services, and cost information. Interview work summaries will be prepared and provided to the client. We will utilize financial information, such as salaries by position, revenues and direct expenses by department and function, and support departmental costs to identify direct service and indirect costs.
  5. We will review relevant components of other cost allocation models used by the City and County to ensure there is no duplication of expenses charged and alignment between the CAP models. This will be accomplished by reviewing information provided as part of a formal information request, as well as facilitating additional interviews with City and County staff, including two interviews with the City and one interview with the County.
  6. Based on the information gathered through the interview process and formal information request, we will review and analyze the information and develop a draft cost allocation plan. This will entail reviewing the requirements associated with all local agreements, ordinances, state statutes, relevant Federal Guidelines (e.g., 2 CFR § 200.416 and OMB Circulars A-87 and A-122), and best practices for cost allocation. Appropriate cost drivers may include FTEs or expenses by department, number of transactions, or other customized cost drivers that may be appropriate. In reviewing and modifying the existing CAP, we will identify opportunities to streamline and simplify the tracking and reporting work processes by balancing the level of detailed information required for the CAP with the simplicity and ease of implementation of the plan.
  7. A non-proprietary cost allocation model will be prepared in Microsoft Excel to complete the cost allocation analysis. This model will be designed to be user friendly such that it can be delivered to the City at the completion of the project for the City's future use.
  8. We will prepare draft and final reports documenting the findings and recommendations and the development of the CAP model and related methodology for department leadership and staff's future use. This report will include a methodology section that will demonstrate the process to be used by the stakeholders to track and manage costs. Upon development of the draft plan, we will meet with representatives from the department leadership, and others from Charlotte Water, City Storm Water Services, Mecklenburg County Storm Water Services, City of Charlotte Strategy and Budget, and City of Charlotte Finance, as appropriate, to review the draft model and plan. Any comments or input provided will be incorporated into a final model and plan.
  9. Upon completion of the plan, we will deliver presentations on the findings and recommendations to the department and other stakeholders to facilitate their understanding of the plan and its implications to the City.
  10. We will provide an Excel-based tool for the department to input, track, and allocate costs among the stakeholders.
  11. We will conduct a train-the-trainer level implementation training that will provide instruction and training related to the methodology, process for updating the CAP, and the use of the Excel tool.
  12. Following the first year, and again following the third year, of implementation of the CAP recommendations, Raftelis will complete a review of the CAP process with the Department to validate the plan and process, and provide modifications, if needed.
  13. On an annual basis, Raftelis will audit the Excel tool updated by the Department, and the resulting cost allocations for completeness, accuracy, and compliance with the CAP.

# Example Utility Management System Billing and Collections Cost Allocation Model prepared by Raftelis for the City of Charlotte and Mecklenburg County



City of Charlotte & Mecklenburg County  
Utility Management System Billing and Collection Cost Allocation Model  
2021 Allocation Results Dashboard: 5 - Year Comparison



**Description**

The Dashboard worksheet serves as a visual presentation of the results of the model. The Dashboard includes several key graphics which display information such as the change in allocations, the change in annual expenses, and the change in annual Stormwater capital payments over time. In addition, the Dashboard includes key inputs which drive the model, such as the current year and the number of display years for the charts and graphics. Please only change the values of the Input cells, which are displayed as grey cells with dark boxes.

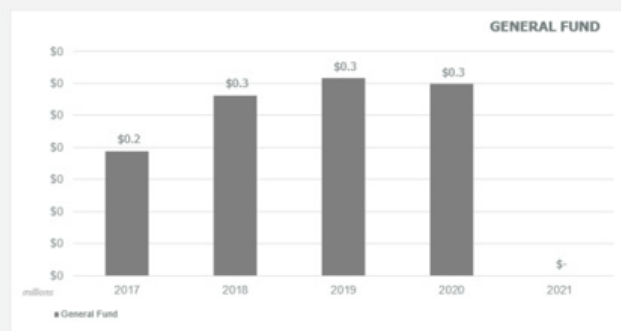
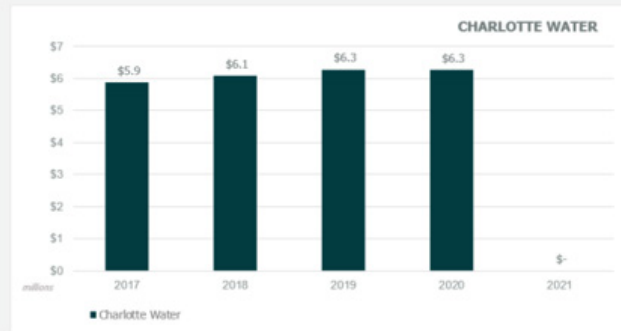
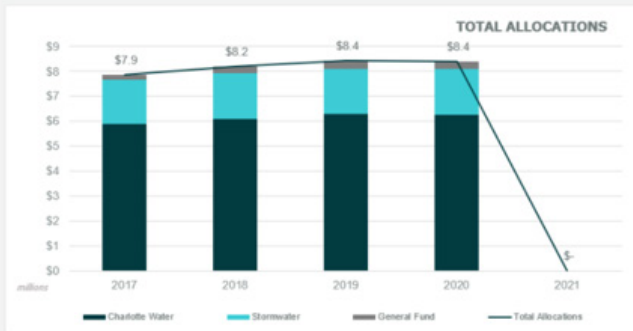
**Representative**

Louise Thompson, City Finance Revenue

**INPUTS**

Allocation Year (Delivered April 15)   
Based on Actuals from   
Display Years

**ALLOCATIONS**





# Company Profile



## RESOURCES & EXPERTISE

With more than 120 consultants, Raftelis has one of the largest local government financial and management consulting practices in the nation. Our depth of resources will allow us to provide the City with the technical expertise necessary to meet your objectives. In addition to having many of the industry's leading financial consultants, we also have experts in key related areas, like stakeholder engagement and data analytics, to provide additional insights as needed.



## WORKING WITH CHARLOTTE WATER AND THE CITY

Our project team members have worked collaboratively with Charlotte Water and the City to successfully deliver work products and solutions to challenges. You can be assured that our team will have success in helping to achieve consensus on an updated shared resources CAP.



## STRONG LOCAL PRESENCE

Raftelis was founded and is headquartered in Charlotte and has 24 staff members located in Charlotte. Our location is only minutes from your offices, and the support of local resources on the project will allow us to respond quickly to your needs and complete the work efficiently and cost effectively.



## HISTORY OF SIMILAR SUCCESSES

Raftelis has helped Charlotte Water and the City develop cost allocation methodologies for UMS Billing and Collections, Police services, and water and wastewater services since 2002, including the development of cost allocation plans and tools. Our project team includes staff that completed that prior work, and familiarity with Charlotte Water and the City will allow our team to complete the work efficiently and effectively, building upon the prior methodologies and tools that have been prepared for the City in the past.



## USER-FRIENDLY MODELING

Raftelis has developed some of the most sophisticated yet user-friendly financial/rate models available in the industry. Our cost allocation models will allow Charlotte Water and the City to easily understand the cost allocation methodology and to periodically update the inputs necessary to determine the annual allocations.



## RECOMMENDATIONS THAT ARE ADOPTED

For the study to be a success, recommendations must be successfully approved and implemented. Even the most comprehensive study is of little use if the recommendations are not approved and implemented. We develop a message regarding the changes that is politically acceptable and convey that message in an easy-to-understand manner. We focus on effectively communicating with elected officials about the financial consequences and rationale behind recommendations to ensure stakeholder buy-in and successful adoption.

# Experience

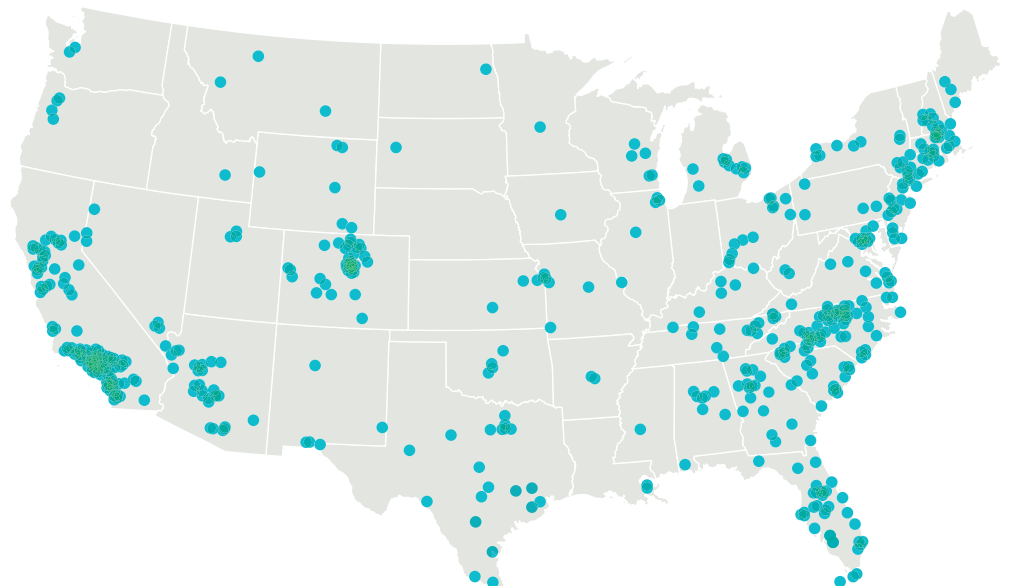
**RAFTELIS HAS THE MOST EXPERIENCED UTILITY FINANCIAL AND MANAGEMENT CONSULTING PRACTICE IN THE NATION.**

Our staff has assisted more than 1,200 public agencies and utilities across the U.S., including some of the largest and most complex agencies in the nation. In the past year alone, Raftelis worked on more than 900 financial/organizational/technology consulting projects for over 600 agencies in 44 states, the District of Columbia, and Canada.

**This map and the matrix on the following pages show some of the clients that we have assisted.**

**Raftelis has provided financial/organizational/technology assistance to utilities serving more than**

**25% of the U.S. population**





Client	Finance						Organization					Technology				
	Affordability Analysis & Program Development	Capital Improvements Planning/Prioritization	Debt Issuance Support	Economic & Financial Evaluations	Financial Planning & Modeling	Cost Allocation, Cost-of-Service, and Rate Studies	Stormwater Utility Development & Support	Organizational, Governance, & Operations Optimization	Performance Measurement & Benchmarking	Program Planning & Support	Stakeholder Engagement & Communication	Strategic Planning	Billing, Permitting, & Customer Information Audits	Business Process Development	Data Management, Analytics, & Visualization	Software Solutions
MI Saginaw, City of		●			●	●										
MO Metropolitan St. Louis Sewer District		●	●		●	●	●	●								
MS Jackson, City of	●	●			●	●		●							●	
NC Asheville, City of		●	●		●	●		●			●					
NC Charlotte Water	●	●			●	●										
NC Durham, City of		●	●		●	●										
NC Fayetteville, City of		●	●		●	●	●									
NC Raleigh, City of		●	●		●	●	●	●		●						
NH Concord, City of		●			●	●										
NJ Brick Township Municipal Utilities Authority					●	●										
NJ Jersey City Municipal Utilities Authority		●			●	●										
NV Henderson, City of		●			●	●										
NY Erie County Water Authority					●	●										
NY New York City Water Board		●			●	●									●	
OH Akron, City of		●			●	●					●					
OH Franklin County		●			●	●		●								
OH Montgomery County Environmental Services		●			●	●		●	●		●		●	●	●	●
OH Northeast Ohio Regional Sewer District	●	●			●	●	●	●							●	●
OK Chickasha, City of					●	●	●	●		●			●	●	●	●
OK Stillwater Utilities Authority					●	●									●	
OR Portland Bureau of Water, City of		●	●		●	●									●	
PA Capital Region Water	●	●	●		●	●	●			●	●					
PA Philadelphia Water Department	●	●	●		●	●		●	●	●	●		●	●	●	●
PA Pittsburgh Water and Sewer Authority	●	●	●	●	●	●		●	●	●	●		●	●	●	●
RI Newport, City of		●	●		●	●										
RI Providence Water Supply Board		●			●	●		●	●							
SC Greenville Water					●	●		●								
SC Mount Pleasant Waterworks		●			●	●					●					
TN Johnson City, City of	●	●	●		●	●										
TN Metro Water Services of Nashville and Davidson County		●	●		●	●	●		●	●	●					
TX Austin, City of		●	●		●	●		●								
TX Dallas, City of		●			●	●	●			●			●	●		
TX El Paso Water Utilities		●	●		●	●				●				●	●	●
TX North Texas Municipal Water District		●		●		●		●	●	●	●		●	●	●	●
TX Round Rock, City of					●	●										
TX San Antonio Water System	●	●			●	●				●						
UT Salt Lake City					●	●				●						
VA Newport News Department of Public Utilities, City of		●	●		●	●					●				●	
VA Richmond Department of Public Utilities	●	●			●	●	●			●					●	
VA Suffolk, City of		●	●		●	●										
VT Burlington, City of		●	●		●	●										
WA Tacoma, City of				●		●					●				●	
WI Milwaukee Metropolitan Sewerage District		●			●	●										
WI Milwaukee Water Works		●			●	●										
WV Charleston Sanitary Board					●	●										
Can Calgary, City of		●			●	●		●							●	
PR Puerto Rico Aqueduct and Sewer Authority		●	●		●	●		●	●	●						

Below, we have provided descriptions of projects that we have worked on that are similar in scope to Charlotte Water and the City's project.

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## City of Charlotte NC

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Raftelis assisted the City of Charlotte (City), its Revenue Division, Business Systems Division, CharMeck 311, and the City's Customer Service Department in developing a Cost Allocation Plan for its billing and collections department to account for and include organizational structure changes related to billing and related work processes while providing alignment of other existing cost allocation models within the City and the County. The work was completed by incorporating applicable cost allocation best practices, establishing consensus and mutual adoption of the recommendations by both the City and the County.

Raftelis currently provides services to the Charlotte Mecklenburg Police Department (CMPD). Raftelis is working with several divisions within CMPD – including the Crime Lab, Crime Scene Search, Communications (911), Recruiting and Training, and Animal Care and Control divisions – to calculate cost-justified fees for various services provided. Based on in-depth discussions with staff members, Raftelis has developed models for each of the divisions which incorporates direct operating and capital costs as well as indirect overhead costs incurred from both the Department and from the City of Charlotte.

Raftelis completed a user fee study for the City of Charlotte (City) to review and update the municipality's fees for service. In total, 60 miscellaneous user fees were reviewed during the project. This scope consisted of documenting each fee's purpose and current fee amount, providing recommendations to rename, consolidate, delete, or add new fees, identify inconsistencies present within the billing software (Banner System) and the accounting software (Munis) related to each of the fees, identify the authorizing language for each of the fees within the City's Code of Ordinances, or the North Carolina General Statutes, complete a comparison of miscellaneous fees with other municipalities in the region, develop an Microsoft Excel-based model that calculates the fees and allows the City to update the fees based in inputted personnel, vehicle, materials, and equipment-related costs. Developed and provided a miscellaneous fee model for the client's future use and preparing a fee study report.

As part of the user fee study, Raftelis assisted the City in updating user fees for water and sewer service and developed a cost-of-service and user fee model to assist in cost justifying the utility user fees charged by the City. Throughout these rate updates, our team examined many different fee approaches, calculated the costs and impacts of implementing them, and participated in meetings with staff, the client's Advisory Council, and the public to discuss the new recommended approaches. Raftelis facilitated a public input process by forming a stakeholder advisory group that consisted of representatives of residential customers in various neighborhoods across the service areas, as well as business representatives from the community. We conducted more than 15 public and stakeholder meetings to obtain customer feedback pertaining to the user fee structure. We assisted Charlotte Water in obtaining Council approval for a modified fee structure methodology that included an enhanced lifeline rate, water conservation incentives, and sewer billing based on average winter consumption. Additionally, Raftelis has assisted Charlotte in performing risk analysis on its revenue stream, assisted with rate modeling, analyses, results, professional recommendations, public outreach and communications support, presentations to stakeholder advisory groups, and subcommittees of City Council. We have fostered a strong working relationship with Charlotte Water staff and have successfully delivered on our engagements.

## City of Key West FL

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Raftelis led efforts to prepare an indirect cost study and cost allocation plan for the City of Key West (City). The primary purpose of the project was to identify and allocate the cost of providing services internally, quantifying and capturing the cost of services provided by the City's General Fund to the enterprise funds and internal services funds, and to ensure that each department and fund and department has its true cost identified. The City's General Fund is supported by ad valorem tax revenue, charges for services, intergovernmental revenue, and various fees and charges.

The project entailed completing a series of interviews with City staff to gather information, identify costs, and determine reasonable methods of cost allocation, developing an Excel-based cost allocation model to calculate the proportionate share of costs to each fund, providing instruction and training to City staff on the use of the Excel tool, and documenting the cost allocation

methodology in a report. The steps in the process included (1) Identification of the expenditures for each department, (2) developing equitable cost allocation factors, (3) application of the cost allocation factors to the budgeted costs, (4) determination of cost allocation amounts and percentages. Each department was identified and classified as Support, Recipient or Support/Recipient depending upon whether it provided services to other departments or whether it was a recipient of General Fund services. Budgeted operating expenses by department were used as a starting point for determining the allocable costs. Cost were allocated using a variety of allocation methods, including number of full-time equivalent staff, number of computer seats, revenue of each department, budgeted cost of each department, among others. The cost allocation methodology that was developed for the City is shown the diagram below.

Once the cost allocation methodology was developed, we prepared a Microsoft Excel tool that is used by the City to update the cost allocations on an annual basis. We also prepared a document that described the cost allocation methodology in detail.

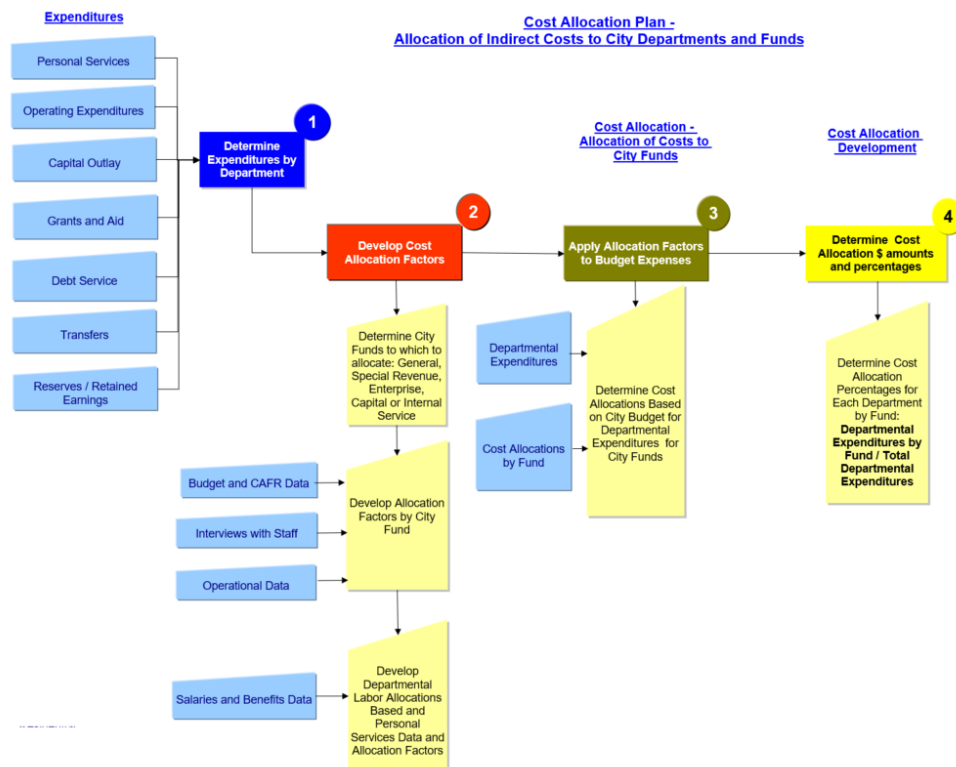
In addition to the development of the indirect cost allocation plan, we assisted the City in establish a methodology for calculating payment-in-lieu-of taxes, franchise fees, and right-of-way fees as a way for the General Fund to recover costs the government enterprises.

## Northeast Ohio Regional Sewer District OH

Raftelis has a long history of working with the Northeast Ohio Regional Sewer District (District) which serves the Cleveland metropolitan area. Raftelis has provided alternative rate structure analyses and comprehensive financial planning services dating as far back as 2005. Our recent work with the District has been focused on billing, customer service, data, and software to support the reimplementation of the District’s stormwater fee, and the associated changes to its billing arrangements with third-party provider Cleveland Water Department.

In 2015, the Northeast Ohio Regional Sewer District (NEORS or District) won a decision of the Ohio Supreme Court that confirmed their position as the primary provider of regional stormwater services within the service areas where it also provides wastewater collection and treatment. The District’s stormwater utility incurs direct expenditures for operational and maintenance costs related to managing the system’s infrastructure. The utility also receives support indirectly from the District related to administration, human resources, fleet management, process control, security, information technology, and other services. These indirect costs will increase to provide adequate support to the stormwater utility.

### SHOWN BELOW IS THE COST ALLOCATION PLAN THAT WE DEVELOPED FOR THE CITY OF KEY WEST.



Raftelis developed a Cost Allocation Model (CAM) that identifies what portion of these indirect, or overhead, costs are allocable to the stormwater utility in 2016. Since the implementation of the stormwater utility in 2016, the District has shifted personnel and costs to best meet the needs of the wastewater and stormwater services it provides. The allocation approach used in 2016 was no longer most appropriate given staffing assignments, budget levels and cost centers, etc.

Raftelis worked with District staff to understand the role of each work group and identify data that can be used to support the allocation of costs. The CAM is designed as a dynamic tool intended to be updated to match the ever-changing operational and maintenance needs of the District while providing a stable framework for predictable results.

### **City of El Monte CA**

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In 2019, Raftelis assisted the City of El Monte (City) with a Cost Allocation to allocate central service costs such as Finance, Information Technology, City Manager's Office, Human Resources, and Purchasing to the Water Enterprise. Raftelis interviewed City staff to assess the amount of time spent on water enterprise related tasks. For example, Human Resource time was allocated based on payroll to each City department. Information Technology was allocated based on the number of help tickets etc. The final cost allocation was incorporated into a rate study to recover central service costs.

### **Alameda County Water District CA**

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Raftelis was hired by Alameda County Water District (District) to review and update its internal cost allocation plan. The primary purpose of this study was to ensure all departments/funds are paying their fair share of central service cost as well as develop an overhead rate that may be used for cost reimbursements. The District fiscal year budget was approximately \$85M and the central services component made up approximately \$16.5M, which included Administration, Finance, Human Resources, IT, and Fringe benefits. The District requested a new overhead rate that may be applied in addition to its staff salaries for reimbursement from grant funding. In addition, the District also wanted a fully burdened overhead rate to use for capital projects and outside service requests. Raftelis provided the District with a complete Cost Allocation Model that included toggles for compliance with Uniform Guidance Section 2 CFR Part 200.

### **Santa Clara Valley Water District CA**

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Raftelis was hired by Santa Clara Valley Water District (District) to conduct a full Cost Allocation Plan (CAP). The primary objective was to review the current methodology used to allocate overhead costs between the Water Enterprise Fund (water fund) and Watershed and Stream Stewardship Fund (watershed fund) and ensuring the methodology used represents industry best practices. The District's previous overhead methodology allocated support services provided by the General Fund (such as, human resources, legal, finance) and by three internal service funds (the fleet management fund, the risk insurance fund and the IT fund), which utilized a direct charge method to the water fund and watershed fund. Raftelis evaluated the previous methodology in detail, compare it to industry best practices, and made recommendations for improvements and/or identify alternative cost allocation basis for certain central services for equitably apportioning costs to its operating departments.

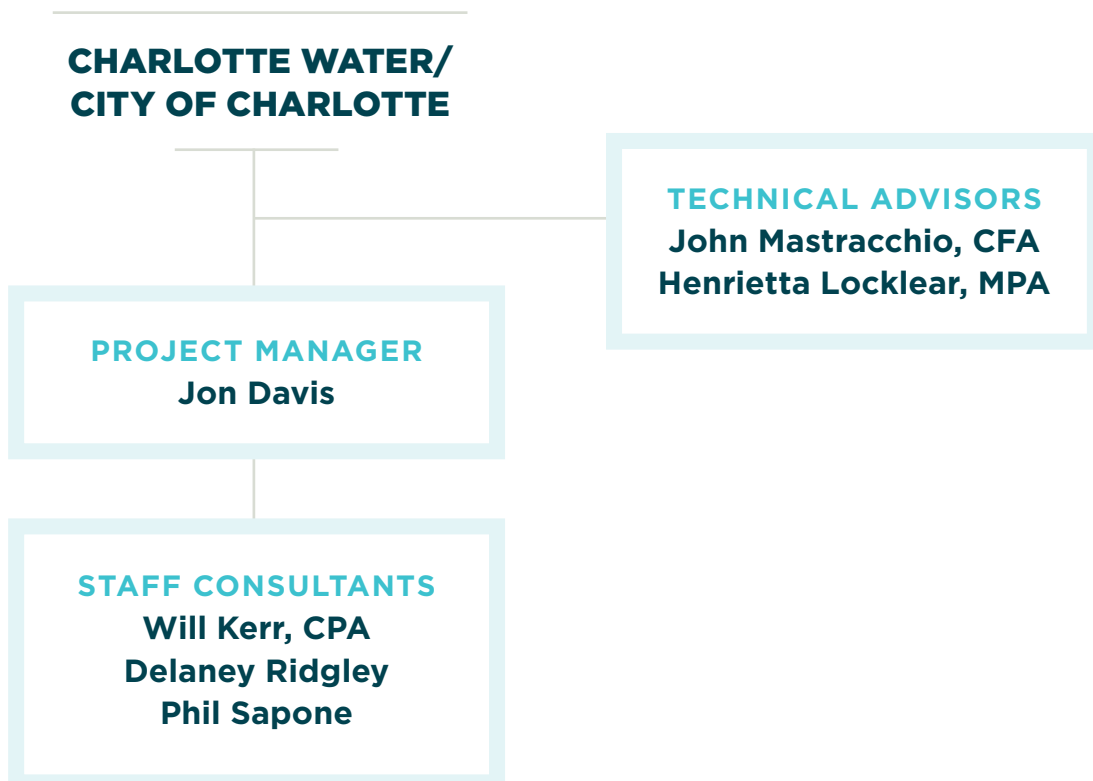
The District's water fund and watershed fund would not be able to function effectively without the support from the general fund and internal services funds which provide numerous support functions, such as, human resources, finance, legal, and IT. Therefore, the District is allowed to allocate overhead costs to the water fund and watershed fund based on the level of effort provided by these support services. Raftelis worked with District staff to understand the District's internal processed and central service functions. Through this process, Raftelis provided recommendations to the District's regarding its CAP. Through discussion with the District, Raftelis confirmed recommended adjustments and provided a new CAP for the District to use as part of their budgetary process.

# Project Team

**WE HAVE DEVELOPED A TEAM OF CONSULTANTS WHO HAVE EXPERIENCE WORKING WITH CHARLOTTE WATER AND THE CITY, AND SPECIALIZE IN THE SPECIFIC ELEMENTS THAT WILL BE CRITICAL TO THE SUCCESS OF THE PROJECT. OUR TEAM IS LED BY LOCAL STAFF, ALLOWING US TO RESPOND QUICKLY TO YOUR NEEDS.**

Our team includes senior-level professionals to provide experienced project leadership with support from talented consultant staff. This close-knit group has frequently collaborated on similar successful projects, providing Charlotte Water and the City with confidence in our capabilities.

Here, we have included an organizational chart showing the structure of our project team. On the following pages, we have included resumes for each of our team members as well as a description of their role on the project.





# Jon Davis

## PROJECT MANAGER Executive Vice President

### ROLE

Jon will manage the day-to-day aspects of the project ensuring it is within budget, on schedule, and effectively meets Charlotte Water and the City's objectives. He will also lead the consulting staff in conducting analyses and preparing deliverables for the project. Jon will serve as Charlotte Water and the City's main point of contact for the project.

### PROFILE

Jon joined Raftelis in 2000 and currently serves the firm as a Executive Vice President in our Charlotte office. Jon has extensive experience in financial forecasting and modeling and has led projects to apply advanced risk analysis techniques to rate and financial planning studies for the water and wastewater industry. Jon is an active member of the Water Environment Federation (WEF) Utility Management Committee where he chairs the subcommittee on Finance and Administration. He also serves on the WEF Technical Practices Committee (WEFTEC) and the WEFTEC Planning Committee. Jon has presented at many industry conferences, and also co-authored a chapter entitled, *Financial Capability and Affordability*, for the Fourth Edition of the industry guidebook, *Water and Wastewater Finance and Pricing: The Changing Landscape*. Prior to joining Raftelis, Jon worked in water resource recovery facility management and capital projects engineering.

### KEY PROJECT EXPERIENCE

#### DC Water (DC)

Jon currently serves as project manager for an ongoing engagement with DC Water. Raftelis is working under a long-term contract to provide financial planning and rate consulting services. As the first task order under the contract, Raftelis performed the 2009 cost-of-service study (COS study). The COS study included four major project deliverables: assure the sufficiency of projected revenue to cover projected expenditures; calculate cost-of-service-based rates and compare them to projected rates; review miscellaneous fees and charges; and, recommend rate structure alternatives that enhance priority pricing objectives of DC Water. Raftelis worked closely with DC Water staff over a compressed project timeframe beginning in July, 2009. Results of the COS study, along with a comprehensive report and revenue sufficiency/cost-of-service model, were presented to the Retail Rates Committee of the Board on September 24, 2009. Raftelis will continue to develop rate structure options based on the recommendations in the study. Raftelis updated cost of service rates in 2012, 2015, 2018, and 2020.

#### Columbus Water Works (GA)

Jon has served as project manager on a multi-phase project with Columbus Water Works (CWW) involving a financial management systems evaluation, cost-of-service analysis, block rate design, contract rate analysis, and



### Specialties

- Cost analysis & cost allocation
- Utility cost-of-service & rate structure studies
- Development impact fee studies
- Affordability program development
- Long-range financial planning & feasibility studies

### Professional History

- Raftelis: Executive Vice President (2019-present); Vice President (2013-2018); Senior Manager (2009-2012); Manager (2005-2009); Senior Consultant (2000-2004)
- Lance, Incorporated: Director of Energy & Environment, Projects Manager, Financial Analyst (1992-2000)

### Education

- Master of Business Administration - Queens College (1998)
- Bachelor of Science, Physics & Mathematics - Wake Forest University (1990)

### Certifications

- Series 50 Municipal Advisor Representative

### Professional Memberships

- AWWA: Virginia Section; Chesapeake Section; Pennsylvania Section; North Carolina Section
- WEF: Utility Management Committee; Finance & Administration Subcommittee Chair; WEFTEC Conference Planning Committee; Utility Management Conference Planning Committee (Past); Technical Practices Committee

financial reporting system review. The project goal was development and implementation of equitable yet understandable cost-based rate structures for both inside city and contract customers. The task was complicated by the recent departure of several large contract and wholesale customers and major looming capital needs. The study used a 5- to 10-year planning horizon that incorporated long-term capital planning needs, debt funding assumptions, operating cost projections, and demand projections. The Water Works Board voted on and agreed to the five-year program as recommended by Raftelis and CWW staff.

### **City of Baltimore (MD)**

Jon serves as project manager on a multi-year cost-of-service, rate, and financial consulting contract for the City of Baltimore (City). As part of the contract, Raftelis is performing cost-of-service and rate design studies for the water and wastewater utilities. The contract also calls for assistance with long-term fiscal planning and development of financial plans for utility capital programs. Since the City provides wholesale and retail utility service for surrounding counties, the engagement includes inter-jurisdictional contract negotiation support and rate setting. Jon is responsible for project administrative functions such as invoicing and sub-consultant coordination over the term of the engagement.

### **Philadelphia Water Department (PA)**

Jon is serving as project manager on a long-term contract to provide financial and management consulting services for the Philadelphia Water Department (PWD). The services involve debt issuance support, financial forecasting, service affordability review, and strategic planning assistance. At present under the agreement, Raftelis is performing a bond feasibility study and consulting engineers' report for inclusion in PWD's Official Statement for a 2016 planned bond issuance. The bond feasibility study provides a forecast of revenues and expenditures for the utility to assure bondholders that PWD will be able to repay bonds and meet debt covenants. As part of the same engagement, Raftelis is identifying and evaluating affordability programs including customer assistance and rate structure alternatives. The affordability program development is driven by a City Council mandate to overhaul the existing customer assistance programs. To date, Raftelis has developed program structure and administration options, modeled revenue impacts of a variety of options (including ones proposed by Council and outside groups), and participated in discussions both on structure and administration leading to the implementation of a final program. In addition, Jon served as project manager for a management audit of customer service functions for PWD and the Water Revenue Bureau (WRB).

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

Jon served as project manager on an engagement with Washington Suburban Sanitary Commission (WSSC) in Laurel, Maryland. WSSC is looking at alternatives to fund infrastructure renewal and AMR/AMI. The Raftelis Team is identifying and evaluating revenue enhancement opportunities to help fund approximately \$2.1 billion in incremental capital projects over the next 10 years. As part of our assistance, the Raftelis Team is helping to build the business case for monthly customer billing facilitated by AMR/AMI. WSSC has looked into automated meter reading for at least 12 years but has run into challenges with cost justification; their system contains over 440,000 customer accounts and almost 1,000 square miles. The Raftelis Team, led by Jon, will help to justify the investment in AMR/AMI through placing a value on its intangible benefits: more frequent pricing communication with customers, reduced delinquency, and reduced unaccounted for water.

### **City of San Diego Metro Wastewater Department (CA)**

Jon served as lead consultant for a sewer cost-of-service and rate design study for the City of San Diego (City) Metro Wastewater Department. The study was conducted with extensive stakeholder group involvement and included a comprehensive review of the City's revenue requirements and allocation methodology, review of the City's user classification, an analysis of cost-of-service and rate design for City users. Rate design included evaluation of rate

structure alternatives with emphasis on incorporating a uniform monthly base fee in conjunction with volume rates. The study also included a review of the City's capacity charges.

### **Charlotte-Mecklenburg Utilities (NC)**

Jon has assisted on several financial services engagements for Charlotte-Mecklenburg Utilities (Utilities). Originally, Raftelis assisted Utilities in developing a water financial planning and rate model and related user manual. The rate model has been used to update rates and assist with Utilities' financial planning. Since the original model development, Raftelis has provided assistance in updating and refining the rate model. In addition, Jon and Raftelis have provided assistance in conservation-based rate development, industrial waste charge methodology, recycled water rate setting, managed competition, and utility billing system cost allocation. Raftelis is currently assisting Utilities in developing stronger conservation-based water rates, while trying to maintain revenue sufficiency and stability.

### **Richmond Department Public Utilities (VA)**

Jon currently serves as project director for our engagement with the Richmond Department Public Utilities (DPU). Raftelis is developing a financial planning model that incorporates all utility systems: water, wastewater, natural gas, street lighting and stormwater. DPU will use the model to set rates in addition to determining financial condition.

## **ADDITIONAL PROJECT EXPERIENCE**

- City of Arlington (TX) - Wholesale reclaimed water negotiation
- City of Baltimore (MD) - Cost-of-service rate study, financial planning, interjurisdictional contract negotiation support, stormwater utility implementation, organizational optimization
- City of Buffalo (NY) - Cost-of-service water rate study
- Bureau of Governmental Research, New Orleans (LA) - Managed competition proposal evaluation study
- Charlotte-Mecklenburg Utilities (NC) - Conservation pricing, reclaimed water program feasibility, billing and collections costs analysis and allocation study
- Columbus Water Works (GA) - Cost-of-service rate study, financial planning, procurement feasibility
- City of Corona (CA) - Wastewater rate study
- DC Water (DC) - Economic development/service extension policy
- Erie County (NY) - Regionalization feasibility study
- City of Hendersonville (NC) - Water and sewer rate study
- Town of Hillsborough (NC) - Development/impact fee study for water and wastewater, water and wastewater rate study
- Gwinnett County (GA) - Development/impact fee study for water and wastewater
- City and County of Honolulu (HI) - Department of environmental services - wastewater rate structure study
- Town of Marana (AZ) - Water financial planning/rate study
- Philadelphia Water Department (PA) - Wholesale rate arbitration, customer service strategic review
- City of Phoenix (AZ) - Environmental fee study, privatization study
- City of Portland (OR) - Water rate model design
- City of Poway (CA) - Wastewater rate structure study
- City of Richmond (VA) - Financial forecasting model
- City of Rock Hill (SC) - Wholesale cost-of-service rate study, development/impact fee study
- City of San Diego (CA) - Recycled water and wastewater rate study
- City of Siler City (NC) - Debt feasibility study
- Tarrant Regional Water District, Fort Worth (TX) - Financial feasibility study
- United States Navy - Privatization procurement
- City of Virginia Beach (VA) - Customer billing feasibility study

# John Mastracchio, CFA

## TECHNICAL ADVISOR

Vice President

### ROLE

John will provide oversight and technical support for the project ensuring it meets both Raftelis and industry standards.

### PROFILE

John is a Vice President with more than 25 years of experience as a financial and management consultant serving the utility, governmental, and private sectors. His extensive experience includes over 250 financial projects covering technical areas including cost allocation plans, financial planning and rate setting, capital financing, asset management, regionalization, valuation, litigation support, and transactional consulting, and spans several utility sectors including water, wastewater, electric, solid waste, and stormwater, along with consulting for federal and municipal general government, transportation, and ports.

### KEY PROJECT EXPERIENCE

#### Charlotte Water (NC)

John has served as the project manager for cost allocation and cost of service studies for Charlotte Water's water and sewer systems since 2011. He has completed studies to evaluate and update Charlotte Water's existing water and sewer rate structure, evaluate customer assistance and affordability programs, develop rate structure alternatives, and assist in rate adoption and implementation. He has completed cost of service studies to determine the cost responsibility of customer classes. He evaluated customer affordability at various income levels and household sizes within the service area. He facilitated a public input process by forming a stakeholder advisory group that consisted of representatives of residential customers in various neighborhoods across the service areas, as well as business representatives from the community. He conducted more than 15 public and stakeholder meetings to obtain customer feedback pertaining to the rate structure. He assisted Charlotte Water obtain Council approval for a modified rate structure methodology that included an enhanced lifeline rate, water conservation incentives, and sewer billing based on average winter consumption.

#### City of Key West (FL)

John was the project manager for completion of an indirect cost study to assist the City in allocating joint and indirect costs associated with the City's General Fund to Enterprise and Special Revenue Funds of the City. The project entailed completing a series of interviews with City staff to gather information, identify costs, and determine reasonable methods of cost allocation, developing an Excel-based cost allocation model to calculate the



### Specialties

- Cost Allocation Plans
- Financial analysis & modeling
- Financial planning, cost of service, rate design
- Bond feasibility studies
- Transactional due diligence support
- Government consolidation/regionalization
- Public-private partnerships
- Inter-municipal agreement support
- Valuation assessments
- Expert witness & litigation support
- Benchmarking
- Capital financing & project planning
- Business process improvement
- Asset management/business case evaluations

### Professional History

- Raftelis: Vice President (2017-present)
- Arcadis, U.S., Inc. (2003-2017)
- Arthur Andersen (2001-2002)
- Parsons Corporation (1994-2000)

### Education

- Master of Business Administration, Finance - Cornell University (2001)
- Master of Science, Civil & Environmental Engineering - Clarkson University (1994)
- Bachelor of Arts - State University of New York, College at Geneseo (1993)

### Certifications

- Chartered Financial Analyst
- Professional Engineer (PA)
- Lean Six Sigma
- Series 50 Municipal Advisor Representative

### Professional Memberships

- American Society of Appraisers
- AWWA: Chair of Finance, Accounting, & Management Controls Committee
- CFA Institute
- WEF

proportionate share of costs to each fund, providing instruction and training to City staff on the use of the Excel tool, and documenting the cost allocation methodology in a report. The cost allocations were prepared to be in compliance with City, State, and Federal cost allocation guidelines.

### **City of Dayton (OH)**

John has served as the project manager for financial services projects for the City since 2010. Services provided over this timeframe included (1) the development of administrative and shared services cost allocation plans for the City's Water, Sewer, and Stormwater Funds, (2) completion of water, sewer, and stormwater rate studies consisting of estimation of revenue requirements, development of financial models, facilitating workshops with the City, completion of cost of service evaluations, and developing projections of utility rates, (3) preparation of utility surveys and benchmarking studies to assess competitiveness of existing and proposed rates, and presented results to City staff and officials, and (4) assistance in negotiating a long-term water supply contract with a neighboring municipality, and acceptance of a "utility basis" cost allocation model that serves as the basis for the cost of purchased water specified in the water supply contract.

### **City of Harrisburg and Capital Region Water (PA)**

John assisted the City of Harrisburg (City) and Capital Region Water (CRW) reorganize the operations of its water, wastewater, and stormwater systems as part of the turnaround of the City's financially distressed status under the Municipalities Financial Recovery Act. Led financial analysis efforts to analyze shared services costs between the City and Capital Region Water. Assisted in the allocation of shared services costs between the City and Capital Region Water, assisted in the planning and execution of the transfer of assets from the City to Capital Region Water, involving asset valuation, revenue and expense projections, and analysis of shared services costs between the City and CRW. Completed a bond feasibility report for the water system consisting of asset condition assessment and the development and projection of capital improvement needs over a five-year forecast period to satisfy trust indenture requirements. Provided financial consulting services to CRW following the reorganization, including the development of cost allocation plans, financial plans and rate projections, consisting of demand forecasts, projections of revenues and expenses, modelling fiscal requirements and targets, identification of rate revenue requirements, allocation of costs to both retail and wholesale customers, and calculation of utility rates. Assisted CRW in revising and renegotiating inter-municipal agreements with suburban communities.

### **City of Columbus (OH)**

John has served as project manager for financial services support to the City since 2005. He led the completion of cost allocations to support rate, fee, and charge assessments, development of rates and rate structures to assist the City generate sufficient revenues to pay for its water and sewer capital improvement and operation and maintenance programs. Cost allocations were completed to assist the City in determining the full cost responsibility of the City's customers, and rate structures were developed to closely align with the cost of providing service and developing rate formulas for the city's future use. John also provided input into the City's affordability analysis to support implementation of a long-term control plan.

### **DC Water (DC)**

John completed a cost allocation study to assist DC Water in establishing a conveyance and treatment rate for DC Water customers that discharge to a large sewer interceptor, the Potomac Interceptor. The study consisted of evaluating the portion of DC Water's costs associated with the Potomac Interceptor and the Blue Plains Wastewater Treatment Plant, developing a cost-based allocation to various municipal and federal customers that discharge to the interceptor, and establishing a multi-year sewer rate. Prepared a detailed sewer user charge report and presented the results to the DC Water board.

# Henrietta Locklear MPA

## TECHNICAL ADVISOR

Vice President

### ROLE

Henrietta will provide oversight for the project ensuring it meets both Raftelis and industry standards.

### PROFILE

Henrietta has 15 years of experience in local government finance and stormwater management. She specializes in working with local government staff, stakeholders, and elected officials to identify solutions and implement programs to meet environmental and public health challenges. Henrietta is experienced in governmental financial analysis and planning, particularly in stormwater utility implementation and rate studies. She is also experienced in all aspects of utility implementation, with particular focus on policy analysis and development, and data and billing system implementation. She has studied fee credit programs and served as project lead on credit program development for several large stormwater utilities. Henrietta has worked with more than 50 local governments on stormwater funding analyses, fee feasibility, or implementation projects and has served as project manager for more than 20 stormwater utility fee implementation projects. She was a member of the working group that developed the certification test for American Public Works Association's (APWA) Stormwater Manager Certification. She was also a reviewer for the Water Environment Federation's Special Publication entitled, *User-Fee-Funded Stormwater Programs*, 2nd Edition. In addition, Henrietta co-authored two chapters in the industry guidebook *Water and Wastewater Finance and Pricing: The Changing Landscape*, which are entitled, "Public Outreach and Gaining Stakeholder Commitment" and "Expanding Financing and Pricing Concepts into Stormwater." Henrietta has a wealth of experience with public input processes. On a variety of projects, she has assisted stormwater programs with identifying stormwater specific costs within a variety of departments in agencies. She convened Raftelis' Affordability Community of Practice, a group of firm professionals focusing on thought leadership in the affordability arena. She is a Municipal Advisor Representative, having passed the Series 50 exam.

### KEY PROJECT EXPERIENCE

#### City of Charlotte (NC)

Raftelis' most recent engagement, with the City of Charlotte (City), has been to assess the City's program including comparing the program with those of other utilities nationwide and to develop a strategic plan for Storm Water Services. Henrietta led the program assessment, which included reviews of program policies and finance, including funding methodology. One focus of the assessment was on the City's Maintenance and Repair program which is the portion of the City's capital improvement program that resolves drainage complaints from citizens. The program has a large backlog of projects



### Specialties

- Stormwater rate structure analysis & cost allocation
- Stormwater program planning & development
- Stormwater finance & utility development
- Affordability program analysis, development & implementation
- Billing & information systems
- Meter technology modernization (AMI/AMR)

### Professional History

- Raftelis: Vice President (2019-present); Senior Manager (2015-2018); Manager (2013-2014); Senior Consultant (2011-2012)
- AMEC Morrisville, NC: Team Leader/Project manager (2009-2011)
- AMEC Raleigh, NC: Supervisor/Project manager (2008-2009); project manager (2006-2008)
- AMEC Nashville, TN: Public Affairs Coordinator (2004-2006)
- Wake County Government: Planning Technician (2003-2004); Intern (2003)
- School of Government, University of North Carolina at Chapel Hill: Research Assistant (2004)

### Education

- Master of Public Administration - University of North Carolina at Chapel Hill (2004); Deil S. Wright Award for Outstanding Capstone Paper
- Bachelor of Arts in Political Science - University of North Carolina at Chapel Hill (2002); Phi Beta Kappa; Order of the Golden Fleece

### Certifications

- Series 50 Municipal Advisor Representative

### Professional Memberships

- WEF

and the City sought to analyze the program and the best solution to resolve the backlog, including potential level of service, policy and funding changes. As a part of the study, Raftelis performed analysis of debt funding options over 10-year and 20-year planning horizons as one option to increase investment to meet capital needs. Raftelis provided the broad assessment of the program's health, identified chief challenges for the future and recommended strategies to meet those challenges. Raftelis provided presentations to Council and to the program's citizen stakeholder committee on the study and results.

### **City of Charlotte and Mecklenburg County (NC)**

Henrietta served as project manager for strategic planning in support of business process improvements for all business processes that relate to stormwater utility billing, collections, database maintenance, and customer service. The outcomes from this project will support improvements in the connectivity between the third-party billing vendor and the stormwater utility and among the departments serving stormwater customers. In addition, Henrietta served as project manager for the analysis of residential rate structures and crediting options for this well-established stormwater utility. She developed options and analyzed rate implications and pros and cons of various options. She also presented initial options to the Stormwater Advisory Committee (SWAC), responded to comments, presented revised options to SWAC, and developed handout materials for SWAC and final report for staff.

### **Northeast Ohio Regional Sewer District (OH)**

Henrietta assisted in the Data Track of the project to develop a user fee to support Northeast Ohio Regional Sewer District's (NEORS) stormwater management program. Once implemented, the stormwater management program will serve 61 municipalities and two counties that are part of NEORS's service area. She developed policy documentation for the utility's data management. Henrietta also assisted in a variety of tasks to support the development of a user fee to support the NEORS's stormwater management program. She has performed policy analysis and documentation and data analysis to support program implementation and billing and data development. She also supervised additional documentation and analysis and peer reviewed project deliverables. As project manager, Henrietta has overseen project management for NEORS, reviewing charges, invoicing, and subcontractor invoicing in compliance with NEORS standard procedures. She managed both data development and data quality control tasks as supervisor of the data and policy analysts performing tasks such as parcel aggregation and database development. Henrietta is currently serving as assistant project manager for the billing implementation phase of this project. In this capacity, she led policy review and development and prepared and reviewed deliverables.

### **Philadelphia Water Department (PA)**

Henrietta manages several efforts for Raftelis' engagements with Philadelphia Water Department (City). These include the development of the City's affordability program and a management study of the utility's meter-to-cash operation and annual reporting efforts to support the department's financial planning and cost-of-service studies. For the management audit, she oversaw the review of customer service and billing processes as well as a detailed analysis of the utility's billing system. She is also assistant project manager for Raftelis' multi-year engagement with the Department to provide financial consulting services. Henrietta has led the development of the City's affordability program, the Tiered Assistance Program, which launched July 1, 2017. Henrietta served as project key lead for a study assessing potential changes to Philadelphia Water Department's (PWD) stormwater fee rate structure, credits regulations, and green infrastructure incentives. The project involved a detailed assessment of the Department's then cost allocation methodology and rate structure and program, a national credit and incentives study of comparable utilities, as well as an intensive stakeholder input process. Henrietta led the national credits study and coordinated the stakeholder process, including policy development and assessment. Henrietta also oversaw data analysis inputs into the stakeholder process.

## Will Kerr CPA

### STAFF CONSULTANT Manager



#### ROLE

Will's role on this project is to support the project team and work at the direction of Jon in conducting analyses and preparing deliverables for the project.

#### PROFILE

Will is a Manager in our Charlotte office. With a background in finance and accounting, his expertise lies in financial modeling, financial forecasting, and governmental accounting. Will has developed cost allocation plans and financial models and completed analyses for water, wastewater, and stormwater rate studies, impact fee studies, bond feasibility studies, affordability studies, rate filings, and water and wastewater rate surveys. Will brings a unique perspective having served on dozens of engagements along the East Coast for both large and small water and wastewater providers. In addition to project-related work, Will also serves as the Vice Chair of the Board of Trustees of the Raftelis Charitable Gift Fund.

#### KEY PROJECT EXPERIENCE

##### North Charleston Sewer District (SC)

Will was engaged by North Charleston Sewer District (NCSD) to perform a rate and cost of service study (Study) for a five-year forecast period beginning in fiscal year (FY) 2021. First Raftelis developed a financial plan that summarized revenue requirements and projected revenues for a five-year planning period while monitoring annual debt service coverage requirements and reserve fund balances. The next step in the study process was conducting a cost of service study in accordance with generally accepted industry practices for cost allocation and ratemaking. Raftelis used historical operating and financial data, as well as input from NCSD staff, to develop cost allocations and cost drivers. After the financial plan and cost of service model was developed, NCSD and Raftelis began the process of evaluating rate structure adjustments and changes (as needed) to generate sufficient revenues. Raftelis developed a comprehensive rate and financial planning model which included an alternative rates dashboard to efficiently measure customer impacts related to rate structure modifications. Will also calculated cost-justified system development fees and miscellaneous charges for ancillary services.

##### Pittsburgh Water and Sewer Authority (PA)

Will currently serves and has served as the lead consultant on several engagements with the Pittsburgh Water and Sewer Authority (PWSA) to provide water and wastewater rate and financial consulting services. Will developed a comprehensive cost-of-service, rate, and financial planning model. At the time PWSA was considering implementing stormwater user charges and, as such, a stormwater rate study was performed alongside the study. The model was built to determine the cost of providing water, wastewater, and stormwater services and to calculate cost justified rates by customer class with the functionality to include a new stormwater charge.

#### Specialties

- Cost allocation plans
- Rate modeling & financial forecasting
- Governmental accounting
- Bond feasibility studies
- Cost-of-service studies
- System development fee studies
- Rate surveys
- Affordability studies

#### Professional History

- Raftelis: Manager (2020-present); Senior Consultant (2018-2019); Consultant (2015-2017); Associate (2013-2014); Intern (2012)

#### Education

- Bachelor of Science in Financial Management - Clemson University (2013)

#### Certification

- Certified Public Accountant, North Carolina (2018)

#### Professional Memberships

- AWWA & South Carolina AWWA
- WEF: Water Environment Association of North Carolina
- North Carolina Government Finance Officers Association: Associate Member
- North Carolina Association of CPAs



Will's role in the PWSA engagement was expanded to include support services for Interim Finance Director. Will worked closely with PWSA Staff coordinating various efforts across different PWSA departments, including: finance, accounting, HR, customer service, and operations. In addition to general day-to-day support services, key tasks included establishing operating budgets; examining billing system and customer collection issues as well as improving data-querying protocols; collecting and compiling volumes of historical financial and operational data required by the PAPUC; and assisting the utility in establishing formal Rules and Regulations.

PWSA re-engaged Raftelis in 2019 to provide ongoing rate, financial planning, and stormwater consulting services. These services include a 2020 Base Rate Increase Tariff Filing for PWSA. Relying on the previously developed model, Raftelis is supporting the filing with a Cost of Service study and financial planning support. Will is overseeing the update of the model, assisting in the development of a forecast of revenues and revenue requirements, and providing input on the direct testimony to support the Tariff Filing.

### **City of Gainesville (GA)**

Will serves as the lead consultant on a project with the City of Gainesville (City). Raftelis was engaged to perform a cost-of-service study and an Outside-City Rate Differential study (the Studies) for the City to examine the equity among the City's water and wastewater rates as well as the cost-justification for the City's outside-city rate differentials. For the cost-of-service study, Will lead the development of a detailed cost-of-service model which first allocates the Water Resource Department's revenue requirements to water and wastewater and then performs a detailed cost-of-service analysis to determine the cost of serving each customer class. For water, Raftelis performed a base extra-capacity cost-of-service analysis in alignment with the AWWA M1 manual and for wastewater, Raftelis performed a cost-of-service analysis relying on guidance from WEF Manual of Practice No. 27. For the Outside-City Rate Differential study, Raftelis used the utility basis to determine a unit cost for Outside-City customers which is compared to the unit cost of serving Inside-City customers. This meant performing a detailed allocation of operating expenses, fixed assets, and depreciation to Inside- and Outside-City. Will lead the development of both models and reports, relying on previous studies and working closely with City Staff.

### **Renewable Water Resources (SC)**

Will served as the lead consultant on an engagement with Renewable Water Resources (ReWa) in Greenville, SC. Raftelis was engaged by ReWa to perform a wastewater utility rate and new account fee (NAF) study. The objectives of the rate study were to: evaluate revenue sufficiency and recommend rates that recover the necessary revenues to meet system revenue requirements; evaluate the cost recovery equity of ReWa's existing rates (specifically fixed vs. volume) and make recommendations for improvements; and provide a user-friendly financial planning model, designed for continuous use by ReWa Staff. As a part of the rate study, Raftelis also reviewed ReWa's existing NAF's to evaluate their cost justification and recommend modifications. Will modeled three unique rate scenarios for recovering revenues to meet system revenue requirements. The rate scenarios included multi-year across-the-board increases to volume charges as well as cost justified base charge increases. The project concluded with Raftelis delivering a final Utility Rate study Report, New Account Fee Letter, and the financial planning and rate model. Upon delivery of the model, Raftelis held a model training workshop at ReWa to facilitate the model transition and answer questions.

### **City of Winston-Salem (NC)**

Will served as Associate Consultant on an engagement with the City of Winston-Salem / Forsyth County Utilities (City/County Utilities). He has developed a comprehensive cost-of-service model that determines the equity and sufficiency of the City/County Utilities' current complex rate structure.

**Paulding County (GA)**

Will served as a staff consultant on a project with Paulding County (County) to provide economic feasibility and financial planning for the Richland Creek Water Supply Project. As part of the study, Will developed an economic and financial feasibility model to provide analysis on four different capacity and cost scenarios and the impact of the Richland Creek Water Supply Program on the County's water customers. The model developed financial decision criteria outputs which the County could use in their analysis of the project. Once the Richland Creek Program was approved, the second part of the project included developing a financial planning model for the County. The model will provide the flexibility to examine a combination of different financing sources for the Richland Creek project as well as projecting the user charge increases needed to meet required bond coverage levels and maintain financial solvency. Using the financial planning model, Raftelis conducted a bond feasibility study to forecast the County's financial position over a five-year forecast period and assess the County's ability to meet required debt service coverage levels.

Raftelis continues to assist the County with periodic updates of the financial planning model and various consulting services. Will currently serves as the lead consultant on these engagements overseeing the model updates and preparing and presenting deliverables to the client.

**City of Philadelphia (PA)**

Will served as a staff consultant on an engagement with the Philadelphia Water Department. The contract with Philadelphia, which calls for numerous different financial and management tasks, includes preparation of an Engineering and Financial Feasibility study (Bond Feasibility) and related materials in connection with Revenue Bond issuances. Will was the lead consultant for two Bond Feasibility studies which included developing a comprehensive financing plan for funding major capital improvement programs. The plans recommended a blend of funding and take into consideration the relative costs of different types of financing, bond ordinance covenants, legal restrictions, rate impacts, and utility finance policies. Additionally, the analyses evaluated different combinations of funding sources such as revenue bonds, rate revenues, fund balances, and State Revolving Funds. Will developed a Bond and Financial Feasibility model which provided the analysis and basis for the Engineering and Financial Feasibility report. The model is designed to allow for annual updates or updates whenever new debt is to be issued.

**Metro Water Services of Nashville and Davidson County (TN)**

Will served as a staff consultant on an engagement with Metro Water Services of Nashville and Davidson County (MWS). The engagement called for a cost-of-service study, rate design and forecast, and a financial planning study. Once the cost-of-service study and rate design were performed, Will took over as the lead consultant to develop a forecast model using the new rate scenarios and to assist in the financial planning study. The model was designed to analyze the impacts of the new rate scenarios on existing customers and determine the level of rate increases needed to address the costs of significant capital improvements. The financial planning portion of the study included an evaluation of capital funding sources available to MWS and recommendations of how to meet MWS's growing capital needs in the future.

**City of Raleigh (NC)**

Will served as Associate Consultant for the City of Raleigh (City) dealing with their acquisition of several neighboring utilities. He developed pro-forma models for several of the acquired utilities and contributed to the data collection and analysis for the merged utility. Using the models, Raftelis helped the City assess its financial position before and after its acquisitions.

# Delaney Ridgley

## STAFF CONSULTANT

Senior Consultant

### ROLE

Delaney's role on this project is to support the project team and work at the direction of Jon in conducting analyses and preparing deliverables for the project.

### PROFILE

Delaney has worked with several local and state government entities in the Midwest, in addition to several non-profit entities of varying sizes prior to Raftelis. Since joining Raftelis, Delaney has completed cost allocation studies, developed numerous financial and rate models and conducted a variety of studies, including utility rate studies, system development fee studies, economic feasibility studies, and miscellaneous fee studies. Her diverse educational background and experience in both the public and private sectors brings a unique perspective to every project and an understanding of both the big and small picture relating to water resource management.

### KEY PROJECT EXPERIENCE

#### Charlotte Water (NC)

Delaney continues to serve as a senior consultant on multiple projects with the Charlotte Water (CW). In 2018, Raftelis was engaged to redesign and rebuild CW's cost allocation model for the Utility Management System in order to improve the efficiency, understanding, and functionality related to the annual allocation of costs between Charlotte Water, the City General Fund, and Mecklenburg County. This involved over a year's worth of stakeholder interviews and feedback collection, which was eventually incorporated into the revised cost allocation model. Delaney designed and built the new cost allocation model, which is a user-friendly tool which allows several staff members to independently add expenses, allocate costs, and compare to historical years. Delaney also created a Standard Operating Procedures Manual to accompany the model and facilitate the annual update. Delaney was also involved in an engagement to calculate a multitude of miscellaneous fees charged by the utility. This process involved identifying and understanding the utility's existing fees and recommending the consolidation or elimination of several of the fees based on their function and cost basis. Fees included Meter Charges, Hydrant Device Fees, Hydrant Connection Charges, Backflow Installation Fees, Water Tank Truck Fees, Meter Obstruction Fees, and many more. Raftelis updated the fees based on current operating and capital costs and compared the fees to similar utilities.

#### Charlotte-Mecklenburg Police Department (NC)

Delaney also currently provides services to the Charlotte-Mecklenburg Police Department (CMPD). Delaney has worked with several divisions within CMPD – including the Crime Lab, Crime Scene Search, Communications (911), Recruiting and Training, and Animal Care and Control divisions – to calculate cost-justified fees for various



### Specialties

- Cost allocation studies
- Utility financial & rate analyses

### Professional History

- Raftelis: Senior Consultant (2020-present); Consultant (2018-2019); Associate Consultant (2016-2017)
- World Bank Partnership for Market Readiness: Research Associate (2014-2016)
- The Nature Conservancy: Government Relations Intern (2015)
- Indiana Department of Natural Resources Division of Fish & Wildlife: Wildlife Intern (2015)
- Anthropological Center for Training & Research on Global Environmental Change: Research Associate (2014-2015)

### Education

- Master of Water Resource Management - Fresno State University (2020)
- Master of Public Affairs - Indiana University School of Public & Environmental Affairs (2016)
- Bachelor of Science - Ohio University College of Arts & Science (2014)
- Certificate of Geographic Information Science - Ohio University College of Arts & Science (2014)

### Certifications

- Certified Nonprofit Professional - Nonprofit Leadership Alliance (2016)

services provided. Based on in-depth discussions with staff members, Delaney has developed models for each of the divisions which incorporates direct operating and capital costs as well as indirect overhead costs incurred from both the Department and from the City of Charlotte.

### **City of Winston-Salem/Forsyth County Utilities (NC)**

Delaney has served and is currently serving as senior consultant on an engagement with the City of Winston-Salem/Forsyth County Utilities (Utility). Raftelis continues to assist the Utility with periodic updates of the rate and financial planning model, which she has assisted in maintaining and updating since 2017. Raftelis continues to examine the Utility's rates and recommends cost-justified modifications in an effort to simplify and improve the Utility's rate structure. Delaney also played a pivotal role in the update of the Utility's system development charges (SDCs) in 2017, which involved an in-depth analysis of the City's existing fixed capital assets, capital improvement plans, and relevant debt service obligations.

### **City of Richmond Department of Public Utilities (VA)**

Delaney has supported the Richmond Department of Public Utilities (DPU) on a number of ongoing rate and financial analysis projects since 2016. Delaney is involved in the annual update and maintenance of the DPU's rate and financial planning model, which is used to provide a forecast of rates, revenues, expenses, debt service, debt service coverage, and reserves over a five-year forecast period. Delaney also assisted in the comprehensive cost-of-service analysis conducted in 2018 which involved the evaluation of the existing and projected cost basis of utility operations and the appropriateness of its existing rate structure for providing water, sewer, stormwater, electric, and streetlighting services. The study resulted in a restructuring of the DPU's stormwater fees along with the implementation of a lifeline rate structure, designed to address affordability within the City. Delaney also assists in ongoing miscellaneous tasks, such as reviewing the assessment methodology of the DPU's electric bills, developing capacity and connection fee, public fire protection charges, and streetlight charges.

### **Chester Metropolitan District (SC)**

Delaney has worked with Chester Metropolitan District (CMD) since 2016 and periodically serves as a senior consultant on several water rate and financial projects. In 2018, Delaney developed an in-depth cost-of-service model, which allocates CMD's operating and capital costs to functional and rate components in order to align CMD's costs with a new, industry-standard rate structure. In addition, Delaney has developed water capital recovery fee models to support the capacity-related assets of the water system.

### **City of Gainesville (GA)**

Delaney served as a staff consultant on a project with the City of Gainesville (City). Raftelis was engaged to perform a cost-of-service study and an outside-city rate differential study for the City to examine the equity among the City's water and wastewater rates as well as the cost-justification for the City's outside-city rate differentials.

### **City of Concord (NC)**

Delaney served as an associate consultant on a project with the City of Concord (City) to provide water and wastewater financial consulting services. The project involved the analysis of existing fixed capital assets, the determination of costs incurred by the City to provide capacity to future utility customer, and the development of cost-justified water and wastewater capital recovery fees using the system-buy in approach.

### **City of Apex (NC)**

Delaney assisted in the development of a utility rate and financial planning model to provide enhanced financial planning and to address key issues facing the City of Apex (City) related to capital planning, cost-of-service analysis, and a review of the water and wastewater rate structures.

# Phil Sapone

## STAFF CONSULTANT Senior Consultant



### ROLE

Phil's role on this project is to support the project team and work at the direction of Jon in conducting analyses and preparing deliverables for the project.

### PROFILE

Phil is a Senior Consultant providing financial consulting services, which include cost allocation studies, financial plan development and revenue assessments, rate structure alternative evaluations, bond feasibility studies, bond indenture compliance support, and other types of financial related work, to numerous water, wastewater, local government, and electric utility clients. Previously, he served for several years in a similar capacity within the Planning and Business Advisory practice at Arcadis U.S. Phil has served as the lead analyst and project manager on a variety of projects for clients throughout the country. He has co-authored a chapter in the fourth edition of the Water Environment Federation's Financing and Charges for Wastewater Charges, Manual of Practice No. 27. He is a member of the American Water Works Association and the Water Environment Federation.

### KEY PROJECT EXPERIENCE

#### Charlotte Water (NC)

Worked with the utility during its annual budget process to determine the impact of different budget scenarios on the City of Charlotte's (City) water and sewer rates. This involved determining the annual rate revenue need for the upcoming fiscal year for the City's water and sewer systems, preparing a cost-of-service analysis to derive specific rate structure components and to provide a cost justification for the updated rates, and developing various pricing alternatives to recover the rate revenue need. In addition, calculated private fire line charges based on the allocation of indirect costs to fire protection service, customer data, and accepted industry practices. Calculated updated extra-strength surcharges based on cost-of-service results. To help evaluate the effect of the pricing scenarios prepared, estimated monthly bills were calculated across a range of consumption levels for specific customer classes, and a bill frequency analysis was also prepared to further analyze the effect of each of the pricing scenarios.

Utilized system assets, capacity, and demand data to calculate water and sewer system development fees. Calculated fees pursuant to recent state legislation pertaining to the computation and assessment of system development fees by public water and sewer systems in the State of North Carolina.

Reviewed a substantial portion of miscellaneous fees assessed by Charlotte Water and recommended the deletion or consolidation of fee types where there was redundancy, or a fee was not used, as well as new fees. Developed a fee calculation model to calculate time and materials-based fees. Updated time and materials-based fees based on interviews with utility staff. Oversaw completion of a fee comparison of Charlotte Water's miscellaneous fees to fees assessed by similar utilities. Oversaw the review of billing and accounting system data to ensure consistency of miscellaneous fee information between the two systems.

### Specialties

- Cost allocation plans
- Assessment of annual rate revenue needs
- Financial planning & forecasting
- Cost-of-service evaluations

### Professional History

- Raftelis: Senior Consultant (2017-present)
- Arcadis U.S., Inc: Senior Consultant (2015-2017); Management Consultant (2013-2015)

### Education

- Master of Business Administration - Union Graduate College (2009)
- Bachelor of Business Administration in Accounting - Siena College (2004)

### Professional Memberships

- AWWA: New York Section
- WEF: New York Section

**City of Key West (FL)**

Developed a cost allocation plan and model to estimate the cost of General Fund services received by the City's Special Revenue and Enterprise Funds, allowing the City to recover costs incurred to provide City services in a more equitable manner. Participated in interviews with Department managers from the City to identify allocable services and their related costs. Worked with Department managers to develop cost allocation factors for allocable costs within their department. Determined the total annual costs to be allocated from the General Fund to each Special Revenue and Enterprise Fund for reimbursement of support services. Advised the City on the use of Franchise Fees and PILOT payments as additional cost recovery mechanisms.

**Capital Region Water (PA)**

Developed cost allocation models to estimate the volumetric sewer rate to be charged to the utility's wholesale customers based on the terms of the existing intermunicipal agreement between the utility and its municipal wastewater customers. Reviewed the nature of budget items and capital projects to ensure that costs were properly allocated to the correct service component to be sure that the calculated wholesale rate fully recovered the cost to serve the utility's wholesale customers.

Completed an analysis to develop up-to-date and cost-justified water and sewer tapping fees in accordance with the stated approach for establishing tapping fees set forth within Section 5607 of Title 53 of the Pennsylvania Consolidated Statutes. CRW assesses tapping fees to new customers to recover a portion of the capacity-related facilities. Utilized the buy-in method, an industry-accepted method used to develop impact, or system development fees, to calculate the updated fee amounts.

Completed a cost allocation study for wastewater system costs to calculate extra-strength surcharges for biochemical oxygen demand and total suspended solids to be assessed to customers discharging wastewater with stronger than normal wastewater strengths. Calculated other fees, such as tap, meter replacement, and other related fees on a time and materials basis. This involved calculating hourly rates to properly recover labor, equipment, and overhead costs. Performed a review of similar fees charged by other utilities in the region. Provided recommendations regarding fee amounts and on whether or not some fees should be assessed based on this comparison.

**City of Columbus (OH)**

Completed cost-of-service evaluations to determine the cost to serve each customer class under the cash needs and utility basis approaches for the City's water, wastewater, and electric utilities. Calculated the overall rate of return on system assets needed to fund the annual costs of the system, including the City of Columbus' (City) street lighting system, which are subsidized by customer tariffs. Estimated annual revenues to be collected from each class and calculated a gross profit and rate of return for each customer class. Compared individual customer class rates of return to the overall rate of return to identify inequities in the existing tariff structure. Prepared tariff design alternatives based on cost-of-service results and the results of the bill comparison. Recommended adjustments to customer tariffs to improve equity between classes while maintaining competitive rates with a competing utility. For each alternative, prepared estimated annual revenues by class, anticipated rates of return on system assets by class, and projected monthly bills, as compared to the competing utility within the City's service area.

**Metropolitan Sewerage District of Buncombe County (NC)**

Completed an evaluation to develop cost justified sewer system development fees. Ensured approach was compliant with North Carolina General Statute 162A, Article 8, which establishes the basis for calculating system development fees for utilities in the State of North Carolina, in addition to utilizing other industry-accepted methods to calculate fee amounts.

## Section 6 Required Forms

### REQUIRED FORM 1 - ADDENDA RECEIPT CONFIRMATION

#### RFP # FY21-RFP-20 Cost Allocation Plan Services

Please acknowledge receipt of all addenda by including this form with your Proposal. All addenda will be posted to the City's Contract Opportunities Site at <http://charlottewater.org/opportunities>.

**ADDENDUM #:**

1  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**DATE ADDENDUM  
DOWNLOADED FROM CITY OF  
CHARLOTTE CONTRACT  
OPPORTUNITIES WEBSITE:**

12/21/2020  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I certify that this proposal complies with the Specifications and conditions issued by the City except as clearly marked in the attached copy.

Jon Davis  
(Please Print Name)



\_\_\_\_\_  
Authorized Signature

Executive Vice President  
Title

Raftelis Financial Consultants, Inc.  
Company Name

1/4/2021  
Date





## Section 6 Required Forms

and documentation that may be requested by the City from time to time regarding the solicitation and selection of subcontractors. Failure to maintain or failure to provide such information constitutes grounds for the City to reject the bid submitted by the Company or terminate any contract awarded on such proposal.

5. As part of its Proposal, the Company shall provide to the City a list of all instances within the past ten years where a complaint was filed or pending against the Company in a legal or administrative proceeding alleging that the Company discriminated against its subcontractors, vendors or suppliers, and a description of the status or resolution of that complaint, including any remedial action taken.
6. The information contained in this Proposal or any part thereof, including its Exhibits, Schedules, and other documents and instruments delivered or to be delivered to the City, is true, accurate, and complete. This Proposal includes all information necessary to ensure that the statements therein do not in whole or in part mislead the City as to any material facts.
7. It is understood by the Company that the City reserves the right to reject any and all Proposals, to make awards on all items or on any items according to the best interest of the City, to waive formalities, technicalities, to recover and resolicit this RFP.
8. This Proposal is valid for one hundred and eighty (180) calendar days from the Proposal due date.

I, the undersigned, hereby acknowledge that my company was given the opportunity to provide exceptions to the Contract Terms and Conditions as included herein as Section 7. As such, I have elected to do the following:


Include exceptions to the Contract Terms and Conditions in the following section of my Proposal: \_\_\_\_\_

Not include any exceptions to the Contract Terms and Conditions.

I, the undersigned, hereby acknowledge that my company was given the opportunity to indicate any Trade Secret materials or Personally Identifiable Information (“PII”) as detailed in Section 1.6.2. I understand that the City is legally obligated to provide my Proposal documents, excluding any appropriately marked Trade Secret information and PII, upon request by any member of the public. As such, my company has elected as follows:

The following section(s) of the of the Proposal are marked as Trade Secret or PII: \_\_\_\_\_

No portion of the Proposal is marked as Trade Secret or PII.

  
\_\_\_\_\_  
Authorized Signature

1/4/2021  
\_\_\_\_\_  
Date

Jon Davis  
\_\_\_\_\_  
Print Name  
Executive Vice President  
\_\_\_\_\_  
Title

## Section 6 Required Forms

### REQUIRED FORM 3 - PRICING WORKSHEET

RFP # FY21-RFP-20

#### Cost Allocation Plan Services

Companies shall provide pricing based on the requirements and terms set forth in this RFP. Pricing must be all-inclusive and cover every aspect of the Project. Cost must be in United States dollars. **Each company must list *the staff position title and reflect the hourly rate* and all costs for which the City will be responsible for each key personnel listed on Form 5.** If there are additional costs associated with the Services, please add to this chart.

For purposes of this RFP, assume an initial term of 1 year, with the City having an option to renew for two (1) additional consecutive terms thereafter.

Staff Position Title	Initial term Year 1	Renewal term Year 1	Renewal term Year 2
Executive Vice President	\$ \$340	\$ \$345	\$ \$350
Vice President	\$ \$310	\$ \$315	\$ \$320
Senior Manager	\$ \$275	\$ \$280	\$ \$285
Manager	\$ \$250	\$ \$255	\$ \$260
Senior Consultant	\$ \$220	\$ \$225	\$ \$230
Consultant	\$ \$185	\$ \$190	\$ \$195
Admin Support	\$ \$80	\$ \$85	\$ \$90
Technology / Communications Charge	\$ \$10	\$ \$10	\$ \$10
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$

I propose to perform Cost Allocation Plan Services for the proposed prices provided above. I understand the pricing provided are figures that would be used to develop a performance contract with the City. This section shall be completed by a company representative who is authorized to enter into a contract.

NAME OF SERVICE PROVIDER: Raftelis Financial Consultants, Inc.

NAME OF AUTHORIZED PERSONNEL: (PRINT) Jon Davis

SIGNATURE OF AUTHORIZED PERSONNEL: 

TITLE OF AUTHORIZED PERSONNEL: Executive Vice President

DATE: 1/4/2021

## Section 6 Required Forms

### FORM 5 – KEY PERSONNEL AND OTHER RESOURCES

(make copies and attach additional sheets as necessary)

**Project Name:** Cost Allocation Plan Services

**Company's Name:** Raftelis Financial Consultants, Inc.

List the **staff from your company** who will be assigned to this Project. Provide the information required for each.

	Key Personnel 1	Key Personnel 2
Name	Jon Davis	
Professional Certifications/Licenses <i>(include Certification/License #)</i>	Series 50 Municipal Advisor Representative	
Proposed Role/Function for Projects	Project Manager	
Office Location (City, State)	Charlotte, NC	
Number of Years with Company	20 years	
Number of Years of Relevant Experience	20 years	
Availability to provide Services for this Project	25%	
<b>Describe Relevant Experience, include list of Projects where the Key Personnel was responsible for the same role/function.</b>	DC Water (DC), Columbus Water Works (GA), Baltimore (MD), Philadelphia Water Department (PA), Charlotte-Mecklenburg Utilities (NC), etc. — <b>full project descriptions are provided in the resume on page 14.</b>	

## Section 6 Required Forms

**Project Name:** Cost Allocation Plan Services

**Company's Name:** Raftelis Financial Consultants, Inc.

List the full names of all **employees** (except Project Manager ) whom you intend to assign to this Project. Describe their specific role/responsibility and availability for this Project.

Employee Name & Title	Project Role/Responsibility	Availability	Relevant Experience / Qualifications	Education
John Mastracchio	Technical Advisor	20%	Full list of relevant experience is provided in the resume starting on page 17	MBA - Finance, MS - Civil Eng., BA
Henrietta Locklear	Technical Advisor	20%	Full list of relevant experience is provided in the resume starting on page 19	MPA, BA - Political Science
Will Kerr, CPA	Staff Consultant	50%	Full list of relevant experience is provided in the resume starting on page 21	BS - Financial Management
Phil Sapone	Staff Consultant	50%	Full list of relevant experience is provided in the resume starting on page 26	MBA, BA - Accounting
Delaney Ridgely	Staff Consultant	40%	Full list of relevant experience is provided in the resume starting on page 24	MS - Water Re- source Manage- ment, MPA, BS

## Section 6 Required Forms

### FORM 6- COMPANY'S BACKGROUND RESPONSE

Companies shall complete and submit the form below as part of their response to this RFP.  
Additional pages may be attached as needed to present the information requested.

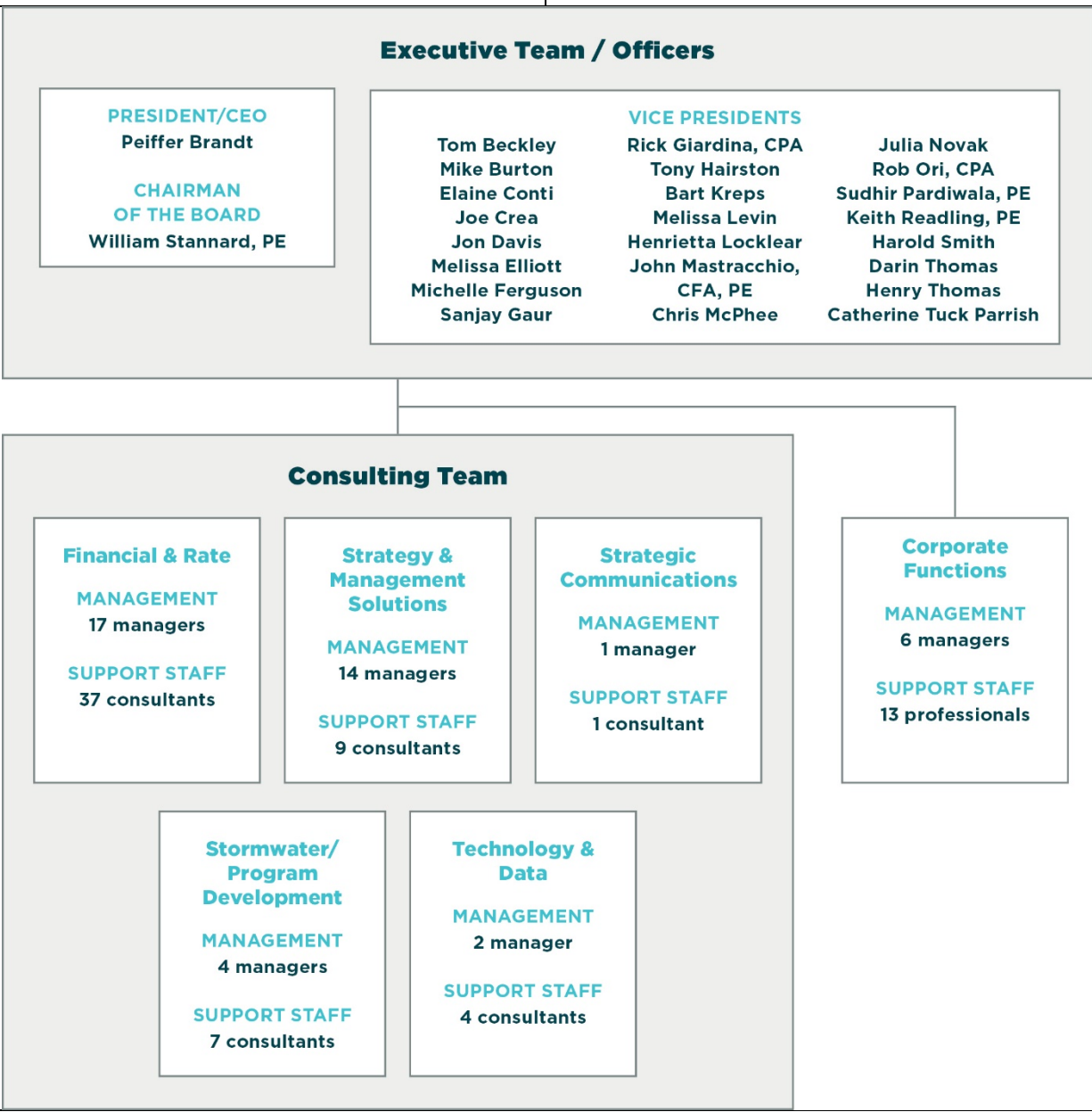
Question	Response
Company's legal name	Raftelis Financial Consultants, Inc.
Company Location (indicate corporate headquarters and location that will be providing the Services).	Our corporate headquarters is located at 227 W. Trade Street, Suite 1400, Charlotte, NC 28202. Services will be provided from our Charlotte, Albany, Memphis, and Cincinnati offices.
How many years has your company been in business? How long has your company been providing the Services as described in Section 3?	27 years
How many public sector (cities or counties) clients does your company have? How many are using the Services? Identify by name some of the clients similar to City (e.g., similar in size, complexity, location, type of organization).	Raftelis has provided assistance to hundreds of water, wastewater, and stormwater utilities and local governments across the U.S. We have completed very similar projects to cost allocation studies for other agencies, such as the City of Charlotte, City of Key West, Northeast Ohio Regional Sewer District, Birmingham Water Works Board, Tucson Water, Santa Clara Valley Water District, Alameda County Water District, and more.
List any projects or services terminated by a government entity. Please disclose the government entity that terminated and explain the reason for the termination.	None
List any litigation that your company has been involved with during the past two (2) years for Services similar to those in this RFP.	None
Provide an overview and history of your company.	Raftelis is a subchapter S-Corporation incorporated in the state of North Carolina on April 23, 2004. The predecessor to Raftelis, Raftelis Environmental Consulting Group, Inc., was established on May 10, 1993 by George A. Raftelis to provide financial and management consulting services of the highest quality to public-sector clients. In 1999, the firm's name was changed to Raftelis Financial Consulting, PA. Following the sale of a portion of the firm to a group of employees on April 22, 2004, the firm's name changed to Raftelis Financial Consultants, Inc., which remains the firm's legal name. We currently do business as Raftelis.
Describe the key individuals along with their qualifications, professional certifications and experience that would comprise your company's team for providing the Services.	Key Individual: Jon Davis, Project Manager <ul style="list-style-type: none"> <li>• 20 years of experience</li> <li>• Financial rate experience with DC Water, Columbus Water Works, Baltimore, Philadelphia, Charlotte-Mecklenburg Utilities, and Richmond Department Public Utilities</li> <li>• Member of AWWA: North Carolina Section;</li> </ul>

## Section 6 Required Forms

	<p>Virginia Section; Chesapeake Section; Pennsylvania Section</p> <ul style="list-style-type: none"> <li>• Member of WEF’s Utility Management Committee and Subcommittee Chair of the Finance &amp; Administration Subcommittee</li> <li>• Certified Series 50 Municipal Advisor Representative</li> </ul>
<p>If the Proposal will be from a team composed of more than one (1) company or if any subcontractor will provide more than fifteen percent (15%) of the Services, please describe the relationship, to include the form of partnership, each team member’s role, and the experience each company will bring to the relationship that qualifies it to fulfill its role. Provide descriptions and references for the projects on which team members have previously collaborated.</p>	<p>Not applicable</p>
<p>Explain how your organization ensures that personnel performing the Services are qualified and proficient.</p>	<p>On every project, Raftelis matches the scope of work and requirements with staff that are best suited to meet the needs of the project. This project staffing typically includes involvement of one or more technical directors, as well as senior project management staff to help guide the project and provide senior technical input. These senior staff routinely perform performance reviews on staff to help staff grow in their career and gain added proficiencies. Raftelis hires and develops qualified and proficient staff to work on project engagements. Every employee at Raftelis is teamed up with a mentor and coach to help staff grow in their career and to expand their skills and knowledge base. We also have a performance review process that provides regular feedback to staff on project performance and provides mentoring and coaching as part of this program. We also provide external professional training opportunities for staff to improve their qualifications and proficiency. Staff are encouraged to enroll in continuing education classes and the company contributes towards this continuing education. Lastly, we encourage staff to participate in regional and national associations and conferences to expand their knowledge and proficiency and have internal technical sessions to do the same.</p>
<p>If your company has been the subject of a dispute or strike by organized labor within the last five (5) years, please describe the circumstances and the resolution of the dispute.</p>	<p>None</p>

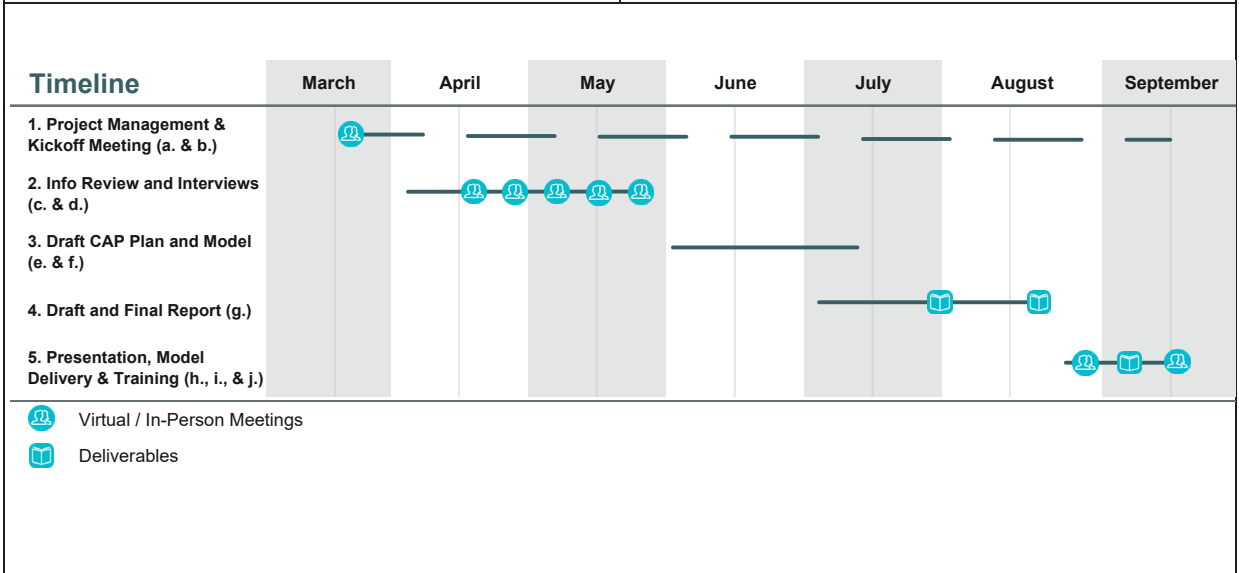
## Section 6 Required Forms

<p>Describe your Company's, size and structure. Indicate how your company can or will use or any subconsultants that are certified as a Minority, Woman, and/or Small Business Enterprise (M/W/SBE) with the City of Charlotte.</p>	<p>Raftelis has 140 employees, including 121 consultants. The firm's structure is provided below.</p> <p>Raftelis has policies and practices in place to encourage diversity and inclusion in our workforce. For this project we don't anticipate including a subcontractor, but we can utilize the services of MWBE firms on our project teams whenever possible.</p>
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## Section 6 Required Forms

<p>Prepare and submit a Project Plan to describe all times, tasks and resources associated with the performance of Services.</p>	<p>Raftelis has prepared the following Project Plan, consisting of a project schedule, as shown below, and resources summary for completing the work. The Project Plan was prepared based on our project team’s prior experience working with Charlotte Water and completing our project approach and methodology. Additional details are provided in our Proposed Solution section of our proposal.</p>
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<p>Describe the communications scheme that your organization will use to keep the City informed about the Services.</p>	<p>Raftelis places a high priority on being responsive to our clients and, therefore, actively manages each consultant’s project schedule to ensure appropriate availability for addressing client needs. Raftelis currently has a team of over 120 consultants, including 13 consultants in Charlotte, NC. In addition to our dedicated Project Team, Charlotte Water and the City will have the support of Raftelis' full staff for this project.</p> <p>Raftelis has used many different approaches in past consulting engagements to ensure the timely flow of information and documents between the firm, the client, and other relevant parties. These approaches will be defined by Charlotte Water and the City to meet your unique needs and preferred communications protocols. On other projects, these protocols have included weekly, bi-weekly, or monthly meetings, telephone calls, and/or email communications between Raftelis’ Project Manager and our designated client contact. They have also included detailed monthly written reports describing the status of the project.</p>
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## Section 6 Required Forms

<p>Describe the risks associated with this Contract. What contingencies have been built in to mitigate those risks?</p>	<p>Successful completion of this project relies upon working collaboratively with Charlotte Water, Storm Water Services, City, and County staff to gather information to understand the direct and indirect provision of shared services associated with a combined Charlotte Water and Storm Water Services Department. There are numerous meetings and interviews that will need to be completed as part of this project, and the COVID-19 pandemic may impact how we gather information and conduct our work.</p> <p>Raftelis has developed a project team for this engagement that consists of a project manager and staff members that are located in Charlotte to maximize the potential that in-person meetings can be completed to gather information and work collaboratively with stakeholders. However, if the health and safety guidelines associated with the pandemic prevent our team from meeting in-person, we have developed contingencies to accomplish our work remotely through virtual meetings. We have the tools and expertise to conduct interviews and facilitate meetings using just about any virtual meeting platform. This will mitigate any potential project delays or challenges associated with the timely gathering of information through the planned interview process.</p>
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## Section 6 Required Forms

### Required form 7 – References

#### RFP # FY21-RFP-20 Cost Allocation Plan Services

Companies shall complete the form below. The City's preference is for references from organizations of similar size or where the Company is performing similar services to those described herein. The City prefers references for local governments in North Carolina. If such references are not available, individuals or companies that can speak to the Company's performance are adequate.

#### REFERENCE 1:

**Name of Client:** City of Key West, FL **Main Phone:** 305.809.3700

**Address:** 1300 White Street, Key West, FL 33040

**Primary Contact:** Mark Finigan **Title:** Finance Director

**Contact Phone:** 305.809.3822 **Contact E-mail:** mfinigan@cityofkeywest-fl.gov

**Service Dates:** 2017-2018

**Summary & Scope of Project:** Raftelis led efforts to prepare an indirect cost study and cost allocation plan for the City of Key West. The primary purpose of the project was to identify and allocate the cost of providing services internally, quantifying and capturing the cost of services provided by the City's General Fund to the enterprise funds and internal services funds, and to ensure that each department and fund and department has its true cost identified.

**Contract Value:** \$ \$70,000 **Number of Client Employees:** 584

## Section 6 Required Forms

### REFERENCE 2:

**Name of Client:** Northeast Ohio Regional Sewer District, OH      **Main Phone:** 216.881.8247

**Address:** 3900 Euclid Avenue, Cleveland, OH 44115

**Primary Contact:** Kenneth Duplay      **Title:** Chief Financial Officer

**Contact Phone:** 216.881.6600      **Contact E-mail:** duplayk@neorsd.org

**Service Dates:** 2016 (provided ongoing additional services)

**Summary & Scope of Project:** Raftelis developed a Cost Allocation Model (CAM) that identifies what portion of these indirect, or overhead, costs are allocable to the stormwater utility in 2016. Since the implementation of the stormwater utility in 2016, the District has shifted personnel and costs to best meet the needs of the wastewater and stormwater services it provides. The allocation approach used in 2016 was no longer most appropriate given staffing assignments, budget levels and cost centers, etc.

**Contract Value:** \$ 1,942,265 (multiple projects)      **Number of Client Employees:** 771

### REFERENCE 3:

**Name of Client:** City of El Monte, CA      **Main Phone:** 626.580.2001

**Address:** 11333 Valley Boulevard, El Monte, CA 91731

**Primary Contact:** Bret Kadel      **Title:** Utilities Manager

**Contact Phone:** 951.202.6604      **Contact E-mail:** bkadel@elmonteca.gov

**Service Dates:** 2019

**Summary & Scope of Project:** In 2019, Raftelis assisted the City of El Monte with a Cost Allocation to allocate central service costs such as Finance, Information Technology, City Manager's Office, Human Resources and Purchasing to the Water Enterprise. Raftelis interviewed City Staff to assess the amount of time spent on water enterprise related tasks. For example, Human Resource time was allocated based on payroll to each City department. Information Technology was allocated based on the number of help tickets etc. The final cost allocation was incorporated into a rate study to recover central service costs.

**Contract Value:** \$ 81,227      **Number of Client Employees:** 261

## Section 6 Required Forms

### REFERENCE 4:

**Name of Client:** Alameda County Water District, CA **Main Phone:** 626.580.2001

**Address:** 43885 S. Grimmer Boulevard, Fremont, CA 94538

**Primary Contact:** Jonathan Wunderlich **Title:** Finance Manager

**Contact Phone:** 510.668.4200 **Contact E-mail:** jonathan.wunderlich@acwd.com

**Service Dates:** 2010-ongoing (multiple projects)

**Summary & Scope of Project:** Raftelis was hired by Alameda County Water District (District) to review and update its internal cost allocation plan. The primary purpose of this study was to ensure all departments/funds are paying their fair share of central service cost as well as develop an overhead rate that may be used for cost reimbursements. The District fiscal year budget was approximately \$85M and the central services component made up approximately \$16.5M, which included Administration, Finance, Human Resources, IT, and Fringe benefits. The District requested a new overhead rate that may be applied in addition to its staff salaries for reimbursement from grant funding.

**Contract Value:** \$ 250,000 (multiple projects) **Number of Client Employees:** 230

### REFERENCE 5:

**Name of Client:** Santa Clara Valley Water District, CA **Main Phone:** 408.265.2600

**Address:** 5750 Almaden Expressway, San Jose, CA 95118

**Primary Contact:** Emily J Côté **Title:** Senior Assistant District Counsel

**Contact Phone:** 408.265.2600 ext 2234 **Contact E-mail:** ecote@valleywater.org

**Service Dates:** 2015

**Summary & Scope of Project:** In 2015, Raftelis was hired by Santa Clara Valley Water District (District) to conduct a full Cost Allocation Plan (CAP). The primary objective was to review the current methodology used to allocate overhead costs between the Water Enterprise Fund (water fund) and Watershed and Stream Stewardship Fund (watershed fund) and ensuring the methodology used represents industry best practices. The District's previous overhead methodology allocated support services provided by the General Fund (such as, human resources, legal, finance) and by three internal service funds (the fleet management fund, the risk insurance fund and the IT fund), which utilized a direct charge method to the water fund and watershed fund.

**Contract Value:** \$ 25,000 **Number of Client Employees:** 842

## Section 7

# City Contract Terms and Conditions

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### REQUIRED FORM 8 – CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS

#### RFP # FY21-RFP-20 Cost Allocation Plan Services

The bidder, contractor, or subcontractor, as appropriate, certifies to the best of its knowledge and belief that neither it nor any of its officers, directors, or managers who will be working under the Contract, or persons or entities holding a greater than 10% equity interest in it (collectively “Principals”):

1. Are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency in the United States;
2. Have within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; violation of federal or state anti-trust or procurement statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
3. Are presently indicted for or otherwise criminally or civilly charged by a government entity, (federal, state or local) with commission of any of the offenses enumerated in paragraph 2 of this certification; and
4. Have within a three year period preceding this application/proposal had one or more public transactions (federal, state or local) terminated for cause or default.

I understand that a false statement on this certification may be grounds for rejection of this proposal or termination of the award or in some instances, criminal prosecution.

**I hereby certify as stated above:**



\_\_\_\_\_  
**Signature of Authorized Representative (Prime Contractor)**

\_\_\_\_\_  
**Print Name:** Jon Davis

\_\_\_\_\_  
**Title:** Executive Vice President

\_\_\_\_\_  
**Date:** 1/4/2021

**I am unable to certify to one or more the above statements. Attached is my explanation.**  
**[Check box if applicable]**

\_\_\_\_\_  
**Signature of Authorized Representative (Prime Contractor)**

\_\_\_\_\_  
**Print Name:**

\_\_\_\_\_  
**Title:**

\_\_\_\_\_  
**Date:**

## Section 7

# City Contract Terms and Conditions

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### REQUIRED FORM 9 - BYRD ANTI-LOBBYING CERTIFICATION


#### RFP # FY21-RFP-20 Cost Allocation Plan Services

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of and Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than federal appropriated funds have been paid or will be paid to any person for making lobbying contacts to an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form—LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions [as amended by "Government wide Guidance for New Restrictions on Lobbying," 61 Fed. Reg. 1413 (1/19/96).
3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including all subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction by 31, U.S.C. § 1352 (as amended by the Lobbying Disclosure Act of 1995). Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

          Raftelis Financial Consultants, Inc.           (the "Company"), certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the Company understands and agrees that the provisions of 31 U.S.C. A 3801, et seq., apply to this certification and disclosure, if any.

Signature of Representative:   
 Printed Name of Representative: Jon Davis, Executive Vice President  
 Date: 1/4/2021  
 Company Name: Raftelis Financial Consultants, Inc.  
 Address: 227 W. Trade Street, Suite 1400  
 City/State/Zip: Charlotte, NC 28202

# External Document



## Selection Meeting

RFP Name: Cost Allocation Plan Services  
 Procurement Officer: Adrienne Lewis  
 RFP Number: FY21-RFP-20

Selection Meeting: Wednesday, January 20, 2021  
 Selected Company(ies): Raftelis

Company	Certified by CBI?	Company	Certified by CBI?
Maximus	No		
MGT Consulting	No		
Raftelis	No		

Total Proposals: 3

Total CBI-Certified Proposals: 0

### Evaluation Criteria

Qualifications and Experience
Project Approach/Proposed Solution
Cost Effectiveness & Value
MWSBE subcontractor utilization
Acceptance of the terms of the contract

### Additional Notes

CBI participation will be negotiated

### Companies' Strengths and Weaknesses

Maximus	
Strengths	Weaknesses
Security of data-equipment and location-mentioned in their proposal; A lot of NC experience company listed in proposal; 90 NC governments but odd not as part of references; past experience with company has been still used by city staff-good work product in past. Had a good	CAP more about the City vs organizational needs; may want to keep this in scope to make recommendations; timeline to deliver by FY22 and an ambitious timeline-aggressive; may not be a weaknesses; Hard to figure out what their actual experience is; proprietary

presentation; real big picture experience and proposal was more "big picture" and team members felt it was not tailored to City; felt that scope of work was more big picture and bigger than what we currently	software is a concern-ownership of work product or excel based-not a requirement; no water, wastewater references; mostly airports was listed, federal compliance with Meck Co.; transportation
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<b>MGT Consulting</b>	
Strengths	Weaknesses
Governmental CAP experience, completed City CAP. Not as good as a presentation compared to the other too. They proposed more comprehensively about Storm Water. Not as much NC legal experience. Committee leaning towards experience more. Talked about financial and rate plans compared to what is needed. Local presence. Communication-frequent communication is key and pointed out. References-mentioned water references; File sharing ability	Work product of City CAP-those familiar with the product felt it is difficult to follow and tabs are excessive; for this project-the product will need to be something different . Need a more user friendly excel version than what's currently used; Not as much NC experience laws, regulations, even though has some City experience. Concern about time needed to walk through the regulations and laws they will need to know due to lack to NC experience; NTE not explained

<b>Raftelis</b>	
Strengths	Weaknesses
Qualified staff; Experience in North Carolina and utility experience; CAP with UMS and Storm Water-part of this; previous experience with the company- work product is quality product; direct experience with financial plan, rate structure and involved in strategic plans for storm water and CLT Water; some of the proposed key personnel would be new to a team and supporting staff so they could be a check and balance other proposed team members; John is real respected. Local	5 key personnel listed; rates are slightly higher but due to less knowledge transfer; may get better cost value

0	
Strengths	Weaknesses

0	
Strengths	Weaknesses