

November 3, 2023

Town of Anthony Water and Wastewater Department

Re: Cost of Service and Rate Design Study

To Whom It May Concern:

Nelisa Heddin Consulting, LLC (NH Consulting) is pleased to have the opportunity to assist the Town of Anthony (Town) with conducting a cost of service and rate design study for the Town's water and wastewater utilities. This engagement would involve determining the Town's cost to serve its customers, by customer class, and then would include designing rates to recover those costs. The scope of services and tasks associated with this project are outlined in detail in NH Consulting's proposal for services dated July 25, 2023, which are summarized below:

- Determination of Annual Revenue Requirements
- Allocation of Revenue Requirements into Functional Cost Components for the Utilities
- Distribute Cost Components into Customer Classes
- Determine Cost of Service Based Rates
- · Present Findings to the Town Council

Cost Analysis

NH Consulting proposes to provide services on for a guaranteed-not-to-exceed fee of \$29,380, plus out of pocket expenses.

The Town will be billed monthly based upon percentage of completion, with the final payment due upon delivery of final report and presentation of findings.

NHC is pleased to offer these services. If this letter is in agreement with your understanding of the engagement and services to be provided, please sign one copy and return it to our office at, P.O. Box 341855, Lakeway, TX, 78734. If you have any questions concerning this engagement letter, please call Ms. Nelisa Heddin at (512) 589-1028.

Sincerely,

Nelisa Heddin President

P.O. Box 341855 Lakeway TX 78734 Phone: 512-589-1028 Email: Nheddin@NelisaHeddinConsulting.com NelisaHeddinConsulting.com

Agreed to this NOVEMBER 27 _day of _ 2023 Signature

HONORABLE MAYOR ANTHONY D. TURNER, MPH

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Professional Proposal

Town of Anthony, Texas Utility Rate Study Professional Proposal

July 25, 2023



Nelisa Heddin Consulting, LLC

P.O. Box 341855 Lakeway, TX 78734 (512) 589-1028 nheddin@nelisaheddinconsulting.com

EXECUTIVE SUMMARY

Nelisa Heddin Consulting, LLC (NH Consulting) is pleased to provide the Town of Anthony ("Town") with a proposal for Water and Wastewater Utility Rate Consulting Services. NH Consulting will work with the Town to develop rate recommendations which will assure adequate revenues for operations and capital improvements on a self-sustaining basis, while considering the economic impact on the Utility's customers, taking into consideration the cost of providing the services. *NH Consulting offers the Town of Anthony unparalleled expertise in the performance of cost of service and rate design analysis.*

NH Consulting is a financial and management consulting firm specializing in meeting the needs of municipal utilities.

NH Consulting intends to provide the Town with a comprehensive package of services intended to enable the Town to more efficiently manage its utilities and fully evaluate the Town's utility rate structure.

The following proposal identifies the project team's qualifications and outlines our approach to the project.

The project team believes that the successful completion of this project will be dependent on the following requirements:

- A project manager who clearly understands the Town's operating environment including long-term and short-term goals and is committed to helping the Town identify strategies to achieving those goals
- A project manager who is committed to providing value-added services to the Town that go beyond simply the performance of a rate study, but assisting the Town in planning for the future of its Utilities
- A project manager who is experienced in the performance of and specializing in cost of service and rate design studies for numerous entities throughout the U.S and is a recognized expert in the industry having testified before the State Office of Administrative Hearings and the State Legislature
- Responsiveness and constant communication with the Town

As outlined in this proposal, NH Consulting is uniquely qualified to meet each of these requirements.





NELISA HEDDIN CONSULTING, LLC PROFILE

NH Consulting is a management consulting firm specializing in the financial planning and management of municipal utilities. NH Consulting works closely with each client to develop strategic, individualized solutions. We provide a full range of services to meet our clients' complex needs including cost of service and rate design studies, impact fee analysis, and budgeting assistance.

NH Consulting works closely with each client to thoroughly understand their unique needs, goals, issues and challenges and develops strategic solutions customized to address the individualized needs of each client.

NH Consulting is a certified Women Business Enterprise (WBE). Please see Appendix A for a copy of the WBE Certificate.

Services provided by NH Consulting include:

- Cost of Service and Rate Design Studies
- Comprehensive Fee Analysis
- Indirect Cost Allocation Studies
- Impact Fee Analysis
- Pro Forma Analysis
- Bond Issuance Support
- Annual and Long Term Operational Budgeting
- Cost Benefit Analysis
- Comparative Benchmarking Analysis
- Financial Planning and Modeling
- Financial Planning and Modeling
- Financial Planning and Budgeting for CIP Programs
- Public Education Programs
- Service Area Valuations
- Feasibility Analysis
- Regionalization Planning and Implementation
- Expert Witness Testimony
- Legislative Support
- Billing System Reviews and Implementation

Strategic – Innovative - Excellence

Nelisa Heddin, president of NH Consulting, is Past Chair of the Texas AWWA Rates and Charges Sub-Committee, and is still actively involved in this professional organization. Ms. Heddin brings the most innovative solutions in the industry to each of her clients – allowing her to develop customized strategies to meet each of her clients needs.



PROJECT TEAM PROFILE

NELISA HEDDIN, PROJECT MANAGER

Ms. Heddin will serve as the project manager for this engagement, bringing over 16 years in utility rate design to this engagement. Ms. Heddin will be performing the financial analysis and will responsible for the overall quality control for this engagement.

Ms. Heddin is an industry expert in financial planning and management for municipal utilities, specializing in cost of service and rate design studies, impact fee analysis, cost benefit analysis, and annual and long-term budgeting. Ms. Heddin has over 16 years experience in providing consulting services to utilities of all sizes throughout the Southwest. She is a Past-Chair of the Texas AWWA Rates and Charges Sub-committee and has been invited to speak at numerous industry functions regarding cost of service issues, rate design, water loss and capital financing.

Ms. Heddin specializes in working with small communities and addressing their unique needs. Many of Ms. Heddin's clients have populations of less than 10,000 people, including, but not limited to the cities of Pecos, Bastrop, Bonham, Cameron, Cuero, Krum, Lago Vista, Leon Valley, Mexia, Moulton, Selma, and Wortham.

Ms. Heddin also brings a thorough understanding of the unique issues facing border communities. Clients within 150 miles of the Texas/Mexico include the cities of Leon Valley, Pecos and Del Rio.

Expertise You Can Rely On – Quality You Can Trust

NH Consulting assigns a single project manager who services as project manager and analyst for each engagement – this ensures continuity throughout each engagement. Nelisa Heddin, the proposed project manager for this engagement, is a leading expert in cost of service and rate design studies, having worked for entities across the United States such as the Cities of Dallas, Phoenix, Tucson, Little Rock, Webster, Pflugerville, and Georgetown.



Nelisa Heddin

President

Professional Background

Nelisa Heddin is an industry expert in financial planning and management for water and wastewater utilities; specializing in cost of service and rate design studies, impact fee analysis, cost benefit analysis, and annual and long-term budgeting. Ms. Heddin has over 16 years experience in providing consulting services to utilities of all sizes throughout the Southwest. Ms. Heddin has a Masters of Business Administration with a specialty in Finance. She is a Past-Chair of the Texas AWWA Rates and Charges Subcommittee and has been invited to speak at numerous industry functions regarding water and wastewater rates, rate design, water loss, and capital financing.

Education

B.S., Biology, New Mexico State University, 1996 MBA, Finance, New Mexico State University, 1999

Professional Affiliations

American Water Works Association Past Chairman Texas AWWA Rates and Charges Subcommittee Texas Municipal League Texas Government Financial Officers Association

Sample of Relevant Project Experience

Cost of Service and Rate Design Projects

Bistone Municipal WSC City of Alamo Heights, Texas City of Bastrop, Texas City of Bonham, Texas City of Burnet, Texas City of Cameron, Texas City of Copperas Cove, Texas City of Corinth, Texas City of Cuero, Texas City of Del Rio, Texas City of Friendswood, Texas City of Garland, Texas City of Gladewater, Texas City of Horseshoe Bay, Texas City of Idabel, Oklahoma City of Krum, Texas City of Lago Vista, Texas City of Leon Valley, Texas City of Little Rock, Arkansas City of Lindale, Texas City of Mexia, Texas City of Midland, Texas City of Missouri City, Texas City of Moulton, Texas

City of Murphy, Texas City of New Madrid, Missouri City of North Lake, Texas City of Pecos, Texas City of Pflugerville, Texas City of Phoenix, Arizona City of Richmond, Texas City of Selma, Texas City of Southside Place, Texas City of Sweet Water, Texas City of Webster, Texas City of Wortham, Texas Eldorado Area WSD Fair Management, LC Gorforth SUD La Ventana Utilities MB Wastewater Services, LLC Quail Valley Utility District Southern Crossing Utilities Travis County WCID #17 West Travis County Public Utility Agency Whiterock Water Supply Corporation

Resume



Impact Fee Studies West Travis County Public Utility Agency City of Southside Place, Texas City of Cuero, Texas City of Bastrop, Texas

<u>Valuation Analysis</u> Central Texas UDC West Travis County Public Utility Agency

Operations and Management Reviews Quail Valley Utility District City of Waco, Texas City of Burnet, Texas City of Corinth, Texas City of Missouri City, Texas

U.S. Navy City of Dallas, Texas Green Valley SUD City of Fort Worth, Texas

City of Bastrop, Texas City of Uvalde, Texas

City of Gladewater, Texas City of Galveston, Texas

<u>Other Projects</u> Central Texas UDC - Facilities Acquisition Negotiations

City of Georgetown/ Chisholm Trail SUD - Regionalization Feasibility

City of Georgetown - Contract Assignment Consents

City of Lakeway – Review of Utility Rates of Lakeway MUD

City of Bee Cave - Litigation Support and Expert Witness Testimony

La Ventana - Litigation Support and Expert Witness Testimony

White Bluff Rate Payers - Litigation Support and Expert Witness Testimony

Canyon Lake Rate Payers – Litigation Support and Expert Witness Testimony

Publications and Presentations

Texas H2O, November/December 2004, <u>"Finding the Water: How to Cope with HB3338"</u>
Office of Rural Community Affairs, 2004 – <u>Water Related Training for Local Leaders</u>
Texas Water, 2004 – Professional Paper - <u>Water Audits, Water Loss and HB3338</u>
Texas Rural Water Association Annual Conference 2002– Presentation – <u>Encroachment Issues</u>
Incode Education Forum, 2007 – <u>Selling Utility Rate Studies</u>
Texas Water, 2006 – <u>Water Loss Determination</u>
Munis Education Forum, 2006 – <u>Utility Rate Analysis</u>
Incode Education Forum, 2006 – <u>Utility Rate Analysis</u>
GFOAT, 2005 – <u>Capital Financing Seminar</u>
GFOAT Gulf-Coast Chapter, 2005 – Presentation – <u>The GFO's Water Challenges</u>

PROJECT APPROACH

Analysis of Water Fund Finances and Water Rates

"Inflation and resulting cost impacts on water utility customers, as well as increased public awareness of the need for conservation and more effective use of natural resources, together with the need to provide proper price signals, have challenged utility managers to continue providing high-quality service to water utility customers on an equitable and fair cost basis."¹ There are many State and Federal regulations surrounding water and wastewater rates. Chapter 13 of the Texas Water Code states, "rates shall not be unreasonably preferential, prejudicial, or discriminatory but shall be sufficient, equitable, and consistent in application to each class of consumers." Special care must be taken during the development of water and wastewater rates to ensure that the rates developed are in accordance with this statute.

NH Consulting utilizes a cost of service rate design methodology, called the base-extra capacity method, which is endorsed by the American Water Works Association (AWWA). "The AWWA Rates and Charges Subcommittee does not endorse any substantial departure from cost-of-service based rates to achieve social objectives." ¹ The AWWA emphasizes the importance of using sound cost-of-service principles while setting rates.

The development of water rates utilizing the base-extra capacity method involves four primary steps:

1) Determination of Annual Revenue Requirements for the Study Period

It is particularly important that all costs associated with providing service are included in the revenue requirement. This includes direct costs such as those required to pump and treat water, as well as indirect costs such as allocations for administrative overhead incurred by other Town departments. It is imperative that the costs included in the revenue requirements are within the confines of State and Federal regulations.

There are two primary approaches to the development of revenue requirements, the "cashneeds" approach, and the "utility" approach. The "cash-needs" approach ensures that the revenues generated by the utility cover the cash needs of the utility, including debt obligations, as they come due, whereas the "utility" basis does not consider debt obligations. The primary difference is that the "utility" basis considers depreciation rather than debt. NH Consulting will work closely with Town staff to determine the approach which is most appropriate in meeting the Town's needs.

2) Functionalize Revenue Requirements into Cost Components

Chapter 290 of the Texas Administrative Code outlines strict guidelines that the water utility must abide by while providing retail water services. These guidelines outline specific requirements for items such as minimal system capacities. Thus, the Town must maintain the infrastructure to meet these requirements. Infrastructure capacity requirements are determined by the number of connections that the system serves, and the size of each connection as well as the usage patterns of those customers. Water utilities are designed to handle times of peak usage, such as summer months when residents are irrigating heavily.



¹ American Water Works Association M1 Manual, Water Rates, Fourth Edition, 1991.

Even though the utility may have average usage at a certain level, it must have the capacity to serve customers at a level that is much greater, in order to meet peaking demands. Figures 1 and 2 demonstrate different usage patterns of residential and commercial customers that may occur on a water utility.



According to the AWWA, "a water utility is required to supply water in total amounts and at such rates of use desired by the customer. A utility incurs costs in relationship to the various expenditure requirements caused by meeting those customer needs. Since the needs for total volume of supply and peak rates of use vary among customers, the costs to the utility of providing service also vary among customers or classes of customers."² In other words, there are significant cost implications to the ability a utility system must have to meet peaking patterns. Therefore, one must have an in-depth understanding of the Utility's expenses in order to allocate them properly into functional cost components.

NH Consulting uses a base-extra capacity methodology to functionalize costs into the following components, as defined by the AWWA in the M1 Manual:

- Base Costs costs that tend to vary with the total quantity of water used plus those O&M expenses and capital costs associated with service to customers under average load conditions, without the elements of cost incurred to meet water use variations and resulting peaks in demand.
- Extra Capacity Costs costs associated with meeting rate-of-use requirements in excess of average and include O&M expenses and capital costs for system capacity beyond that required for average rate of use.
- Customer Costs those costs associated with serving customers, irrespective of the amount or rate of water use.
- **Direct Fire Protection Costs** those costs that are applicable solely to the fire-protection function.

3) Allocation of Cost Components into Customer Classes

Special care must be taken in the selection of customer classifications. In setting customer classes, one must consider service characteristics, demand patterns, and whether service is provided both inside and outside city limits. Customers grouped in the same classification must utilize water for similar purposes and in similar patterns.

The utilization of the base-extra capacity methodology requires an in-depth analysis of customer usage patterns in order to gain a thorough understanding of the demand factors imposed by each customer classification. While setting appropriate customer classifications, the customer's average and peak usage must be examined.

The ultimate goal of the customer usage analysis is to distribute cost components (base costs, extra-capacity costs, customer costs, and direct fire protection costs) to customer classes based on their specific usage patterns.

² American Water Works Association M1 Manual, Water Rates, Fourth Edition, 1991.

4) Design Water Rates

Water rate design is often a daunting and complex task. The primary consideration is to recover from each customer class, within practical limits, the cost to serve that customer class. However, special care must be taken to ensure that rates are equitable among customer classes, and that customers do not experience "rate shock" because of the new rate structure. In addition, it is important to realize that there are many political and policy influences on the rates charged by a water utility. Water rates must also send appropriate pricing signals to the utility's customers. Many rate options exist, including: Minimum bill by meter size; Minimum bill by customer class; Volumetric rate by meter size; Volumetric rate by customer class; Conservation rates; Inclining block rates; Declining block rates; Uniform block pricing; Conservation incentives; Marginal cost rates; Unmetered rates; Direct fire-protection rates The goals of the individual utility must be taken into consideration while evaluating each water rate option.

Analysis of Wastewater Fund Finances and Wastewater Rates

The determination of wastewater rates is accomplished through a similar approach. The four primary steps that are required in wastewater rate analysis are as follows:

1) Determination of Annual Revenue Requirements for the Study Period

The determination of wastewater revenue requirements is accomplished in the same manner as the water revenue requirements. NH Consulting will use the "cash-needs" basis for determination and will project costs into the five-year study period accounting for known and measurable changes and inflationary influences.

2) Functionalize Revenue Requirements into Functional Cost Components

Just as the water costs that the utility incurs are related to the demand the customers put on the water system, wastewater costs are related to the flow and strength of the wastewater returned to the system. The wastewater treatment process is dependent on both the strength of the wastewater and the volume of the wastewater treated. Thus, costs are related to these factors. Wastewater revenue requirements must be functionalized based on:

- Flow Costs- Costs incurred by the wastewater utility that can be directly related to the volume of wastewater treated. These costs include pumping costs and wastewater treatment plant capacity.
- Strength Costs incurred by the utility that can be related to the strength of the wastewater treated, such as chemical costs. Strength costs can be further functionalized in terms of BOD, TSS, and NH₃, depending on the facility's specific permit treatment parameters.
- Customer Costs those costs associated with serving customers, irrespective of the amount or rate of wastewater treated.

3) Allocation of Cost Components into Customer Classes

The functionalized wastewater costs are then allocated to customer classes based on projected flow, and, in the case of surcharge design, strength.

4) Design Wastewater Rates

The design of wastewater rates is a complex task. This is due to the fact that most utilities do not meter wastewater, as they do water. Thus, best estimates must be made during the determination of billing units. This is a particularly sensitive task. It is imperative that a utility normalize the historical data to ensure they do not over-estimate billing units. Additionally, the Town must adopt a policy for the determination of wastewater billing. Options include winter averaging and maximum fee capping. Another consideration in setting wastewater rates is the option of wastewater surcharges for industrial customers

WORK PLAN

The Project Team has put together a work plan that accomplishes the four steps of rate design and accomplishes the goals/objectives outlined by the Town. NH Consulting's general approach to rate design is to first thoroughly understand the goals of the Utility and design rates which meet those goals. The Project Team will discuss rate design options and project goals with the Town in a kick-off meeting, which will set the tone and direction of the project.

Task Number	Task Name	Description	Deliverable (if any)
1	Revenue Requirement Determination	Development of Revenue Requirements for the base-year utilizing historical actual costs, Town budgets, debt service schedules, capita improvement plans and information/input from Town staff.	Detailed schedule outlining the base-year revenue requirement and the basis of development, assumptions, and adjustments will be provided to and reviewed with Town staff in a work-paper document. Base year revenue requirements will be relied upon to develop five- year revenue requirements.
2	Allocation of Revenue Requirements Between Utilities	Base-year Revenue Requirements will then be allocated between the utilities based upon a variety of cost-causation factors. NH Consulting will rely upon input from Town staff to ensure appropriate allocations have been made.	A detailed schedule which allocates the Revenue Requirements between the three utilities and the allocation factors utilized for each line- item will be identified and provided to Town staff in a work-paper document. The project team will seek approval of the allocations. The results of this analysis will be incorporated into the five-year Revenue Requirement projections for each utility.
3	Development of Five- Year Revenue Requirement Forecast	Once the base year revenue requirements for the test year have been developed, NH Consulting will work with Town staff to develop a five-year projection of revenue requirements for each utility. Known and measurable changes such as capital improvements, future debt issues and process changes, will be taken into account. The project team will work closely with Town staff project these costs into the five-year planning period considering elements including, but not limited to, inflation, personnel changes, growth impacts, etc. Existing costs will be determined as well as the costs for the proposed CIP. O&M reserves repair and replacement reserves and debt service reserves will be established to	Detailed schedules outlining the five-year projection and the basic assumptions used to make those projections. These schedules will likely be included in the final report of the study.

		coincide with the Town's financial policies.	
4	Functionalization of Revenue Requirements	Once revenue requirements have been determined and projected for the five-year study period, NH Consulting will functionalize each cost component into functional categories, based on that cost. Cost components for the water utility will be further functionalized into base, extra-capacity, and customer cost categories. Wastewater components will be functionalized into flow, treatment, and customer cost categories	Cost functionalization work- paper schedules will be reviewed with Town staff and will be relied upon for the allocation of costs to customer classes.
5	Customer Demand Analysis	NH Consulting will next examine the historical usage patterns of the Town's current customer classes and will evaluate possible new customer classifications. NH Consulting will examine the usage patterns of the customer classes to determine their average and peak usage. The customer demand analysis is not only useful in cost allocations, it also enables the utility to make future revenue projections, as well as serve as a tool in water resource planning. In addition, NH Consulting will use this analysis to review the Town's current customer classifications as to appropriateness.	Historical customer demands, average use, and peaking patterns will be provided to Town staff in detailed work- papers for review and incorporation into the customer cost allocations and future use projections.
6	Customer Count and Demand Projections	The next step in the analysis is to project future customer growth. NH Consulting will examine historical growth patterns, and discuss future growth with the Town's utility and planning departments to make this projection. In addition, NH Consulting will analyze historical usage patterns and customer growth projections to project usage for the five-year study period.	Future projections of customer count and demands will be reviewed with Town staff. The final report will summarize these projections and the basic assumptions utilized in making these projections.
7	Allocation of Cost Components to Customer Classes	Once NH Consulting has accurately functionalized costs into cost components and has analyzed customer demands, NH Consulting will be able to allocate costs to customer classes based on their usage patterns, and thus relative demands they place on utilities.	Detailed work-papers allocating costs to customer classes will be reviewed with Town staff. The final report will summarize the results of the cost allocation analysis.
8	Rate Design	The previous steps have allocated costs to customer classes based on their system demands and have	The final rate design work papers will be reviewed with Town staff. The recommended

		projected customer demands, and thus billing units, into the future. The final step of the analysis is to design rates for the utilities. NH Consulting will first determine cost-of-service based rates for each customer class. Additionally, NH Consulting will provide alternative rate design options if deemed necessary. The ultimate rates recommended by the project team will be fair and equitable among customers; fully recover the costs associated with providing services; and will meet the goals of the Town as defined in the project kick-off meeting.	rate design will be incorporated into the final report.
9	Preliminary Draft Report	NH Consulting will prepare a preliminary draft report for the Town that discusses the methodology used during the analyses, the critical assumptions made by the project team, and findings and recommendations. The project team will present the draft report to Town staff for comment.	A draft report will be provided to Town staff for comment/edits. Unless otherwise requested by the Town, the draft report will be provided in an electronic, PDF format.
10	Issuance of Final Report	NH Consulting will incorporate the Town's comments into the draft report, and will issue a final report to the Town. This report would include an executive summary, which documents the findings and recommendations in a clear and concise manner.	The project team will provide the Town with the final report.
11	Presentation of Findings	NH Consulting will present findings in up to two regularly scheduled or special called meetings/workshops or public hearings. The project team will educate the Council and/or the public on the methodology, findings, and recommendations of the project.	NH Consulting typically presents findings with a Power- Point presentation, or similar format as deemed appropriate.

The analysis will include a review of cost increases and labor needs. NH Consulting will work directly with City staff for input on future projections of costs. Additional expenditures such as material, lab testing, fuel, power, permitting and equipment expenses will all be reviewed as part of the analysis. Working with Town staff and the Town's engineering, NH Consulting will incorporate appropriate changes into the five-year projections.

Billing System Review

Prior to making any recommendations for final rate structure, NH Consulting will coordinate with the Town's billing system company to ensure that the Town's billing system is capable of implementing any recommendations.

Tiered Rate Design

It addition to designing rates consistent with the Town's current rate design, NH Consulting will also develop a scenario for a tiered rate design for the Town. This alternative will provide a tiered or block rate structure in which the price of water gradulally gets more expensive per thousand gallons for those using more water.

Additional Customer Classes

NH Consulting will evaluate the Town's current customer classes and determine whether creating additional customer classes would be appropriate. Additional customer classes could include irrigation, industrial or a specific rate for the water park.

Assistance with El Paso Negotiations

NH Consulting will assist in negotiations, to the degree necessary, with El Paso for additional water supplies for the Town. Due to the unknown nature of the amount of time this effort will require, these services would not be included in the set fee; instead, these services would be provided at NH Consulting's standard hourly rates.

Schedule

Upon execution of contract for this engagement, NH Consulting will issue a request for information to the Town within 7 business days. NH Consulting proposes to complete the analysis and services described herein within 90-120 days of receipt of data necessary to complete the analysis.

Fee Proposal

NH Consulting proposes to complete the analysis as described above for a guaranteed-not-to-exceed fee of \$29,380, plus out of pocket expenses.

Note: The fee stated above does not include tasks associated with assisting in negotiations with El Paso. Services associated with these efforts would be provided at NH Consulting's standard hourly rates.



References

City of Leon Valley, Tex	as
Cost of Service and Rate	e Design Study
Project Description	Leon Valley is located approximately 150 miles from the Texas/Mexico border and has a population of approximately 10,000 people.
	NH Consulting completed a Cost of Service and Rate Design study for the City in December, 2015.
	The analysis evaluated the cost of providing services to residential and commercial customers and made recommendations to adjustments in rates based upon those costs.
Project Completion	2015
Project Highlights	Cost of Service and Rate Design
	Transitional Implementation Plan
	Capital Improvement Planning
Contact	David F. Dimaline
	Assistant Director of Public Works
	City of Leon Valley
	(210) 681-1232
	d.dimaline@leonvalleytexas.gov

City of Pecos, Texas	
Cost of Service and Rate	e Design Study
Project Description	Pecos is located approximately 140 miles from the Texas/Mexico border and has a population of approximately 8,900 people.
	Nelisa Heddin has performed numerous cost of service and rate design studies for the City of Pecos, with the latest analysis completed in 2013.
	Ms. Heddin worked closely with the City to bring its water and wastewater utility rates to recover costs and meet capital improvement needs. The analysis evaluated the cost of providing services to residential and commercial customers and made recommendations to adjustments in rates based upon those costs.
Project Completion	2008, 2009, 2010, 2012, 2013
Project Highlights	Cost of Service and Rate Design Transitional Implementation Plan Capital Improvement Planning
Contact	Ysidro Renteria, Jr Director of Finance City of Pecos (432) 445-2421 yrenteria@cityofpecos.com

City of Webster, Texas	
Cost of Service and Rate	Design Study
Project Description	Nelisa Heddin started working with the City of Webster in 2004 when she conducted a Cost of Service and Rate Design study for the City. At that time, the City was not charging residential customers for water and wastewater services – they had a "live free in Webster campaign." During the post-9/11 economic downturn, the City could no longer utilize tax-revenues to subsidize their utilities. Ms. Heddin worked closely with City staff to develop a transitional implementation plan which would slowly increase rates over time to achieve cost of service. Ms. Heddin has been asked to assist the City in subsequent studies in 2007 and 2013.
Project Completion	2004, 2007 and 2013
Project Highlights	Cost of Service and Rate Design Transitional Implementation Plan Capital Improvement Planning Public Education
Contact	Mike Rodgers, CPA City of Webster, Texas Director of Finance (281) 316-4102 101 Pennsylvania Ave Webster, Texas 77598 mrodgers@cityofwebster.com

Travis County WCID #1	7
Cost of Service and Rate	e Design Study
Project Description	Nelisa Heddin conducted a cost of service and rate design study for Travis County WCID #17 in 2004 and then performed a subsequent study in 2013 for the District. The focus of the analysis was to derive strategies to allow the District to meet the many challenges of this rapidly growing system and to balance revenue recovery between tax rates, impact fees and rate revenues.
Project Completion	2004 and 2013
Project Highlights	Cost of Service and Rate Design Capital Improvement Planning Public Education
Contact	Deborah Gernes Travis County WCID #17 General Manager (512) 266-1111 Ext. 13
	3812 Eck Lane Austin, Texas 78734 <u>dgernes@wcid17.org</u>

West Travis County Pub Financial Manager	lic Utility Agency
Cost of Service and Rate	Design Study
Project Description	Nelisa Heddin became familiar with the West Travis County water and wastewater systems beginning in 2007 during a contested proceeding between the Lower Colorado River Authority (LCRA) and the City of Bee Cave and eventually testified on the equitability of the rates implemented by the LCRA before the State Office of Administrative Hearings (SOAH). Ultimately, the City of Bee Cave along with Travis County MUD #3 and Hays County ended up purchasing the systems and created the West Travis County Public Utility Agency (Agency) to own and operate the systems. Ms. Heddin assisted in the acquisition of the systems and the transition of the operation of the systems to the Agency. Ms. Heddin continues to serve as the Financial Manager for the Agency assisting with budgeting, revenue tracking, and the many challenges associated with this large, regional system. Ms. Heddin has completed 3 cost of service and rate design studies.
Project Completion	2012 - present
Project Highlights	Financial Manager Annual Budgeting Impact Fee Analysis Wholesale Rate Analysis Cost of Service and Rate Design Capital Improvement Planning Public Education
Contact	Don Rauschuber West Travis County Public Utility Agency Past General Manager (512) 413-9300 12117 Bee Cave Rd. Building 3, Suite 120 Bee Cave, Texas 78738 dgrwater@onr.com