DRAFT

EXHIBIT A
SCOPE OF WORK

STORMWATER UTILITY FORMATION

The primary steps required for setting up a stormwater utility include development of an annual operating budget, development of a preliminary capital improvement plan, determination of the assessment methodology, and development of formation and rate ordinances.

Task 1 – Initiation and Coordination

Meet with City staff to develop a strategy and road map for the project. A list of requested information would be provided to the City in advance of the kick-off meeting to allow the City time to determine what information is available. The group will focus on the most efficient and cost-effective method to obtain the missing information. The goal of the kick-off meeting is to identify key points in the project development that impact the schedule.

The list of requested information will include, but not be limited to, the following:

- Inventory of existing facilities
- Expenses associated with operation and maintenance of the stormwater system for 2014-2016 and 2017 budget for operation and maintenance of the stormwater system.
- Operation and maintenance FTEs currently maintaining storm facilities and labor rates.
- Equipment (make, model, and value) allocated to the storm water facilities.
- Labor rates of administrative staff that will be allocated to the stormwater utility.
- Current stormwater system maintenance procedures and policies.
- Number of single family residential units (from sewer utility)
- Address and assessor lot numbers of non-single family residential sewer customers
- Current stormwater related ordinances, critical areas ordinances and development criteria.
- Records of the condition of the existing system.
- Citizen complaints regarding the stormwater system.
- As-built storm drainage plans.

Task 2 – Preliminary Facilities Plan

Develop a preliminary stormwater capital facilities plan based on improvements or planning needs identified by City staff and Gray & Osborne. Hydrologic/hydraulic modeling will not be completed for this task. The location of proposed projects would identified on the existing City base map. Gray & Osborne will prepare estimated construction costs of the projects identified in the preliminary stormwater capital

facilities plan. The City will determine the priority of the recommend preliminary capital improvements.

Task 3 – Stormwater Utility Formation Study

Gray & Osborne will prepare a stormwater utility formation study which would review various methods of determining rates and general facility charges. Rates and general facility charges would be developed using the rate structure selected by the City. The Study would include estimated revenue requirements to implement the preliminary Facilities Plan and fund annual operation and maintenance. The Study would identify the basis for equivalent residential unit impervious area and allocation of existing and proposed capital improvements to existing and future customers. The following information would be used to develop a service rate and GFC.

Annual Revenue Requirements:

a) Operation and Maintenance: Review previous year's expenses and update the expenses to include additional staffing or operation and maintenance needs identified by the City.

b) Administrative Expenses. Review the storm water utility administrative requirements, including office staff, billing, etc. and estimate the revenue requirements. The City would provide the material and administrative billing expenses that would be allocated to the storm utility.

c) Depreciation (Repair/Replacement): Based on the existing facility base map and inventory of the existing system a depreciation value of the system would be developed based on the estimated value and year of construction of stormwater facilities.

d) Equipment Expenses: Use equipment allocation data provided by the City. Also include capital and/or rental cost of any additional equipment required by the utility.

e) Capital Improvement Expenses: Incorporate the preliminary capital improvement expenses. Estimated project cost would be escalated to the year of the proposed construction.

Fiscal Policies:

Review and incorporate City fiscal policies for: operating reserves, capital reserves, interest rate, use of revenue bonds or low interest loans for capital improvements.

a) Equivalent Residential Unit of Impervious Area: The impervious area for single family homes, commercial and industrial facilities would be estimated. A single-family residential equivalent would be determined from an aerial photograph and/or building permit applications. The impervious area of existing commercial and industrial establishments would be determined from an aerial photograph and/or Cowlitz County Data Base.

b) Method of Assessment: Complete an analysis of the policy choices available to the City for various methods of assessment. The methods discussed would include, but not be limited to: flat rate for single family, impervious area for non-single family, city-wide vs. area specific rates, credits for items such as on site infiltration/detention facilities, maintenance of private facilities. Develop a rate structure based on the method of assessment selected by the City.
c) Financial Model: Develop a financial model which incorporates the estimated revenue requirements, equivalent residential units of impervious areas, growth rate, and fiscal policies.

Task 4 – Stormwater Utility Formation and Service Rate Ordinance

Provide ordinances for the formation of the stormwater utility and the service rates and charges. The stormwater utility ordinance will include administrative policies and procedures such as, but not limited to, methods of assessment, methods of appeal, billing collection procedures, credits for properly design/functioning privately maintained stormwater quantity and quality control facilities. Provide a list of administrative policies and procedures to the City for review and consideration. Draft the Stormwater Utility Formation and Stormwater Rate and General Facility Charge ordinances after the City provides direction on administrative policies and procedures.

Task 5 –Stormwater Utility Formation Public Education Program and Meetings.

A strategy and program for education of the public and city officials on the stormwater utility would be developed. The public education program would include participation at a City open house, one meeting with single-family residents, two meetings with commercial customers, and the public meeting for reading of the ordinance. Gray & Osborne would assist the City in conducting the open houses and public meeting. Gray & Osborne would attend two staff and two council workshops regarding the stormwater utility.

EXHIBIT "B"

ENGINEERING SERVICES
SCOPE AND ESTIMATED COST

City of Kalama
Stormwater Utility Formation

Tasks	Principal Hours	Project Manager Hours	Project Engineer Hours	Civil Eng. Hours	AutoCAD/ GIS Tech. Hours
1 Initiation and Coordination	2	8	12		
2 Preliminary Facilities Plan	2	12	24	16	24
3 Stormwater Utility Formation	2	16	40	40	
4 Stormwater Utilty Formation and Service Rate Ordinance	2	4	8		
5 Public Education and Meetings	32	48			
6 QA/QC	4	4	4	4	
Hour Estimate:	44	92	88	60	24
Fully Burdened Billing Rate Range:*	$112 to $177	$99 to $177	$106 to $145	$77 to $126	$48 to $116
Estimated Fully Burdened Billing Rate:*	$165	$160	$130	$110	$85
Fully Burdened Labor Cost:	$7,260	$14,720	$11,440	$6,600	$2,040

Total Fully Burdened Labor Cost:	$	42,060
Direct Non-Salary Cost:		
Mileage & Expenses (Mileage @ current IRS rate)	$	750
Printing	$	290
TOTAL ESTIMATED COST:	**$**	**43,100**

* Actual labor cost will be based on each employee's actual rate. Estimated rates are for determining total estimated cost only. Fully burdened billing rates include direct salary cost, overhead, and profit.