

Maintenance Crew Justification

	Hours/Yr.
Maintenance Supervisor	2,000
Journeyman Electrician	2,000
Heavy Equipment Operator	2,000
Maintenance Worker	2,000
Maintenance Worker	2,000
	10,000

WORK AREA DESCRIPTION	PERSONS REQUIRED	EST. FREQUENCY (Yearly)	Hrs. / Year
Water Plant & River Intake Pump Station			
Pump Service	3	6	144
Motor Service	3	4	96
Backwash and Sedimentation Discharge Basin Solids Removal	3	6	144
Settling Units Maintenance (Emptying and Cleaning Solids)	2	4	64
Terminal Reservoir Ground Maintenance	2	12	192
Chemical Feed Pump Service and Repair	2	4	64
River Intake Station Service	4	6	192
Distribution System Lines & Water Storage Tanks			
Unidirectional Flushing Program	4	12	384
Bacteriological Testing	1	8	64
Lead and Copper Testing	2	0.5	8
Fire Hydrant Replacement Program	4	2.5	80
Broken Line Repair	4	20	640
New Water Taps	4	5	160
Valve Exercise Program	2	12	192
Meter Reading & Customer Service			
Meter Reading (Three (3) Cycles per month)	4	36	1152

Disconnects and Reconnects	2	10	160
Meter Replacement Program	2	20	320
Meter Box Cleaning	1	48	384
Meter Box Exchange	2	24	384

Wastewater Collection Lines and Lift Stations

Submersible Pump Service	4	6	192
Sewer Line Jetting Service (Customer Calls)	2	36	576
Private Lateral Courtesy Cleaning Service	2	36	576
Sewer Line Cleaning Service	2	64	1024
New Sewer Taps	3	5	120
Smoke Testing Program	2	36	576
Manhole Rehabilitation Program	4	36	1152
Lift Station Monthly Service	4	12	384
Lift Station Repair	5	12	480

Wastewater Treatment Plant

Pump Service	3	6	144
Motor Service	2	4	64
Reactor Basing Cleaning and Air Line Repair	4	12	384
Chlorine Contact Basin Cleaning	2	12	192
Sludge Drying Beds Solids Removal	1	24	192
Grounds Maintenance	2	12	192

Total **11072**

economists.com



Economic and Financial Consulting

September 18 2014

Mr. Adrian Montemayor
Webb County
1110 Victoria St., Suite 201
Laredo, TX 78042

Dear Mr. Montemayor:

Thank you for allowing ***Economists.com*** the opportunity to present our proposal to provide an update to our 2012 Water and Wastewater Utility Cost of Service/Rate Setting Study and long-term financial plan for Webb County ("The County"). We are an economic and financial consulting firm with offices in Dallas, Texas and Portland, Oregon. Our principal clients are national, state and local governments. Our firm contains professionals with decades of experience in water and wastewater utility operations and economic/financial management. Our specific services include:

- **Water and Wastewater Rate Studies**
- Sanitation Rate Studies
- Economic evaluation of water resources
- Water Planning and Management
- Connection and Impact Fee Studies
- Privatization Analysis
- Expert Witness Testimony on Reasonableness of Rate Structure
- Resource Allocation Studies
- Economic Impact and Development Studies

As Managing Director and Chief Executive of Economists.com, I will manage and have primary responsibility for preparing this study for the County. I will be assisted by Ms. Rebecca Schafer, Senior Manager. More information is available on our firm and professionals at our web site, www.economists.com.

It is our understanding that the County is interested in updating its comprehensive water and wastewater rate plan for FY 2015 and beyond in response to its recently-executed settlement agreement. The objective is to develop a long-term rate plan that will enable the County to recover sufficient funds to meet all operating and capital expenses as well as settlement requirements while minimizing the impact on the ratepayers.

Our workplan includes the following specific assistance:

- 1) A detailed analysis and comparison of the County's current and proposed rates to the state average as well as other surrounding communities. As part of any presentation before the County or ratepayers we will include both this analysis and a general discussion of trends in water and wastewater rates in Texas and across the USA.
- 2) Using current budget, volume and CIP data, the project team will update its comprehensive ten-year water and wastewater cost of service forecast model. The model will identify current and forecast operating expenses, capital outlays and debt service for the period 2015 – 2024. The model will adhere to AWWA ratemaking standards to ensure that the cost of service for each customer class is just, reasonable and accurate.
- 3) The model will contain modules that will allow for the calculation of overall cost of service for the water and wastewater utility and the cost of service by designated customer class (residential, commercial, schools, etc.).
- 4) The project team will prepare several alternative proposed water and wastewater rate structures for the County to consider. Each alternative will enable the County to recover sufficient revenues to fund operating and capital costs. The project team will prepare additional scenarios should the staff so choose in determining which is the most just and reasonable.
- 5) The project team will summarize its analysis into a single comprehensive rate study report containing critical backup data and a copy of the cost of service forecast model. An electronic copy of the model will be provided to County staff for use in future updates.
- 6) We will meet with County staff to review preliminary results, and conduct a workshop with the County Commissioners to discuss our findings and recommendations. The purpose of the meeting and public involvement process will be to ensure that to the best extent possible staff, commissioners and ratepayers adequately evaluate alternative rate plans and choose the most appropriate rate plan to be implemented.

Attached is a list of information we will require to complete the analysis.

Our original rate study was priced at \$25,000. However, we propose to complete this update for fees and expenses of not to exceed **\$9,500**. Importantly, this price includes the staff briefing and one briefing for the County Commissioners. If the Commissioners desire additional briefings and/or a series of public hearings, the cost will be an additional \$1,500 per meeting. This additional cost is necessary to compensate for meeting preparation, materials preparation and travel expenses.

Economists.com reserves the right to invoice for services on a monthly basis. Payment is requested 30 days **after** receipt of each invoice.

If this proposal is acceptable to you, please execute one copy of this letter and return it to our Dallas office. Thank you for this opportunity; we look forward to working with you on this important engagement.

Very Truly Yours,



Dan V. Jackson
Managing Director

ACCEPTED BY:

Date

**WEBB COUNTY
2014 WATER AND WASTEWATER RATE UPDATE
INITIAL REQUEST FOR INFORMATION**

1. Please provide a copy of the County's current year Water and Wastewater Utility Budget.
2. Please provide water active accounts and billed consumption by customer class by month from October 2012 to the present.
3. Please provide water billed revenues by customer class by month from October 2012 to the present.
4. Please provide wastewater active accounts and billed consumption by customer class by month from October 2012 to the present.
5. Please provide wastewater billed revenues by customer class by month from October 2012 to the present.
6. Please provide the County's most recent long-term Capital Improvement Plan for the water and wastewater utility.
7. Please provide debt service schedules for all outstanding water and wastewater debt.