

AGENDA

FRANKLIN CITY COUNCIL
 MONDAY, FEBRUARY 27, 2017 – CITY HALL COUNCIL CHAMBERS – 207 W. SECOND AVE.

6:30 P.M.**Recessed Meeting from February 22, 2017**

Call To Order MAYOR FRANK M. RABIL

Closed Session

I move that the Franklin City Council meet in Closed Session to discuss and consider appointments to boards and commissions pursuant to Virginia Code Section 2.2 – 3711 (A) (1).

Motion Upon Returning to Open Session- I move that the only matters discussed during the closed session were those lawfully exempted from open meeting requirements and identified in the motion by which the closed session was convened.

Adjourn**7:00 P.M.****Regular Meeting**

Call To Order MAYOR FRANK M. RABIL

PLEASE TURN OFF CELL PHONES MAYOR FRANK M. RABIL

PLEDGE OF ALLEGIANCE

CITIZENS' TIME

AMENDMENTS TO AGENDA

1. **CONSENT AGENDA**
 - A. Minutes: February 13, 2017 Regular Meeting & February 22, 2017 Called Meeting
 - B. Department Reports: January, 2017 (Separate File)
2. **PRESENTATIONS**
 - A. 2017 Hampton Roads Hazard Mitigation Plan Resolution # 2017 – 02
 Chief Vince Holt, Director of Emergency Services
 - B. Commercial Rehabilitation Loan Program – Business Friendly Committee
3. **FINANCE**
 - A. Financial Report: January, 2017
 - B. FY 2016 – 2017 School Fund Budget Amendment # 2017 – 08
 - C. FY 2016 – 2017 City Budget Amendment # 2017 – 09
4. **OLD/NEW BUSINESS**
 - A. Franklin City School Board Ward 5 Vacancy Appointment
 - B. Franklin Business Center Update – Amanda Jarratt, Executive Director, FSEDI
 - C. City Manager's Report
5. **COUNCIL/STAFF REPORTS ON BOARDS/COMMISSIONS**
 - A. City/County Utility Asset Valuation Contract Award – Councilman Burgess & City Manager Martin
6. **CLOSED SESSION (IF NECESSARY)**
7. **ADJOURNMENT**

UPCOMING ITEMS TO BE SCHEDULED

The items below are intended to be reflective, and not inclusive of all subjects staff is working on to bring forward to City Council in the next two months. Both the time lines and subject matter are subject to change and should not be considered final.

SUBJECT**TENTATIVE TIME LINE**

**Council Work session on Priorities/Goals/Budget
FY 2016 – 2017 DFA Budget Set Aside Discussion
Personal Property Tax Exemption for Disabled Vets
Agencies & Organization Presentations Work
Session Joint Budget Work Session w/ School Board**

**March 13, 2017 @ 6:00 p.m.
March 13, 2017 @ 6:00 p.m.
March 13, 2017
March 27, 2017 @ 6:00 p.m.
TBD**

CONSENT AGENDA

- A. Minutes: February 13, 2017 Regular Meeting & February 22, 2017 Called Meeting
- B. Department Reports: January, 2017 (Separate File)

The Franklin City Council continued a recessed meeting from January 31, 2017 on Monday, February 13, 2017 at 6:30 p.m. in the Council Chambers conference room. All members of Council were present.

Mayor Rabil called the meeting back to order and asked for a motion to go into closed session.

Councilwoman Hilliard made the motion that the Franklin City Council meet in Closed Session to discuss and consider appointments to boards and commissions pursuant to Virginia Code Section 2.2 – 3711 (A) (1). The motion was seconded by Vice-Mayor Cheatham.

The motion was approved by a 7 – 0 vote.

The Council entered into closed session at 6:31 p.m.

Mayor Rabil reconvened the open session at 6:58 p.m. and asked for a motion certifying the closed session.

Councilwoman Hilliard made a motion certifying that the only matters discussed during the closed session were those lawfully exempted from open meeting requirements and identified in the motion by which the closed session was convened. The motion was seconded by Vice-Mayor Cheatham.

The motion was approved by a 7 – 0 vote.

The Franklin City Council held its regular meeting on Monday, February 13, 2017 at 7:00 p.m. in the Council Chambers at City Hall.

Council Members in Attendance: Mayor Frank Rabil, Barry Cheatham, Vice-Mayor; Linwood Johnson, Bill Scarboro, Mary Hilliard, Greg McLemore, Benny Burgess.

Staff in Attendance: Randy Martin, City Manager; Taylor Williams, City Attorney; Mark Bly, Director of Power and Light; Chief Phil Hardison, Franklin Police Department; Melissa Rollins, Finance Director; Dinah Babb, Treasurer; Brenda Rickman, Commissioner of Revenue; and Jennifer Maynard, Voter Registrar.

Others in Attendance: Officer Mario Hunter, Franklin Police Department; Phillip Page, Executive Director of Franklin Redevelopment Housing Authority; Kelvin Edwards, Interim Superintendent of Franklin City Public Schools; Robert Holt, Chairman of Franklin City Public Schools; Amanda Jarratt, Executive Director of Franklin Southampton Economic Development, Inc.; Dan Howe, Executive Director, Downtown Franklin Association, Inc.; and Teresa Rose-McQuay; Administrative Assistant and Acting Secretary, Recording Minutes.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited by everyone in attendance.

CITIZENS' TIME

Mr. Ronnie McClenny of 901 Craig Drive, Suffolk, VA submitted a Freedom of Information Act (FOIA) request concerning some questions he had regarding activities of the Franklin City Police Department.

Mr. Ross Preau of 410 Thomas Street, Franklin, VA spoke to Council endorsing Mr. Michael Foreman for the Ward 4 seat vacancy on the Franklin City School Board.

Mr. Dan Howe of 100 Gillette Court, Franklin, VA updated Council on the status of the StartUp Franklin Grant program. He stated that they received a total of 37 applications and the classes have started.

AMENDMENTS TO AGENDA

Vice-Mayor Cheatham made a motion to amend the agenda to include a proclamation for Mr. Elvin Vaughan who recently passed away and Councilwoman Hilliard seconded the motion.

The vote was approved by a 7 – 0 vote.

Consent Agenda**Minutes: January 23, 2017 Regular Meeting**

Mayor Rabil asked if there were any corrections to the minutes of the January 23, 2017 Regular meeting. Hearing none, he asked for a motion. Vice-Mayor Cheatham made the motion to approve the January 23, 2017 Regular meeting and Councilwoman Hilliard seconded it.

The motion was approved by a 7 – 0 vote.

Minutes: January 31, 2017 Called Meeting

Mayor Rabil asked if there were any corrections to the minutes of the January 31, 2017 Called meeting. Hearing none, he asked for a motion. Councilwoman Hilliard made the motion to approve the January 31, 2017 Called meeting and Vice-Mayor Cheatham seconded it.

The motion was approved by a 7 – 0 vote.

Proclamation: “NEA Read Across America” – March 2, 2017

Mayor Rabil asked Councilman McLemore to read aloud the proclamation for the National Education Association (NEA) Read across America, which takes place on March 2, 2017. Vice-Mayor Cheatham made the motion to adopt the proclamation and Councilman Burgess seconded it.

The proclamation was adopted by a 7 – 0 vote.

Mayor Rabil presented the proclamation to Ms. Rosalind Cutchins, Executive Director of the Children’s Center. Mayor Rabil invited everyone to come out and participate on March 2, 2017 in the read across America event.

Proclamation Honoring Elvin N. Vaughan

Mayor Rabil asked Councilwoman Hilliard to read aloud the proclamation honoring Mr. Elvin N. Vaughan. Councilman Scarboro made the motion to adopt the proclamation honoring Mr. Elvin N. Vaughan and Councilman McLemore seconded it.

The proclamation was adopted by a 7 – 0 vote.

Public Hearing**Franklin City School Board Nominations Ward 5 (Continued from the January 23, 2017 Called Meeting)**

Mayor Rabil reconvened the public hearing to receive nominations for the Ward 5 Franklin City School Board representative.

The Public Hearing was opened at 7:18 p.m.

Ms. Gwendolyn Blue of 201 Fairview Drive nominated Mr. Ricky L. Sykes for the Ward 5 Franklin City School Board vacancy. Ms. Blue noted that Mr. Sykes is a graduate of Franklin High School. He is recognized for his community involvement and is the father of four.

Ms. Cynthia Barrett - Walloe of 616 West Second Avenue nominated Ms. Jessica E. Grant for the Ward 5 Franklin City School Board vacancy. Ms. Barrett-Walloe stated that Ms. Grant will be graduating in 2018 with a degree in English with a secondary endorsement in Education. Ms. Barrett-Walloe noted that Ms. Grant is a graduate of Franklin High School and is a certified, licensed minister.

The public hearing was closed at 7:21 p.m. for receiving nominations for the Ward 5 School Board seat vacancy.

Mayor Rabil asked the nominees to give Council a resume' or biography to review before the interview process. Mayor Rabil also asked Manager Martin to poll all members of Council for a date and time next week to conduct interviews for the nominations for the Ward 5 Franklin City Public Schools school board seat.

FINANCE**FY 2015 – 2016 CAFR/Audit Presentation**

Manager Martin recognized Director Rollins to introduce Ms. Robin Jones of Creedle, Jones & Alga, CPA's.

Ms. Jones distributed their summary report of the FY 2015 – 2016 Comprehensive Audit Financial Report (CAFR). Copies of the entire CAFR were distributed previously to Council. Ms. Jones reported to Council that the audit results were characterized as a clean opinion, also known as an unmodified opinion.

Ms. Jones gave an overview on the report, as well as, detailed the responsibilities of both Management and the auditors. Ms. Jones reported to Council that they found no notable findings in the FY 2015 – 2016

audit. Ms. Jones asked if there were any questions and noted if anyone had any questions in the future her contact information was listed on the documentation that she distributed.

Financial Report: December, 2016 (Mid-Year)

General Fund

Director Rollins presented the December, 2016 Financial Report. Director Rollins stated that this was the mid-year financial report.

Revenue Highlights

Overall General Property Taxes collected in the amount of \$4.32 million is close to \$4.36 million collected in FY 2015.

- **Current Real Estate taxes** - \$2.62 million is \$333,000 or 1.2% less than the prior year.
- **Delinquent RE taxes** of \$156,000 are on target with 65% of the budget realized even though collections lag prior year period.
- **Personal Property taxes** at \$1.38 million are 92% of budget and 7.0% higher than prior period collections of \$1.28 million.
- **Penalty and Interest** at \$57,343 is 37% of budget and down from the prior year collections of \$71,227.
- **Public Service Corporation taxes** are \$68,168 or 101% of budget.

Local Tax Revenue realized is 49.7% of Budget.

- Local Sales & Use taxes collected are \$874,019
- Cigarette Taxes collected are \$158,481
- Meals Taxes collected are \$743,185
- Lodging Taxes collected are \$74,402

Revenue Summary

Overall, total current general fund revenue reported at \$11.48 million (51.0% of budget) is a net of \$148,000 less when compared to the \$11.62 million (52.1 % of budget) realized at 12/31/15.

General Fund Expenditure Highlights

General Fund expenditures overall are in sync with prior year period with \$9.78 million or 43% of the budget spent at 12/31/16 compared to \$9.76 million or 42% of the budget spent at 12/31/15.

Enterprise Funds

Airport Fund

Revenue from fuel sales and airport rental fees are on target with budgeted projections with 49.4% of budget realized. Airport rental and fees are on target with 51.5% of the budget realized.

Expenditures in the fund are higher primarily as the result of jet fuel purchases in the current year. No purchases had been made for jet fuel in the prior year period ending December of 2015.

Cash balance in the Airport Fund is a negative \$101,138; while a general fund transfer is due to the fund of \$133,249, the fund should be monitored on an ongoing basis relative to revenue, expenditures and cash position.

Water & Sewer Fund

Revenue Analysis

- Revenue from the sale of water and sewer service charges of \$1.68 million at December 31st is tracking on target at 48.9% of the budget.

Expenditure Analysis

- Expenditures in the Fund are \$1.31 million and nearly 5% more than the prior year; expenditures in the current year for sewer system and waste water treatment plant costs have exceeded the prior year.
 - A portion of the additional costs are associated with Hurricane Matthew related expenditures – the city’s project work sheet for FEMA is \$103,000 for water and sewer related costs and is slated for potential federal reimbursement to the City at 75%.

Cash Balance

- The cash balance in the Fund at the end of the month is \$1.70 million, a 6.3% decrease from the \$1.82 million reported November, 2016, but 20% less than the \$2.13 million reported in the prior year period. (Planned use of fund balance to fund capital improvements.)

Solid Waste Fund

Revenue Analysis

- Revenue for the Solid Waste Fund is on target with budgeted projections at \$644,000 or 49% and is comparable to prior year period collections of \$647,280.

Expenditure Analysis

- Total expenditures as shown at \$591,304 are nearly \$30,000 or 5.3% higher than the prior period and represents 39% of the total budget.

Cash Balance

- The cash balance in the Fund at the end of the month is \$411,298. Cash in the fund dropped 2.7% from the prior month and nearly 22% from December 2015 as anticipated due to the “Pay as You Go” alternative to purchase capital equipment in the prior year.

Electric Fund

Revenue Analysis

- **Revenue** from energy sales at \$7.51 million is on target at 49.0% of budget.
- **Expenditures** associated with the sale of energy (excluding the fuel adjustment) at \$4.91 million is currently on target with 46.7% of the budget expended. This is higher than the prior year period of \$4.34 million, about 44% of the budget. The cost of services in December 2016 was \$322,000 or 45% higher than December 2015.

Cash Balance

Cash in the Electric Fund at \$791,600 decreased by \$131,000 or 14% from the prior month period cash of \$922,617.

Policy Evaluation

Cash is below minimum policy guideline of \$1.494 million by \$571,000.

There were no questions or comments concerning the December, 2016 financial report.

FY 2017- 2018 Tentative Budget Calendar

Manager Martin presented the Fiscal Year 2017 – 2018 Tentative Budget Calendar to Council for consideration.

Mayor Rabil asked if there was any feedback on the tentative budget calendar.

Councilman Burgess noted that he may be out of town on April 17, 19 and 20, 2017.

Mayor Rabil stated that he would like for Council and Manager Martin to get together in the next couple of weeks for a work session to establish the expectations for the upcoming budget sessions. Mayor Rabil asked Manager Martin to poll Council members on a good time for the meeting.

Councilman Scarboro stated that he would miss the April 10, 2017 meeting.

Vice-Mayor Cheatham made a motion to adopt the tentative budget calendar and Councilwoman Hilliard seconded it.

The motion was approved by a 7 – 0 vote.

OLD/NEW BUSINESS

Franklin City School Board Ward 4 Vacancy Appointment

Mayor Rabil asked for the desire of Council.

Councilwoman Hilliard made a motion to appoint Ms. Mona Murphy to the Ward 4 School Board vacancy.

The motion failed due to the lack of a second.

Councilman Johnson made a motion to appoint Mr. Michael Foreman to the Ward 4 School Board vacancy and Councilman McLemore seconded it.

The motion failed with the vote as follows:

Councilman Johnson, AYE; Councilman Scarboro, NAY; Councilwoman Hilliard, NAY; Vice-Mayor Cheatham, NAY; Councilman McLemore, AYE; Councilman Burgess, NAY; and Mayor Rabil, NAY.

Vice-Mayor Cheatham made a motion to appoint Ms. Marchelle Williams to the Ward 4 School Board vacancy and Councilman Burgess seconded it.

It is duly noted that Councilman Johnson abstained from the vote stating it was because of the method and practice that was used in the closed session for discussing the nominations.

The motion was approved with the vote was as follows:

Councilman Johnson, ABSTAIN; Councilman Scarboro, AYE; Councilwoman Hilliard, AYE; Vice-Mayor Cheatham, AYE; Councilman McLemore, ABSTAIN; Councilman Burgess, AYE; and Mayor Rabil, AYE.

FRHA Tax Credit Resolution Request

Mr. Phillip Page, Executive Director of Franklin Redevelopment and Housing Authority reported to Council that The Estates at Bank Street is a residential project that is planned to be located on the former site of the Suburban Garden Apartments that were demolished back in 2010. In order to fund a quality development, FRHA is seeking housing tax credits from the Virginia Housing Development Authority (VHDA). The application for tax credits requires that FRHA create two separate legal entities that will be used for development, but before these entities can be created FRHA desires to obtain approval in the form of a resolution of support for the tax credit application from the City Council.

The separate legal entities will be named The Estates of Bank Street and will be controlled by the FHRA and, indirectly by City Council through the city approved members of the FHRA Board. This tax credit process has been completed and approved by City Council in the past, both in February of 2013 and 2015.

The Estates at Bank Street will be a 24 home single family subdivision that will provide a rent to own option to low income families. It will have a fifteen year lease with an option to purchase the home at a nominal fee after that period.

Councilman McLemore asked if the solar panels that were used in the recent FRHA renovation project had positive results.

Mr. Page commented that it is producing positive results as far as lowering the electric bills.

Councilman McLemore asked if the solar panels would be a feature in this project.

Mr. Page commented that the homes will be built to Earth Gold standards and it will have features to help lower expenses but he cannot specifically say what the features will be at this time. These homes will be energy efficient.

Councilman Johnson wanted more information concerning the project before he is prepared to vote.

Manager Martin clarified that the tax credits resolution being sought is solely for The Estates at Bank Street project.

Councilman Burgess made the motion to adopt Resolution # 2017 – 01 approving the participation of the Franklin Redevelopment and Housing Authority in entities relating to the new construction activities on land known as or to be known as The Estates at Bank Street. After Councilman Burgess read the resolution aloud, Vice-Mayor Cheatham seconded the motion.

In discussion, Councilman McLemore asked who the partners were in the limited liability partnership.

Mr. Page stated that the partnership would be the Franklin Redevelopment & Housing Authority and the Franklin Redevelopment & Housing Authority Board.

The motion was approved with the vote as follows:

Councilman Johnson, ABSTAIN; Councilman Scarboro, AYE; Councilwoman Hilliard, AYE; Vice-Mayor Cheatham, AYE; Councilman McLemore, AYE; Councilman Burgess, AYE and Mayor Rabil, AYE.

Mayor Rabil asked Mr. Page to communicate with Councilman Johnson to give him an overview of the project.

City Manager's Report

CSX Railroad

Manager Martin reminded everyone of the upcoming work that CSX would be doing on the railroad crossings in Southampton County, the City of Franklin and Isle of Wight County. The work will begin next week and continue into early March. There will be detours posted during the work. Three crossings were slated to be impacted within the city.

Councilman Burgess asked if the public had been notified.

Manager Martin stated that CSX had advised of a notice in the newspaper and it is posted on the city's website. Manager Martin commented public awareness is why he mentioned this reminder in his report. He noted that Emergency Services, Police and the schools have been notified. Manager Martin also stated that the individual crossing improvements is slated to only take two or three days at a time.

Councilman Burgess suggested that the Chamber and other such agencies would be a good resource to help spread the word.

COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS

Vice-Mayor Cheatham reported on the meeting of the Western Tidewater Regional jail. He advised that the jail completed their state operations audit which is done every three years and received 100%. Vice-Mayor Cheatham deferred comments to Manager Martin about the budget that was recently discussed at the meeting.

Manager Martin stated that there is no proposed increase to the localities in the budget request this year.

Mayor Rabil, Councilman Johnson and Amanda Jarratt (Executive Director of FSEDI) attended the Hampton Roads Economic Development Alliance (HREDA) meeting in Portsmouth. Mayor Rabil reported that it was a very informative meeting.

Councilman Johnson reported that there was a segment on the importance of broadband service.

Mayor Rabil commended Dan Howe (DFA), Amanda Jarratt (FSEDI) and all those who worked with the StartUp program. There were 38 applicants who have applied for this program.

Mayor Rabil, Councilman Johnson, Councilwoman Hilliard and Manager Martin attended the Community Leadership Breakfast on February 11, 2017 at the Paul D. Camp Community College Workforce Center. Dr. Abdullah, President of Virginia State University was the key note speaker. Mayor Rabil noted that his words were inspiring, as well as, words we should all live by.

Mayor Rabil also attended an Eagle Scout ceremony where four scouts received the rank of Eagle Scout. Mayor Rabil recognized Councilman Scarboro for his volunteerism with the scouts and thanked him for his commitment to them. Mayor Rabil stated that twice in the ceremony Councilman Scarboro was recognized for his role as a mentor.

Closed Session

Councilman Burgess made the motion that the Franklin City Council meet in Closed Session to consider appointments to boards and commissions; and to discuss a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community pursuant to Virginia Code Section 2.2 – 3711 (A) (1) & (5).. Vice-Mayor Cheatham seconded the motion.

The motion was approved by a 7 – 0 vote.

The Council entered into closed session at 8:27 p.m.

Mayor Rabil reconvened the open session at 9:07 p.m. and asked for a motion certifying the closed session.

Vice-Mayor Cheatham made a motion certifying that the only matters discussed during the closed session were those lawfully exempted from open meeting requirements and identified in the motion by which the closed session was convened. The motion was seconded by Councilwoman Hilliard.

The motion was approved by a 7 – 0 vote.

Action

Councilwoman Hilliard made a motion to appoint Lieutenant Karl Boone, Franklin Police Department to represent the city on the Virginia Alcohol Safety Action Program (VASAP) Commission. The motion was seconded by Councilman Burgess.

The motion was approved by a 7 – 0 vote.

Adjournment

Vice-Mayor Cheatham made a motion to adjourn the meeting which was seconded by Councilwoman Hilliard.

The motion was approved by a 7 – 0 vote.

Mayor Rabil declared the meeting adjourned at 9:08 p.m.

These Minutes for the February 13, 2017 City Council Regular Meeting were adopted on the 27th day of February, 2017.

Mayor

Clerk to City Council

Council Members in Attendance: Frank Rabil, Mayor; Barry Cheatham, Vice-Mayor; Benny Burgess, Linwood Johnson, Mary Hilliard, Bill Scarboro and Greg McLemore.

The Franklin City Council held a called meeting on Wednesday, February 22, 2017 at 6:30 p.m. in the Council Chambers at City Hall to interview nominees for appointment to the Franklin City School Board to fill a vacancy in the Ward 5 seat. The nominations were received at a public hearing held on February 13, 2017 and were as follows:

Ms. Jessica E. Grant
Mr. Ricky L. Sykes

Mayor Rabil opened the called meeting, reviewed the process for filling the vacancy and asked for a motion to go into closed session.

CLOSED SESSION

Vice-Mayor Cheatham moved that the Franklin City Council meet in closed session to consider, discuss and interview nominated candidates for appointment to the Ward 5 seat vacancy on the Franklin City School Board pursuant to Virginia Code 2.2 – 3711 (A)(1). Councilwoman Hilliard seconded the motion.

The motion was approved by a 7 – 0 vote.

The City Council entered Closed Session at 6:31 P.M.

Mayor Rabil reconvened the open session at 7:48 p.m. and asked for a motion certifying the closed session. Vice-Mayor Cheatham made a motion that the only matters discussed during the closed session were those lawfully exempted from open meeting requirements and identified in the motion by which the closed session was convened. Councilwoman Hilliard seconded the motion.

The motion was approved by a 7 – 0 vote.

RECESS

Mayor Rabil recommended that Council continue the discussion on the Ward 5 vacancy school board appointment at a closed session meeting on Monday, February 27, 2017 at 6:30 p.m. prior to the regularly scheduled meeting. Mayor Rabil then declared this meeting recessed until that time.

The meeting was recessed at 7:50 p.m.

These Minutes for February 22, 2017 Called Council Meeting were adopted on the 27th day of February, 2017.

Mayor

Clerk to City Council

PRESENTATIONS

- A. 2017 Hampton Roads Hazard Mitigation Plan Resolution # 2017 – 02
Chief Vince Holt, Director of Emergency Services**
- B. Commercial Rehabilitation Loan Program Presentation**



Hampton Roads Hazard Mitigation Plan Update

Background

Like all municipalities, for decades the City of Franklin has had some semblance of an Emergency Operations Plan (EOP) which details among other things how the city responds to various hazards and emergency events that inevitably occur. Such events range from isolated spills of hazardous materials and associated cleanup activities to larger scale natural disasters such as hurricanes. These EOP's have evolved as a community's experience grows and as guidance from the City's federal and state partners is provided.

Throughout the years, the state in the form of Emergency Management agencies and the feds through FEMA have taken more assertive roles in directing community planning and preparation and most notably in efforts to mitigate the impacts of events. This is not surprising since the federal and state governments have a history of providing significant monetary compensation to communities when large scale disaster declarations are made. Federal and state financial assistance has not been limited to disaster recovery, but also to providing funding for planning and to actually perform damage mitigation activities. The City of Franklin has been the recipient of much assistance to this end. Also not surprising; the federal and state funding has attached strings to access their grant funding for planning and what they refer to as hazard mitigation. These "strings" were greatly enhanced as a result of the impacts of Hurricane Katrina especially at the federal level and the major costs of recovery that resulted. Local governments have long been fortunate that the feds have consistently provided 75% reimbursement funding for disaster assistance with most states including Virginia providing the remaining 25% thus making impacted communities whole in terms of local government direct expenditures.

In the time frame of 2006, the feds took a particularly strong step by requiring communities to develop and have in place hazard mitigation plans. These plans must be updated on five year intervals with the added requirements that communities keep the plans updated and that the plans must include activities to be eligible for grant funding. Franklin developed its version of a Hazard Mitigation Plan in 2006 utilizing a committee of staff/agency representatives to work on the initial plan and future required updates. All departments with emergency response responsibilities are included in this process. Initially adopted in 2006, the plan was updated last in 2011 with the process to perform the next update undertaken on 2016 with the most recent update now ready for Council action. Plan development has many requirements including a significant public input element.

Current Status

As a new requirement for the 2016 update, FEMA and the state have pushed the concept of regional efforts to consolidate plans. This has been encouraged by providing fewer grant funds for planning efforts aimed at making the process more efficient and lower overall cost to the funding partners. The 2016 effort is the initial regional plan which has been led by the Hampton Roads Planning District Commission of which the City is a member. City officials have been involved throughout the process of updating plan documents with our focus on the Franklin specific elements of the plan. Over the past months, the Plan evolved and was presented to the public at workshops and public input meetings held throughout the region with city representatives attending the meetings held nearby in Courtland and Isle of Wight for our area. A notice was also published in the Tidewater News. The draft plan changes were then finalized and submitted to FEMA and state Emergency Management for concurrence. Both agencies have now approved the proposed plan and amendments contingent upon adoption by all HRPDC member jurisdictions of the enclosed Resolution.

Chief Holt, the city's Emergency Management lead will be at the Council meeting to present highlights of the updates and revisions in the form of a powerpoint presentation. The plan itself is a huge document including hundreds of pages of appendixes and covers the entire region. The Franklin aspects are woven into applicable sections of the larger report. The city has had the entire plan available on the website for public review since January. I am including below a link to the website for Council members interested in reviewing the entire report including appendixes, as you desire. Southampton County has already adopted the plan. Chief Holt will update us on others that have also acted.

Action Recommended: Receive Chief Holt's summary report of plan changes and consider approval of the enclosed Resolution which becomes part of the report.

Enclosures

<http://www.franklinva.com/news-events/2016-hazard-mitigation-plan>

The 2017 Hampton Roads Hazard Mitigation Plan Update

Whereas, the City of Franklin recognizes the threat that natural hazards pose to people and property within our community; and

Whereas, undertaking hazard mitigation actions will reduce the potential for harm to people and property from future hazard occurrences; and

Whereas, an adopted Hazard Mitigation Plan is required as a condition of future funding for mitigation projects under multiple FEMA pre- and post-disaster mitigation grant programs; and

Whereas, the City of Franklin fully participated in the FEMA-prescribed mitigation planning process to prepare this Hazard Mitigation Plan; and

Whereas, the Virginia Department of Emergency Management and Federal Emergency Management Agency, Region III officials have reviewed the “2017 Hampton Roads Hazard Mitigation Plan Update” and approved it contingent upon this official adoption of the participating governments and entities;

Now, therefore, be it resolved, that the City of Franklin adopts the “2017 Hampton Roads Hazard Mitigation Plan” as an official plan; and

Be it further resolved, City of Franklin will submit this Adopted Resolution to the Virginia Department of Emergency Management and Federal Emergency Management Agency, Region III officials to enable the Plan’s final approval.

Adopted this 27th day of February, 2017 by the City Council of Franklin, Virginia

APPROVED:

ATTEST:

MAYOR

CLERK OF COUNCIL



**2017 HAMPTON ROADS
HAZARD MITIGATION PLAN UPDATE
BRIEFING**

Chief Vince Holt

Participating Communities

- Isle of Wight County
 - Town of Smithfield
 - Town of Windsor
- City of Franklin
- Southampton County
 - Town of Boykins
 - Town of Branchville
 - Town of Capron
 - Town of Courtland
 - Town of Ivor
 - Town of Newsoms
- City of Poquoson
- City of Chesapeake
- City of Hampton
- City of Newport News
- City of Williamsburg
- James City County
- York County
- City of Norfolk
- City of Portsmouth
- City of Suffolk
- City of Virginia Beach

A 10-Step Process within the 4-Phase FEMA Guidance

Phase I: Organize Resources

- Get organized
- Plan for public involvement
- Coordinate with other departments & agencies

Phase II: Assess Risk

- Identify the hazards
- Assess the risks

Phase III: Develop Mitigation Plan

- Review mitigation alternatives
- Draft an action plan
- Set planning goals

Phase IV: Adopt & Implement

- Adopt the plan
- Implement the plan

We Are Here

Updating the Mitigation Plan

- Opportunity to integrate plan into existing planning mechanisms
- Combine existing plans into regional, multi-jurisdictional plan
- Simplify list of hazards and focus on capabilities, mitigation actions and implementation



2017 Update

Final Hazards Examined

- FLOODING
- SEA LEVEL RISE AND LAND SUBSIDENCE
- TROPICAL/COASTAL STORM
- SHORELINE EROSION
- TORNADO
- WINTER STORM
- EARTHQUAKE
- WILDFIRE
- HAZARDOUS MATERIALS INCIDENTS
- DROUGHT
- EXTREME HEAT

Ranking Hazards

CRITICAL HAZARD - HIGH RISK	FLOODING TROPICAL/COASTAL STORM
CRITICAL HAZARD - MODERATE RISK	SEA LEVEL RISE AND LAND SUBSIDENCE TORNADO WINTER STORM HAZARDOUS MATERIALS INCIDENT
NONCRITICAL HAZARD - LOW RISK	SHORELINE EROSION EARTHQUAKE WILDFIRE
NEGLIGIBLE	DROUGHT EXTREME HEAT

Revisiting Goals & Objectives

Goal 1: Increase community resiliency by reducing vulnerability to hazards.

Objective 1.1: Reduce damage to repetitively flooded properties

Objective 1.2: Protect existing and future development

Objective 1.3: Protect critical facilities/infrastructure

Objective 1.4: Maintain government services throughout hazard events

Objective 1.5: Reduce hazard-related impacts on daily routines

Objective 1.6: Preserve and enhance benefits of natural areas

Goal 2: Educate the public about hazard vulnerabilities and ways to reduce risk

Objective 2.1: Encourage property owners to assume responsibility for reducing vulnerability

Goal 3: Strengthen and develop partnerships for mitigating hazard impacts

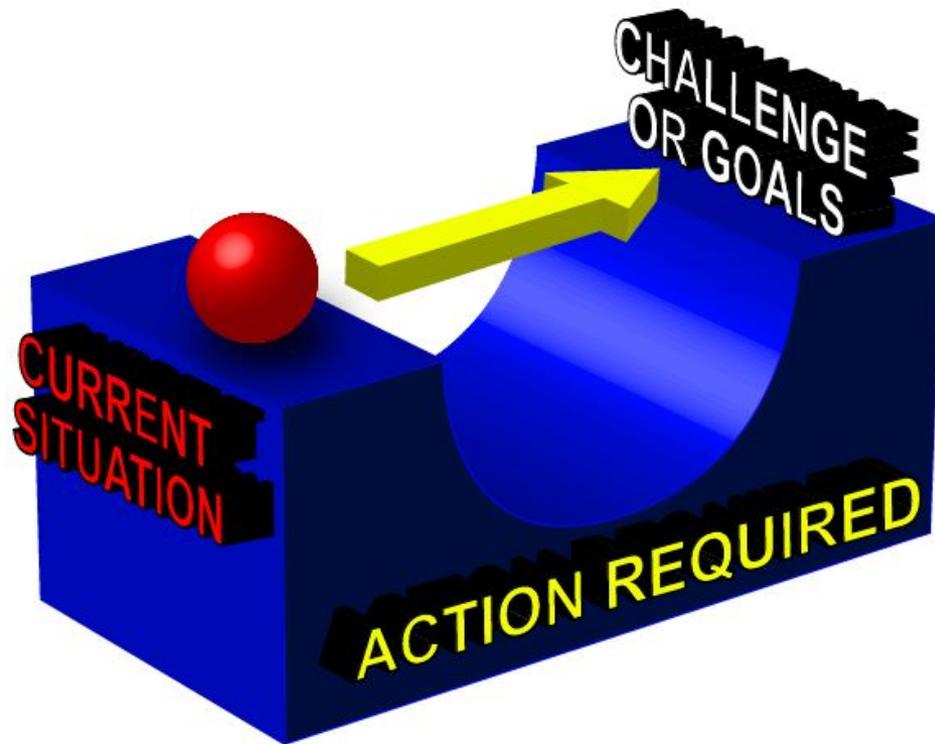
Objective 3.1: Integrate mitigation concepts into local and regional government plans, policies and actions

Objective 3.2: Improve and standardize hazard data collection and mapping

Objective 3.3: Leverage shared resources in pursuit of funding for hazard mitigation projects

Objective 3.4: Develop partnerships among local, regional, national, and international organizations

What is a Capability or Gap Analysis?



Categories of Mitigation Activities

Preventive Measures

- Floodplain mapping and data
- Open space preservation
- Floodplain regulations
- Coastal setback/erosion regs
- Planning & Zoning – Comp Plan, Zoning Ord
- Stormwater Regs
- Drainage system maintenance
- Building Codes

Property Protection Measures

- Relocation
- Acquisition – (tie to foreclosures)
- Building elevation
- Retrofitting
- Sewer backup protection
- Insurance

Categories of Mitigation Activities

Emergency Services Measures

- Hazard threat recognition
- Hazard warning
- Hazard response operations
- Critical facilities protection
- Health & safety maintenance
- Post-disaster mitigation actions

Natural Resource Protection Measures

- Wetlands protection
- Erosion & sediment control
- Natural area preservation
- Natural area restoration
- Water quality improvement
- Environmental corridors
- Natural functions protection

Categories of Mitigation Activities

Structural Projects

- Reservoirs
- Levees/floodwalls
- Diversions
- Channel modifications
- Storm drain improvements

Public information

- Map information
- Outreach projects
- Real estate disclosure
- Library
- Technical assistance
- Environmental education

Regional Mitigation Activities

- Collect Lowest Floor Elevation Data using Side-Scan LIDAR
- Annual Mitigation Funding Workshop at HRPDC
- Analyze/Update HAZUS Input Data

Franklin's Key Mitigation Actions

- **Franklin Mitigation Action 1**
- **Use existing stormwater and drainage studies to prioritize and implement recommended improvements. This action may include Climate Resilient Mitigation Activities (CRMA).**

Franklin's Key Mitigation Actions

- **Franklin Mitigation Action 2**
- **Enroll in the Community Rating System (CRS).**

Franklin's Key Mitigation Actions

- **Franklin Mitigation Action 3**
- **Compile elevation and flood damage data, including but not limited to:**
 -
 - **1) Gathering data from all known sources, including citizens and business owners, to document detailed historical flood damages and flood heights.**
 - **2) Developing action plan to gather high water marks, and damage data immediately following future floods.**
 - **3) Participating in regional efforts to collect topographic and structure elevation data, such as standardizing LIDAR.**
 - **4) Surveying elevations for all known high water marks and other known flood landmarks, especially in Downtown Franklin.**

Franklin's Key Mitigation Actions

- **Franklin Mitigation Action 4**
- **Work with the Downtown Franklin Association and local business owners to identify and implement wet and dry floodproofing projects to protect structures from future flood events. Identify projects by providing flood audits to business owners. Mitigation projects may include acquisition, elevation, mitigation reconstruction projects, and retrofitting.**

Franklin's Key Mitigation Actions

- **Franklin Mitigation Action 5**
- **Conduct community disaster awareness campaign through *City Clips*, the City's email newsletter to interested citizens, and the cable Public, Education and Government (PEG) Channel. Address mitigation actions for multiple hazards, including purchase of flood insurance.**

Franklin's Key Mitigation Actions

- **Franklin Mitigation Action 6**
- **Increase protection and access/egress for critical facilities and infrastructure, primarily as a result of flooding. Elevate or floodproof new critical facilities; retrofit, relocate or repurpose existing facilities, and protect existing power line infrastructure. Mitigation projects may include acquisition, elevation, mitigation reconstruction projects, or retrofitting.**

Franklin's Key Mitigation Actions

- **Franklin Mitigation Action 7**
- **Reduce the prevalence of hazardous trees by:**
-
- **1) Coordinating with the Beautification Committee to prepare and distribute guidelines for property owners on how to properly care for aging trees, especially at the onset of hurricane season. Use *City Clips* and the PEG channel for distribution.**
- **2) Providing professional arborist tree hazard inspections on private property at property owner request.**

Franklin's Key Mitigation Actions

- **Franklin Mitigation Action 8**
- **Coordinate with CSX and Norfolk-Southern to regulate and manage the amount, types and times of hazardous materials transport through Franklin, and in preparing for potential hazardous material incidents.**

Franklin's Key Mitigation Actions

- **Franklin Mitigation Action 9**
- **Continue upgrades to radio system to increase interoperability between departments and neighboring communities.**

Franklin's Key Mitigation Actions

- **Franklin Mitigation Action 10**
- **Install citywide wireless network that will allow users to have access to computer network in a mobile environment**

Franklin's Key Mitigation Actions

- **Franklin Mitigation Action 11**
- **Upgrade existing GIS system to incorporate wildfire, NFIP flood maps and other risk information into the site plan review process for new development.**

Franklin's Key Mitigation Actions

- **Franklin Mitigation Action 12**
- **Help businesses develop multi-disaster recovery plans**

Franklin's Key Mitigation Actions

- **Franklin Mitigation Action 13**
- **Continue evaluating local schools as evacuation shelters and implement recommended upgrades or retrofit projects.**

Franklin's Key Mitigation Actions

- **Franklin Mitigation Action 14**
- **Require, through job description or other means, that additional staff member(s) of the Community Development Department maintain Certified Floodplain Manager (CFM) designation.**

Franklin's Key Mitigation Actions

- **Franklin Mitigation Action 15**
- **Identify and repair or demolish unsafe, unsanitary or hazardous housing and other structures, including those in repetitive flood loss areas. Mitigation projects may include acquisition, relocation, elevation, mitigation reconstruction projects, and/or retrofitting.**

Franklin's Key Mitigation Actions

- **Franklin Mitigation Action 16**
- **Verify the geographic location of identified NFIP repetitive loss structures, and determine if those properties have been mitigated and, if so, by what means.**



*Office Of The City Manager
R. Randy Martin*

February 22, 2017

To: Mayor & Council Members
From: R. Randy Martin, City Manager
SUBJECT: Commercial Rehabilitation Program Proposal

Consistent with Council priorities adopted in 2015 to enhance economic development in the City, the city's Business Friendly Committee has been actively pursuing a number of initiatives. One of these initiatives will be presented to Council for its consideration at the regular meeting of February 27th. FSEDI Executive Director Amanda Jarrett with support from the Chamber of Commerce and Downtown Franklin Association will be here on behalf of the committee to present their recommendation for the Council to authorize a Commercial Rehabilitation Loan Program to assist the business community throughout the city. The particulars of the proposed program are detailed in the attached document prepared by the committee with input and assistance from the city staff.

This program will be funded as proposed utilizing currently available dollars that the city received from repayment of previous low interest loan programs managed by the city. This is an exciting undertaking that will be well received by the business community and an appropriate use of available funds held by the City for several years.

After receiving the report, as directed by Council, city staff stands ready to pursue implementation steps including necessary budgetary actions that will follow with reporting back to Council on progress. This program if approved will complement other efforts being pursued by FSEDI and DFA including façade grants and the new StartUp Downtown, but this program will as noted be available city wide.

Available funds have been for a number of years held in a separate account by the city. The current balance is \$146,326.88. These funds are not reflected in the city's General Fund Balance and their use will as such have no effect on the reserves available for General Fund activities. They are categorized as program income of previous grant funded programs and therefore are limited to uses such as their original use, and the proposed program activities would be consistent with that limitation. In other words, the city cannot utilize these funds to supplant operating budget activities for the city for example. I certainly support the recommendation and feel strongly that the city needs to reinvest these funds in the community to incent property owners to upgrade their properties.

Enclosures

From: [Robert Randy Martin](#)
To: [Teresa L. Rose-McQuay](#)
Subject: FW: Commercial Rehabilitation Loan Program
Date: Thursday, February 23, 2017 3:39:52 PM

For inclusion in the February Council agenda.

From: Amanda Jarratt [mailto:ajarratt@franklinsouthamptonva.com]
Sent: Thursday, February 23, 2017 2:38 PM
To: 'Frank Rabil'; Dan Howe; teresa@fsachamber.com; 'Blake Blythe'; jimhartrealestate@gmail.com; 'ellis cofield'; Brenda Rickman; jrichards@richwoodgraphics.com; Donald Goodwin; Robert Randy Martin; vicssigns@hotmail.com; support@virginiapeanutcompany.com; printing@mackans.com
Subject: Commercial Rehabilitation Loan Program

Good afternoon! I wanted to let you all know that the Commercial Rehabilitation Loan Program will be on the Franklin City Council agenda for discussion on Monday February 27, 2017. The meeting begins at 7:00 p.m. in City Council Chambers. Please plan to be in attendance if possible as this will be presented as a recommendation from the Franklin Business Friendly Committee. We look forward to seeing you Monday evening.

Best regards,
Amanda

Amanda C. Jarratt
President & CEO
Franklin Southampton Economic Development Inc.
601 N. Mechanic Street, Suite 300
Franklin, Virginia 23851
Phone: (757) 562-1958
Fax: (757) 562-0486
Email: ajarratt@franklinsouthamptonva.com
Web: www.franklinsouthamptonva.com

COMMERCIAL REHABILITATION LOAN PROGRAM

Program Description

The City of Franklin, through the repayments from previous low interest loans, has established a revolving loan fund which is to be used for the restoration, renovation, rehabilitation and preservation of commercial buildings within the corporate limits of the City of Franklin. Funds will be limited to physical improvements to the facility.

Eligibility Requirements

1. The real property to be improved must be located within the corporate limits of the City of Franklin.
2. The improvements to be made with the loan proceeds are limited to the cost for the restoration, renovation, rehabilitation and preservation of commercial buildings and structures.
3. Only new loan applications will be accepted. No refinancing of an earlier Low Interest Loan for building improvements will be allowed under this program.
4. The applicant shall have no current delinquent payments or have had any delinquent payments from a previous low interest loan for one year prior to application.
5. The applicant shall be in good standing with the City of Franklin. All real estate taxes, personal property taxes, business license fees, business property taxes, sales taxes, meals taxes, and all utility accounts with the City of Franklin must be current. In addition, no nuisance liens must have been attached to the real property.

Amount of Loans

The maximum amount of any loan under this program shall be \$35,000. The minimum amount shall be \$5,000.

Terms and Conditions

1. Loans will be made available for a fixed interest rate of 1% above the existing prime rate at the time the loan is approved.
2. The repayment term may vary up to a maximum of 7 years.
3. Repayment shall be in equal monthly installments of principal and interest commencing on the first of the month after the project has been completed.
4. Up to 15% of the loan may be applied to soft costs for the hiring of an approved architect, architectural designer, interior designer, or contractor to prepare façade improvement plans and specifications.
5. Loan applications shall be approved by a committee appointed by Franklin City Council consisting of a representative of the City of Franklin, Franklin Southampton Economic Development, Inc., the Downtown Franklin Association and the Franklin Southampton Area Chamber of Commerce.
6. A Deed of Trust will be placed on the property by the City of Franklin to secure the loan.
7. All contractors shall submit lien waivers from subs and suppliers before full payments is made.

Application Process

1. Applicant is advised to solicit help and advice from the FSEDI and the City of Franklin on any proposed work to be done with approved loan program funds.
2. Applicant shall submit the following items to the committee referenced above:
 - a) Application form
 - b) Design approval packet
 - c) Financial approval information
 - d) Estimates from a qualified/licensed contractor.
3. The design packet shall be reviewed by the committee for design quality and for adherence to applicable policies, requirements, codes, and appropriateness as determined by the City of Franklin Department of Community Development.
4. No loan shall be made until the committee receives a signed bid from a qualified contractor for the proposed work. Estimates may differ from bids changing the loan amount.
5. A statement addressing asbestos inspections for buildings built before 1985 shall accompany the application.
6. The financial information shall be reviewed by the appointed committee for financial feasibility and collateral requirements.
7. The committee will contact the applicant as to the Committee's decision and requirements.

Please Note: In no event shall the City of Franklin use race, sex, age, or religion as grounds for refusing a loan to an eligible applicant.

COMMERCIAL REHABILITATION LOAN APPLICATION FORM

APPLICANT

NAME: _____

ADDRESS: _____

PHONE: _____

BUILDING OWNER(S)

NAME: _____

ADDRESS: _____

PHONE: _____

BUILDING INFORMATION

BUILDING NAME: _____

BUILDING USE: _____

ADDRESS: _____

TAX MAP NUMBER: _____

DIMENSIONS OF THE PROPERTY: _____

BUILDING AGE: _____

SQUARE FEET OF BUILDING: _____

LINEAR FEET: Front: _____ Side: _____

DESIGN APPROVAL

I. Property Owner Time Frame

A. How soon after approval of your loan will renovation/rehabilitation begin?

B. Have you consulted with an architect or other design professional? If so, please list their contact information below.

C. When do you expect the project to be completed?

II. Estimated Budget

A. Total Cost of Project: _____

B. Total Low Interest Loan Request: _____

III. Project Description

<u>Description of Work</u>	<u>Estimated Cost</u>
----------------------------	-----------------------

Exterior walls and Detailing: _____	_____
-------------------------------------	-------

Windows: _____	_____
----------------	-------

Doors: _____	_____
--------------	-------

Painting: _____	_____
-----------------	-------

Roofing: _____	_____
----------------	-------

Site Work (landscaping, etc.): _____	_____
--------------------------------------	-------

Other: _____

IV. Exterior Improvement Plan

Please submit the following information:

- A. 8" X 10" black & white or color photograph(s) of the building which show the present form and condition of the structure.
- B. Drawings and plans of the building which illustrate all proposed work. This includes any structural work or repairs, paint colors, awnings, signage, etc.
- C. Information on the methods and materials to be used.
- D. This info requested above under design approval.

FINANCIAL APPROVAL

I. Required Documentation

A. Project Information

1. Written Cost Estimates (see Design Approval)
2. Proof of Title of Ownership of the building.
3. If rehabilitation is proposed on leased facilities, provide copy of lease and written approval from landlord or agent for the landlord.

B. Company/Principal Information

1. Assumed Name Certificate
2. Identity of the Applicant, including the principal officers, directors, and owners.
3. Certificate of Insurance

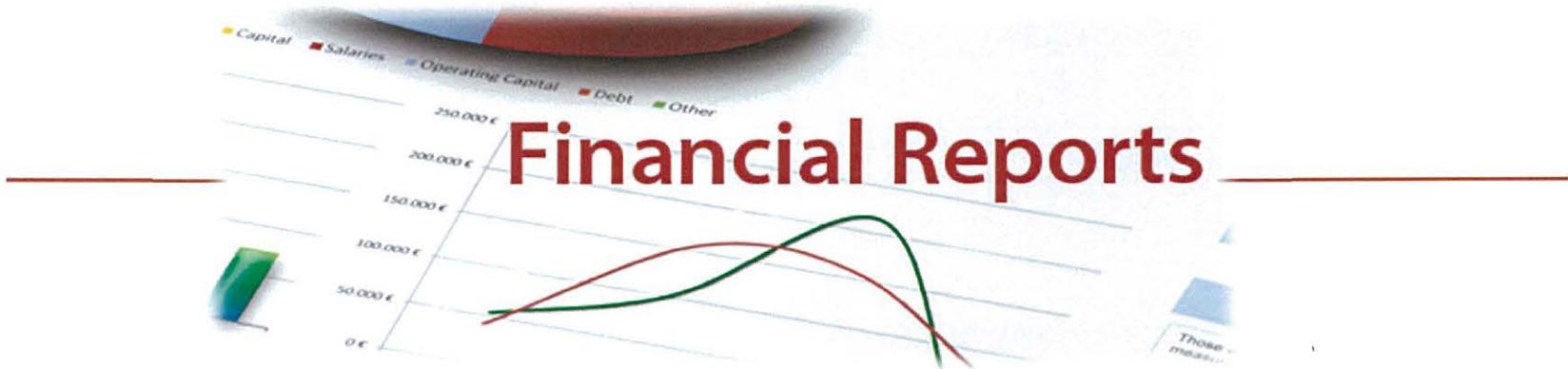
C. Financial Information

The City of Franklin will require a Deed of Trust for the amount and term of the loan, which will be satisfied when the loan is satisfied.

D. Number of employees (including the owner if self-employed) that will be impacted by the renovations/rehabilitation?

FINANCE

- A. Financial Report: January, 2017**
- B. FY 2016 – 2017 School Fund Budget Amendment # 2017 – 08**
- C. FY 2016 – 2017 CityBudget Amendment # 2017 – 09**



HIGHLIGHTS
Ending January 31, 2017

Based on Unaudited Financial Data

Basis of Reporting

- The information enclosed in the City's Financial Report for the period ending January 31, 2017
- The report contains provisions for **most** revenue and expenditure accruals.
 - Reflects 7 months of revenue & expenditures in most cases (where noted, the 7th month has been estimated) – modified accrual
- Financial Report presentation is consistent with department's objectives to:
 - Report timely, relevant, understandable and accurate financial data
 - Promote accountability through monitoring, assessment and reporting

Revenue Highlights – Tax Collections

❑ Overall General Property Taxes collected of \$4.37 is near FY 16 collections of \$4.46 mil. There are five major sources included in General Property Taxes:

- ❑ Real Estate taxes (Current & Delinquent)
- ❑ Personal Property (Current & Delinquent)
- ❑ Penalty and Interest on Taxes
- ❑ Public Service Corporation taxes
- ❑ Machinery & Tools Taxes

Revenue Highlights – Tax Collections

- ❑ **Current Real Estate taxes*** - \$2.63 million is 35,000 or 1.3% less than the prior year.
Delinquent RE taxes* of \$165,599 are on target with 69% of the budget realized even though collections lag prior year period
- ❑ **Personal Property taxes*** at \$1.39 mil are 93% of budget and 6.3% higher than prior period collections of \$1.31 million.
- ❑ **Penalty and Interest** at \$65,385 is 25% of budget and down from prior year period collections of \$87,213 and has made some gain since the prior month.
- ❑ **Public Service Corporation taxes*** - \$68,168 is 101% of budget.

*Revenue source is anticipated to meet or exceed budgeted projections as of 12/31/16 – projections will be revised at the end of the 3rd quarter

General Property Taxes- Overall BUDGET COMPARISON

REVENUE SOURCE	BUDGET	Current Year	%	BUDGET	Prior Year	%
Real Estate Taxes-Current	\$ 5,447,115	\$ 2,632,524	48.3%	\$ 5,456,874	\$ 2,668,014	48.9%
Real Estate Taxes-Delinquent	240,000	165,599	69.0%	190,000	285,288	150.2%
Personal Property Taxes-Current	1,500,000	1,399,548	93.3%	1,450,000	1,316,048	90.8%
Personal Property Taxes-Delinquent	45,000	23,034	51.2%	65,000	21,204	32.6%
Machinery & Tools	23,578	20,114	85.3%	23,577	19,402	82.3%
Penalties & Interest Taxes	155,000	65,385	42.2%	145,000	87,213	60.1%
Public Service Corporation Taxes	61,818	68,614	111.0%	66,863	67,088	100.3%
GENERAL PROPERTY TAX	\$ 7,472,511	\$ 4,374,818	58.5%	\$ 7,397,314	\$ 4,464,257	60.3%

Current	\$ 4,374,818
Prior Year	\$ 4,464,257
Net Change \$	-89,439
Net Change %	-2.0%

Local Tax Revenue (Budget per Actual Comparison)

Benchmark – 58%

	FY 16-17 Budget	1/31/2017	% of Budget Realized
Local Sales & Use*	\$ 1,823,000	\$ 1,043,771	57.3%
Cigarette Taxes	\$ 345,000	\$ 176,454	51.1%
Meals Taxes*	\$ 1,420,000	\$ 868,795	61.2%
Lodging Taxes*	\$ 130,000	\$ 79,802	61.4%
Total Local Tax Revenue	\$ 3,718,000	\$ 2,168,822	58.3%

*revenue source include a one or two month projection based on prior history - business licenses tax is tracked beginning March

Local Tax Revenue (Prior Year Comparison)

	Meals Taxes	Lodging Taxes	Cigarette Taxes	Sales Taxes	Total
Jan-16	850,749	73,060	211,515	1,019,842	2,155,166
Jan-17	868,796	79,802	176,454	1,043,771	2,168,823
Prior Year \$	18,047	6,742	(35,061)	23,929	13,657
Prior Year %	2.12%	9.23%	-16.58%	2.35%	0.63%
% of Budget	61%	61%	51%	57%	

At seven (7) months into the fiscal year, it is projected that each source will meet targeted projections; projection will be revised at the end of the 3rd quarter

Revenue Summary

- Overall, total current general fund revenue reported at **\$12.38 mil** (54.4% of budget) is a net **\$573,000 less** when compared to the **\$12.96 mil** (56.1% of budget) realized at 01/31/16. The majority is associated with one source***.

Summary of Major Net Revenue Decrease

Revenue Source	Amount
Property Taxes Combined	-89,000
VDOT Street Funds ***	-483,870
Permits and Other Licenses	+64,000
Cigarette Taxes	-\$35,000
Meal taxes	+18,000
Misc. Revenue (property sale) – one time source in FY16	-40,000
Ambulance billing charges	-30,000
State Categorical Aid – Highway Rev Sharing payments increased	+28,000



GENERAL FUND EXPENDITURES

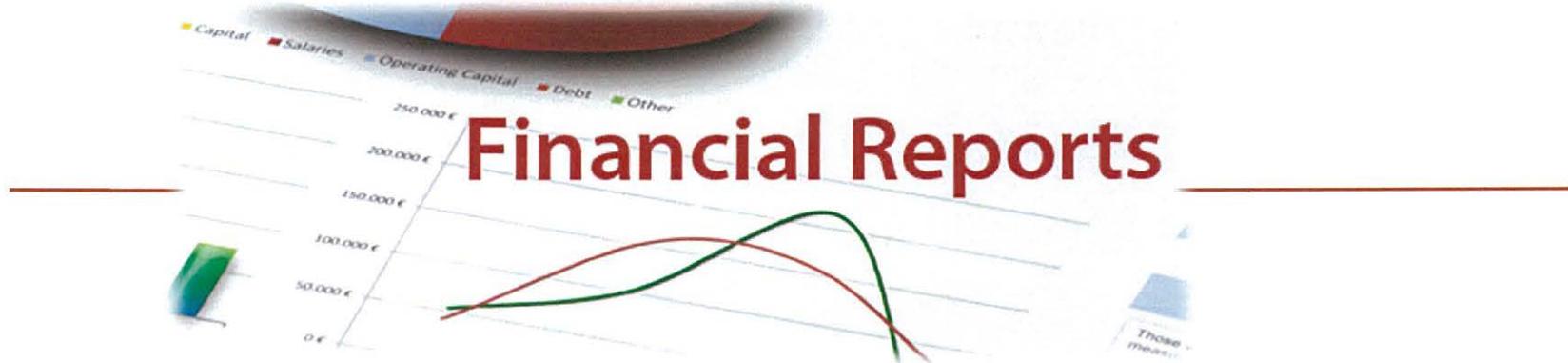
For the period ending January 31, 2016



General Fund Expenditure Highlights

- General Fund expenditures at the end of the period total \$12.57 mil and represents 55% of the total budget; when compared to the prior year period of \$12.36 mil, this is a \$204,000 or less than 2.0% increase. **However, there are numerous variances (increases & decreases) as shown below:**

	Prior Year	Current Year	Variance	Primary Reason for Variance
PAYMENTS TO SOUTHAMPTON COUNTY ***	500,000.00	0.00	-500,000.00	Timing of F Orgs, insurance, contingency
PUBLIC WORKS-STREET MAINTENANCE****	1,274,580.67	1,005,755.22	-268,825.45	VDOT Street Project prior year
INFORMATION TECHNOLOGY*****	172,768.34	95,476.61	-77,291.73	One time c Prof services
E - 911 *****	406,919.52	356,243.30	-50,676.22	PSAP Grant
CIVIL DEFENSE *****	40,928.92	0	-40,928.92	Moved to Emergency Management
MENTAL HEALTH*****	35,198.00	0	-35,198.00	Time of Payment
MANAGEMENT SERVICES & HR*****	88,220.72	53,079.25	-35,141.47	Position vacancy
BUILDING INSP & CODE ENFORCEMENT***	296,722.20	262,469.71	-34,252.49	Position vacancy
HEALTH DEPARTMENT****	82,500.00	55,000.00	-27,500.00	Timing of Payment
COMMONWEALTH'S ATTORNEY ***	22,000.00	0.00	-22,000.00	Timing of Payment
**CITY COUNCIL **	109,062.97	92,738.37	-16,324.60	Timing of payment to Agencies, No Contingency Fund Use
PUBLIC WORKS-GARAGE****	126,701.74	137,150.32	10,448.58	Position filled in current year
LIBRARY*****	203,070.74	214,999.07	11,928.33	Contribution/supplies
EMERGENCY MANAGEMENT SERVICES ***	1,284,120.80	1,300,629.97	16,509.17	Various
RECREATION*****	205,880.84	224,906.92	19,026.08	Supplies, PT Salaries
CITY TREASURER *****	146,087.36	166,025.38	19,938.02	Position filled in current year
BUILDING MAINTENANCE-GENERAL*****	342,831.83	363,991.49	21,159.66	Contracted Services, utilities
CITY ATTORNEY *****	80,770.09	110,115.19	29,345.10	Professional Services
DISTRICT COURT SERVICE ***	12,590.39	58,357.76	45,767.37	Increased utilization for juvenile detention
ACCOUNTING *****	142,950.45	189,830.67	46,880.22	Position filled in current year; professional services costs
POLICE ***	1,605,392.52	1,759,291.52	153,899.00	Full and PT Salaries
TRANSFERS*****	3,186,124.85	4,080,997.33	894,872.48	Transfers to School, VPA and Debt Services



ENTERPRISE FUNDS

For the period ending January 31, 2017

Based on Unaudited Financial Data

Airport Fund

- Revenue
 - Fuel sales and airport rental fees are on target with budgeted projections – 54% of budget realized.
 - Airport rental and fees are on target with 58% of the budget realized.
- Expenditures
 - Expenditures in the fund are higher primarily as the result of jet fuel purchases in the current year. No purchases had been made for jet fuel in the prior year period ending January 2016.
- Cash balance in the Airport Fund is a negative \$123,000; while a general fund transfer is due to the fund of \$133,249, the fund should be monitored on an ongoing basis relative to revenue, expenditures and cash position

Water & Sewer Fund

- **Revenue Analysis**

- Revenue from the sale of water and sewer service charges of \$1.68 mil at the end of the period is tracking on target at 56.8% of budget.

- **Expenditure Analysis**

- Expenditures in the Fund are \$1.85 mil and tracking similar with the prior year; expenditures in the current year for sewer system and waste water treatment plant costs have exceeded the prior year while expenditures associated with the water division are less

- A portion of the additional costs are associated with Hurricane Matthew related expenditures – the city's project work sheet for FEMA is \$103,000 for water and sewer related costs and is slated for *potential* federal reimbursement to the City at 75%.

- **Cash Balance**

- The cash balance in the Fund at the end of the month is \$1.42 mil down from the \$1.70 million, reported last month and 5.6% less than the \$1.52 mil reported in the prior year period.

Solid Waste Fund

- **Revenue Analysis**

- Revenue for the Solid Waste Fund is on target with budgeted projections at \$753,093 or 57% and is comparable to the prior year period collections of \$754,923

- **Expenditure Analysis**

- Total expenditures as shown at \$688,213 are nearly the same as the prior period expenses and represents 45% of the total budget.
 - FT wages and benefits (hiring of vacancies)
 - Tipping fees higher in the current year
 - One time equipment purchase in current year
 - Landfill closure expenditures reflect a reduction - DEQ compliance met resulting in no further costs for closure activities

Solid Waste Fund – Cash Balance

Cash balance - \$418,851

<u>Month</u>	FY 15-16	FY 16-17
June	\$489,888	\$409,400
July	\$500,732	\$410,551
August	\$516,372	\$425,486
September	\$516,226	\$420,154
October	\$523,758	\$416,155
November	\$576,078	\$422,723
December	\$526,270	\$411,298
January	\$505,773	\$418,851
February	\$553,646	
March	\$394,249	
April	\$428,223	
May	\$428,088	
June	\$409,400	

Cash in the fund slightly increased from the prior month but is a 17% decrease from the prior year period as anticipated due to the “Pay as You Go” alternative to purchase capital equipment in the prior year

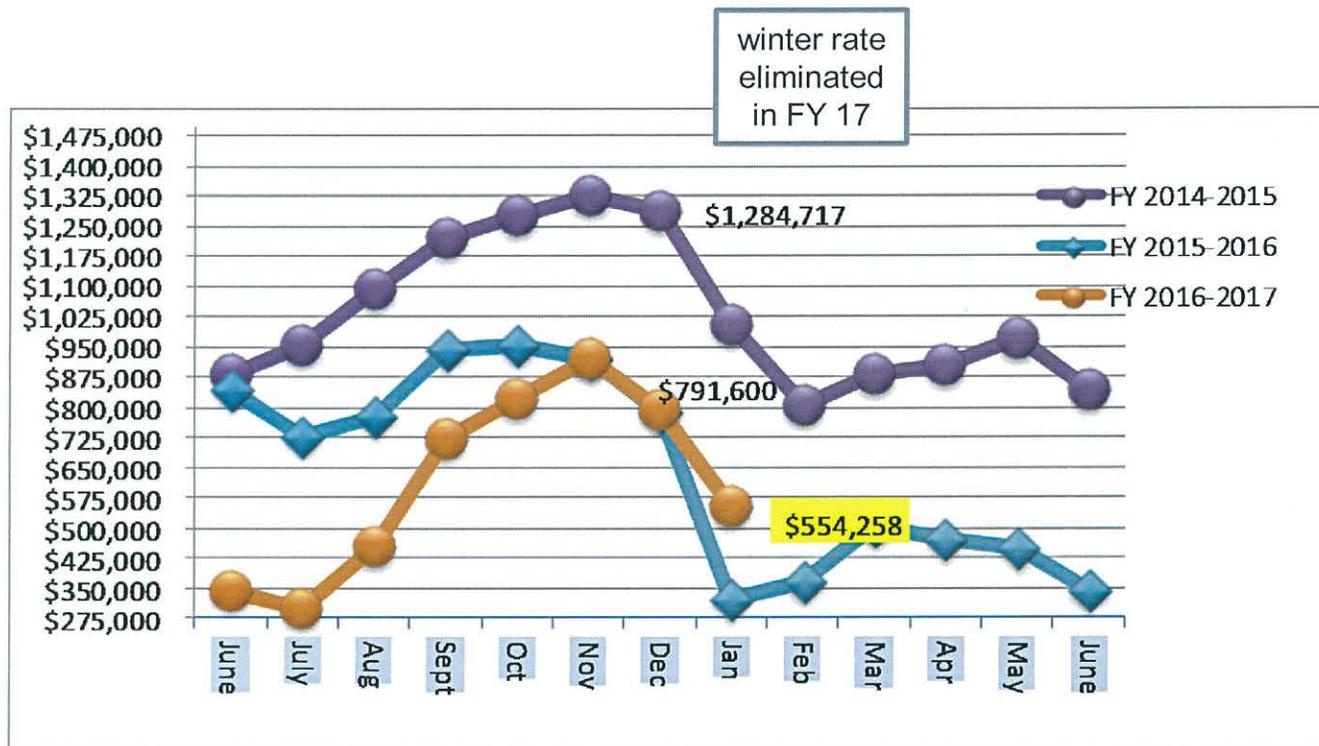
Electric Fund – Revenue Analysis

- **Revenue** from energy sales at \$8.76 mil is on target at 58.0% of budget; below is a snapshot of prior year billed service revenue, current year budget, actual and % of budget realized

Account Description	Prior Revenue	Anicipated	YTD Revenue	% Realized
Sale of Electricity -Fuel Adj	708,372	315,911	182,434.00	57.7%
Sale of Electric Energy-Residential	4,344,190	8,578,082	5,009,333.00	58.4%
Sale of Electricity-Commercial	3,237,728	6,211,368	3,638,856.00	58.6%
Cycle & Save	-70,218	-121,000	-69,492.00	57.4%

- **Expenditures** associated with the sale of energy for 7 months of the fiscal year (excluding fuel adjustment) at \$5.95 mil is currently on target with 57% of the total budget expended. This is higher than the prior year period of \$5.41 million, about 55% of the budget. The cost of services in January 2017 were \$290,000 or 41% higher than January 2016.

ELECTRIC FUND CASH ANALYSIS



The December report reported a projection of \$680,000 for January – This was inadvertently off by \$125,000 as a result of debt service payment that was not factored into the cash balance projection

Cash in the Electric Fund at \$554,258 decreased by \$237,342 or nearly 30% from the prior month period cash of \$791,600

Policy Evaluation:

Cash is below minimum policy guideline of \$1.494 million by \$939K.

ELECTRIC FUND BILLED VERSUS PAYMENT ANALYSIS

FY 2016-2017 REVENUE BILLED VERSUS PAYMENTS COLLECTED ANALYSIS

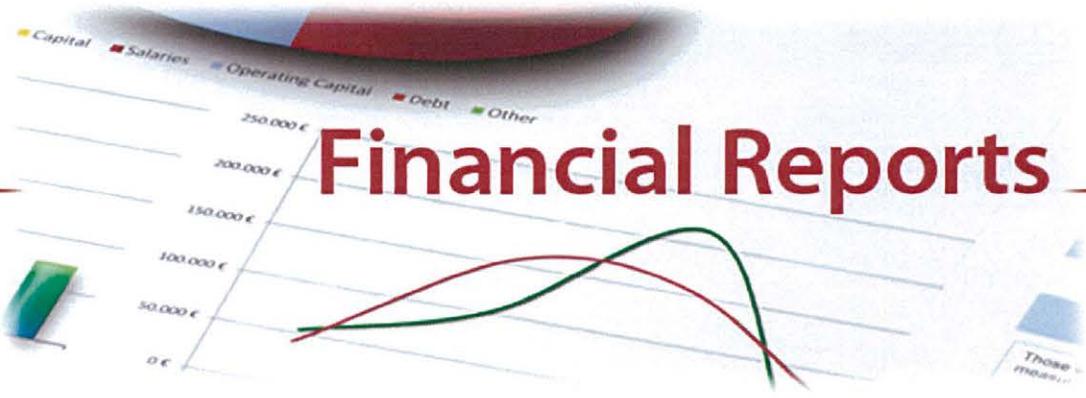
	July	Aug	Sept	Oct	Nov	Dec	Jan	Total
ADJUSTED BILLING	\$ 1,331,565.63	\$ 1,368,230.33	\$ 1,182,707.53	\$ 921,613.12	\$ 1,245,028.67	\$ 1,321,069.00	\$ 1,410,929.00	\$ 8,781,143.28
TOTAL PAYMENTS**	\$ 1,027,103.65	\$ 1,270,296.21	\$ 1,328,762.17	\$ 1,214,391.35	\$ 995,069.16	\$ 1,055,151.00	\$ 1,289,237.00	\$ 8,180,010.54
Variance (collected over billed)	\$ (304,461.98)	\$ (97,934.12)	\$ 146,054.64	\$ 292,778.23	\$ (249,959.51)	\$ (265,918.00)	\$ (121,692.00)	\$ (601,132.74)

YTD **Billing** in the current year at \$8.78 mil is \$617K or 7.5% higher than the prior year billing at \$8.16 mil; payments through the current period at \$8.1 mil have not increased accordingly; **payments** as of Jan 2017 are \$297,000 or 3.76% more than the prior year period

Outstanding payments from Fuel Assistance = \$173K

FY 2015-2016 REVENUE BILLED VERSUS PAYMENTS COLLECTED ANALYSIS

	July	Aug	Sept	Oct	Nov	Dec	Jan	Total
ADJUSTED BILLING	\$ 1,320,443.35	\$ 1,256,178.96	\$ 1,104,759.75	\$ 969,500.53	\$ 989,526.40	\$ 1,106,431.00	\$ 1,416,968.00	\$ 8,163,807.99
TOTAL PAYMENTS**	\$ 1,185,914.31	\$ 1,292,899.51	\$ 1,243,163.11	\$ 1,151,101.61	\$ 973,281.82	\$ 988,029.00	\$ 1,048,736.00	\$ 7,883,125.36
Variance (collected over billed)	\$ (134,529.04)	\$ 36,720.55	\$ 138,403.36	\$ 181,601.08	\$ (16,244.58)	\$ (118,402.00)	\$ (368,232.00)	\$ (280,682.63)



General & Enterprise Funds
For the Period Ending January 31, 2017

Based on Unaudited Financial Data

CITY OF FRANKLIN
GENERAL FUND MONTHLY REPORT - CASH BASIS
FOR THE PERIOD ENDING JANUARY 31 2017 UNAUDITED

Revenue Account Range: 100-3-11010-0000 to 100-3-41050-0100 Include Non-Anticipated: Yes Year To Date As Of: 01/31/17
 Expend Account Range: 100-4-11010-0000 to 100-4-93100-9999 Include Non-Budget: No Current Period: 01/01/17 to 01/31/17
 Print Zero YTD Activity: No Prior Year: 01/01/16 to 01/31/16

Revenue Account	Description	Prior Yr Rev	Anticipated	Current Rev	YTD Revenue	Cancel	Excess/Deficit	% Real
100-3-11010-	100-3-11010- <i>Real Estate Taxes</i>	2,953,302.33	5,687,115.00	19,777.44	2,798,122.99	0.00	2,888,992.01-	49
100-3-11020-	PUBLIC SERVICE CORPORATION TAXES	67,087.90	68,000.00	0.00	68,614.11	0.00	614.11	101
100-3-11031-	PERSONAL PROPERTY TAXES	1,337,252.31	1,545,000.00	20,604.04	1,422,581.63	0.00	122,418.37-	92
100-3-11040-	MACHINERY & TOOLS TAXES	19,401.62	23,578.00	18.67	20,113.61	0.00	3,464.39-	85
100-3-11060-	PENALTIES AND INTEREST	87,213.04	155,000.00	8,042.07	65,384.70	0.00	89,615.30-	42
100-3-12010-	OTHER LOCAL TAXES	713,103.59	1,823,000.00	147,230.13	724,019.61	0.00	1,098,980.39-	40
100-3-12020-	UTILITY TAXES	330,937.13	516,000.00	45,648.96	331,644.52	0.00	184,355.48-	64
100-3-12030-	BUSINESS LICENSE TAXES	29,001.01	950,000.00	45,775.36	48,357.81	0.00	901,642.19-	5
100-3-12035-	100-3-12035- <i>Bus. License Deling.</i>	156.77	500.00	44.69	1,023.56	0.00	523.56	205
100-3-12050-	MOTOR VEHICLE LICENSES	113,093.62	160,000.00	5,434.89	118,907.43	0.00	41,092.57-	74
100-3-12055-	100-3-12055- <i>Motor Vehicle Deling.</i>	6,774.58	23,000.00	2,301.68	7,951.64	0.00	15,048.36-	35
100-3-12060-	BANK STOCK TAXES	0.00	65,000.00	0.00	0.00	0.00	65,000.00-	0
100-3-12070-	TAXES ON RECORDATION AND WILLS	21,762.98	46,000.00	3,838.72	40,161.92	0.00	5,838.08-	87
100-3-12080-	CIGARETTE TAXES	211,515.36	345,000.00	17,973.12	176,453.98	0.00	168,546.02-	51
100-3-12100-	LODGING TAXES	64,709.39	130,000.00	8,401.00	71,402.34	0.00	58,597.66-	55
100-3-12110-	MEALS TAX	741,749.96	1,420,000.00	133,408.84	743,795.76	0.00	676,204.24-	52

CITY OF FRANKLIN
GENERAL FUND MONTHLY REPORT - CASH BASIS
FOR THE PERIOD ENDING JANUARY 31 2017 UNAUDITED

Revenue Account	Description	Prior Yr Rev	Anticipated	Current Rev	YTD Revenue	Cancel	Excess/Deficit	% Real
100-3-12180-	PROBATE TAXES	2,398.14	2,500.00	0.00	1,326.54	0.00	1,173.46-	53
100-3-13010-	PERMITS AND OTHER LICENSES	1,245.00	4,000.00	580.00	1,065.00	0.00	2,935.00-	27
100-3-13030-	PERMITS AND OTHER LICENSES	85,217.18	161,220.00	9,940.82	110,268.79	0.00	50,951.21-	67
100-3-14010-	FINES AND FORFEITURES	15,319.17	40,250.00	2,270.89	15,353.38	0.00	24,896.62-	38
100-3-15010-	REVENUE FROM USE OF MONEY	1,820.20	3,250.00	116.01	413.64	0.00	2,836.36-	13
100-3-15020-	REVENUE FROM USE OF PROPERTY	195,365.69	240,796.00	26,365.11	169,020.34	0.00	71,775.66-	70
100-3-16010-	CHARGES FOR CURRENT SERVICES	5,187.66	9,600.00	419.78	2,516.84	0.00	7,083.16-	26
100-3-16040-	CHARGES FOR OTHER PROTECTION	191,010.26	453,051.00	12,245.02	160,684.86	0.00	292,366.14-	35
100-3-16060-	CHARGES FOR OTHER PROTECTIONS	4,684.59	17,150.00	50.00	3,891.44	0.00	13,258.56-	23
100-3-16070-	MISC BILLING SERVICES	1,807.10	0.00	2,155.35-	5,940.55	0.00	5,940.55	0
100-3-16080-	CHG FOR SANITATION & WASTE REMOVAL	4,474.69	6,150.00	207.13	7,810.26	0.00	1,660.26	127
100-3-16095-	CHARGES FOR ADMIN-FUNDS	548,231.25	964,866.00	80,405.67	562,839.65	0.00	402,026.35-	58
100-3-16130-	RECREATIONAL FEES	3,179.31	8,150.00	0.00	2,711.25	0.00	5,438.75-	33
100-3-18990-	MISCELLANEOUS	977,470.30	1,231,232.00	38,482.95	945,215.42	0.00	286,016.58-	77
100-3-19020-	RECOVERED COSTS	89,249.02	295,000.00	230.00	71,608.27	0.00	223,391.73-	24
100-3-22010-	NON-CATEGORICAL AID STATE	1,093,841.50	1,668,897.00	55,449.55	1,093,371.53	0.00	575,525.47-	66
100-3-23030-	SHARED EXPENSES	39,007.02	79,876.00	6,615.85	39,200.97	0.00	40,675.03-	49
100-3-23040-	SHARED EXPENSES	33,669.82	72,896.00	5,797.19	33,391.23	0.00	39,504.77-	46
100-3-23060-	SHARED EXPENSES	0.00	34,723.00	0.00	0.00	0.00	34,723.00-	0

CITY OF FRANKLIN
GENERAL FUND MONTHLY REPORT - CASH BASIS
FOR THE PERIOD ENDING JANUARY 31 2017 UNAUDITED

Revenue Account	Description	Prior Yr Rev	Anticipated	Current Rev	YTD Revenue	Cancel	Excess/Deficit	% Real
100-3-24040-	CATEGORICAL AID - STATE	1,606,175.27	2,138,437.00	9,809.91	1,117,280.36	0.00	1,021,156.64-	52
100-3-33010-	CATEGORICAL AID -FEDERAL GOVERNMENT	39,661.40	22,595.00	16,595.00	21,995.00	0.00	600.00-	97
100-3-41050-	FUNDS TRANSFERS	902,767.25	2,368,489.00	133,599.67	935,197.65	0.00	1,433,291.35-	39
	General Fund Revenue Total	12,538,843.41	22,780,321.00	855,524.81	11,939,638.58	0.00	10,840,682.42-	52

Expend Account	Description	Prior Yr Expd	Budgeted	Current Expd	YTD Expended	Cancel	Balance	% Expd
100-4-11010-	**CITY COUNCIL **	109,062.97	190,518.00	12,787.11	92,738.37	0.00	97,779.63	49
100-4-12110-	CITY MANAGER *****	105,598.73	209,138.00	15,033.39	110,148.61	0.00	98,989.39	53
100-4-12210-	CITY ATTORNEY *****	80,770.09	190,580.00	10,957.82	110,115.19	0.00	80,464.81	58
100-4-12220-	MANAGEMENT SERVICES & HR*****	88,220.72	138,854.00	7,749.89	53,079.25	0.00	85,774.75	38
100-4-12310-	COMMISSIONER OF THE REVENUE *****	147,036.91	264,809.00	20,705.20	150,541.90	0.00	114,267.10	57
100-4-12320-	REAL ESTATE ASSESSOR *****	25,722.39	61,525.00	5,038.44	28,734.56	0.00	32,790.44	47
100-4-12410-	CITY TREASURER *****	146,087.36	301,342.00	19,801.32	166,025.38	0.00	135,316.62	55
100-4-12430-	ACCOUNTING *****	142,950.45	337,711.00	16,441.24	189,830.67	0.00	147,880.33	56
100-4-12470-	PURCHASING & GENERAL SERVICES****	47,639.45	90,279.00	6,944.66	51,719.14	0.00	38,559.86	57
100-4-12535-	UTILITY COLLECTIONS & BILLING *****	131,623.52	246,308.00	14,355.43	131,778.25	0.00	114,529.75	54
100-4-12550-	INSURANCE *****	92,322.69	178,159.00	12,834.61	101,742.57	0.00	76,416.43	57
100-4-12560-	INFORMATION TECHNOLOGY*****	172,768.34	270,021.00	26,500.57	95,476.61	0.00	174,544.39	35
100-4-13100-	BOARD OF ELECTIONS *****	59,993.54	114,638.00	6,785.88	59,959.12	0.00	54,678.88	52

CITY OF FRANKLIN
GENERAL FUND MONTHLY REPORT - CASH BASIS
FOR THE PERIOD ENDING JANUARY 31 2017 UNAUDITED

Expend Account	Description	Prior Yr Expd	Budgeted	Current Expd	YTD Expended	Cancel	Balance	% Expd
100-4-21100-	CIRCUIT COURT ***	0.00	9,036.00	0.00	0.00	0.00	9,036.00	0
100-4-21200-	GENERAL DISTRICT COURT ***	10,004.50	18,091.00	195.38	8,429.14	0.00	9,661.86	47
100-4-21600-	CLERK OF CIRCUIT COURT ***	0.00	50,089.00	0.00	0.00	0.00	50,089.00	0
100-4-21700-	SHERIFF'S OFFICE ***	0.00	132,877.00	0.00	0.00	0.00	132,877.00	0
100-4-21910-	DISTRICT COURT SERVICE ***	12,590.39	57,882.00	6,078.04	58,357.76	0.00	475.76-	101
100-4-22100-	COMMONWEALTH'S ATTORNEY ***	22,000.00	61,855.00	0.00	0.00	0.00	61,855.00	0
100-4-23000-	WESTERN TIDEWATER REGIONAL JAIL**	922,090.98	921,980.00	460,990.00	921,980.00	0.00	0.00	100
100-4-31100-	POLICE ***	1,605,392.52	3,023,600.00	242,569.13	1,759,291.52	0.00	1,264,308.48	58
100-4-31130-	E - 911 *****	406,919.52	642,947.00	47,334.16	356,243.30	0.00	286,703.70	55
100-4-32100-	EMERGENCY MANAGEMENT SERVICES ***	1,284,120.80	2,334,950.00	193,279.01	1,300,629.97	0.00	1,034,320.03	56
100-4-34100-	BUILDING INSP & CODE ENFORCEMENT***	296,722.20	510,362.00	36,695.51	262,469.71	0.00	247,892.29	51
100-4-35100-	ANIMAL CONTROL*****	54,155.75	105,308.00	4,731.43	48,317.90	0.00	56,990.10	46
100-4-35500-	CIVIL DEFENSE *****	40,928.92	0.00	0.00	0.00	0.00	0.00	0
100-4-41200-	PUBLIC WORKS-STREET MAINTENANCE****	1,274,580.67	2,067,338.00	220,338.98	1,005,755.22	0.00	1,061,582.78	49
100-4-41330-	PUBLIC WORKS-SNOW REMOVAL****	0.00	16,500.00	7,085.99	7,085.99	0.00	9,414.01	43
100-4-41500-	PUBLIC WORKS-GARAGE****	126,701.74	233,442.00	19,383.46	137,150.32	0.00	96,291.68	59
100-4-43200-	BUILDING MAINTENANCE-GENERAL*****	342,831.83	667,722.00	43,166.90	363,991.49	0.00	303,730.51	55
100-4-43400-	BUILDING MAINTENANCE-ARMORY***	21,915.43	48,586.00	2,987.58	20,764.88	0.00	27,821.12	43

CITY OF FRANKLIN
GENERAL FUND MONTHLY REPORT - CASH BASIS
FOR THE PERIOD ENDING JANUARY 31 2017 UNAUDITED

Expend Account	Description	Prior Yr Expd	Budgeted	Current Expd	YTD Expended	Cancel	Balance	% Expd
100-4-43600-	BUILDING MAINTENANCE-CITY HALL****	98,716.94	204,035.00	12,524.81	103,397.53	0.00	100,637.47	51
100-4-43700-	BLDG MAINTENANCE-SOC SERVICES****	33,257.84	80,676.00	2,731.40	42,540.48	0.00	38,135.52	53
100-4-43800-	BUILDING MAINTENANCE-HEALTH DEPT***	11,333.39	34,533.00	1,527.62	11,708.12	0.00	22,824.88	34
100-4-51200-	HEALTH DEPARTMENT*****	82,500.00	110,000.00	0.00	55,000.00	0.00	55,000.00	50
100-4-52200-	MENTAL HEALTH*****	35,198.00	35,198.00	0.00	0.00	0.00	35,198.00	0
100-4-71300-	RECREATION*****	205,880.84	374,601.00	21,446.47	224,906.92	0.00	149,694.08	60
100-4-71400-	CEMETERIES*****	20,400.00	40,500.00	3,468.00	24,276.00	0.00	16,224.00	60
100-4-71500-	SENIOR CITIZENS TITLE III ***	0.00	6,659.00	0.00	0.00	0.00	6,659.00	0
100-4-71600-	SENIOR CITIZENS NUTRITION ***	19,136.90	45,679.00	3,483.52	26,760.29	0.00	18,918.71	59
100-4-73100-	LIBRARY*****	203,070.74	304,725.00	66,704.86	214,999.07	0.00	89,725.93	71
100-4-81100-	PLANNING AND ZONING****	103,604.61	200,933.00	15,862.16	102,236.06	0.00	98,696.94	51
100-4-81300-	BEAUTIFICATION COMMISSION ****	3,280.87	19,528.00	0.00	2,916.64	0.00	16,611.36	15
100-4-81600-	DOWNTOWN DEVELOPMENT *****	64,054.09	100,230.00	21,449.05	54,885.38	0.00	45,344.62	55
100-4-91300-	PAYMENTS TO SOUTHAMPTON COUNTY ***	500,000.00	700,000.00	0.00	0.00	0.00	700,000.00	0
100-4-91500-	NON-DEPARTMENT MISCELLANEOUS***	30,316.27	22,000.00	7,006.26	34,860.24	0.00	12,860.24	158
100-4-93100-	TRANSFERS*****	3,186,124.85	7,004,577.00	1,166,327.38	4,080,997.33	0.00	2,923,579.67	58
	General Fund Expend Total	12,367,627.75	22,780,321.00	2,783,302.66	12,571,840.88	0.00	10,208,480.12	55

Fund	Description	Prior Revenue	Curr Revenue	YTD Revenue	Prior Expended	Curr Expended	YTD Expended	Total Available Revenues
100	General Fund	12,538,843.41	855,524.81	11,939,638.58	12,367,627.75	2,783,302.66	12,571,840.88	632,202.30-

CITY OF FRANKLIN
ENTERPRISE FUNDS MONTHLY REPORT - CASH BASIS
FOR THE PERIOD ENDING JANUARY 31 2017 UNAUDITED

Revenue Account Range: 501-3-0000-0000 to 505-3-41050-0200 Include Non-Anticipated: Yes
 Expend Account Range: 501-4-00000-0000 to 505-4-93100-9999 Include Non-Budget: No
 Print Zero YTD Activity: No Year To Date As Of: 01/31/17
 Current Period: 01/01/17 to 01/31/17
 Prior Year: 01/01/16 to 01/31/16

Revenue Account	Description	Prior Yr Rev	Anticipated	Current Rev	YTD Revenue	Cancel	Excess/Deficit	% Real
501-3-16190-1101	Sale of Water - Residential	460,372.80	1,430,000.00	76,886.02	552,243.12	0.00	877,756.88-	39
501-3-16190-1102	Sale of Water - Commercial	227,860.35	0.00	36,848.33	261,032.00	0.00	261,032.00	0
501-3-16190-1103	Sewer Service Charge - Residential	585,633.83	1,925,000.00	103,544.23	710,710.42	0.00	1,214,289.58-	37
501-3-16190-1104	Sewer Service Charge - Commercial	323,625.80	0.00	48,757.64	367,011.09	0.00	367,011.09	0
501-3-16190-1105	Water Connection Fees	3,500.00	0.00	0.00	7,000.00	0.00	7,000.00	0
501-3-16190-1106	Sewer Connection Fees	4,500.00	0.00	0.00	4,500.00	0.00	4,500.00	0
501-3-16190-1107	Administrative Connection Fee	4,070.00	5,000.00	470.00	3,010.00	0.00	1,990.00-	60
501-3-16190-1118	Sewer Charge - Isle of Wight County	30,611.13	55,000.00	3,637.32	35,415.08	0.00	19,584.92-	64
501-3-16190-1124	Sewer Charge Edgehill - Southampton	18,008.44	33,000.00	3,608.24	19,667.44	0.00	13,332.56-	60
501-3-16190-1503	Interest SNAP	280.90	0.00	124.38	521.53	0.00	521.53	0
501-3-16190-8081	Miscellaneous Revenue	0.00	250.00	0.00	0.00	0.00	250.00-	0
501-3-41050-0200	Prior Year Budget Carryover	0.00	268,897.00	0.00	0.00	0.00	268,897.00-	0
501-3-49000-9000	Cancel Revenue	0.00	0.00	0.00	720.37	0.00	720.37	0
	Water & Sewer Fund Revenue Total	1,658,463.25	3,717,147.00	273,876.16	1,961,831.05	0.00	1,755,315.95-	53

Expend Account	Description	Prior Yr Expd	Budgeted	Current Expd	YTD Expended	Cancel	Balance	% Expd
501-4-44112-	**WATER SERVICE**	739,250.46	1,258,232.00	56,253.27	504,428.91	0.00	753,803.09	40
501-4-44113-	SEWER SERVICE *****	104,461.34	920,301.00	37,977.60	241,426.36	0.00	678,874.64	26
501-4-44120-	WASTE WATER TREATMENT PLANT *****	394,748.64	742,739.00	75,824.57	488,754.27	0.00	253,984.73	66
501-4-93100-	TRANSFERS *****	217,074.65	428,828.00	35,735.67	250,149.65	0.00	178,678.35	58
501-4-95101-	DEBT SERVICE *****	365,608.36	367,047.00	327,023.33	366,950.15	0.00	96.85	100
	Water & Sewer Fund Expend Total	1,821,143.45	3,717,147.00	532,814.44	1,851,709.34	0.00	1,865,437.66	50

CITY OF FRANKLIN
ENTERPRISE FUNDS MONTHLY REPORT - CASH BASIS
FOR THE PERIOD ENDING JANUARY 31 2017 UNAUDITED

Fund	Description	Prior Revenue	Curr Revenue	YTD Revenue	Prior Expended	Curr Expended	YTD Expended	Total Available Revenues
501	Water & Sewer Fund	1,658,463.25	273,876.16	1,961,831.05	1,821,143.45	532,814.44	1,851,709.34	110,121.71

CITY OF FRANKLIN
ENTERPRISE FUNDS MONTHLY REPORT - CASH BASIS
FOR THE PERIOD ENDING JANUARY 31 2017 UNAUDITED

Revenue Account	Description	Prior Yr Rev	Anticipated	Current Rev	YTD Revenue	Cancel	Excess/Deficit	% Real
502-3-16080-0001	Waste Collection & Disposal Fees	754,922.81	1,318,079.00	108,266.81	753,092.95	0.00	564,986.05-	57
502-3-16080-0002	Sale of Containers	0.00	0.00	0.00	58.00	0.00	58.00	0
502-3-16080-0004	Administrative Garbage Service Fee	3,140.00	4,000.00	300.00	2,460.00	0.00	1,540.00-	62
502-3-41050-0200	Prior Year Carry over	0.00	212,793.00	0.00	0.00	0.00	212,793.00-	0
502-3-49000-9000	Cancel Revenue	0.00	0.00	0.00	89.99	0.00	89.99	0
Solid Waste Fund Revenue Total		758,062.81	1,534,872.00	108,566.81	755,700.94	0.00	779,171.06-	49

Expend Account	Description	Prior Yr Expd	Budgeted	Current Expd	YTD Expended	Cancel	Balance	% Expd
502-4-42300-	**SOLID WASTE**	516,538.73	1,222,380.00	69,235.38	510,612.47	0.00	711,767.53	42
502-4-93100-	**TRANSFERS**	158,024.45	293,405.00	24,450.42	171,152.90	0.00	122,252.10	58
502-4-95101-	**DEBT SERVICE**	6,493.57	19,087.00	3,224.00	6,448.00	0.00	12,639.00	34
Solid Waste Fund Expend Total		681,056.75	1,534,872.00	96,909.80	688,213.37	0.00	846,658.63	45

Fund	Description	Prior Revenue	Curr Revenue	YTD Revenue	Prior Expended	Curr Expended	YTD Expended	Total Available Revenues
502	Solid Waste Fund	758,062.81	108,566.81	755,700.94	681,056.75	96,909.80	688,213.37	67,487.57

CITY OF FRANKLIN
ENTERPRISE FUNDS MONTHLY REPORT - CASH BASIS
FOR THE PERIOD ENDING JANUARY 31 2017 UNAUDITED

Revenue Account	Description	Prior Yr Rev	Anticipated	Current Rev	YTD Revenue	Cancel	Excess/Deficit	% Real
504-3-16190-0208	Airport Rental & Fees	30,899.36	60,000.00	4,888.00	34,528.00	0.00	25,472.00-	58
504-3-16190-0212	Sale of Jet Fuel	19,750.03	33,750.00	968.06	17,484.79	0.00	16,265.21-	52
504-3-16190-0214	Sale of Aviation Gas	14,355.13	33,750.00	1,442.83	19,730.86	0.00	14,019.14-	58
504-3-16190-8041	Miscellaneous Revenue	257.82	500.00	8.78	56.71	0.00	443.29-	11
504-3-24040-0415	Maintenance Program	950.00	3,000.00	0.00	0.00	0.00	3,000.00-	0
504-3-24040-0421	Airport Improvements	0.00	9,600.00	0.00	0.00	0.00	9,600.00-	0
504-3-24040-0424	Tree Clearance Grant	0.00	24,992.00	0.00	22,555.36	0.00	2,436.64-	90
504-3-33010-0420	Airport Improvements FAA	0.00	108,000.00	5,871.00	15,880.00	0.00	92,120.00-	15
504-3-33010-0432	Runway Light Project	49,731.13	0.00	0.00	0.00	0.00	0.00	0
504-3-41050-0100	Transfer From General Fund	0.00	133,249.00	0.00	0.00	0.00	133,249.00-	0
	Airport Fund Revenue Total	115,943.47	406,841.00	13,178.67	110,235.72	0.00	296,605.28-	27

Expend Account	Description	Prior Yr Expd	Budgeted	Current Expd	YTD Expended	Cancel	Balance	% Expd
504-4-20010-	**AIRPORT SERVICE**	110,309.21	219,090.00	10,863.28	125,823.51	0.00	93,266.49	57
504-4-20020-	***CAPITAL OUTLAY***	55,257.50	151,240.00	11,122.00	36,887.00	0.00	114,353.00	24
504-4-93100-	**TRANSFERS**	12,104.15	36,511.00	3,042.58	21,298.10	0.00	15,212.90	58
	Airport Fund Expend Total	177,670.86	406,841.00	25,027.86	184,008.61	0.00	222,832.39	45

Fund	Description	Prior Revenue	Curr Revenue	YTD Revenue	Prior Expended	Curr Expended	YTD Expended	Total Available Revenues
504	Airport Fund	115,943.47	13,178.67	110,235.72	177,670.86	25,027.86	184,008.61	73,772.89-

CITY OF FRANKLIN
ENTERPRISE FUNDS MONTHLY REPORT - CASH BASIS
FOR THE PERIOD ENDING JANUARY 31 2017 UNAUDITED

Revenue Account	Description	Prior Yr Rev	Anticipated	Current Rev	YTD Revenue	Cancel	Excess/Deficit	% Real
505-3-16190-1200	Sale of Electricity -Fuel Adj	708,372.13	315,911.00	29,043.67	182,434.62	0.00	133,476.38-	58
505-3-16190-1201	Sale of Electric Energy-Residential	4,344,190.76	8,578,082.00	878,644.64	5,009,332.86	0.00	3,568,749.14-	58
505-3-16190-1202	Sale of Electricity-Commercial	3,237,728.39	6,221,368.00	513,130.12	3,638,855.89	0.00	2,582,512.11-	58
505-3-16190-1203	Cycle & Save	70,217.50-	121,000.00-	10,067.50-	69,491.80-	0.00	51,508.20	57
505-3-16190-1204	Administrative Connection Fee	8,890.00	18,000.00	820.00	5,550.00	0.00	12,450.00-	31
505-3-16190-1205	Pole Attachment Fees	0.00	77,908.00	0.00	0.00	0.00	77,908.00-	0
505-3-16190-1207	Cut-On Fees and Penalties	89,525.89	150,000.00	10,356.64	85,924.82	0.00	64,075.18-	57
505-3-16190-1210	Charges for Street Lights	0.00	0.00	12,670.00	88,690.00	0.00	88,690.00	0
505-3-16190-1503	Interest SNAP	276.93	0.00	17.54	68.56	0.00	68.56	0
505-3-16190-6001	Sale Of Equipment	426.00	3,000.00	0.00	0.00	0.00	3,000.00-	0
505-3-16190-8040	Sale Of Electric Supplies	1,160.56	4,000.00	0.00	5,462.73	0.00	1,462.73	137
505-3-16190-8041	Miscellaneous Revenue	3,683.10	10,000.00	936.59	2,774.67	0.00	7,225.33-	28
505-3-16190-8042	Sale of Surge Protectors	3,025.00	3,500.00	420.00	2,925.00	0.00	575.00-	84
	Electric Fund Revenue Total	8,327,061.26	15,260,769.00	1,435,971.70	8,952,527.35	0.00	6,308,241.65-	58

Expend Account	Description	Prior Yr Expd	Budgeted	Current Expd	YTD Expended	Cancel	Balance	% Expd
505-4-20010-	ELECTRIC SERVICES**** *	5,813,830.76	12,406,235.00	1,143,882.47	5,870,715.14	0.00	6,535,519.86	47
505-4-20020-	ELECTRIC CAPITAL OUTLAY *****	149,253.66	684,027.00	10,006.99	86,315.64	0.00	597,711.36	13
505-4-20050-	TRANSFERS *****	1,113,811.40	1,895,062.00	157,921.84	1,105,452.80	0.00	789,609.20	58
	Electric Fund Expend Total	7,076,895.82	14,985,324.00	1,311,811.30	7,062,483.58	0.00	7,922,840.42	47

Fund	Description	Prior Revenue	Curr Revenue	YTD Revenue	Prior Expended	Curr Expended	YTD Expended	Total Available Revenues
505	Electric Fund	8,327,061.26	1,435,971.70	8,952,527.35	7,076,895.82	1,311,811.30	7,062,483.58	1,890,043.77

* Reflects to mas of expenditures for electricity (sale of energy) purchases.

CITY OF FRANKLIN
ENTERPRISE FUNDS MONTHLY REPORT - CASH BASIS
FOR THE PERIOD ENDING JANUARY 31 2017 UNAUDITED

Fund	Description	Prior Revenue	Curr Revenue	YTD Revenue	Prior Expended	Curr Expended	YTD Expended	Total Available Revenues
501	Water & Sewer Fund	1,658,463.25	273,876.16	1,961,831.05	1,821,143.45	532,814.44	1,851,709.34	110,121.71
502	Solid Waste Fund	758,062.81	108,566.81	755,700.94	681,056.75	96,909.80	688,213.37	67,487.57
504	Airport Fund	115,943.47	13,178.67	110,235.72	177,670.86	25,027.86	184,008.61	73,772.89-
505	Electric Fund	8,327,061.26	1,435,971.70	8,952,527.35	7,076,895.82	1,311,811.30	7,062,483.58	1,890,043.77
	Final Total	10,859,530.79	1,831,593.34	11,780,295.06	9,756,766.88	1,966,563.40	9,786,414.90	1,993,880.16

CASH BALANCE SUMMARY - FUNDS REPORTED
For the Period Ending January 31, 2017

FUND	Current Year	Prior Year	Variance	%
Cash - General Fund	5,818,010.68	6,251,572.00	-433,561.32	-7.45%
Cash - Water Fund	1,442,096.24	1,790,186.00	-348,089.76	-24.14%
Cash - Solid Waste Fund	418,851.38	505,773.00	-86,921.62	-20.75%
Cash - Airport	-123,554.02	-104,572.00	-18,982.02	15.36%
Cash - Electric Fund	554,258.35	322,369.00	231,889.35	41.84%

INVESTMENTS	
Cash - SNAP Funds - General	89,659.52
Cash - SNAP Funds - Water & Sewer	170,993.71
Cash - SNAP Funds - Electric	24,110.04
Cash - QZAB - Education	140,289.49



DEPARTMENT OF FINANCE

February 22, 2017

TO: Randy Martin, City Manager

FROM: Melissa D. Rollins, Director of Finance *Melissa D. Rollins*

RE: **Budget Amendment #2017-08 & 2017-09**

FUND 250 – School Fund – #2017-08

The Franklin City School Board has requested the following supplemental appropriations to the FY 16-17 Budget to reflect the award of local and federal grants:

Grant/Donation	Amount	Purpose
Obici Healthcare Foundation	\$62,500	School Psychologist & Behavioral Intervention
Franklin Southampton Charities	\$ 7,500	FHS DECA for Marketing
Franklin Southampton Charities	\$17,825	Future Problem Solving
Opportunity, Inc.	\$76,000	WIOA Youth Program
International Paper	\$ 3,000	Robotics Program
Total	\$166,825	

Required Action from City Council:

- 1) Accept the donations and grant awards, (2) amend the additional revenue to the FY 16-17 budget and (3) appropriate the funds for expenditure as outlined.

FUND 201 & Fund 100 – Social Services and General Fund - #2017-09

The City of Franklin has received the following donations and grant award:

Grant/Donation	Amount	Purpose
Obici Healthcare Foundation (Franklin DSS)	\$32,070	Franklin Social Services for Medicaid Outreach & Detention
Franklin Fire & Rescue – General Fund	\$ 5,600	Donation for fire and rescue equipment
Franklin Police Dept – General Fund	\$ 400	Police Supplies
Total	\$38,070	

Required Action from City Council:

- 1) Accept the grant award and donations, (2) amend the additional revenue to the FY 16-17 budget and (3) appropriate the funds for expenditure as outlined.

BUDGET AMENDMENT 2017-08

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FRANKLIN, VIRGINIA that the 2016-2017 City Budget is hereby amended to recognize additional revenues and to appropriate such revenue for new uses.

REVENUE			#250 EDUCATION FUND	2016-2017	Amended	Increase
				Budget	Budget	(Decrease)
REVENUE						
250	18990	1800	Donations	\$ -	\$ 3,000	\$ 3,000
250	18990	1881	Franklin/Southampton Charities	\$ -	\$ 25,325	\$ 25,325
250	18990	1901	Obici Healthcare Grant	\$ -	\$ 62,500	\$ 62,500
250	33010	282	Opportunity Inc Grant	\$ -	\$ 76,000	\$ 76,000
			TOTAL REVENUE	\$ -	\$ 166,825	\$ 166,825
EXPENSES			#250 EDUCATION FUND			
250	60000	1	Instruction	\$9,338,801	\$9,367,126	\$28,325
250	60000	2	Admin, Attend & Health	\$1,121,987	\$1,184,487	\$62,500
250	60000	34	Opportunity Inc Grant	\$0	\$76,000	\$76,000
			TOTAL EXPENSES	\$ 10,460,788	\$ 10,627,613	\$ 166,825

*Certified copy of resolution adopted by
Franklin City Council*

Clerk to the City Council



Franklin City Public Schools

207 West Second Avenue
Franklin, Virginia 23851-1713
(757) 569-8111 • Fax (757) 516-1015

TO: Mr. Randy Martin, City Manger
FROM: Mr. Kelvin M. Edwards Sr., Interim Superintendent
RE: FY 2017 Supplemental Appropriation Request for Grants
DATE: February 17, 2017

Franklin City Public Schools has been awarded several grants during Fiscal Year 2017, which are listed below. The School Board has approved budget amendments for these grants at their meetings on July 21, 2016, September 15, 2016, December 19, 2016, and February 16, 2017. The School Division therefore requests City Council's approval of the following appropriations. None of these grants require a local match, therefore the local transfer to schools will be unaffected by approval of this appropriation request. The grants and their relative amounts are as follows:

- OBICI Healthcare Foundation, \$62,500, School Psychologist and Behavioral Invervention
- Franklin Southampton Charities, \$7,500, FHS DECA and Association for Marketing
- Franklin Southampton Charities, \$17,825, Future Problem Solving Program
- Opportunity Inc., \$76,000, WIOA Youth Program
- International Paper Foundation, \$3,000, Robotics Program

In order to correctly account for the funds, we request that the school appropriation be increased by \$166,825. The amendments should be to the following revenue and expenditure accounts:

Revenues

250-3-18990-1800	Donations and Special Gifts	\$166,825
------------------	-----------------------------	-----------

Expenditures

250-4-60000-0001	Instruction	\$28,325
250-4-60000-0002	Administration, Attend. & Health	62,500
250-4-60000-0034	Opportunity Inc	76,000

Please add this appropriation to the next City Council meeting agenda. As always, my staff and I are available if you have any questions.

cc: Melissa Rollins, Franklin City Finance Director
Sheila S. Minor, Interim Director of Finance, FCPS



Franklin City Public Schools

207 West Second Avenue
Franklin, Virginia 23851-1713
(757) 569-8111 • Fax (757)516-1015

TO: Kelvin M. Edwards, Sr., Interim Superintendent

FROM: Laveka P. Jarrell, Coordinator of Finance

RE: FY 2017 Authorization to Request Appropriation

DATE: February 16, 2017

Franklin City Public Schools received the attached grant notification from the International Paper Foundation for the Franklin City Public Schools Robotics Program in the amount of \$3,000. In order to correctly account for these funds, the FY 2016-2017 school budget must be increased by \$3,000.

Please add to the School Board meeting Agenda for authorization to request appropriation. Following board approval we will request authorization for expenditures from the City Council.

cc: School Board Clerk

April 28, 2016

Dr. Willie J. Bell
Superintendent
Franklin City Public Schools
207 West Second Avenue
Franklin, VA 23851

RE: Grant # 842

Dear Mrs. Beamon,

Obici Healthcare Foundation is pleased to award Franklin City Public Schools a \$62,500.00 grant in Round 18 for the period 5/1/2016 through 4/30/2017. These funds are to be used solely for the Division School Psychologist project as outlined in your grant proposal of January 2016. Your grant is considered a Program Support grant. All reports will correspond to the type of grant awarded.

The grant has been awarded with the understanding, based upon your representations, that Franklin City Public Schools is an organization that is exempt from income tax under Internal Revenue Code 501 (c) 3 and/or is classified as a public charity under Internal Revenue Code 509 (a) (1), (2) or (3).

Use of Foundation Funds:

You agree to use our funds exclusively for the project described in the proposal, with the stated results, target population and region of our service area as outlined in your proposal for Round 18 funding. You further agree not to use the funds to influence legislation, to influence the outcome of any election, or to participate or intervene in any political campaign.

Reporting Requirements:

A check for 50% of the budget will be sent after the letter is signed and returned. Future release of funds is contingent upon Franklin City Public Schools providing the Foundation with program and expenditure reports and the Foundation approving the contents. An email notification will be sent to the contact for this grant 30 days prior to the report due date with a link to the online reporting process. Reports are due no later than 30 days after the end of the below reporting periods. Grantee agrees to process reporting through the on line portal and submit progress reports by the following dates:

Type of Report	Reporting Period	Report Due By
<u>1st Quarter</u> Activity & Expense Update	May 1, 2016 – July 31, 2016	August 15, 2016*
<u>2nd Quarter</u> Six Month Report	May 1, 2016 – October 31, 2016	November 30, 2016

3rd Quarter

Activity & Expense Update Nov. 1, 2016 – January 29, 2017 February 14, 2017*

4th Quarter

Final Report Nov. 1, 2016 – April 30, 2017 May 30, 2017

*Three (3) and Nine (9) month Activity and Expense Update only

Reports will reflect progress on the following Results:

- By April 30, 2017, the outreach goal of 200 students throughout the division in need of student focused behavioral strategies will reflected a 50% (100 students) improvement in one of the following ways:
- Increase in Student achievement data on Benchmarks and State Assessments
- Increase in Student attendance
- Active participation in behavioral modification program.

Capital Grants – While not renewable, Capital Grant recipients may be asked to submit data to the Foundation beyond the grant period.

Payment Process:

Payments will be made 30 days after receipt and approval of program and expenditure reports. After the initial payment, payment percentages will depend on reported grant budgeted expenditures. Generally, distribution of payment will be 50% in May, 40% in January 2017 and 10% in July 2017. Planning grants may receive the full award at the beginning of the project upon approval by the Executive Director. Reports will still be required as noted above. Email notification will be sent to the key contact from your original proposal at the end of the grant period. Failure to submit reports by the due date will delay additional grant payments and jeopardize future funding to your organization.

Expenditures of Grant Funds:

The approved program cannot be modified from the original proposal without the Foundation's prior written approval. Grant funds are to be used exclusively for the line items listed in the approved budget. The Foundation must approve any budget revisions before funds are spent for purposes other than in the most recent approved budget. To request a change, a budget revision form with detailed budget narrative must be submitted.

Expenses charged against this grant may not be incurred prior to the date the grant period begins or subsequent to its termination date, and may be incurred only as necessary to carry out the purpose(s) and activities of the approved project. Unspent grant funds must be returned to the Foundation within 60 days of the grant's completion date.

Project Evaluation:

The Foundation reserves the right to discontinue, modify or withhold any payments that might be due under this grant, to require a refund of any unexpended grant funds, or both, if in the Foundation's judgment:

- Grant funds have been used for purposes other than those approved by the Foundation;
- such action is necessary to comply with the requirements of any law or regulation affecting either your organization's or the Foundation's responsibilities under the grant; or

- the organization's performance under the grant has not been satisfactory. The Foundation in its sole and absolute discretion will determine whether performance has been satisfactory.

The Foundation's judgment on these matters will be final and binding.

Your organization is required to maintain liability insurance coverage for the period of this grant. The Obici Healthcare Foundation reserves the right to audit the financial records and insurance coverage of the grantee organization at reasonable times and upon advance notice. You are also required to maintain financial records for expenditures and receipts relating to this grant and to retain this documentation for a period of two years after the grant's termination date. Your organization is required to permit the Foundation to have reasonable access to this documentation, as well as to any files, records and personnel relating to this grant during the term of the grant and for a period of two years after the grant's termination date for the purpose of program evaluation, verifications and financial audits.

Public Relations and Communications:

The Foundation requests that you give recognition for its support whenever appropriate. You also agree to cooperate with Foundation staff regarding request for pictures, photo opportunities or written materials for public relations purposes.

Terms:

If you accept the foregoing terms and conditions of the grant, please indicate such acceptance by signing and returning the original letter. The first scheduled grant payment will not be made until this letter of agreement is received by the Foundation. Please retain the enclosed copy for your records.

If you have any questions, please call the office at (757) 539-8810. On behalf of the Obici Healthcare Foundation, I congratulate your organization on its selection as a grant recipient and wish you success.

Obici Healthcare Foundation Authorized Signature: _____

Printed Name: Angelica D. Light

Title: Interim Executive Director Date: _____

Grantee Organization Name: Franklin City Public Schools

Authorized Signature: _____

Printed Name: _____

Title: _____ Date: _____

2001

FRANKLIN SOUTHAMPTON CHARITIES

GRANTS ACCOUNT
P.O. BOX 276
FRANKLIN, VA 23851

DATE 7/19/16

68-2/510

PAY TO THE ORDER OF Franklin City Public Schools

\$ 17,825⁰⁰

Seventeen thousand eight hundred twenty-five and 00/100 DOLLARS

SECURITY PRINTED ON RECYCLED PAPER



ACH RT 061000104

Will A. Perry

FOR _____

⑈0000200⑈ ⑆05⑆000020⑆ 700⑆62798⑈

1999

FRANKLIN SOUTHAMPTON CHARITIES

GRANTS ACCOUNT
P.O. BOX 276
FRANKLIN, VA 23851

DATE 7/19/16

68-2/510

PAY TO THE ORDER OF Franklin City Public Schools

\$ 7,500⁰⁰

Seven thousand five hundred and 00/100 DOLLARS

SECURITY PRINTED ON RECYCLED PAPER



ACH RT 061000104

Will A. Perry

FOR _____

⑈00001999⑈ ⑆05⑆000020⑆ 700⑆62798⑈

2016-17

Contract # WIOA-ISY/OSY-PY'15/16-10
Modification #2

THIS MODIFICATION OF CONTRACT, entered into this 31st day of August 2016, by and between Opportunity Inc. of Hampton Roads, established as a sub-recipient pursuant to the Workforce Innovation and Opportunity Act (WIOA) of 2014 and Section 15.2-1300 of the Code of Virginia, 1950, as amended, hereinafter referred to as "OIHR", and Franklin City Public Schools (FCPS), hereinafter referred to as the "Contractor".

WITNESSETH

WHEREAS, OIHR and the Contractor did on the 1st day of July, 2015, enter into a certain Contract with each other pursuant to the Workforce Innovation and Opportunity Act (WIOA) of 2014; and,

WHEREAS, OIHR and the Contractor both desire to modify the aforesaid Contract in the following limited respects:

NOW, THEREFORE, the Parties hereto mutually agree that the aforesaid Contract is hereby modified and amended effective the date first above written in the following limited respects:

CHANGE SPECIFICATIONS

The purpose of this Modification is to extend the period of performance for this Contract until 6/30/17 in order to provide for the continuation of the Contractor's WIOA Youth Program. The total amount payable under this Contract for the period 9/1/16 to 6/30/17 is up to \$76,000, as stipulated in the attached revised line item budget. Of this total amount, \$60,000 is specified for services to ISY participants and \$16,000 is specified for services to OSY participants. Under this Modification it is expected that services will be provided to 25 ISY participants and 10 OSY participants during the Contract extension period. All other participant performance expectations set forth in the original Contract will remain in force. Additional performance expectations may be required based on future guidance provided by the Department of Labor (DOL) and/or State, as a result of the ongoing implementation of the WIOA Final Regulations.

This Modification is caused at the request of the Contractor, in consultation with OIHR. No other changes are authorized herein.

Except as hereinabove expressly provided, the aforesaid Contract between OIHR and the Contractor is hereby re-confirmed in every respect.

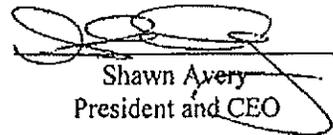
Contract # WIOA-ISY/OSY-PY'15/16-10
Modification #2

IN WITNESS WHEREOF, FCPS has caused this Modification of Contract to be executed and signed by Dr. Willie J. Bell, Ed.D, its Superintendent, and Opportunity Inc. of Hampton Roads has caused this Modification of Contract to be executed and sealed in its name by Shawn Avery, its President and CEO, all as of the date and year first written above.

FCPS

By: 
Dr. Willie J. Bell, Ed.D
Superintendent

OPPORTUNITY INC. OF HAMPTON ROADS

By:  (Seal)
Shawn Avery
President and CEO

Attachment:

> Revised Line Item Budget

Contract Budget
9/1/16 to 6/30/17

Personnel

Part Time Staff Position Salary.....\$20,000.00
(75%ISY, 25% OSY)
Fringe Benefits \$2,295.00
(Includes payroll taxes, retirement and workers compensation)

Part Time Staff Position Salary Total.....\$22,295.00

Support Personnel

OSY/ISY Tutors (\$30 an hour x 20 hours)..... \$600.00
Leadership Academy Afterschool Coordinator (\$35 an hour x 50 hours).....\$1,750.00
Building Trades Academy Afterschool Coordinator (\$35 an hour x 80 hours)..... \$2,800.00
Chaperones for Field Trips (\$30 an hour x 30 hours)..... \$900.00

Support Personnel Total..... \$6,050.00

Personnel Total.....\$28,345.00

Operating Costs

ISY Internship Stipends \$10,625.00
(25 participants x \$8.50 per hour x 50 hours each)

OSY Work Experience\$4,250.00
(10 participants x \$8.50 per hour x 50 hours each)

OSY Expenditures\$3,750.00
(Tuition, Credential Expenses, Training Courses, Internship, GED tests, GED Practice Books,
Speakers, Stipends-10 participants @ approximately \$375 per participant)

Total Operating Costs..... \$18,625.00

Transportation

Staff Travel
.....\$830.00
(Based on \$.585 per mile)

ISY

Transportation.....\$10,850.00
(Field trips and employer visits, including charter bus, based on an estimate)

OSY Transportation..... \$3,100.00
(Field trips and employer visits, including cab fees, and I Ride fees based on an estimate)

Total Transportation..... \$14,780.00

Supplies/Materials

ISK Program Supplies/Materials..... \$7,000.00
(Attire and safety gear required for employment, leadership academy program, lumber, paint, books, electronic devices, food for events/activities based on an estimate)

OSY Program Supplies/Materials.....\$2,750.00
(Work clothing, training uniforms, books, pencils, paper, and notebooks based on an estimate)

Total Program Supplies.....\$9,750.00

Incentives

ISK Incentives\$2,500.00
(Based on a policy approved by Opportunity Inc. – 25 ISK x \$100 each)

OSY Incentives.....\$2,000.00
(Based on a policy approved by Opportunity Inc. – 10 OSY x \$200 each)

Total Program Incentives..... \$4,500.00

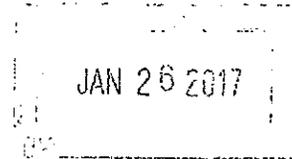
TOTAL CONTRACT BUDGET.....\$76,000.00

**INTERNATIONAL PAPER
FOUNDATION**

6420 POPLAR AVENUE
MEMPHIS TN 38197

P 901 419 9000
F 901 419 4092

December 19, 2016



Request ID#: 30344569

Liz Burgess
Franklin Robotics
300 Morton Street
Franklin, VA 23851

Dear Mrs. Burgess,

Enclosed is a check in the amount of \$3000 from the International Paper Foundation payable to FRANKLIN CITY PUBLIC SCHOOLS.

We are happy to purchase materials to design and build robot designed by Franklin Robotics program. Funds are restricted and cannot be used for salaries, stipends or other forms of compensation. We hope that this grant will help to make a difference in your community; however, please be sure to adhere to any restriction(s) provided. For a complete listing of IP Foundation grant restrictions, please visit the IP Foundation website at www.ipgiving.com.

We extend our best wishes to you for continued success and look forward to hearing about your accomplishments during the year. It is a pleasure to be among your supporters.

Sincerely,

A handwritten signature in cursive script that reads "Gaynell Gallagher".

Gaynell Gallagher
President

Enclosure

Cc: Jenny Railey
Franklin

BUDGET AMENDMENT 2017-09

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FRANKLIN, VIRGINIA that the 2016-2017 City Budget is hereby amended to recognize additional revenues and to appropriate such revenue for new uses.

				2016-2017	Amended	Increase
			<u>#100 GENERAL FUND</u>	Budget	Budget	(Decrease)
REVENUE						
100	18990	3001	Donations Fire and Rescue	\$ 5,000	\$ 10,600	\$ 5,600
100	18990	3041	Donations Police	\$ -	\$ 400	\$ 400
			TOTAL REVENUE	\$ 5,000	\$ 11,000	\$ 6,000
EXPENSES						
100	31100	6010	Police Supplies	\$ 41,500	\$ 41,900	\$ 400
100	32100	8101	Fire Hose and Equipment	\$ 30,275	\$ 35,875	\$ 5,600
			TOTAL EXPENSES	\$ 71,775	\$ 77,775	\$ 6,000
<u>#201 SOCIAL SERVICES FUND</u>						
REVENUE						
201	18990	1804	Obici Healthcare Grant	\$ -	\$32,070	\$32,070
			TOTAL REVENUE	\$ -	\$32,070	\$32,070
EXPENSES						
201	53110	9008	Obici Healthcare Grant	\$ -	\$ 32,070	\$ 32,070
			TOTAL EXPENSES	\$ -	\$ 32,070	\$ 32,070

*Certified copy of resolution adopted by
Franklin City Council*

Clerk to the City Council

Check Amount: \$16,035.00

Invoice	Date	Discount Taken	Amount Paid	Quantity	Description
Grant 664.02A R19	10/1/16		16,035.00		Medicaid Outreach and Retention Enrollment

VOHG
3 201 189901804



OBICI HEALTHCARE FOUNDATION, INC.
106 W. FINNEY AVE.
SUFFOLK, VA 23434

SUNTRUST BANK
68-2/510



6082

DATE 6082

Oct 14, 2016

AMOUNT

\$ 16,035.00

PAY TO THE ORDER OF: Sixteen Thousand Thirty-Five and 00/100 Dollars

Franklin City Dept. of Social Services
306 N. Main Street
Franklin, VA 23851

VOID AFTER 90 DAYS

Angela D. Lytle
AUTHORIZED SIGNATURE

GRANT PAYMENT

⑈00608 2⑈ ⑆05 10000 20⑆ 10000 3 1 1 29090⑈

Details on Back.
Security Features Included

COPY

Franklin City DSS

OCT 26 2016

Received by



October 14, 2016

Ms Gwen Wilson
Director
Franklin City Department of Social Services
306 N. Main Street
Franklin, VA 23851

RE: Grant #664.02

Dear Ms Wilson:

The Obici Healthcare Foundation is pleased to send you the first payment for Medicaid Outreach and Retention Enrollment grant, which starts 10/1/2016 and concludes 9/30/2017. This payment of \$16,035.00 represents 50% of your \$32,070.00 grant. The remaining 50% is scheduled for May 2017. Checks are released after receipt and approval of reports. Payment amounts are subject to change according to reported expenditures. Reports will be due as outlined in your contract.

If you have any questions, please give me a call at (757) 539-8810. We wish you continued success with your grant.

Sincerely,

A handwritten signature in black ink that reads "Cathy Huband".

Cathy Huband
Grants Manager

COPY

Enclosure

OLD/NEW BUSINESS

- A. Franklin City School Board Ward 5 Vacancy Appointment**
- B. Franklin Business Center Update – Amanda Jarratt, Executive Director, FSEDI**
- C. City Manager’s Report**



*Office Of The City Manager
R. Randy Martin*

To: Mayor & Council Members
From: R. Randy Martin, City Manager
SUBJECT: Franklin Business Center Update

Although Councilman Burgess regularly reports on the Franklin Business Center Advisory Board activities, it has been some time since Amanda Jarrett, FSEDI. Executive Director has given a full report on activities of the Franklin Business Center. FSEDI manages the facility on behalf of the City with input from the Advisory Board which Councilman Burgess currently chairs. All members of Council need an update and particularly new Council members and the general public need to be aware of the Center's activities and offerings.

Ms. Jarrett will be at the meeting to present a powerpoint on the Business Center and answer Council questions.

COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS

A. City/County Utility Asset Valuation Contract Award



To: Mayor & Council Members
From: R. Randy Martin, City Manager

SUBJECT: City/County Utility Asset Valuation Contract Award

This morning, the City/County Utility study subcommittee charged with making a recommendation to the County Board of Supervisors and City Council met and made a recommendation awarding a contract for consulting services specifically including a utility asset valuation. The committee requested that the Supervisors and Council consider this recommendation at their respective meetings on February 27th.

The request that follows was prepared by County Administrator Mike Johnson who chaired the subcommittee meeting and reflects the recommendation with background on the next steps taken since the City/County began evaluating options for collaborating on utility services.

As Council hopefully will recall, this task was identified in the 2015 study as the first next step to be taken and Council approved an appropriation of \$50,000 in FY 2016 – 2017 for the city's share of the cost. As noted, the County will actually execute the contract with the city reimbursing the county for our half of the cost.

Recommended Action: Authorize the City Manager to consent to the proposed contract obligating the city's commitment to share in the cost with the County.

12. CONSIDERATION OF AN AGREEMENT FOR WATER AND SEWER SYSTEMS VALUATION ANALYSIS AND RELATED CONSULTING SERVICES

As you recall, the Shared Utility Services Study prepared in late 2015 by the Timmons Group in association with Davenport & Company, McGuireWoods Consulting and McGuireWoods suggested a formal asset valuation and development of a financial framework for equitable consolidation as the next logical steps in evaluating the wisdom of creating a joint service authority with the City.

The City and County budgeted \$50,000 each for this purpose in FY 2017 and we published the attached Request for Proposals (RFP) in mid-December. While we only received one proposal last month in response to the RFP, the firm of MFSG has been deemed highly qualified and well suited for the work by a committee comprised of Supervisor Phillips, Nick Kitchen (Mayor of Capron), Councilman Burgess, Tom Jones, P.E. (City's citizen representative), Amanda Jarratt, Randy Martin and me. The Committee has met twice over the past two weeks to vet the proposal, interview the consultant, and negotiate the terms.

MFSG is a specialized management consultant with broad experience in the public utility sector and has completed comparable work in Wilmington/New Hanover County, NC, Loudoun County, VA, Fauquier County, VA and Fishers Island, NY. For this project, they've proposed to team with Wetzel Consulting, LLC. Dr. Ed Wetzel has more than 35 years' experience in environmental/utility work, is a recognized expert in utility valuations and is accredited as an expert witness in this specialized field.

In response to our RFP, MFSG has proposed structuring the work into three (3) separate tasks:

1. Valuation of the City & County Utility Assets;
2. Development of a Financial Framework for Equitable Consolidation of Assets; and
3. Development of a Plan to Equalize Rates for Customer Bases of the City and County.

We expect to receive separate reports for each task. The initial draft of the asset valuation is expected to take 10-12 weeks, with the other remaining tasks to follow.

The cost for their services is not expected to exceed the budgeted amount. Copies of their proposal and proposed scope of work/fees are attached.

MOTION REQUIRED: If the Board is so inclined, a motion is required authorizing the County Administrator to enter into contract with MFSG, subject to final negotiation and not to exceed the budgeted amount of \$100,000.



Request for Proposals

Water and Sewer Systems Valuation Analysis and Related Consulting Services

Proposal Due: January 12, 2017, 4:00 PM Eastern Standard Time

Deliver to:
Southampton County
26022 Administration Center Drive
P.O. Box 400
Courtland, VA 23837
Attention: Michael Johnson

1 Electronic and 8 Printed Copies Required

RFP #2017-0112
Issued: December 15, 2016

**Water and Sewer Systems Valuation Analysis
and Related Consulting Services**

1. General

The City of Franklin and Southampton County, Virginia seek proposals from qualified consultants (“Offerors”) to conduct a detailed valuation analysis of certain specified water and sewer assets and to provide related consulting services in evaluating the wisdom of creating a regional water and sewer authority.

2. Background

In September 2015, the City of Franklin and Southampton County received a preliminary engineering report which included an evaluation of each locality’s respective water and sewer systems and organizational structure(s) in the context of determining whether, and to what degree, shared utility services might improve efficiency, reduce costs, and/or enhance economic competitiveness (“the stated objectives”).

The report concluded that establishment of a Public Service Authority (PSA) pursuant to § 58.1-5100 of the *Code of Virginia* provides the best means of achieving the stated objectives.

In response to the report, the Franklin City Council and Southampton County Board of Supervisors included funding in their respective FY 2017 annual budgets to take the next logical steps in completing a formal valuation analysis of their respective water and sewer systems which may serve as the basis of determining equity should the localities ultimately agree to merge their utility systems. While the September 2015 report included a preliminary asset valuation, it further provided a recommendation to have a more detailed analysis prepared.

3. Issuing Office

The Southampton County Administrator is the issuing officer for this Request for Proposals (RFP) and the point of contact for questions.

Southampton County
Michael W. Johnson, County Administrator
26022 Administration Center Drive
P.O. Box 400
Courtland, VA 23837

Phone: (757) 653-3015
E-mail: mjohnson@southamptoncounty.org

4. Anticipated RFP Schedule

Issuance of RFP Documents	December 15, 2016
Deadline for Proposal Submission	January 12, 2017
Offeror Interviews if requested	February 2, 2017
Notice of Intent to Award	February 27, 2017
Commencement of Contract	March 13, 2017

5. Submission Date and Location

Each offeror must provide one (1) electronic copy (PDF) and eight (8) printed copies of the proposal; one printed copy should be marked "Original." The outside of the sealed envelope or box containing the proposals should be marked with the offeror's name and clearly labeled "**Franklin-Southampton Water and Sewer Systems Valuation Analysis**" before delivering to the Issuing Office. In order to be considered, all proposals must be physically received by the Issuing Office before 4:00 p.m., EST, on January 12, 2017.

Proposals should be delivered to:

<i>If by USPS mail:</i> Southampton County Michael W. Johnson, County Administrator P.O. Box 400 Courtland, VA 23837	<i>If by overnight courier:</i> Southampton County Michael W. Johnson, County Administrator 26022 Administration Center Drive Courtland, VA 23837
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Telephone, facsimile or electronically transmitted proposals will not be accepted. Proposals received after the specified closing time will not be given further consideration.

6. Scope of Work

The City of Franklin and Southampton County seek professional services to estimate the value of specific water and sewer assets identified in Appendix D of the "Shared Utility Services Study for City of Franklin and Southampton County, Preliminary Engineering Report, TG Project No. 35998," dated September 2015. Copies of this report may be viewed at the following link:

<http://www.southamptoncounty.org/MediaArchive/PDF/Franklin-Southampton%20PRELIM%20ENG%20REPORT%20SEP15%20FINAL.pdf>

Subject to further discussion and negotiation, it is expected that the valuation analysis will include a) net book value (original cost less booked depreciation), and b) replacement cost new depreciated (RCND).

Services may also include other consulting services related to:

- a) Development of a financial framework for an equitable consolidation of the utility systems/assets;
- b) Development of a plan for equalization of rates between the respective customer bases of the City and County.

7. Selection Process

This contract will be awarded utilizing the process of competitive negotiation as prescribed in § 2,2-4302.2 (A) (4), *Code of Virginia*.

A proposal evaluation committee shall engage in individual discussions with two or more offerors deemed fully qualified, responsible and suitable on the basis of initial responses and with emphasis on professional competence, to provide the required services. Repetitive informal interviews may be utilized. At the conclusion of these discussions, on the basis of evaluation factors published in this Request for Proposal and all information developed in the selection process to this point, the proposal evaluation committee shall select in the order of preference two or more offerors whose professional qualifications and proposed services are deemed most meritorious.

Negotiations shall then be conducted, beginning with the offeror ranked first. If a contract satisfactory and advantageous to the public body can be negotiated at a price considered fair and reasonable and pursuant to contractual terms and conditions acceptable to the evaluation committee, an award shall be made to that offeror. Otherwise, negotiations with the offeror ranked first shall be formally terminated and negotiations conducted with the offeror ranked second, and so on until such a contract can be negotiated at a fair and reasonable price.

8. Proposal Evaluation Criteria and Scoring

Factors to be considered by the proposal evaluation committee in determining which Offeror(s) will be selected for interviews/discussions will include, but are not necessarily limited to:

- a) Qualification and experience of staff assigned to this contract;
- b) Availability and time commitment of staff assigned to this contract;
- c) Understanding of the project and the scope of services requested in this RFP;
- d) Recent relevant experience relative to valuation analysis of publicly owned water and sewer systems;
- e) Approach or method of providing the requested services;
- f) Methods for ensuring accountability and responsiveness to the City and County;

- g) Non-Binding Estimate of Cost (to be provided at the interview stage);
- h) The results of interviews and/or discussions with Offerors; and
- i) References.

9. **Proposal Contents**

Proposals are to include, but shall not necessarily be limited to, the content listed below. The volume or size of the proposal should be consistent with the relative scope of this project. Concise proposals without needless duplication are encouraged and will score higher. **Please note that initial proposals should not include a cost estimate. Nonbinding estimates of cost will be requested at the discussion/interview stage.**

- a) **Letter of transmittal.** Provide a letter indicating interest in providing the services requested. Letter should include contact information and must be signed by person authorized to bind the firm.
- b) **Firm qualifications.**
 - i. Proposal should describe the firm's qualifications, addressing specifically the firm's experience with similar valuation analyses and consulting services and experience with relevant laws and regulations.
 - ii. Detailed listing of utility valuation studies, financial analyses or related projects for which your firm has acted as lead consultant since January 1, 2012. Specifically identify your firm's role in the study, financial analysis or other project.
 - iii. Include at least 3 references with names and current phone numbers. The evaluation committee may contact these references or contact other agencies familiar with your firm's work.
 - iv. Provide one sample of a valuation study developed by your firm.
- c) **Project team qualifications.**
 - i. The proposal should identify the primary consultant who will be assigned to work with the City and County on a day-to-day basis.
 - ii. The proposal should also identify other consultants or staff who will assist the primary consultant and describe their roles. If the primary consultant is not local, identify any local contact and describe how project management, coordination and communications with the City and County will be accomplished. Do not include persons who will not be working on the project.

- iii. Provide a brief resume for each team member, addressing the following:
 - Education, certifications, licenses and registrations
 - Number of years of experience in providing relevant consultation
 - Experience with developing similar studies and financial analyses
 - Experience with various water and sewer utilities
 - Experience with local government clients
 - Experience with presentations to public bodies
 - Experience with utility system mergers
 - Other relevant experience

d) Approach or method of providing the requested services

- i. Describe how the firm is organized to facilitate coordination of consultants and staff who will be involved in various aspects of this project. Identify the anticipated division of responsibilities among partners, associates and other staff.
- ii. List the estimated percentage of each individual's overall time that would be devoted to this project and the nature of work that each individual will perform.
- iii. Describe the firm's methods to ensure the timely flow of information and documents between the firm, the City, the County, and other relevant parties. Discuss the firm's approach to ensuring accountability and responsiveness to the City and County.
- iv. Describe what happens when the primary consultant assigned to this project is unavailable and an issue needs to be resolved as quickly as possible.
- v. Provide a draft proposed schedule for the project. Identify options where cost and time might be adjusted.

e) Experience with Valuation Studies, Financial Analyses and other related Consulting Services

- i. Describe your firm's and the lead consultant's experience and ability to meet the City and County's goals and objectives for this project.
- ii. Discuss how your firm would assist the City and County in the event that the valuation study, financial framework, rate equalization or other work produced from this contract is challenged.

10. Rejection of Proposals

The City of Franklin and Southampton County reserve the right to cancel this Request for Proposal or reject any or all proposals received.

11. Proposal Acceptance Period

Any proposal in response to this RFP shall be valid for ninety (90) days. At the end of the ninety days, the offer may be withdrawn at the written request of the Offeror. If the offer is not promptly withdrawn (within 5 business days) at that time, it remains in effect until an award is made or the solicitation is canceled.

12. Questions/Comments Concerning this RFP

Pursuant to Virginia Code §2.2-4316, questions or comments concerning this RFP shall be submitted in writing via email to mjohnson@southamptoncounty.org or by regular mail to Michael W. Johnson, P.O. Box 400, Courtland VA 23837 no later than 4:30 pm EST on December 29, 2016.

13. Contract Award

The award of any contract will be made in accordance with the statutes for competitive negotiation for professional contracts contained in Virginia Code § 2.2-4301. It is the County's intent to enter into a contract with the successful Offeror on or before March 13, 2017. If the County determines in writing and in its sole discretion that only one Offeror is fully qualified, or that one Offeror is clearly more highly qualified than the others under consideration, a contract may be negotiated and awarded to that Offeror. Upon the award or the announcement of the decision to award a contract as a result of this solicitation, the County will provide email notification to all offerors.

14. Notice of Award/Protest

All offerors shall be provided a written Notice of Award via email on or before February 27, 2017. Any offeror who desires to protest the decision to award the contract shall submit such protest in writing to the Michael W. Johnson, County Administrator, P.O. Box 400, Courtland, Virginia 23837 no later than ten days after the announcement of the decision to award. The written protest shall include the basis for the protest and the relief sought. The County Administrator shall issue a decision in writing within ten days stating the reasons for the action taken. This decision shall be final unless the offeror appeals within ten days of receipt of such written decision by invoking administrative procedures meeting the standards of § 2.2-4365, *Code of Virginia*, if available, or in the alternative by instituting legal action as provided in § 2.2-4364. Nothing in this subsection shall be construed to permit an offeror to challenge the validity of the terms or conditions of the Request for Proposal.

Pending final determination of any protest or appeal, the validity of a contract awarded and accepted in good faith in accordance with this RFP shall not be affected by the fact that a protest or appeal has been filed.

15. Ethics in Public Contracting

By submitting a proposal, Offeror certifies that its proposal is made without collusion or fraud and that it has not offered or received any kickbacks or inducements from any other offeror, supplier or subcontractor in connection with their proposal, and that it has not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged. Furthermore, the provisions, requirements, and prohibitions contained in Sections 2.2-4367 through 2.2-4377 of the Virginia Code, pertaining to bidders, offerors, contracts and subcontractors, are applicable to this RFP, as are the provisions, requirements, and prohibitions contained in Sections 2.2-3100 through 2.2-3131 of the Virginia Code.

16. Qualifications of Offeror

The County may make such reasonable investigations as deemed proper and necessary to determine the ability of the Offeror to perform/provide the Services/deliverables and the Offeror shall furnish to the County all such information and data for this purpose as may be requested. The County reserves the right to inspect Offeror's physical facilities prior to award to satisfy questions regarding the Offeror's capabilities. The County further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such Offeror fails to satisfy the County that such Offeror is properly qualified to carry out the obligations of the contract and to provide the Services and/or furnish the goods contemplated therein.

17. Debarment Status

By submitting their proposals, Offerors certify that they are not currently debarred by the Commonwealth of Virginia, Southampton County, Virginia, or any other locality from submitting bids or proposals on contracts for the type of Services/deliverables covered by this solicitation, nor are they an agent of any person or entity that is currently so debarred.

In compliance with this Request for Proposals and to all the conditions imposed herein, the undersigned offers and agrees to furnish the services in accordance with the attached signed proposal or as mutually agreed upon in writing by subsequent negotiation.

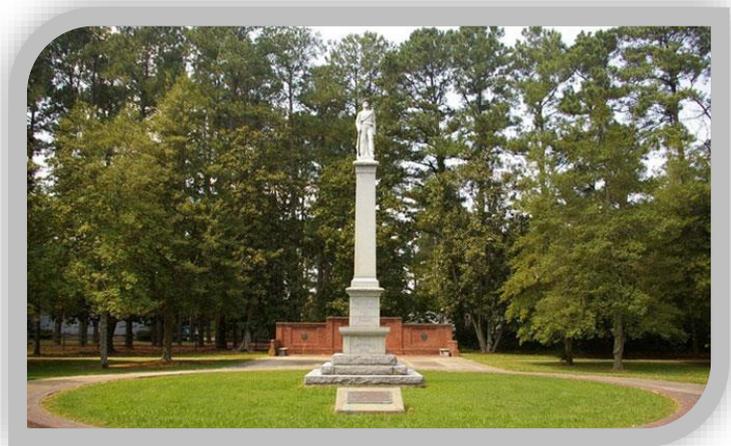
Company Name and Address:

_____	Date: _____
_____	Name: _____
_____	Title: _____
_____	Telephone: _____
_____	Email: _____

Signature: _____

City of Franklin and Southampton County

Water and Sewer Systems Valuation Analysis and Related Consulting Services



Prepared by



Municipal & Financial Services Group

In association with



Wetzel Consulting, LLC

January 12, 2016



Proposal to Provide Water and Sewer Systems Valuation Analysis and Related Consulting Services

In compliance with this Request for Proposals and to all the conditions imposed herein, the undersigned offers and agrees to furnish the services in accordance with the attached signed proposal or as mutually agreed upon in writing by subsequent negotiation.

Company Name and Address:

Management and financial Services Group, LLC
d/b/a Municipal & Financial Services Group
911-A Commerce Road
Annapolis, MD 21401

Date: January 11, 2017

Name: Edward J. Donahue III

Signature: 

Title: President

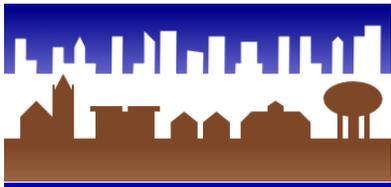
Telephone: 443.951.4212 direct / 410.266.9101 switchboard

E-Mail: edward.donahue@mfsgllc.com

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APPENDIX: RESUMES OF KEY PROJECT PERSONNEL



A. LETTER OF TRANSMITTAL

11 January 2017

Southampton County
26022 Administration Center Drive
P.O. Box 400
Courtland, VA 23837
Attn: Michael Johnson, County Administrator

Reference: Request for Proposals – Water and Sewer Systems
Valuation Analysis and Related Consulting Services

Dear Mr. Johnson:

The Municipal & Financial Services Group (MFSG), in association with Wetzel Consulting, LLC, is pleased to submit our proposal to provide valuation analysis and related consulting services in support of the potential consolidation of the water and sewer systems of Southampton County and the City of Franklin, as specified in the joint RFP issued by the two governments on December 15, 2016. We are not aware of any subsequent addenda or amendments to this solicitation. It is our intention to submit a proposal that is fully responsive to your needs and requirements. We have read the RFP carefully, and take no exception to its terms and conditions. While the enclosure to this letter sets forth our project team, capabilities and experience relevant to this very important project, there are a few key points, which we would like to stress:

- Our practice, the **Municipal & Financial Services Group (MFSG)**, was established in 1976 and was for many years part of the management consulting practice of national CPA firms or engineering firms. Subsequently we became an independent women-owned business in 2002. MFSG is the nation's premier provider of financial and management advice to municipal water, wastewater, stormwater and solid waste utilities. MFSG's clients serve more than 45% of the nation's population. Large municipal clients have included most of the twenty-five largest U.S. municipal utilities, including locally Richmond, Washington, DC and the Washington Suburban Sanitary Commission. Recent Virginia clients include the Cities of Hampton, Lexington and Richmond; the Towns of Lovettsville, Middleburg, Purcellville and Warrenton; and the utility systems serving Albemarle, Fauquier, Frederick, King George and Loudoun Counties. In Virginia, we have worked for the water and sewer systems of 11 counties and 15 towns/cities.
- We are joined for this project by a long-time colleague and recognized expert, Dr. Edward Wetzel, the proprietor of **Wetzel Consulting, LLC**, who brings more than 35 years of engineering expertise related to environmental and utility issues. Dr. Wetzel has a specific and extensive experience in utility valuations, and has been accredited as an expert witness in this specialty field. Our two firms most recently worked jointly for the City of Falls Church in its dispute and negotiations with, and eventual sale of its water system to, the Fairfax County Water Authority.

- Our team understands the nature and scope of work requested by the City and County. While every client situation and need is unique, we have performed similar studies for other municipal clients of similar size facing similar issues over the past 40 years. We have assembled and will commit to the specific performance of a project team comprised of very senior and experienced professionals with strong functional skills in engineering, accounting and finance, public administration, economics and financial simulations – a project team with a proven track record. Our Project Manager has performed or managed over 100 management and financial studies for municipalities and water, sewer, solid waste and stormwater utilities and is an active member of AWWA’s Workforce Strategies Committee and Finance, Accounting & Management Controls Committee. Our Project Officer, with more than 40 years of professional experience, served as chairman of AWWA’s Finance, Accounting & Management Controls Committee and is an author of numerous water and wastewater manuals of practice and textbooks. Our Management and Operational Analyst has served as the executive director of water and wastewater utilities in multiple states, including Virginia.
- We will timely deliver to the City and County impartial and objective advice and assistance to enable the City and County to continue their consideration of the advantages of combining their water and sewer systems into a self-supporting regional utility with a specific focus limited to municipal utilities. Our project team is led by nationally recognized experts in the delivery of urban services; all are located in the Mid-Atlantic within driving distance of the City and County.
- We have no real or perceived conflicts of interest and will provide objective and excellent technical and financial advice to the City and County, and will deliver a professional valuation and a state-of-the-art dynamic financial model to the City and County as part of this project.

We look forward to working with you on this important and interesting project. The undersigned is authorized to represent, negotiate for and bind and commit our firm. Please contact me via e-mail at edward.donahue@mfgllc.com or via phone at 410.266.9101 if you would like to discuss our project team and approach.

Very truly yours,



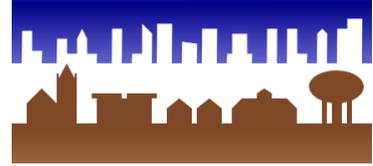
Edward J. Donahue III, CMC
President

B. FIRM QUALIFICATIONS

i. Firm Qualifications

Municipal & Financial Services Group (MFSG)

The Municipal & Financial Services Group (MFSG) is a specialized management consulting practice that focuses on the financial and management aspects of infrastructure and environmental programs. The practice was established in 1976 and was for many years part of the Management Consulting Department of KPMG Peat Marwick CPAs or other national and regional accounting or engineering firms. MFSG was organized as a Maryland-based limited liability company in 1996 and became an independent women-owned firm during 2002. MFSG is composed of professional staff members with the appropriate functional and programmatic skills, whose services are focused on clients involved in capital-intensive infrastructure and environmental activities, especially in the public sector and utilities. In addition to the traditional functional services provided to clients, the specialized services MFSG offers include:



- Organizational, Staffing and Management Studies
- Cost of Service/Rate Studies
- Water Conservation Studies
- Financial Feasibility Studies
- System Development Charges/Impact Fee Studies
- Formation of Authorities, Commissions and Special Districts
- Benchmarking and Competitiveness Studies
- Strategic Financial Planning
- Management Reviews/Audits
- Asset Management Programs
- GASB 34 Compliance Programs
- Bond-Related Studies
- Litigation Support/Expert Witness Testimony
- Construction Claims Assistance
- Financial and Economic Impact Studies and Models

In summary, MFSG is well-versed in virtually every management and financial aspect of utility and infrastructure operations. We can and have provided virtually every type of management advice which does not require professional engineering certification. Our client base stretches from Alaska to the Florida Keys, from Southern California to Maine. Our clients provide water, sewer, stormwater or solid waste services to more than 45% of the nation's population and range in size from New York City to utilities serving a few dozen customers. Recent clients have included municipal and investor-owned utilities, law firms, investment banking and financial advisory firms and real estate developers. Current clients are located in Alaska, California, Connecticut, Delaware, Florida, Illinois, Kansas, Maryland, Massachusetts, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania and Virginia.

Wetzel Consulting, LLC

Wetzel Consulting, LLC was formed in 2012 to provide technical, project, marketing and management expertise to clients by focusing the more than 35 years of experience of Dr. Edward Wetzel in serving water, wastewater and environmental clients. He has held management positions with engineering design firms ranging in size from 500 to 11,000 employees and annual revenues of \$50 million to \$11 billion. Dr. Wetzel has spent a significant portion of his career assisting clients with their capital improvement programs, with services extending from the initial master planning through full project implementation. An important element of this program support has been the validation of the utility's CIP, including project prioritization, cost estimating, creation of baseline cost-loaded P6 schedules and evaluation of optimum delivery methods for each project. Additional expertise includes utility valuation and transactions, rate and cost of service analyses, utility operations and management reviews, and strategic business planning for both utilities and engineering firms. Dr. Wetzel's most recent valuation experience in Virginia was work performed in conjunction with MFSG to support the sale of the City of Falls Church water system to the Fairfax County Water Authority.



ii. Related Experience

Appearing below is a small selection of relevant client work performed by MFSG within the past five years. Following those relatively short summaries as Exhibit 1 is a table of valuations/merger and acquisition work performed by Dr. Wetzel.

Cape Fear Public Utility Authority, North Carolina – MFSG has provided on-going technical advice and assistance “as requested” since 2008 to this regional water and sewer authority that serves the City of Wilmington and portions of New Hanover county, North Carolina. MFSG performed the initial feasibility study to consolidate the two utilities in 2005 and was then hired to manage the actual consolidation of the two systems in the 2006-2008 time frame. Among the topics / issues / subject areas addressed by MFSG were:

- Valuation of the Systems / Establishment of Consolidated Opening Balance Sheet
- CIP to Satisfy USEPA Consent Decree
- Recruiting / Engaging the Executive Director
- Equalizing Rates / Developing 10-Year Plan for Rates and Fees
- Transfer / Assumption of Debt from City and County
- Refinancing / Defeasance of Outstanding City/County Debt
- Organizational Structure and Staffing
- Consolidation of Workforce / Integration of Compensation and Benefits
- Various Other Tasks

Frederick-Winchester Service Authority, Virginia – This countywide wastewater authority engaged MFSG to review its staffing needs in light of upgrading its treatment facility to include a state-of-the-art energy recovery process as well as the Authority's inability to retain operators. Some of the Authority's facilities were operated on a contractual basis by the City of Winchester, which paid its employees considerably less than surrounding jurisdictions; this was particularly challenging with WWTP operators. MFSG recommended re-allocation of existing FWSA staff as well as the addition of a small number of new staff

personnel. We also recommended a new organizational structure for FWSA and the transfer of the City personnel who operated Authority facilities to the Authority,

Loudoun Water, Virginia – MFSG provided sophisticated financial modeling to illustrate the rate and bill impact of combining 20+ service areas served by the countywide utility, each with its own unique rate and fee schedule, into one countywide service area with common user rates across the entire service area. This consolidation had the impact of raising bills for customers in the relatively large central service area by less than three dollars per year, but of reducing water and sewer bills for customers in some of the small (those with 50 +/- customers) service areas by as much as \$400 per year.

Fauquier County Water & Sanitation Authority, Virginia – Over the past twelve years, MFSG has provided a range of professional services to this small but growing utility located about forty miles west of Washington, DC. Starting with a cost of service / rate study in 2005 (most recently updated in 2016), we have provided litigation assistance when availability fees were challenged, developed alternative rate designs (consolidated vs. decentralized by service area), assisted in the evaluation of potential acquisitions of investor-owned utilities and evaluated the costs vs. benefits of hydraulically interconnecting the four individual services areas (lower customer bills but the likelihood of development in rural parts of the County)

Fishers Island Utility Company, New York – This small utility serves an island off the coast of Connecticut with a pronounced seasonal peak – 300 year-round customers and 3,000 summer customers. As an investor-owned utility, the company is subject to New York Public Service Commission (the equivalent of Virginia’s State Corporations Commission) regulation of rates. The utility has lost money (on both cash and utility bases) for the past decade; previous management kept pitifully inadequate records and subsidized the utility’s costs via subsidies from developers, and major capital and O&M costs were undocumented. As part of a program to make the utility self-sufficient, MFSG worked with the utility’s consulting engineers and its outside auditor to develop realistic valuations of the property, plant and equipment of the water utility, and to use this more realistic data as the basis for State-sanctioned user rates. A long-term financial planning model was developed for use in negotiations with the NYPSC staff during rate hearings.

Exhibit 1. Water & Wastewater Utility Valuation/Mergers and Acquisitions Experience (Edward D. Wetzel)

System	Buyer	Price	Services Provided
Century Utilities	Palm Beach County	\$ 6 M	Due diligence, negotiation, report, public presentations
Meadowbrook Utilities	Palm Beach County	\$ 3 M	Due diligence, negotiation, report, public presentations
Seacoast Utilities (Florida)	Seacoast Utility Authority	\$ 65 M	Due diligence, negotiation, report, public presentations
GDU- Port St. Lucie (Florida)	St. Lucie County	\$ 45 M	Due diligence, report, negotiation, presentations, expert testimony
GDU- Port Charlotte (Florida)	Charlotte County	\$115 M	Due diligence, report, negotiation, presentations, expert testimony
Atlantic Utilities	Sarasota County	\$ 17 M	Due diligence, report, negotiation, presentations, expert testimony
Central County Utilities (FL)	Sarasota County	\$ 14 M	Due diligence, report, negotiations
Meadowood (FL)	Sarasota County	\$ 3 M	Due diligence, report, negotiations
Venice Gardens (FL)	Sarasota County	\$ 40 M	Due diligence, report, negotiations
Southbay Utilities (Florida)	Sarasota County	Did Not Acquire	Due diligence, report, negotiations
Kensington Park Utilities (FL)	Sarasota County	Did Not Acquire	Due diligence, report, negotiations
Poinciana Utility System	FL Governmental Utility Authority	\$ 28 M	Due diligence, report, presentations
Golden Gate Utility System	FL Governmental Utility Authority	\$ 29 M	Due diligence, report, presentations
Sarasota Utility System	FL Governmental Utility Authority	\$ 17 M	Due diligence, report, presentations
Barefoot Bay Utility System	FL Governmental Utility Authority	\$ 17 M	Due diligence, report, presentations
Florida Cities Water Company	Lee County	\$ 136 M	Due diligence, report, presentations, expert testimony
Tennessee-American Water Company	City of Chattanooga	Did Not Acquire	Due diligence, report, presentations, expert testimony
Regional combine of public systems	Onslow County (NC) Regional Authority	Did Not Occur	Alternatives analysis, valuation, presentations, report
Florida Water Company	City of Marco Island	\$ 85 M	Valuation study, presentations, report
Kentucky-American Water Company	City of Lexington, KY	Did Not Acquire	Valuation study, presentations
SELA, LLC	St. Tammany Parish, LA	\$ 36 M	Valuation study, due diligence, report
KDHWTP, LLC	Kill Devil Hills, NC	Did Not Acquire	Valuation study, due diligence, report
Indianapolis Water and Wastewater Utilities, Inc.	Citizens Energy bcIMC/CORIX	\$ 2 B \$520 M	REI development, valuation study, report, presentations Due diligence, Independent Engineer's Report

System	Buyer	Price	Services Provided
Falls Church, VA	Fairfax Water	\$40 M	REI development, valuation study, presentations
Westfield, IN	CORIX	Ongoing	Due diligence, valuation study

iii. References

Cape Fear Public Utility Authority, NC (consolidation of utilities, financial planning, staffing, valuation of assets, rates, organizational structure)

Jim Quinn, Chairman, Board of Directors (retired from Board 9/30/2016)
jimquinncc@gmail.com / 910.520.2807

Fishers Island Utility Company, NY (financial planning, re-valuation of assets, rates, support for PSC proceedings)

Chris Finan, President
jcfinan@fishersisland.net / 631.788.7251, X2005

City of Falls Church, VA (Financial Planning and Rates [MFSG] / Valuation [Wetzel])

Wyatt Shields, City Manager
city-manager@fallschurchva.gov / 703.248.5004
Richard La Condre, Finance Director
RLaCondre@fallschurchva.gov / 703-248-5092

City of Lexington, VA (financial restructuring of utilities, phased rate increases to attain self-sufficiency, negotiation of rates with two large universities)

Noah Simon, City Manager
nsimon@lexingtonva.gov / 540.462.3700
Michael G. Kennedy, P.E., Director of Public Works
mkennedy@lexingtonva.gov / (540) 463-3154

iv. Sample Valuation Report

Submitted with this proposal as a separate document is a copy of the valuation of the Falls Church, Virginia, water system performed by Dr. Wetzel (while he was employed by SAIC) in coordination with MFSG, which was concurrently developing financial plans and rate structures tied to the valuation.

C. PROJECT TEAM QUALIFICATIONS

i. Primary Consultant

Michael Maker, a Senior Manager in the Municipal & Financial Services Group, will serve as the Project Manager and work with the City and County on a day-to-day basis. Additional information on Mr. Maker is provided in Section iii below.

ii. Other Consultants

Mr. Maker will be assisted by Edward Donahue (Technical Advisor/Project Officer), Edward Wetzel (Valuation), Eric Callocchia (Financial Analysis) and Lawrence Tropea (Management & Organizational Analysis). Additional information on each consultant is provided in Section iii below.

iii. Resumes and Project Organization

We believe that the successful completion of the project envisioned by the RFP issued by the City of Franklin and Southampton County requires a combination of solid functional skills in accounting, finance, economics and engineering with broad industry experience in municipal water and sewer systems, especially in Virginia. We have assembled and will commit to the specific performance of a team of seasoned professionals who are nationally recognized and who have worked together on similar projects in the past:



EDUCATION

MBA, 2012, Finance, Loyola University (Beta Gamma Sigma Honor Society)
BA, 2003, Economics, University of Rochester, Minor: Electrical Engineering

MEMBERSHIPS

AWWA, WEF, GFOA

Mr. Maker will oversee the day-to-day management of the study.

Michael R. Maker (Project Manager) is a Senior Manager in the Municipal & Financial Services Group, with 13 years of professional experience in the financial and management consulting industry. Current client work includes water rate studies for the City of Cleveland, Ohio and the Suffolk County Water Authority, New York, a water and sewer evaluation for the Village of Tivoli, New York and water and sewer rate studies for the Fauquier County Water and Sanitation Authority and the City of Lexington, Virginia. Recent rate study work includes water and/or sewer cost of service/rate studies for the Town of Warrenton and Albemarle County Service Authority, Virginia, City of Rochester, New York and Bristol County Water Authority, Rhode Island. Additional consulting experiences includes the development of cost of service cash flow models involving rate design, fee design and customer impact analyses for water, wastewater, stormwater and solid waste utilities across the country. He is an active member of AWWA, WEF and GFOA and a current member of AWWA's Finance, Accounting and Management Controls Committee and Workforce Strategies Committee.



EDUCATION

MBA, 1971, Finance, George Washington University
BS, 1968, Accounting, Johns Hopkins University

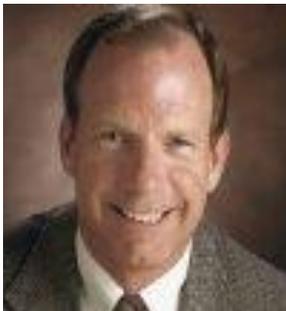
PROFESSIONAL REGISTRATION

Certified Management Consultant (U.S., Canada)

MEMBERSHIPS

AWWA, WEF, GFOA

Edward J. Donahue III, CMC (Technical Advisor / Project Officer) established the Municipal & Financial Services Group more than 35 years ago and has served as its director ever since. Ed's relevant experience includes cost of service, rate and feasibility work for more than 125 clients, including work for cities, counties and special purpose authorities and commissions in Virginia, Maryland, North Carolina and more than twenty other states. Typical client work includes Board of Directors training for the Anchorage Water & Wastewater Utility; a five-year business plan for the Cleveland Water Division and that City's Water Pollution Control Division (involving wholesale and retail contracts with almost 50 suburbs of Cleveland); a governance study for the District of Columbia Water & Sewer Authority, as well as rate and fee advice; rate and fee consulting for the New York City Water Finance Authority; a financial feasibility study for the City of Annapolis, Maryland; an organizational, valuation and consolidation study for the Frederick – Winchester Service Authority (Virginia); feasibility and then implementation for consolidating city and county water and sewer utilities to form a new regional authority in North Carolina and numerous other financial and management studies for water, sewer, solid waste and stormwater utilities. He is active in AWWA and WEF, has served as chairman of AWWA's Finance, Accounting and Management Controls Committee and currently chairs that organization's GASB 34 Task Force; he is a contributing author for *Financial Management for Water Utilities*, a recent textbook sponsored jointly by AWWA and GFOA. He has been accredited and served as an expert witness in accounting, contract, construction and rate matters.



EDUCATION

PhD, Sanitary Engineering, Lehigh University, 1982
MS, Civil and Sanitary Engineering, Lehigh University, 1976
BS, Civil Engineering, Lafayette College, 1974

PROFESSIONAL REGISTRATION

Registered Professional Engineer – FL, PA, SC, TN

Edward D. Wetzel, PhD, P.E. (Valuation) is the proprietor of Wetzel Consulting, LLC, and has served in a variety of technical, project, marketing and management roles over his 35 years of service to water, wastewater and environmental clients. He has held management positions with engineering design firms ranging in size from 500 to 11,000 employees and annual revenues of \$50 million to \$11 billion. Dr. Wetzel has spent a significant portion of his career assisting clients with their capital improvement programs, with services extending from the initial master planning through full project implementation. An important element of this program support has been the validation of the utility's CIP, including project prioritization, cost estimating, creation of baseline cost-loaded P6 schedules and evaluation of optimum

delivery methods for each project. Additional expertise includes utility valuation and transactions, rate and cost of service analyses, utility operations and management reviews, and strategic business planning for both utilities and engineering firms.



EDUCATION

BA, 2010, Economics/Mathematics, The Johns Hopkins University

MEMBERSHIPS

AWWA, WEF, GFOA

Eric Collocchia (Financial Analysis), is a Manager in the Municipal & Financial Services Group, applying economic, mathematical and financial skills to a broad range of projects for clients. He has experience with both rate modeling and cash flow simulations. His recent work has focused on cost of service studies for Loudoun Water (110,000 customers) and King George County, Virginia; the Towns of Lovettsville and Middleburg, VA; the City of Fullerton, California; Jurupa CSD, California; the City of Concord, California; Hampton, Virginia; Newport News, Virginia; Falls Church, Virginia; and the Washington Suburban Sanitary Commission, Maryland (320,000 customer accounts). He is currently working on an assignment to assist the San Diego County Water Authority in a water wheeling valuation dispute with MWD. He has also participated in financial and management studies for the Town of Barnstable, Massachusetts, the Delaware Solid Waste Authority, the City of Fredericksburg, Virginia and Cleveland Water Control Division. He is currently providing expert witness analysis for the San Diego County Water Authority.



EDUCATION

MBA, Virginia Commonwealth University (Phi Kappa Phi Honor Society)

MS, Environmental Systems Engineering, Clemson University

BS, Civil Engineering, Clemson University

PROFESSIONAL REGISTRATION

Registered Professional Engineer – Virginia, Pennsylvania and Alabama

Diplomate of Environmental Engineering, Academy of Environmental

Certified Water and Wastewater Operator – Virginia and Pennsylvania

Lawrence C. Tropea, P.E., DEE (Management & Organizational Analysis) has more than 35 years of professional experience in industrial and regulatory programs. He has served as Deputy Secretary (Water Management) of the Department of Environmental Protection for the Commonwealth of Pennsylvania under Governor Tom Ridge and as a vice president for Environmental Health and Safety for a Fortune 100 corporation. He has served as executive director of regional water, wastewater and solid waste authorities and director of utilities for municipal governments, including the Rivanna Water & Sewer Authority in Virginia. He is also an expert on successfully integrating new operations into an existing business structure. He provided key expertise in a governance study for the DC Water & Sewer Authority and in the establishment of a new regional utility in Wilmington, NC; organizational and staffing studies and strategic planning for several public sector agencies. He has a strong background in governmental and industrial utility operations, regulatory compliance, environmental health and safety, risk

management and organizational analysis. He recently performed a staff retention and organizational analysis for the Frederick-Winchester Service Authority, Virginia.

Our project organization is illustrated as Exhibit 2 on the following page.

Exhibit 2. City of Franklin/Southampton County Utilities Valuation Study Project Organization



Full resumes for the key personnel identified above appear in the Appendix to this proposal.

D. APPROACH

i. Coordination of Consultants

Each engagement undertaken by the Municipal & Financial Services Group (MFSG) is under the immediate control of an Officer of the Firm. As a result, management is at all times advised of each project's status and requirements and is capable of immediately committing resources requisite to satisfy current engagement needs. The Project Officer is also the principal contact for the client, and has primary responsibility for keeping the client informed at all times of project status. The Officer is supported by a Project Manager responsible for day-to-day project direction, coordination and control.

ii. Allocation of Individual Time

We guarantee the specific performance of the key personnel identified in Section C. None of these individuals have time commitments for more than 50% of their time over the expected project timeline.

iii. Project Methodology

Southampton County and the City of Franklin have requested proposals from qualified consultant to provide valuation services related to the possible consolidation of the water and sewer systems of the two jurisdictions, as well as two related services: (1) development of a financial framework for an equitable consolidation of the utility system assets; and (2) development for a plan of equalization of rates between the respective customer bases of the City and County. A proposed methodology for these work elements is presented as three separate major tasks.

Task 1. Valuation Services

The valuation of utility property usually considers three methods of appraisal:

- Market Approach (Comparable Sales Method)
- Income Approach (Discounted Cash Flow Analysis)
- Cost Approach (RCNLD* and OCLD**)
 - * *Replacement Cost New Less Depreciation*
 - ** *Original Cost Less Depreciation*

These three methods are each discussed below, as well as an indication as to the applicability of the method to the Franklin/Southampton valuation project.

Market Approach

The Comparable Sales Method under the Market Approach involves review of recent sales of similar facilities between a willing buyer and a willing seller, who are unrelated, as an indication of the general market price for such facilities. Caution must be exercised when using the Comparable Sales Method as an indicator of value for utility property. Normally, the appraiser will, when necessary, make adjustments to the comparables in order to correlate the sales price to the characteristics of the subject property. However, there are many factors that can influence sales price including, among others, market area, age of assets and other considerations that may be reflected in the sales price. Each party's motivation can

affect the negotiation and the terms of the sale. Strategic objectives are the driving motivator for some sales. These objectives are often kept confidential and are not available to an appraiser for evaluation.

The comparable sales method is primarily applicable to property that is readily substitutable and where a number of similar type properties have recently been sold. The market approach is difficult to apply in valuing utility property due to the lack of comparable utility sales transactions. In addition, such systems are sometimes acquired under threat of condemnation, rendering the “willing buyer/willing seller” criterion invalid.

If similar transactions are available, it is possible to compare them to the Franklin and Southampton systems on a cost per customer or Equivalent Residential Connection (ERC) basis. While we do not recommend this as a basis of valuation, it can be used as a rough estimate of utility value and comparison between the two systems.

Income Approach

The Discounted Cash Flow analysis used under the Income Approach involves a determination of an estimated purchase price that, based on projected future revenues and expenses, would result in a purchaser receiving an assumed return on the investment. The determination of income is normally based on the net revenue stream of the asset (or asset group) under a given set of assumptions and represents the future earning power of the property. When stated in net present value dollars, this future earning power provides an indication of the highest and best use value of the property being valued. While this is frequently the primary method relied upon by water and wastewater utility appraisers, it is our understanding that the current operating revenues for the Franklin and Southampton utility systems are not sufficient to cover the operating and maintenance (O&M) expenses and capital costs (debt service requirements and/or cash purchases of assets) or the funding of adequate reserves, which would result in a net negative valuation of the utility/utilities under this methodology.

Cost Approach

The cost approach to utility valuation involves determining the value of the assets currently in service and used by the utility to treat and transport the potable water supply and collect, transport, treat and dispose of the wastewater in service to the customers of the system. Such evaluations can consider the replacement cost or original cost of the assets, including a depreciation of those assets based on their age, condition and remaining service life. The two methods outlined below are the approaches requested in your Request for Proposals (RFP).

Replacement Cost New Less Depreciation (RCNLD)

The Replacement Cost New Less Depreciation (RCNLD) method involves estimating the current cost to design and build a new property similar to the Subject Property with equivalent net functionality and requisite technological and regulatory modifications. Although this method indicates the cost of building a comparable facility at present market prices, it generally does not consider the inherent risks of construction and ownership such as design defects, construction delays, cost overruns, and natural disasters.

The depreciated asset values take into consideration an allowance for depreciation based on the age and estimated average service life of the Subject Property (physical deterioration). The average service lives

are typically based on local conditions and the specific experience of the utility. Although neither of the systems under evaluation are regulated, the National Association of Regulatory Utility Commissions (NARUC) maintains a useful data base and published tables of Average Service Life (ASL) that can be useful in an RCNLD study.

Original Cost Less Depreciation (OCLD)

As its name implies, Original Cost Less Depreciation (OCLD) is the original cost of the particular asset (or group of assets) less an allowance for accumulated depreciation. This is sometimes referred to as “book value”. Oftentimes, utility systems will maintain a book value calculation which can be utilized for valuation purposes. However, the approach must review the method of depreciation and verify that the assets included in the book value are relevant to the operation and maintenance of the utility system.

Recommended Approach

We have reviewed the 2015 Preliminary Engineering Report referenced in the RFP, and find that there is significant information pertaining to system description and asset inventory that will be useful in this valuation study. In fact, the RCNLD methodology used in the Preliminary Valuation is generally consistent with what we would recommend moving forward. However, the average service lives used in the 2015 Preliminary Engineering Report were assumed to be 50 years for structures and major infrastructure, and 20 years for mechanical and electrical equipment. We would recommend more granularity in this regard and suggest application of the useful lives recommended by NARUC (the National Association of Regulated Utility Commissioners, an industry group that establishes guidelines for depreciation and related financial metrics for regulated utilities) tables or a similar alternative. A NARUC table which focuses on wastewater assets is illustrated as Exhibit 3.

Developing an OCLD will require additional discussion concerning the information available from each utility system. If a book value is maintained, that data can be used and modified as needed for valuation purposes. Alternatively, an OCLD can be developed either from historical purchasing records, or by using a capital cost time value indexing (such as Engineering News Record or Handy Whitman Index) to ratio the replacement cost value back to the installation dates.

A general approach to system valuation in this case would include:

- Detailed review of 2015 Preliminary Engineering Report and supporting documentation
- Verification and update to asset inventories
- Confirmation/revision of local unit cost data for replacement cost new calculations
- Application of more extensive Average Service Life tables for depreciation
- Consideration of book value accounting from each system
- Determination of best approach to OCLD
- Development of new spreadsheets for RCNLD and OCLD valuations
- Consideration of comparable sales data (if available)
- Calculation of typical price/ERC for comparable utility transactions
- Comparison of RCNLD/OCLD to market approach (if applicable)

Exhibit 3. Wastewater System Assets - Average Service Life by Component (from NARUC)

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
354	Structures & Improvements	30	3.33
355	Power Generation Equipment	20	5.00
360	Collection Sewers – Force	50	2.0
361	Collection Sewers- Gravity	50	2.0
362	Special Collecting Structures	50	2.0
363	Services to Customers	50	2.0
364	Flow Measuring Devices	10	10.0
365	Flow Measuring Installations	10	10.00
366	Reuse Services	50	2.00
367	Reuse Meters & Meter Installations	12	8.33
370	Receiving Wells	30	3.33
371	Pumping Equipment	8	12.50
374	Reuse Distribution Reservoirs	40	2.50
375	Reuse Transmission & Distribution System	40	2.50
380	Treatment & Disposal Equipment	20	5.0
381	Plant Sewers	20	5.0
382	Outfall Sewer Lines	30	3.33
389	Other Plant & Miscellaneous Equipment	15	6.67
390	Office Furniture & Equipment	15	6.67
390.1	Computers & Software	5	20.0
391	Transportation Equipment	5	20.0
392	Stores Equipment	25	4.0
393	Tools, Shop & Garage Equipment	20	5.0
394	Laboratory Equipment	10	10.0
395	Power Operated Equipment	20	5.0
396	Communication Equipment	10	10.0
397	Miscellaneous Equipment	10	10.0
398	Other Tangible Plant	----	----

Depending on the purposes for which the valuation study will be utilized (e.g., detailed asset valuation for insurance, sale or debt issuance as contrasted to its use as a reference point for negotiations between the City and County), the level of detail required can be specified in advance of undertaking the work. Our suggestion is that a detailed study can always be summarized to higher levels, whereas a “top down” study cannot readily be disaggregated.

Task 2. Develop Financial Framework for Equitable Consolidation of Utility System Assets

In a typical consolidation of municipal utilities, little or no cash changes hands between or among the owners of the utility systems that are being combined:

- All assets and liabilities are contributed to the “new” entity at book value (cost less depreciation) as recorded in the audited financial reports of the City or the County.
- Any outstanding long-term debt is (1) transferred directly to the new entity (the new entity assumes the debt); or (2) is defeased (i.e., the existing debt issued by the current owners of the utilities stays in place, but the new entity issues debt in an amount sufficient to retire the currently outstanding debt); or (3) existing debt is refinanced and paid off at the time the new entity takes control of the utilities.
- Unfunded pension liabilities are either transferred to the new entity, or the current utility owners take responsibility for unfunded obligation by transferring sufficient funds to eliminate the unfunded liability
- Unfunded other post-employment benefits (“OPEB”) such as retiree healthcare premiums, subsidies for selected services not covered by health insurance, employee discounts, etc., are either transferred to the new entity, or the current utility owners take responsibility for unfunded obligations by transferring sufficient funds to eliminate the unfunded liability.

If representation (either in the number of seats or the weighted value of votes) on the board or oversight body of the new entity is tied to some metric (population, number of customer accounts, assessed value of real property, value of the assets contributed, etc.), then agreement must be reached in advance to define how the metric will be measured (e.g., use of the decennial census to define population, date to apply to assessed value of real property, etc.)

In the specific case in hand, in which at least one of the two utility systems is not generating revenues sufficient to cover all operating and capital expenses, there may be a desire to reimburse either the City or the County or both for subsidies paid by the City’s or County’s General Fund over some pre-determined period of time to subsidize the respective water and/or sewer system. Once again, the most important consideration is having an explicit agreement in place before such an analysis is performed to define the terms used and the calculation of amounts involved.

Task 3. Develop Plan to Equalize Rates for Customer Bases of the City and County

Depending on the water and sewer rates charged by the City and County respectively (or more realistically, the dollar amount of customer water or sewer bills for comparable customers in the City and County), adopting a uniform rate and fee schedule may be a simple or complex undertaking.

The first step to a uniform schedule of rates and fees is to document the actual costs and revenues separately for the water system and sewer system in the City and County, including any subsidies (or expenses for which the parent government does not charge the utility – for example, if the City or County does not allocate to the utilities a portion of the host government’s administrative costs, or costs for accounting and billing, or procurement costs, or the costs of the human resources. Documenting costs and revenues (and usage data) is best accomplished by using an “off the shelf” software package such as

Microsoft Excel to develop a spread sheet model which tracks information separately for the water system and sewer system of both the County and the City. These models (including all known future costs for capital projects as well as anticipated subsidies from the parent government) can be used to project future water and sewer rates (and bills) separately for the County and the City utility customers.

The second step would be to combine these two planning models into a third model, adjusting costs to reflect the elimination of duplicative operating costs or capital projects, as well as adding capital costs of projects needed to fully integrate the two utility systems – including the timing of capital projects. For example, if both the City and County are planning new wastewater treatment plants, and consolidating the two sewer systems would delay the need for one of the treatment plants by 20 years, this should be reflected in the combined financial planning model. Rates should be projected with the assumption of common rates effective immediately – but if this is not practical, then the financial model would allow the evaluation of multiple scenarios to phase in common rates over a several year period; the same model could identify the required level of subsidy until this can be effected. [For example, when MFSG consolidated the water and sewer systems of the City of Wilmington, North Carolina with those of New Hanover County, North Carolina, the County traditionally subsidized the capital costs of expanding the water and sewer systems in the County (i.e., outside the City) with the proceeds of a 5% sales tax; our evaluation of common rates resulted in a recommendation (adopted) to phase out this subsidy over a five-year period.]

From a public policy perspective, as well as from a political practicality perspective, moving toward common rates across the entire service area as quickly as possible should be a priority.

Timely Flow of Information and Accountability and Responsiveness

MFSG has developed its organization, operating practices and staff to provide maximum responsiveness to the needs of its clients through the effective application of multi-disciplinary technical resources. The Project Manager draws upon the specialized talents within the Firm to achieve an optimum balance of skills and experience. Project organization is structured to maximize the attainment of client objectives on time and within budget. This enables us to perform a wide range of analysis, design, development, implementation and training activities with maximum effectiveness. Management practices must begin at the top and flow to all organizational elements of the Firm. MFSG's managerial functions are administered under formalized procedures and policies to support the on-site Project Manager in effectively carrying out his role. These policies and practices are modified and expanded as required to suit particular operating circumstances and conditions of the client. In addition to providing management guidelines and firm policies, practices and standards include internal control procedures, technical principles and methodologies, financial controls and quality control.

Budget and Schedule Control

For simple projects, tabular and graphic presentations of actual time and effort vs. planned time and effort are maintained and updated semi-monthly, based on time and expense reports submitted by project staff. For more complex projects, critical path method (CPM) software such as MS Project is often used. For a very complex project to establish a regional water and sewer authority in North Carolina, we used MS Project and more than 600 tasks to track relationships, dependencies, level of effort and schedule.

Data Control and Storage

For an increasing number of client projects, we utilize dedicated / shared websites on which indexed and cataloged data related to the project is stored and accessible to authorized users from both the client and consulting organizations.

Quality Control

Firm-wide quality control is maintained through technical and administrative peer reviews and by careful selection, retention and training of competent staff. MFSG's philosophy and approach to quality control has evolved over the years, and reflects MFSG's origins as part of national CPA firms:

- All work products are reviewed by an officer of the firm before delivery to a client.
- Client work is documented thoroughly and completely, using workpaper standards similar to those used by CPA firms. Workpapers are maintained for a minimum of five years after completion of an engagement.
- Unauthorized or non-standard software is strictly prohibited on MFSG-owned computers, and all computers are protected by anti-virus software that is regularly and frequently updated. All computers and all access to corporate files are protected by firewalls and appropriate safeguards (e.g., passwords) that are regularly changed and updated.
- Copies of electronic files (spreadsheet models, work processing files, presentations, etc.) are backed up regularly and stored off-site.

A key component of our quality control efforts is our training program. The most important objective of our program and its related courses is to provide each person with the skills required to function effectively on an engagement. Accordingly, our staff regularly attends and participates in courses that are practice-oriented and taught by seasoned professionals with training expertise. We encourage our staff to participate in the appropriate technical and industry associations, and staff performance reviews include consideration of staff participation in appropriate professional and technical organizations, and on regular updating of skills. These courses are both skill and industry specific and provide information on emerging financial, economic, organizational and management consulting issues.

iv. Backup to Primary Consultant

If the Project Manager, Mr. Maker, is unavailable and an issue needs to be resolved as quickly as possible, the Project Officer, Edward Donahue, will be available.

v. Draft Proposed Schedule

We anticipate delivering a draft report to the City/County in ten to twelve weeks of receipt of data and will revise that report (appended with any necessary spreadsheet model that support the study) within two weeks of receipt of comments from the City/County on the draft report. The timeframe for other consulting services such as a financial framework and development of a plan for equalization of rates will depend the exact services to be provided after discussion with the City/County. Cost and time might be adjusted downward if the City/County decides to proceed undertake all services concurrently (valuation, financial framework and equalization of rates) due to familiarity and availability of data.

E. EXPERIENCE

i. Experience and Ability

A selection of client project summaries is presented in Chapter B (earlier in this proposal). In addition, MFSG has provided similar/related services to numerous municipalities in Virginia, including:

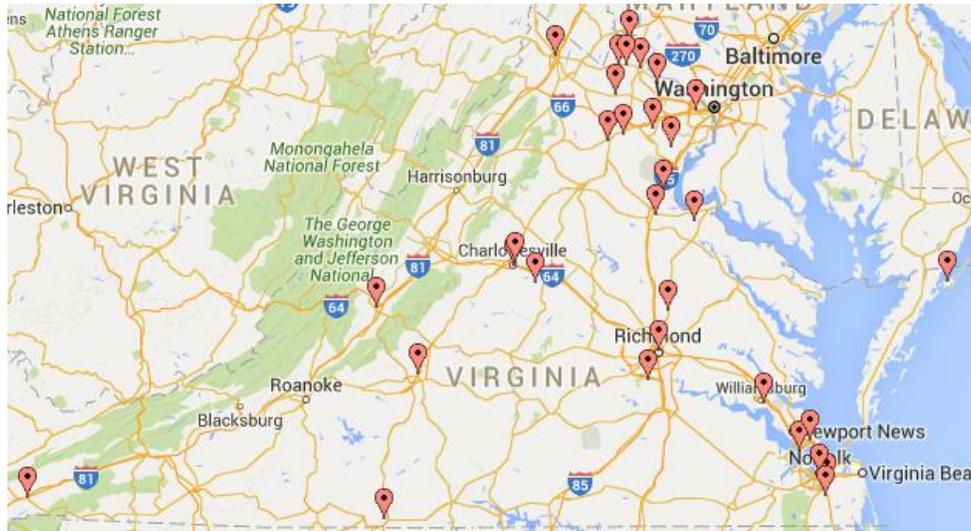
County Utilities / Regional Agencies

- Albemarle County Service Authority
- Chesterfield County Utilities
- Fauquier County Water & Sanitation Authority
- Frederick-Winchester Service Authority
- Hanover County Utilities
- James City Service Authority
- King George County Service Authority
- Loudoun Water
- Prince William County Service Authority
- Rivanna Water & Sewer Authority
- Southeastern Public Service Authority
- Stafford County Utilities
- Washington County Service Authority

Cities/Towns

- City of Chesapeake
- Town of Chincoteague
- City of Danville
- City of Falls Church
- City of Fredericksburg
- City of Hampton
- Town of Hamilton
- Town of Leesburg
- City of Lexington
- Town of Lovettsville
- City of Lynchburg
- City of Manassas Park
- Town of Middleburg
- City of Newport News
- City of Norfolk
- Town of Purcellville
- City of Richmond
- Town of Warrenton

These client projects include a broad range of services, from basic user fees and availability fees to rates for reclaimed water sold to an electric utility to litigation support in disputes over the imposition and/or amount of availability fees to hostile takeover defense to annexation disputes to outside-city rate differentials to citywide management and staffing studies to feasibility for regional library systems. Appearing below is a map illustrating MFSG's clients in Virginia.



ii. Assistance if City and County is Challenged

We have been accredited as expert witnesses and can provide expert testimony if required by the City and/or County.

APPENDIX: RESUMES OF KEY PROJECT PERSONNEL



Michael R. Maker

Senior Manager, Municipal and Financial Services Group



Professional Profile

Mr. Maker is a Senior Manager in the Municipal & Financial Services Group, applying management, financial and technical experience. He has served as either Project Manager or Lead Analyst for over 100 management and financial studies. Day-to-day responsibilities include management of client projects, development of analytical financial models and compilation of comprehensive reports and presentations.

Technical Expertise

- Operational Audits
- Management Studies
- Efficiency and Effectiveness Studies
- Financial Modeling
- Rate and Fee Design
- Cost of Service Analyses
- Demand/Usage Projections
- Benchmarking/Comparative Analyses
- Research and Data Analyses
- Process/Workflow Mapping

Selected Consulting Experience

Financial/Management

Water and Sewer Utility Rate Review Study: Albemarle County Service Authority, VA – Performed a cost of service/rate study and developed a financial model to project water and sewer fees over a five-year period. The study included projecting operating and capital expenses, with the largest coming from the Rivanna Water and Sewer Authority (RWSA) for water and sewer treatment service. As part of the study, system development fees were developed to offset the cost of providing water and sewer infrastructure solely within the ACSA system to serve new customers and capacity fees were developed to offset ACSA’s share of annual debt service on capacity in RWSA’s facilities.

Maryland Environmental Service (MES): Water and Wastewater Management Analysis – Provided a comprehensive management study that evaluated the Water and Wastewater Group on six attributes: product quality, customer satisfaction, employee and leadership development, operational optimization, financial viability and operational resiliency.

EDUCATION

MBA, 2012, Finance, Loyola University (Beta Gamma Sigma Honor Society)

BA, 2003, Economics, University of Rochester, Minor: Electrical Engineering

MEMBERSHIPS

American Water Works Association (AWWA); active member of the Workforce Strategies Committee and Finance, Accounting & Management Controls Committee

Water Environment Federation (WEF)

Government Finance Officers Association (GFOA)

EXPERIENCE

12 Years

Water Rate Study & Water Audit: City of Rochester, NY Water Bureau – Performed a rate study and audit of the water system, resulting in a financial plan and implementation of the following rates and fees: meter-based fixed charges; 5-tier declining block consumption charges; fire service charges and other miscellaneous fees and charges.

Stormwater Study: Hampton, VA – Along with Kimley-Horn engineers, performed a stormwater utility rate study. Created a financial model to project stormwater fees over a ten-year planning period for the City. The study included identification of stormwater-related operating and capital costs, development of preliminary unit costs (per ERU and square foot of impervious area), calculation of bill impacts for each customer class based on developed rates and a comparison of bills with other utilities in the Hampton Roads metropolitan area.

Organizational Effectiveness and Efficiency Study: Danville, VA – Provided recommendations for the most effective delivery of services for over 30 City departments/divisions including the following enterprise utility funds: water, wastewater, gas, electric and telecommunications services. The project team interviewed over 160 employees and other stakeholders, benchmarked Danville with other City governments within Virginia and provided over 200 recommendations with focus on increasing productivity, efficiency and cost savings.

Refuse Cost of Service Analysis: Annapolis, MD – Performed an analysis that calculated the true costs to the City to provide refuse services across several departments/ divisions. After evaluation of MFSG’s report and internal discussion within the City, the City Council voted to outsource refuse collection services and lower annual residential bills by \$46.

Stormwater Utility Establishment: Auburn, MA – Along with CEI Engineers, performed a stormwater cost of service and rate study. Created a financial model to calculate and project stormwater fees over a ten-year planning period for the Town. Model development included review and documentation of direct and indirect operating and capital costs provided by CEI, calculation of projected debt service and financial reserves, analysis of real property GIS customer database, rate and fee design, creation of sample customer bills and a comparison of bills with surrounding utilities.

Commercial District Tax Base Analysis: Annapolis, MD – Analyzed and updated commercial data within six key commercial districts of the City. Examined and updated data included parcel, square footage, acreage, land and improvement assessment figures as well as other geographic and demographic data.

Organizational Management and Efficiency Study: James City Service Authority, VA – Performed an organizational analysis of the Service Authority's customer service, billing, operations and management functions. The study included document/data analysis, interviews with a third of the 89 full-time positions and process and procedure evaluation.

Newport, RI Water Division Review: Rhode Island Public Utilities Commission – Studied the organization and management of the Newport Water Division, as requested by the Rhode Island Public Utilities Commission (RI PUC). The study involved an assessment of the policies, procedures and organizational structure of the Division as well as a benchmarking analysis of PUC regulated water utilities. Recommendations were made for all sections of the Division including Management, Finance, Water Quality Treatment, Collection & Distribution and Meter.

Economic Impact Analysis: Annapolis, MD – Analyzed the economic/fiscal impact of four development opportunity areas designated by the City. The project involved a comparison of the incremental cost of providing municipal services to planned development communities with the incremental revenues to be realized by the City from those developments.

Organizational Effectiveness and Efficiency Study: James City County, VA – Performed an organizational analysis of over 35 County departments/divisions. The study process included review/analysis of a wide variety of County documents, interviews with over 160 employees (of 700) and other stakeholders, evaluation of programs and services offered as well as a benchmarking of other county governments within Virginia. The project team recommended over 150 recommendations with focus on increasing productivity, efficiency and cost savings.

Development Impact Fee Study: Rockville, MD – Created of an impact fee model for the recovery of costs of the growth related portions of City services such as public safety, general government, recreation and parks, transportation and streets, refuse, stormwater, water and wastewater. The study also explored the development of linkage fees for affordable housing and impact fees for schools and fire and emergency medical services as pass-through fees to Montgomery County.

Solid Waste Collection Market Model: New Jersey Department of Environmental Protection – Analyzed the market for solid waste collection in New Jersey and developed an economic model allowing assessment of the economic competition in each of the 21 counties of New Jersey, including training in use of the model and preparation of a supplemental manual. The study evaluated the effective competitiveness of the solid waste marketplace within each county of the State of New Jersey and the overall solid waste industry for the entire state. The study analyzed competition within the New Jersey solid waste industry by calculating the four firm ratio and Herfindahl-Hirschman Index (HHI) of market completion using customer size and estimated revenues of active firms for residential, commercial, industrial and on-call services.

Refuse Collection Practices and Policies Study: Fredericksburg, VA – Provided a comprehensive route analysis involving a hands-on assessment of the City's refuse collection operations and procedures. The analysis included a review and assessment of the City's refuse collection, refuse disposal and recycling collection departments' budgets and revenue requirements. The study analyzed the impact of system efficiency and effectiveness of changes in service delivery parameters through an evaluation of four service level changes and their associated cost savings. The study recommended several executable and cost efficient improvements to the practices and policies of the City's refuse collection services.

Maryland Leave Assessment: Maryland Department of Budget and Management – Evaluated the State of Maryland's employee leave time bank and employee to employee leave transfer program. Findings and recommendations were based on a comparison of Maryland's leave transfer programs to those of other states, interviews with staff at both the

Department of Budget and Management and at the individual departments administering the leave programs and process mapping of individual departments' leave programs' practices and procedures.

Advertising Revenue Generating Opportunities Assessment: Maryland Transportation Authority (MdTA) – Performed a public opinion survey pertaining to commuters' opinions on the suitability of funding sources on MdTA property. Research was gathered at MdTA facilities including the Maryland House Welcome Center and the William Preston Lane Jr. Memorial (Bay) Bridge Stop-in Center. Public opinion data was compiled and tabulated for further study analysis.

Organizational, Staffing and Management Policies and Procedures Study: New Hanover County (North Carolina) Engineering Department – Compared the County engineering department with surrounding municipal utilities. Examination included customer and population demographics, departmental roles and responsibilities, and financial funds and organizational structure review.

Tax Assessment Study: Ocean City Chamber of Commerce, Ocean City, MD – Performed research analysis for the Ocean City Chamber of Commerce pertaining to average property tax assessments, annual property tax bills and various other municipal financial data for municipalities of similar capacity to Ocean City. Collected data was analyzed and financial results tabulated.

Cost of Service/Rate Studies

Completion of cost of service and rate studies for water, wastewater, stormwater and solid waste utilities. Responsibilities include development of cost of service cash flow model, rate design, fee design and customer impact analysis. Worked on cost of service and rate studies for the following clients (organized alphabetically by state abbreviation, then utility):

- Branford, CT
- Cheshire, CT
- Manchester, CT
- Montville, CT
- Milton, DE
- Glenview, IL
- Morton Grove, IL
- Orland Park, IL
- Anne Arundel County, MD
- Calvert County, MD
- Cecil County, MD
- Elkton, MD
- Frederick County, MD
- Frostburg, MD
- Garrett County, MD
- Hagerstown, MD
- Harford County, MD
- Kent County, MD
- Rockville, MD
- Washington Suburban Sanitary Commission, MD
- Westminster, MD
- Cape Fear Public Utilities Authority, NC
- Camden, NJ
- Evesham Municipal Utilities Authority, NJ
- Beacon, NY
- Fishkill (Town), NY
- Fishkill (Village), NY
- Mohawk Valley Water Authority, NY
- Rochester, NY
- Suffolk County Water Authority, NY
- Tivoli, NY
- Clermont County, OH
- Cleveland, OH
- Summit County, OH
- Pittsburgh Water and Sewer Authority, PA
- Bristol County Water Authority, RI
- Albemarle County, VA
- Chincoteague, VA
- Fauquier County, VA
- Hampton, VA
- James City Service Authority, VA
- Leesburg, VA
- Lexington, VA
- Lovettsville, VA
- Newport News, VA
- Purcellville, VA
- Richmond, VA
- Stafford County, VA
- Warrenton, VA

Presentations

“A World without Crystal Balls: Attempting to Forecast Operating Expenses”; 2015 Water Asset Management Conference

“Stormwater Utility Financial Analysis: A case Study of the City of Hampton”; Virginia Lakes and Watersheds Association 2013 Virginia Water Conference

“LEED Certified Water Efficient Buildings and Water and Sewer Capacity Fees”; 2012 CSAWWA Tri-Association Conference

“Stormwater Utilities in Virginia”; 2013 Brown Edwards Conference

“Creating Sustainable Infrastructure”; Maryland GFOA 2009 Spring Conference



Edward J. Donahue III, CMC

President, Municipal and Financial Services Group



EDUCATION

MBA, 1971, Finance, (Government-Business Relations), George Washington University

BS, 1968, Accounting, Johns Hopkins University

PROFESSIONAL REGISTRATION

Certified Management Consultant (U.S., Canada)

MEMBERSHIPS

American Water Works Association (Past Chairman, Finance, Accounting and Management Controls Committee; Chairman, GASB 34 Task Force; Contributing editor, update and expansion, M29 – *Capital Financing*; Contributing author, *Financial Management for Water Utilities*)

Community Associations Institute

Government Finance Officers Association
Institute of Management Consultants (Past President, D.C. Chapter)

U.S. Naval Surface Warfare Center, Base Realignment and Closure Committee, Restoration Advisory Board
Pension Oversight Commission, Anne Arundel County, Maryland (member; former Chairman)

Water Environment Federation

EXPERIENCE

47 Years

Professional Profile

Mr. Donahue serves as president of the Municipal & Financial Services Group, a specialized consulting practice that focuses on financial, management and economic issues facing public sector and infrastructure clients, especially those involved in large capital-intensive activities. Mr. Donahue has almost fifty years of experience, including forty years of management consulting. Prior to establishing MFSG, he directed a national consulting practice for a Big Four accounting firm. His career includes work as Financial Manager of R&D Operations for Westinghouse Electric Corporation and as a senior systems accountant at the U.S. Environmental Protection Agency.

Technical Expertise

- Financial Planning & Analysis
- Litigation Support
- Strategic Planning
- Regulatory Analysis
- Management Audits & Operational Reviews

Selected Consulting Experience

Financial Planning and Analysis - development of financial alternatives, capital improvement plans and financial feasibility studies for operating and capital costs, such as:

- Cost of service/rate studies for over 150 utilities (water, sewer, electric, solid waste, stormwater)
- Impact fees/capacity fees/system development charges
- Development of long-term business plans
- Negotiation of inter-jurisdictional agreements
- Evaluation of contracts and proposals; acquisition and disposal of assets; change orders
- Financial feasibility studies/debt affordability studies
- Bond-related studies (coverage tests, arithmetic verifications, arbitrage compliance, parity tests, etc.)
- Tax revenue and expenditure analyses (tax and annexation disputes)
- Tax differential / tax setoff studies

Management and Organization - evaluation of performance, efficiency and effectiveness of organizations; establishment of new organizations or consolidation of existing organizations or departments, including development of organizational structures and staffing needs, recruitment of key personnel, job descriptions, compensation programs, capital and operating budgets, revenue analysis, etc. Governance studies for boards of directors, commissions and authorities.

Asset Management - development of asset management processes and systems for infrastructure, including: optimization of operating and capital budgets; definition of service levels; condition assessments; identification and specification of software packages; life cycle costing analyses; development of planned and preventive maintenance programs.

Management Reporting - Development of management reporting systems, including development of information needs, frequency and timing of reports, format of reports. Development of specifications for financial reporting systems for large municipal and federal agencies. Development of testing protocols to validate performance of management reporting with pre-established criteria.

Strategic Planning - development of strategic and long-range plans for non-profit and for-profit organizations.

Tax-Exempt Financing - Use of creative approaches to finance economic development and industrial facilities with tax-exempt debt, and the use of special taxing districts (tax increment financing districts [TIF], special community benefit districts [SCBDs], etc.) to facilitate desirable development, including:

- Automotive coatings facilities
- Electric, steam and chilled water systems
- Paper manufacturing facilities
- Senior living communities

Regulatory Analysis - evaluation of financial and economic impact of various environmental laws and regulations, at industry, company and plant levels.

Litigation Support - financial analysis and expert witness service in a wide variety of litigation and regulatory hearings. Typical areas of review include:

- Documentation/re-creation of historical costs
- Forecasts/projections of costs/revenues
- Sensitivity analysis to identify critical issues for negotiations
- Development of/response to interrogatories
- Forensic accounting
- Financial models
- Cost allocations/rate schedules
- Construction claims/commercial disputes
- Civil bankruptcies (Chapters VII, IX and XI)
- Criminal bankruptcy
- Patent/trademark infringement (lost profits, reasonable royalties)

Hazardous Waste - identification and evaluation of financial risks, and development of recommended assurance and insurance levels and mechanisms for a large fully-permitted landfill accepting industrial and medical wastes; determination of risk management mix for hazardous waste operations.

Selected Cost of Service/Rate Study Work

- Albemarle County Service Authority, VA (water, sewer)
- Anchorage Water & Wastewater Utility, AK (water, sewer)
- City of Annapolis, MD (water, sewer)
- Anne Arundel County, MD (water, sewer, solid waste)
- Town of Barnstable, MA (water, sewer, solid waste)
- City of Beaverton, OR (water)
- Boston Water and Sewer Commission (water, sewer, stormwater)
- Town of Branford, CT (sewer)
- Bristol County Water Authority, RI (water)
- City of Cambridge, MD (water, sewer)
- City of Camden, NJ (water, sewer)
- City of Canandaigua, NY (sewer)
- Cape Fear Public Utility Authority, NC (water, sewer)
- Carroll County, MD (water, sewer)
- Cecil County, MD (sewer)
- Town of Cheshire, CT (water, sewer)
- City of Chesapeake, VA (water, sewer)
- Town of Cheshire, CT (sewer)
- Chesterfield County, VA (effluent reuse)
- Town of Chincoteague, VA (water)
- City of Claremont, NH (water, sewer)
- Clermont County, OH (water, sewer)
- City of Cleveland, OH (water, sewer)
- City of Concord, CA (sewer)
- Dallas Water Utility, TX (water)
- Town of Dartmouth, MA (water)
- DC Water (water, sewer, stormwater)
- Delaware County Regional Authority, PA (sewer)
- Denver Water Board, CO (water)
- City of Dunkirk, NY (water, sewer)
- Town of Durham, NH (water)
- Town of Duxbury, MA (water and sewer)
- City of Effingham, IL (water)
- Town of Elkton, MD (water, sewer)
- El Dorado Irrigation District, Placerville, CA (water, sewer)
- Town of Durham, NH (water)
- Town of Elkton, MD (water, sewer)
- City of Fairbanks, AK (water, sewer)
- Fair Oaks Water District, CA (water)
- City of Falls Church, VA (water)
- Fauquier County W&SA, VA (water, sewer)
- City of Findlay, OH (sewer)
- Frederick County, MD (water, sewer, solid waste)
- Frederick – Winchester Service Authority, VA (sewer)
- Village of Fredonia, NY (water, sewer)
- City of Frostburg, MD (water)
- City of Fullerton, CA (water)
- Garrett County, MD (water, sewer)
- Village of Glenview, IL (water, sewer, stormwater)
- Town of Georgetown, DE (sewer)

- City of Hagerstown, MD (water, sewer)
- City of Hampton, VA (wastewater, solid waste)
- County of Hanover, VA (water and sewer)
- Hazleton City Authority, PA (water)
- City of Hilliard, OH (solid waste)
- Howard County, MD (water, sewer, solid waste)
- James City Service Authority, VA (water, sewer)
- Jurupa Community Services District, CA (water, sewer)
- Kennebunk, Kennebunkport & Wells Water District, ME (water)
- Kent County (DE) Sanitary District (sewer)
- Kent County, MD (water / sewer)
- Town of Leesburg, VA (water, sewer)
- City of Lexington, VA (water, sewer)
- Village of Libertyville, IL (water, sewer)
- Village of Lombard, IL (water, sewer)
- Loudoun Water, VA (water, sewer)
- Town of Lovettsville, VA (water, sewer)
- Lower Cape Fear W&SA, NC (raw water)
- City of Manassas Park, VA (stormwater)
- Town of Manchester, CT (water, sewer)
- Massachusetts Water Resources Authority (water/ sewer)
- Metropolitan District Commission, Boston, MA (sewer)
- City of Mexico, MO (water / sewer)
- City of Middletown, CT (sewer)
- Town of Milton, DE (water, sewer)
- Mohawk Valley Water Authority, NY (water)
- Montgomery County, OH (sewer and solid waste)
- Village of Morton Grove, IL (water, sewer)
- New Hanover County, NC (water, sewer)
- City of New Haven, CT (sewer)
- City of New London, CT (water)
- City of Newport News, VA (sewer, solid waste, stormwater)
- City of New York, (water, sewer, stormwater)
- City of Nome, AK (water and sewer)
- Borough of North East, PA (water, sewer)
- North Slope Borough, AK [Prudhoe Bay] (water, sewer, solid waste)
- Town of Ocean City, MD (water, sewer)
- City of Olathe, KS (water / sewer)
- Village of Orland Park, IL (water, sewer, stormwater)
- City of Oxnard, CA (sewer)
- Pittsburgh Water & Sewer Authority, PA (water, sewer)
- Prince William Service Authority, VA (water, sewer)
- Town of Purcellville, VA (water, sewer)
- Queen Anne's County, MD (water, sewer)
- City of Raymore, MO (water, sewer)
- City of Richmond, VA (solid waste)
- City of Rochester, NY (water)
- City of Rockville, MD (water, sewer, solid waste)
- Sacramento Regional County (CA) Sanitation District (sewer, stormwater)
- City and County of San Francisco, CA (solid waste, stormwater, water and wastewater)
- South Norwalk, CT (electric)
- County of Stafford, VA (water and sewer)
- Summit County, OH (sewer)
- Sussex County, DE (water, sewer)
- City of Tucson, AZ (sewer / effluent reuse)
- Union Bridge, MD (sewer)
- Union Sanitary District, Fremont, CA (sewer)
- Urbana-Champaign Sanitary District, IL (sewer)
- Town of Warrenton, VA (water, sewer)
- Washington County Service Authority, VA (water, sewer)
- Washington Suburban Sanitary Commission, MD (water, sewer)
- Village of Westchester, IL (water, sewer)
- City of Wilmington, NC (water, sewer)

Selected Experience - Litigation Support

- City of Farmers Branch v. Dallas Water Utility
City Attorney (Dallas)
Suburban Water Rates
- Confidential (County Attorney, Charles County, MD)
Forensic Accounting Study Related to Defalcation and Embezzlement by County Administrator
- City of Palo Alto, et al v. City of San Francisco
Howard, Rice (for San Francisco)
Water Rates, Water Rights, Availability
- Hotel Owners Association v. City of San Francisco
William Barrett (Deputy City Attorney)
Stormwater Costs
- Apartment Owners Assoc. v. City of Beaverton, OR
City Attorney (for Beaverton)
Multi-Family Water Rates
- F.R. Briscoe v. Clark County, NV
Lempres & Wulfsberg (for URS Engineers)
Construction Claim, Wastewater Treatment Plant
- Landbank Equity Corp.
Laurence Levey, Trustee
Chapter VII Civil Bankruptcy
- Tri-City Tires
Deborah Fisk (Assistant U.S. Attorney)
Chapter XI Civil Bankruptcy
- City of Brookfield, et al v. Milwaukee MSD
Mulcahy & Wherry (for Brookfield)
Capital Cost Allocation, Sewer Rates
- Confidential
Lempres & Wulfsberg
Propriety of Costs Claimed by Consultant
- Confidential
Hogan and Hartson (for Plaintiff)
Trademark Infringement (Lost Profits)
- Renishaw PLC v. Carl Zeiss
Oliff & Berridge (for Renishaw)
Patent Infringement (Lost Profits, Reasonable Royalties)
- Interstate Plaza Partnership v. Home Fed Bank
McCarthy & Burke (for Home Fed)
Breach of Contract, Construction Claim
- Bancroft-Clover Sanitary District, et al v. Denver Water Board
Saunders, Snyder, Ross & Dickson (for Denver)
Water Rates, System Development Charges

- Town of Ashland v. County of Hanover, VA
McGuire, Woods, Battle & Boothe (for Hanover)
Annexation Dispute Before Virginia Commission on Local Governments
- Dewberry & Davis v. Maryland General Services Administration
Silverstein & Mullens (for Dewberry)
Construction Claim, Correctional Facility
- City of Los Angeles v. City of El Segundo et al.
City Attorney (for Los Angeles)
Capital and Operating Costs of Regional Sewer System
- Clement Tingley, et al., v. Board of Supervisors of Hanover County
Hirschler, Fleischer, Weinberg, Cox & Allen (for Hanover)
Connection Fees for Water and Wastewater Systems
- Thomas Wolf, et al. v. Fauquier County Water & Sanitation Authority
O'Connell & Mayhugh (for Wolf)
Capacity Fees, Property Rights
- Washington County v. City of Hagerstown, MD
Urner, Nairn & Boyer, LLC (for Hagerstown)
(Before Maryland Public Service Commission, Case #8324)
Outside-City Water and Sewer Rates
- SCA v. Charles County, MD
Venable, Baetjer and Howard (for SCA)
Capacity Fees
- Bankruptcy Proceeding 03-03428-DOT
(On behalf of the City of Richmond, VA)
Utility Bill Arrearages as Preference Payments
- Matter of Bramble Hill Water System
Gohn, Hankey & Stichel, LLP (for Bramble Hill)
(Before Maryland Public Service Commission, Case #8984)
Water System Valuation and Customer Tariffs
- Matter of City of Frostburg
Law Offices of Michael Cohen (for the City of Frostburg, MD)
(Before Maryland Public Service Commission, Case #9040)
Inside-City vs. Outside-City Rate Differentials
- Application for Rate Increase, Aqua Virginia, Inc.
Buck, Toscano & Tereskerz, Ltd. (for Lake Monticello Owners' Association)
(Before Virginia State Corporation Commission, Case #PUE 2005-00080)
Water System Valuation and Customer Tariffs
- Smartdesks, Inc. vs. CBT Supply, Inc. MJG-05-3456
Conwell, LLC (for Smartdesks, Inc.)
(Intellectual property – lost profits, reasonable royalties)
- David H. Katz, et al. v. Township of Westfall, PA (Civil Action No. 3:CV-03-0277)
Dewey & LeBoeuf (for Katz)
Land Use / Zoning

- Bankruptcy Proceeding 5-09-02736 (Westfall Township, PA, Debtor)
Dewy & LeBoeuf (on behalf of David H. Katz, et al.)
Chapter 9 – Municipal Bankruptcy
- Fisher v. Little Orleans Campground of America
(Circuit Court of Allegany County, MD, Case #01-C-11-036411)
Poole & Kane, P.A. (for LOCPA)
Contract Pricing Dispute
- Malone Investments, LLC v. Somerset County Sanitary District, Inc.
(Circuit Court of Somerset County, MD, Case #19-C-11-014871)
Adkins, Potts & Smethurst, LLP (for Malone)
Cost Allocation Dispute – Sewer Interceptor
- City of Westlake vs. City of Cleveland.
(Court of Common Pleas, Cuyahoga County, OH, Case #CV-12-782910)
Tucker Ellis LLC (for Cleveland)
Stranded Costs, Cost to Cure – Water Utility
- Conyngham Borough vs. Conyngham Borough Authority
(Court of Common Pleas, Luzerne County, PA, Case #2014-03755)
Falvello law Firm, P.C. (for Conyngham Borough Authority)
Dissolution of Authority

Edward D. Wetzel
Wetzel Consulting, LLC
850 Pickwick Court
Gallatin, TN 37066



Utility and Management Consultants

SUMMARY

Dr. Wetzel has served in a variety of technical, project, marketing and management roles over his 35 years of service to water, wastewater and environmental clients. He has held management positions with engineering design firms ranging in size from 500 to 11,000 employees and annual revenues of \$50 million to \$11 billion. Dr. Wetzel has spent a significant portion of his career assisting clients with their capital improvement programs, with services extending from the initial master planning through full project implementation. An important element of this program support has been the validation of the utility's CIP, including project prioritization, cost estimating, creation of baseline cost-loaded P6 schedules and evaluation of optimum delivery methods for each project. Additional expertise includes utility valuation and transactions, rate and cost of service analyses, utility operations and management reviews, and strategic business planning for both utilities and engineering firms.

EDUCATION

PhD, Sanitary Engineering, Lehigh University, 1982
MS, Civil and Sanitary Engineering, Lehigh University, 1976
BS, Civil Engineering, Lafayette College, 1974

REGISTRATION

Professional Engineer in Tennessee, Florida, Pennsylvania, and South Carolina

EMPLOYMENT HISTORY

Wetzel Consulting, LLC

Principal

2012-Present

Wetzel Consulting (WetCon) is a sole proprietorship providing management consulting services to the water utility and engineering consulting services marketplace. Assignments have included:

- Various marketing assignments for MWH (Broomfield, CO), including the successful pursuit of Program Management contracts for San Jose, CA, Palm Beach County, FL, San Diego, CA and the Tualatin Valley Water District (OR). Activities involved pursuit strategy, discussions and workshops with clients, subcontractor evaluation, selection and negotiation, proposal preparation, interview preparation and presentation, and contract scope development.

- CIP Validation lead as part of the start-up phase for the \$1.4 billion San Jose/Santa Clara Regional Wastewater Treatment Plant CIP Program (San Jose, CA) and the \$2.8 billion Pure Water Program (San Diego, CA) as subcontractor to MWH
- Start-up Phase lead for the \$500 million Palm Beach County Water Utilities Department CIP Program (West Palm Beach, FL) and the \$ 1.2 billion Willamette Water Supply Program (Beaverton, OR) as subcontractor to MWH
- Assisted MWH program staff with the development of a revised Project Delivery System (PDS) for the City of Atlanta CIP programs.
- Technology Strategic Plan for the Water Division of AECOM Technology Corporation (Ontario, CAN)
- Strategic Business Plans for Loudoun Water (Loudoun County, VA), Greenhorne & O'Mara (Laurel, MD) and the Management Consulting Business for MWH (Broomfield, CO)
- Quality Management lead for the Dothan, AL Wastewater Program as subcontractor to Barge Waggoner Sumner & Cannon (Nashville, TN)
- Contract Review and Benchmarking Analysis for the Florida Governmental Utility Authority (FGUA, Tallahassee, FL)
- Project Management workshop planning/facilitation for KTA Group, Inc. (Herndon, VA)
- Management of the procurement process for water utility Contract Management and Operations for the Mountain Water District (MWD) in Pikeville, KY.

SAIC Energy, Environment & Infrastructure, LLC (formerly R.W. Beck) - Nashville, TN

Senior Consultant

2012

Providing senior consulting services to SAIC clients, primarily related to water utility management, operations, capital planning and program management. Independent engineering reports, due diligence investigations, CAPEX and OPEX review, system valuation, ownership alternatives, and utility governance are services provided for various utility transactions and consulting assignments.

Senior Vice President- Water and Waste Resources

2005- 2011

Responsible for leadership of the national Water and Waste Resources Division of the SEE&I subsidiary for the 41,000 person science and technology company. Markets served by this sector are water and wastewater utilities, solid waste and water resources clients. Services provided include a wide range of engineering-based management consulting activities, including system evaluation, organizational improvement, financial analyses, business planning, facility planning and design, independent engineering, procurement and program management. Specific responsibilities include sector profit and loss, marketing and sales, strategic planning, employee hiring and retention and project delivery.

MWH (formerly Montgomery Watson) – Broomfield, CO

1999- 2005

Manager- Global Wastewater Knowledge Center

Oversight of the company's wastewater practice worldwide. Coordinated knowledge-sharing, technical standards development, and sales support activities for the 1500-person, \$ 235 million wastewater business. Utilized the KNet intranet site to house and maintain the WWKC web site,

containing marketing materials, technical standards, papers and presentations, staff contacts and project information. Conducted quarterly meetings of the practice leaders and engaged 50 selected associates to support the center's efforts.

Director of Development, Program Management Global Product Unit

Responsible for strategic planning and new program development for municipal, industrial and federal clients for \$250M global unit. Work with systems team to develop new products and tools to serve needs of existing programs and create competitive advantage. Recruitment and mentoring of Developmental Program Managers. Oversight of three Compass Teams for NYCDEP, AFCEE and the City of Houston. Startup of new programs in Atlanta, Baton Rouge, Everglades and Indianapolis, plus industrial outsourcing alliance with GE Water Technologies.

Chief Operating Officer, Municipal East Operations

Management of twenty local business units in eastern and central time zones. Profit and loss responsibility for \$140 M operation, reporting to Americas' President. Surpassed goals for revenue, pretax profit, ROI and backlog during tenure.

Director of Planning and Marketing, Municipal East Operations

Responsible for strategic planning and marketing for operation comprising 20 separate business units. Provided sales support and training, campaign management, resources and planning assistance. Grew annual new bookings from \$90 M to \$195 M over three year period.

Deputy Director of Future and Services, MW Americas

Conducted major campaigns for strategic pursuits across the Americas. Pursuits focused on strategic services in design-build and program management. Efforts resulted in winning the Augusta, GA WTP Design-Build project (\$60 M), Atlanta Sewer Overflow Abatement program (\$2 B), and the Everglades Comprehensive Environmental Restoration Program (\$7.8 B).

ARCADIS G&M (formerly Piedmont Olsen Hensley) – Greenville, SC

1993- 1999

Director of Infrastructure Services (AG&M)

Oversight of \$75 M infrastructure services business for U.S. operation of a 7,000-person global company. Responsible for strategic planning, marketing, sales support and staffing for water, wastewater, solid waste, transportation, telecommunications and plants and buildings markets. Served on numerous internal committees to enhance communication and cooperation across global operations.

Environmental Division Director (POH)

Responsible for strategic planning, marketing, sales and project delivery for water, wastewater and solid waste practice for a 500-person regional engineering firm in the southeastern US. Profitably grew environmental practice from \$6.5 M to \$25 M in revenue over a five-year period.

Southeast Group Marketing Director

Responsible for all business development activity associated with the southeastern operations for MW, at that time covering 8 offices and \$ 50 M in revenue. Led strategic planning efforts and provided major campaign management/support for the business units. Large program/project victories included the Greater Houston Wastewater Program Management (\$ 1.2 B), Tulsa Water Treatment Plant design (\$ 100 M), Miami Dade Wastewater Program Management (\$ 1.0 B), and the Fulton County SSES (\$ 300 M), which resulted in the opening of the MW Atlanta regional office.

Palm Beach County Business Unit Manager

Business unit leadership for a startup regional office in south Florida. Grew from 7 people and \$750 K in revenue to 40 people and \$5 M in revenue in four years. Served as Principal-in-Charge for \$200 M Palm Beach County water system expansion program, including the acquisition and integration of three private systems on behalf of the County.

TECHNICAL EXPERIENCE

Municipal

Dr. Wetzel has managed a variety of projects for municipal clients. Projects include water treatment process studies, water quality investigations, privatization studies, utility acquisitions, rate and connection fee studies, bond reports, resource recovery facility feasibility study, manhole rehabilitation, sewer system modeling, wastewater reuse and wastewater treatment plant design and performance evaluation. He is contributing author to the Water Environment Federation's Manual of Practice No. 8, *Design of Municipal Wastewater Treatment Plants*.

Program Management experience includes the startup and oversight of several large environmental programs. Activities included project scoping, budgeting, staffing, training, scheduling and quarterly review meetings with senior project staff. Representative programs include:

- South Florida Water Management District, \$7.8 B Comprehensive Everglades Restoration Program
- City of Atlanta, \$ 3.9 B Clean Water Atlanta Program
- New York City Dept. of Environmental Protection, \$1.4 B Advanced Wastewater Treatment Program
- City of Houston, \$1.2 B Greater Houston Wastewater Program
- City of Baton Rouge, \$ 600 M Combined Sewer Overflow Abatement Program
- King County (WA), \$1.5 B Brightwater Wastewater Expansion Program
- City of Wichita (KS), \$300 M Integrated Local Water Supply Program
- Tarrant Regional Water District (TX), \$2 B Water Supply Pipeline Program
- San Jose/Santa Clara (CA), Regional Wastewater Facility \$1.4 B CIP Program
- Palm Beach County Water Utilities Department (FL), \$500 M CIP Program
- City of San Diego (CA), \$2.8 B Pure Water Program
- Tualatin Valley Water District (OR), \$ 1.2 B Willamette Water Supply Program

Dr. Wetzel has represented various governments in due diligence investigations, negotiations, expert testimony and bond reports for the purchase of private and sale of government-owned utilities. Acquisitions have been both by negotiated agreement and condemnation, with settlements ranging from \$3 million to over \$2 billion.

Dr. Wetzel has served as Project Manager, client sponsor or led Quality Assurance teams for numerous water and wastewater planning and design projects, including:

- Brunswick County Water and Sewer Authority—\$35 million sewage collection and treatment program
- Elizabeth City, NC—\$25 million water and sewer improvements
- Gwinnett County, GA—\$200 million F. Wayne Hill advanced water reclamation facility design
- City of Chattanooga, TN—\$30 million Moccasin Bend wastewater treatment plant wet weather expansion to 260 MGD
- Palm Beach County, FL—improvements at six water treatment facilities, including a new 28 MGD membrane softening plant and the addition of ozone disinfection at a 16 MGD lime softening plant
- Fulton County, GA—Comprehensive sewer system evaluation survey and rehabilitation program.
- Louisville Water Company- Evaluation of a pipeline alternative to a proposed \$160 million treatment plant and transmission main project to serve central Kentucky.

Water and wastewater master plans have been prepared for Elizabeth City, NC; Palm Beach County, FL; Royal Palm Beach, FL; Town of Palm Beach, FL; Port St. Lucie, FL: Seacoast Utility Authority; Charlotte County, FL; South Brunswick Water and Sewer Authority; Spartanburg County, SC; Chattanooga, TN; and Lafayette Utilities Services, LA.

AFFILIATIONS

American Society of Civil Engineers

American Water Works Association

KY/TN Water Environment Association

- Chair, Management Committee

Water Environment Federation

- Member, Task Committee on Aerated, Fixed-Film, Biological Treatment (Design Manual in Progress)
- Author, *Wastewater Treatment Plant Design*, MOP8
- Member, 5S Society

Water Design Build Council

- Outside member, WDBC Board of Directors

PUBLICATIONS AND PRESENTATIONS

Wetzel, E.D., and R.L. Johnson, 1983, "Net Energy Production in Wastewater Treatment," *Proceedings of the 1983 ASCE Environmental Engineering Division Specialty Conference*, ASCE, 577.

Contributing author to *Fluid Mechanics: Exam File*, S. Klemetson, ed., Engineering Press, 1985.

Wetzel, E.D., A.T. Wallace, L.D. Benefield, and W.G. Characklis, 1986, "Inert Media Biomass Support Structures in Aerated Suspended Growth Systems: An Innovative/Alternative Technology Assessment," *U.S. Environmental Protection Agency, Water Engineering Research Laboratory, Vol. I and II*.

Wetzel, E.D., W.L. Fisher, and J.P. Creedon, 1986, "Pilot-Scale Evaluation of A/O vs. Conventional Activated Sludge for High-Strength Industrial Wastewater," *Proceedings for the Industrial Wastes Symposium*. 59th Annual WPCF Convention, Los Angeles, California.

Wetzel, E.D. and S.B. Murphy, 1987, "Guidance Manual for Preventing Interference at POTWs," *U.S. Environmental Protection Agency, Permits Division, Office of Water Enforcement and Permits*.

Nicol, J., Benefield, L.D., Wetzel, E.D., and Heidman, J.A., 1987, "Activated Sludge Systems with Biomass Particle Support Structures," *Biotechnology and Bioengineering*.

Wetzel, E.D., P.J. Gleason, and E. Weisman, 1989, "Feasibility of a Western Palm Beach County Solid Waste Facility," *Proceedings: 1989 South Florida Section ASCE Annual Meeting*.

Contributing author to *Design of Municipal Wastewater Treatment Plants*. Vols. I and II, Water Environment Federation (MOP8), 1992, 1998.

Wetzel, E.D., Osterman, H.C. and Elia, A.L., 1994, "The Value of Regional Authorities in Managing Environmental Facilities," *Proceedings: Management of Environmental Problems for Public Officials*.

Wetzel, E.D., 1996, "Introduction to Contract Operations and Privatization," *Proceedings: 1996 Advanced Topics in Wastewater Treatment*, Greensboro, North Carolina.

Wetzel, E.D., 1996, "Privatization - The Value of Water and Wastewater Utility Systems," Presentation to the 1996 South Carolina Environmental Conference, Myrtle Beach, South Carolina.

Wetzel, E.D. and Chapin, R., 2005, "The Utility Workforce: Changes, Challenges and Opportunities", Presentation to the Texas Association of Clean Water Agencies, Irving, Texas

Wetzel, E.D., 2006, "Alternative Methods of Capital Project Delivery for Water and Wastewater Utilities: Are Owners Happy with the Results?" Presentation to the 2006 KY/TN Water Professionals Conference, Chattanooga, Tennessee

Wetzel, E.D., 2009, "Financial Comparison of Public and Private Alternatives for Central Kentucky Future Water Supply Needs", Presentation to the 2009 KY/TN Water Professionals Conference, Lexington, Kentucky

- Wetzel, E.D. and Sherman, D.S., 2010, "Monetizing Utility Assets to Fund Infrastructure Needs- the Indianapolis Story", Presentation to the National Association of Clean Water Agencies (NACWA) 2010 Winter Conference, Austin, Texas
- Wetzel, E.D. and Kljajic, R.R., 2010, "Viability of Long-Term Concessions for Water and Wastewater Utilities", *Proceedings: The Utility Management Conference*, San Francisco, California
- Wetzel, E.D., 2010, "Selling Your Utility Assets- A Good Idea or an Act of Desperation", Presentation to the 2010 KY/TN Water Professionals Conference, Nashville, TN
- Wetzel, E.D. and Sherman, D.S., 2011, "Indianapolis Completes a \$2 Billion Municipal Water/Wastewater Utility Sale", *Proceedings: The Utility Management Conference*, Denver, CO
- Wetzel, E.D., 2012, "Joint Utility Management Improves Efficiency and Saves Money", Presentation to the 2012 KY/TN Water Professionals Conference, Memphis, TN
- Wetzel, E.D., 2013, "Water/Sewer Governance Models", part of panel discussion entitled "Challenges and Solutions for Managing a Combined Utility", AWWA Annual Conference and Exposition, June, 2013, Denver, CO
- Wetzel, E.D., 2014, "Benchmarking- A Valuable Tool for Evaluating Utility Performance", Presentation to the 2014 KY/TN Water Professionals Conference, Chattanooga, TN
- Wetzel, E.D., 2015, "Large Capital Programs Benefit from Program Management Start-up Phase", Presentation to the 2015 KY/TN Water Professionals Conference, Covington, KY
- Wetzel, E.D. and Larsen, M.G., 2016, "Large Capital Programs Benefit from Program Management Start-up Phase", *Proceedings: The Utility Management Conference*, San Diego, CA
- Wetzel, E.D., 2016, "Benefits of Integrated Project Delivery Methods", Presentation to the 2016 KY/TN Water Professionals Conference, Knoxville, TN



Eric M. Callocchia

Manager, Municipal and Financial Services Group



EDUCATION

BA, 2010,
Economics/Mathematics,
The Johns Hopkins
University

EXPERIENCE

6 Years

MEMBERSHIPS

American Water Works
Association

Professional Profile

Mr. Callocchia is a Manager in the Municipal & Financial Services Group, applying financial modeling skills to a broad range of rate design projects for clients.

Technical Expertise

- Financial Modeling
- Cost of Service Analyses
- Rates and Fees Design
- Econometrics
- Sensitivity Analysis
- Public Finance

Selected Consulting Experience:

Litigation Support

Water Rate Litigation: San Diego County Water Authority, CA – The San Diego County Water Authority (SDCWA) and The Metropolitan Water District of California (MWD) were engaged in litigation regarding the water rates charged to SDCWA by MWD. Mr. Callocchia developed a report on MWD’s rate setting methodology and how it relates to AWWA M1 principles and industry standard practices in order to assist SDCWA in its efforts to show the illegality of MWD’s rates based on their non-conformity to both AWWA standards and California Law (Proposition 26). Mr. Callocchia’s work involved both cost-of-service analysis and knowledgeable explanation of industry standards to the Superior Courts of California.

Tiered Rates Litigation: Washington Suburban Sanitary Commission (WSSC), MD – Mr. Callocchia provided expert support to WSSC when its rates were challenged on the basis of discriminating against large families. Mr. Callocchia provided knowledge of industry practice as well as analysis regarding inclining block structures to show that WSSC’s tiered rates were not discriminating on any basis related to the number of persons living in the houses served by WSSC. Mr. Callocchia’s rate analysis showed a cost-of-service basis for charging more per unit of service for high usage accounts.

Financial/Management

Water, Sewer and Stormwater Rate Study: Village of Orland Park, IL – The Village of Orland Park is located in the Chicago suburbs, about 25 miles southwest of downtown Chicago. The Village engaged MFSG to complete a water, sewer and stormwater rate study. Mr. Callocchia served as the Project Manager for the duration of the study, developing a single model for all three Village services. MFSG’s focus was on developing water rate tiers that reflected the actual usage patterns of the Village’s customers, especially considering that the Village was experiencing declining usage. MFSG also focused on alternative methods of collecting stormwater revenues (ad valorem taxes, impervious area fees). MFSG’s recommendations were approved unanimously by the Village Board at the conclusion of the study.

Water and Sewer Rate Study: Village of Libertyville, IL – Libertyville, IL is located about 40 miles north of downtown Chicago, and about 6 miles from Lake Michigan. The Village provides both water and sewer service, and engaged MFSG to complete a water and sewer rate study in late 2015. Mr. Callocchia served as the Project Manager and provided both analytical and policy level support to the Village. As a result of the study, the Village adopted a tiered rate structure for its water service, allocating costs appropriately to low and high end users. The Village’s Board unanimously adopted MFSG’s recommendations.

Sewer Rate Study: Delaware County Regional Water Quality Control Authority (DELCROA), PA – The Delaware County Regional Water Quality Control Authority (DELCORA) owns and operates sewer collection and treatment systems in South East Pennsylvania, just outside Philadelphia. Part of DELCORA’s service area (known as the Eastern District) sends flow to the City of Philadelphia for treatment. The Western District sends flow to DELCORA’s Western Regional Treatment Plant (WRTP). DELCORA’s WRTP, built in 1974, was originally designed to treat 44 million gallons per day (MGD) and is currently rated for 50 MGD. The plant receives flow from industrial clients, and the Authority owns and maintains 126 miles of gravity lines and three miles of force mains, including the local collection systems of the City of Chester and surrounding suburban communities. The City of Chester’s collection system combines storm water and sanitary sewer systems with 27 combined sewer overflow chambers. Mr. Callocchia developed a detailed cost of service model that allocated specific costs to specific customers based on DELCORA’s legal agreements and policy statements. Mr. Callocchia also assisted in the development of a phased in rate plan that incorporated the impacts of the rate model’s allocations. DELCORA’s Board of Directors adopted the rate schedule based on Mr. Callocchia’s analysis.

Stormwater Fee Affordability Analysis: Frederick County, MD – Frederick County, MD was anticipating the issuance of a Municipal Separate Storm Sewer System (MS4) Permit from the Maryland Department of the Environment (MDE) that would place a certain cost burden on the County’s 48,000 stormwater fee payers. The County engaged Mr. Callocchia as part of MFSG’s project team to determine the Maximum Extent Practicable (MEP) level that the county could reasonably fund given current levels of funding, median household income, and the County’s procurement limitations. Mr. Callocchia developed a financial model that allowed for a sensitivity analysis to determine the increase in funding that would be possible given several factors. The County used Mr. Callocchia’s analysis to appeal the permit requirements.

Water and Sewer Rate Study: Village of Lombard, IL – The Village of Lombard is located 22 miles west of downtown Chicago. The Village engaged MFSG to complete a water and sewer study after a decade long moratorium on increases in the Village’s capital rates. Mr. Callocchia developed a water and sewer model that allowed the Village to instantly run various capital and operating scenarios in order to ensure the long term financial viability of the Village’s water and sewer funds. Mr. Callocchia also developed several alternative rate structures for the Village’s consideration, with a focus on low usage customer impact. The Village, at the start of the study, was anticipating a decrease in tax revenue being generated for the utility fund, and as a result needed additional revenue sources to be considered. Mr. Callocchia’s financial model allowed the Village to identify and increase both fixed and variable sources of revenue.

Water and Sewer Rate Study: Village of Westchester, IL – Westchester, IL is a small community located about 15 miles west of downtown Chicago. The Village had been experiencing several years of declining revenues when it engaged MFSG to complete a water and sewer rate study. Mr. Callocchia developed a dynamic rate model that allowed the Village to project both revenues and expenses, given the decline in water sales they were experiencing. The Village unanimously adopted the rates recommended by MFSG as the conclusion of the study.

Water Revenue Bond Feasibility Study: City of Annapolis, MD – The City of Annapolis is the capital city of the State of Maryland. The City historically made use of general obligation bonds to fund water and sewer capital programs. In 2015, the City engaged its financial advisor in order to issue revenue bonds. MFSG served as the feasibility consultant on the project, and Mr. Callocchia developed a water and sewer rate model that projected various debt scenarios, including bond coverage calculations and cash on hand target projections. The City was able to generate ratings of AA-, Aa3, and AA- from the three major rating agencies and issue the revenue bonds in the amount of \$30,755,000 on schedule thanks to the feasibility report generated by Mr. Callocchia as a part of MFSG’s team.

Sewer Rate Study: City of Concord, CA – The City of Concord is located approximately 30 miles east of San Francisco. The City covers 30.55 square miles, and with an estimated 2015 population of 124,711 residents, it is the largest city in Contra Costa County. The service area as of 2015 included 45,069 households with an average of 2.68 persons per household and 11,008 businesses. In addition, the City provides collection system maintenance services to the neighboring City of Clayton’s collection system lines and a few lines in the unincorporated areas of Contra Costa County that discharge to the Clayton system. Concord’s wastewater collection system conveys wastewater to the Central Contra Costa Sanitary District’s (CCCSD) wastewater treatment plant. Sanitary sewer charges are assessed annually by the City and placed on property tax bills. The City tasked MFSG with reviewing the overall health of its sewer enterprise fund, as well as determining the necessity to allocate costs differently between its customers. Mr. Callocchia provided expertise in the building of the City’s sewer rate model, as well as policy direction based on industry standards regarding reserve levels and line replacement funding.

Water and Sewer Rate Study: Jurupa Community Services District (JCSD), CA – Jurupa Valley is located 45 miles east of Los Angeles, CA. The District’s water system provides potable and non-potable water service to about 28,200 residential, commercial, irrigation and industrial accounts. The District purchases about 35% of their water supply from the Chino Basin Desalter (“CDA”) and 3% of their water from the Rubidoux Community Services District (“RCSD”). The remaining 62% of the water supply comes from local ground water sources. The water system contains approximately 16 wells, 7 booster stations, 17 reservoirs and nearly 58 million gallons of storage capacity. Mr. Callocchia, as part of MFSG’s project team, developed separate water and sewer financial models that incorporated sensitivity analysis, rate alternatives, and CIP projections. As a result of Mr. Callocchia’s analysis, the District adopted a five-year rate plan based on MFSG’s recommendations.

Water and Sewer Rate Study: Washington Suburban Sanitary Commission (WSSC), MD – Established in 1918, WSSC is among the largest water and wastewater utilities in the nation, with a network of nearly 5,600 miles of fresh water pipeline and more than 5,400 miles of sewer pipeline. WSSC’s service area spans nearly 1,000 square miles in Prince George’s and Montgomery counties serving 1.8 million residents through approximately 460,000 customer accounts. Mr. Callocchia worked as the head analyst on a water and sewer rate study for WSSC, building them a custom rate model that incorporated both operating and capital expense and revenue projections. Mr. Callocchia provided WSSC with professional guidance regarding alternative rate structures that would ensure that customers are charged appropriately for their water and sewer use.

Central System Water and Sewer Rate Study: Loudoun County, VA – Loudoun Water provides water and sewer service to nearly 60,000 customer accounts located in northern Virginia. Loudoun Water contracted MFSG to provide a detailed long term financial plan for their systems. Mr. Callocchia developed a financial model that emphasized scenario analysis, namely the adjustment of capital financing. Loudoun Water was in the process of building a new 10 MGD water treatment plant, and Mr. Callocchia’s model provided for adjustment in the financing of this major capital project. Additionally, the model provided Loudoun Water with a valuable tool showing how cash reserves and debt coverage were affected under different scenarios. Loudoun Water approved a three-year rate plan based on the analyses performed by Mr. Callocchia. The plan provided for the funding of each system’s CIP, all capital reserves and the maintenance of all bond covenants.

Community System Water and Sewer Rate Study: Loudoun County, VA – In addition to their Central System, Loudoun Water operates several “Community Systems” in northern Virginia and provides both water and sewer service to these communities. These small systems are faced with efficiency and economies of scale difficulties. Also, several large capital projects presented a large financial burden to the relatively small number of customers. Mr. Callocchia developed a financial model that allowed Loudoun Water staff to project the effects of several different capital spending scenarios on Community System rates. Mr. Callocchia also assisted in the development of key policy decisions that would allow Loudoun Water to continue to maintain full cost of service recovery within the Community Systems as they grow in future years. Loudoun Water approved a rate structure change and a three-year rate plan based on Mr. Callocchia’s analysis.

Water Rate Study: City of Fullerton, CA – Mr. Callocchia was the principal analyst and model designer for the City of Fullerton. Fullerton is a city of about 135,000 residents and the City provides water service to several customer classes, including residential, commercial, industrial and agricultural customers. The city maintains a distribution system and purchases water from the Orange County Water District and the Metropolitan Water District of Southern California, so the wholesale cost of water is a main driver of their O&M costs. Mr. Callocchia developed a detailed model that allowed the City to project both costs and revenues under several rate adjustment scenarios.

Water and Sewer Rate Study: Town of Lovettsville, VA – The Town of Lovettsville is located in northern Loudoun County, Virginia, just two miles south of the Potomac River. Lovettsville’s water and sewer system is owned by the Town, but since 1998 the Town has contracted with Loudoun Water to provide operational services. The Town’s water supply comes from a series of wells located throughout the community. The Town has recently completed an expansion that added an additional 125,000 gallons per day of treatment capacity to serve their nearly 700 customers. The Town contracted with MFSG for a comprehensive water and sewer rate study to determine both the current and future costs associated with operating the systems and how those costs must be recovered from the users of each system. Mr. Callocchia managed the project and built the Town a customized model. Included in the model were projections of future capital costs related to the maintenance of the water and sewer systems. Mr. Callocchia’s recommendation of a five-year rate plan was unanimously approved by the Town Council.

Water and Sewer Rate Study: King George County Service Authority, VA – King George County is located in north-eastern Virginia, bounded by the Potomac River on the north and the Rappahannock River on the south. The County’s service authority provides water and sewer service to a significant majority of the County’s 23,000 residents. Mr. Callocchia worked with the Authority and created a water and sewer rate model that addressed their needs. The Authority considered an adjustment in the billing structure to a three-tiered conservation water rate structure. MFSG’s model allowed the Authority to make critical capital financing decisions and rate adjustments in order to fully finance the water and sewer systems’ replacement needs while maintaining a healthy cash balance. Mr. Callocchia provided both modeling expertise and policy guidance to the Authority.

Water and Sewer Rate Study: Town of Middleburg, VA – The Town of Middleburg is located in Loudoun County, Virginia and has a population of under 1,000 residents. As a result, the water and sewer systems do not experience the economies of scale from which larger systems benefit. Mr. Callocchia was the lead analyst on MFSG’s project team tasked with developing a financial model that would address the Town’s capital and operating financing issues. Mr. Callocchia worked with the Town and developed a model focused on infrastructure replacement and capital financing. The Town was expecting major pipe replacement and plant upgrade expenses and the cost per customer was a concern. Mr. Callocchia assisted the Town in implementing a phased-in rate plan that addressed these issues and maintained the financial health of both the water and sewer funds.

Sewer Rate Study: City of Hampton, VA – The City of Hampton, Virginia requested that MFSG develop a financial model of the City’s extensive wastewater system. The City is faced with both continuing capital projects focused on system rehabilitation as well as large capital costs associated with EPA Consent orders. Mr. Callocchia assisted in the development of a highly comprehensive financial model of the City’s sanitary sewer system that allowed City staff to project the proper rate adjustments necessary in order to maintain full cost recovery. A main focus of this model is the replacement and rehabilitation of the City’s assets related to the wastewater system. Mr. Callocchia worked within MFSG’s project team to develop projections of asset useful life and replacement spending thresholds that would allow the City to maintain a consistently high level of service

Water Pollution Control Rate Study: Town of Barnstable, MA – Mr. Callocchia was an analyst for a rate study to develop sewer rates and fees for the Town. The Town has been utilizing cash reserves to hold off rate increases for some time. Similar to many utilities nationwide, the Town is faced with increased operating and capital expenses that are required in order to operate and maintain the sewer facilities. Currently, the Town is on pace to spend all cash reserves (over \$5.6 million) within 5 years. The Town does not expect its customer base to grow unless capital improvement projects are initiated and the sewer system is expanded. The Town requested that MFSG provide a solid financial plan that keeps rates and fees stable, recovers all costs of providing sewer service and appropriately allocates costs to customers.



Lawrence C. Tropea, P.E., CEE

Engineering, Municipal and Financial Services Group



EDUCATION

MBA, Virginia
Commonwealth University
(Phi Kappa Phi Honor Society)
MS, Environmental Systems Engineering, Clemson University
BS, Civil Engineering, Clemson University

PROFESSIONAL REGISTRATION

Registered Professional Engineer – Virginia, Pennsylvania and Alabama
Diplomate of Environmental Engineering, Academy of Environmental
Certified Water and Wastewater Operator – Virginia and Pennsylvania

MEMBERSHIPS

Chesapeake Bay Commission and Chesapeake Bay Program (Past)
Virginia State Air Pollution Control Board – State Air Advisory Board (Past Chairman)
Citizens Advisory Council, Pennsylvania Department of Environmental Protection (Past Executive Committee member)
Pennsylvania Water Environment Association – Past Board Member
Founder and Past Chairman, Susquehanna Valley Ozone Action Partnership
United Nations Environment Programme-Lecturer/Past Member Consultive Committee
The Manufacturers Alliance, Environmental Management Council, Past Chairman

Professional Profile

Mr. Tropea has more than 36 years of professional experience in engineering and environmental programs. He has served as executive director of regional water, wastewater and solid waste authorities and director of utilities for municipal governments. He has served as Deputy Secretary (Water Management) of the Department of Environmental Protection for the Commonwealth of Pennsylvania and as a vice president for Environmental Health and Safety for a Fortune 100 corporation. He is also an expert on successfully integrating new operations into an existing business structure.

Technical Expertise

- Utility Operations
- Regulatory Compliance
- Environmental Health & Safety
- Risk Management
- Organizational Analysis

Selected Professional Experience

Senior Manager

Municipal & Financial Services Group (2005 – Present)

Provides technical advice, assistance and training to a broad range of public sector organizations, with assignments including governance studies, design and implementation of new authorities and commissions, cost of service/rate studies, organizational and staffing studies, compensation analyses, environmental health reviews and risk management studies

Director of Utilities

Charlotte County Government, FL (2003 – 2004)

- Directed water supply, wastewater, maintenance, engineering, emergency response, security, customer service, budgeting, rate setting and business affairs.
- Grew the utility by twenty-five percent through a major acquisition.
- Established a “pay for performance” salary system
- Led a multi-county consortium to evaluate a regional biosolids solution.
- Participated in a regional policy water supply management council.

Executive Director

Rivanna Water and Sewer Authority, VA (2001 – 2003)

- Directed water supply, wastewater, security, emergency response, maintenance, engineering, budgeting, rate setting and business affairs for regional water and wastewater utilities.
- Commissioned a detailed study of emergency preparedness and security readiness. Worked with emergency responders to test & improve the system.
- Took decisive action to steer the community through a major drought.
- Developed clean-up plan for the former Ivy Landfill site. Won community support for the plan.
- Authored an integrated community water supply plan to meet local water needs through 2050.

Deputy Secretary for Water Management

Commonwealth of Pennsylvania, Dept. of Environmental Protection, PA (1999 – 2001)

- Responsible for all Pennsylvania water protection programs including water resources planning, water supply, wastewater, emergency response, permitting, wetlands, dam safety, watershed protection, training, certifications, etc.
- Directed the statewide biosolids management program.

- Represented the Governor with key policy organizations like EPA.
- Author of first emergency planning & security guidance for statewide application.
- Served as a leader of a successful team, which secured a progressive new water resources law in Pennsylvania.
- Testified frequently before legislative committees and conducted numerous public information meetings.
- Recognized for personal efforts to preserve Pennsylvania waters for future generations.

Vice President, Global Environment, Health & Safety and Real Estate Officer

AMP Incorporated, PA (1995 - 1999)

- Directed global environmental, health and safety leadership programs along with managing the domestic real estate portfolio and global energy policy.
- Established the EHS management system followed by all AMP businesses.
- Directed the corporate EHS auditing program.
- Conducted due diligence investigations for all potential acquisitions.
- Served as Chief Financial Officer for a California remediation company.
- Efforts recognized with national environmental excellence award and several governors' environmental awards.

Corporate Director of Environmental Equality

Reynolds Metals Company, VA (1973 - 1995)

- Directed Reynolds environmental leadership program.
- Developed and implemented the environmental management system for all Reynolds plants.
- Directed study and remediation efforts at state and federal Superfund sites. Developed the corporate liability tracking process.
- Negotiated NPDES permits for over thirty RMC plants.
- Developed innovative auditing and pollution prevention processes.
- Negotiated solutions to regulatory compliance concerns at all domestic plants.

Assistant Sanitary Engineer

Commonwealth of Virginia, Richmond, VA (1971 – 1973)

State Department of Health

Bureau of Sanitary Engineering

Combat Engineering Executive Officer

United States Army, Viet Nam (1970, 1971)

Corps of Engineers

Environmental Engineer

Engineering-Science (1969)



**Proposal to Provide
Water and Sewer Systems Valuation Analysis and Related Consulting Services
Suggested Scope of Work / Non-Binding Fee Estimate**

*Submitted by: Municipal & Financial Services Group, in association with Wetzel Consulting
(20 February 2017)*

Task A – Valuation Services

The valuation of utility property usually considers three methods of appraisal:

- Market Approach (Comparable Sales Method)
- Income Approach (Discounted Cash Flow Analysis)
- Cost Approach (RCNLD* and OCLD**)

* Replacement Cost New Less Depreciation

** Original Cost Less Depreciation

For reasons discussed in our proposal, we believe that neither the Market Approach nor the Income Approach are pertinent for this project, although we will consider market metrics, such as number of customers or growth rate, to compare the relative contributions from each system. The cost approach to utility valuation involves determining the value of the assets currently in service and used by the utility to treat and transport the potable water supply and collect, transport, treat and dispose of the wastewater in service to the customers of the system. Such evaluations can consider the replacement cost or original cost of the assets, including a depreciation of those assets based on their age, condition and remaining service life. The two methods outlined below are the approaches requested in your Request for Proposals (RFP).

Replacement Cost New Less Depreciation (RCNLD)

The Replacement Cost New Less Depreciation (RCNLD) method involves estimating the current cost to design and build a new property similar to the Subject Property with equivalent net functionality and requisite technological and regulatory modifications. Although this method indicates the cost of building a comparable facility at present market prices, it generally does not consider the inherent risks of construction and ownership such as design defects, construction delays, cost overruns, and natural disasters.

The depreciated asset values take into consideration an allowance for depreciation based on the age and estimated average service life of the Subject Property (physical deterioration). The average service lives are typically based on local conditions and the specific experience of the utility. Although neither of the systems under evaluation are regulated, the National Association of Regulatory Utility Commissions (NARUC) maintains a useful data base and published tables of Average Service Life (ASL) that can be useful in an RCNLD study.

Original Cost Less Depreciation (OCLD)

As its name implies, Original Cost Less Depreciation (OCLD) is the original cost of the particular asset (or group of assets) less an allowance for accumulated depreciation. This is sometimes referred to as “book value”. Oftentimes, utility systems will maintain a book value calculation which can be utilized for valuation purposes. However, the approach must review the method of depreciation and verify that the assets included in the book value are relevant to the operation and maintenance of the utility system.

Recommended Approach

We have reviewed the 2015 Preliminary Engineering Report referenced in the RFP, and find that there is significant information pertaining to system description and asset inventory that will be useful in this valuation study. In fact, the RCNLD methodology used in the Preliminary Valuation is generally consistent with what we would recommend moving forward. However, the average service lives used in the 2015 Preliminary Engineering Report were assumed to be 50 years for structures and major infrastructure, and 20 years for mechanical and electrical equipment. We would recommend more granularity in this regard, and suggest the use of the useful lives recommended by NARUC (the National Association of Regulated Utility Commissioners, an industry group that establishes guidelines for depreciation and related financial metrics for regulated utilities) tables or similar alternative as illustrated in Exhibit A (which focuses only on wastewater assets) on the following page.

Developing an OCLD will require additional discussion concerning the information available from each utility system. If a book value is maintained, that data can be used and modified as needed for valuation purposes. Alternatively, an OCLD can be developed either from historical purchasing records, or by using a capital cost time value indexing (such as Engineering News

Record or Handy Whitman Index) to ratio the replacement cost value back to the installation dates.

A general approach to system valuation in this case would include:

- Detailed review of 2015 Preliminary Engineering Report and supporting documentation
- Verification and update to asset inventories
- Confirmation/revision of local unit cost data for replacement cost new calculations
- Application of more extensive Average Service Life tables for depreciation
- Consideration of book value accounting from each system
- Determination of best approach to OCLD
- Development of new spreadsheets for RCNLD and OCLD valuations
- Consideration of comparable sales metrics (if available)
- Calculation of typical price/ERC for comparable utility transactions (if available)
- Comparison of RCNLD/OCLD to market approach (if applicable)

Depending on the purposes for which the valuation study will be utilized (e.g., detailed asset valuation for insurance, sale or debt issuance as contrasted to its use as a reference point for negotiations between the City and County), the level of detail required can be specified in advance of undertaking the work. Our suggestion is that a detailed study can always be summarized to higher levels, whereas a “top down” study cannot readily be disaggregated.

DELIVERABLES:

- Valuation Report – draft report and final report
- Presentation to City / County at forum of client’s choice

NOT-TO-EXCEED COST: \$37,500, including all fees and expenses

Wastewater System Assets
Average Service Life by Component (from NARUC)

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
354	Structures & Improvements	30	3.33
355	Power Generation Equipment	20	5.00
360	Collection Sewers – Force	50	2.0
361	Collection Sewers- Gravity	50	2.0
362	Special Collecting Structures	50	2.0
363	Services to Customers	50	2.0
364	Flow Measuring Devices	10	10.0
365	Flow Measuring Installations	10	10.00
366	Reuse Services	50	2.00
367	Reuse Meters & Meter Installations	12	8.33
370	Receiving Wells	30	3.33
371	Pumping Equipment	8	12.50
374	Reuse Distribution Reservoirs	40	2.50
375	Reuse Transmission & Distribution System	40	2.50
380	Treatment & Disposal Equipment	20	5.0
381	Plant Sewers	20	5.0
382	Outfall Sewer Lines	30	3.33
389	Other Plant & Miscellaneous Equipment	15	6.67
390	Office Furniture & Equipment	15	6.67
390.1	Computers & Software	5	20.0
391	Transportation Equipment	5	20.0
392	Stores Equipment	25	4.0
393	Tools, Shop & Garage Equipment	20	5.0
394	Laboratory Equipment	10	10.0
395	Power Operated Equipment	20	5.0
396	Communication Equipment	10	10.0
397	Miscellaneous Equipment	10	10.0
398	Other Tangible Plant	----	----

Task B – Develop Financial Framework for Equitable Consolidation of Utility System Assets

In a typical consolidation of municipal utilities, little or no cash changes hands between or among the owners of the utility systems that are being combined:

- All assets and liabilities are contributed to the “new” entity at book value (cost less depreciation) as recorded in the audited financial reports of the City or the County.
- Any outstanding long-term debt is (1) transferred directly to the new entity (the new entity assumes the debt); or (2) is defeased (i.e., the existing debt issued by the current owners of the utilities stays in place, but the new entity issues debt in an amount sufficient to retire the currently outstanding debt; or (3) existing debt is refinanced and paid off at the time the new entity takes control of the utilities; or (4) is left in place but guaranteed by the new entity.
- Unfunded pension liabilities are either transferred to the new entity, or the current utility owners take responsibility for unfunded obligation by transferring sufficient funds to eliminate the unfunded liability
- Unfunded other post-employment benefits (“OPEB”) such as retiree healthcare premiums, subsidies for selected services not covered by health insurance, employee discounts, etc., are either transferred to the new entity, or the current utility owners take responsibility for unfunded obligations by transferring sufficient funds to eliminate the unfunded liability.

If representation (either in the number of seats or the weighted value of votes) on the board or oversight body of the new entity is tied to some metric (population, number of customer accounts, assessed value of real property, value of the assets contributed, etc.), then agreement must be reached in advance to define how the metric will be measured (e.g., use of the decennial census to define population, date to apply to assessed value of real property, etc.)

In the specific case in hand, in which at least one of the two utility systems is not generating revenues sufficient to cover all operating and capital expenses, there may be a desire to reimburse either the City or the County or both for subsidies paid by the City’s or County’s General Fund over some pre-determined period of time to subsidize the respective water and/or sewer system. Once again, the most important consideration is having an explicit agreement in place before such an analysis is performed to define the terms used and the calculation of amounts involved.

DELIVERABLES:

- Final report in draft version and revised version, providing specific recommendations addressing such topics as:

- Organizational and governance structure, including number of Board members, assignment of Board seats and potential weighting of votes, qualifications for Board membership, structure of Board terms, compensation of Board members, etc.;
- Phased long-term financial plan to identify revenue needs and approximations of rate/bill impact on a year-by-year basis, eliminating current or future subsidies from either government; recommendations on oversight of any expansion of service areas
- Consolidation of workforces and continuing employment of current employees
- Transfer of assets and liabilities to the new entity
- Up to four meetings (combination of on-site and video) meetings with City / County advisory group
- Spreadsheet financial model projecting costs and revenue needs for at least a 10-year period. Model to become property of City/County at end of project.
- Formal presentation of results of study in forum of client's choice

NOT-TO-EXCEED COST: \$45,000, including all fees and expenses

Task C - Develop Plan to Equalize Rates for Customer Bases of the City and County

Depending on the water and sewer rates charged by the City and County respectively (or more realistically, the dollar amount of customer water or sewer bills for comparable customers in the City and County), adopting a uniform rate and fee schedule may be a simple or complex undertaking.

The first step to a uniform schedule of rates and fees is to document the actual costs and revenues separately for the water system and sewer system in the City and County, including any subsidies (or expenses for which the parent government does not charge the utility – for example, if the City or County does not allocate to the utilities a portion of the host government’s administrative costs, or costs for accounting and billing, or procurement costs, or the costs of the human resources. Documenting costs and revenues (and usage data) is best accomplished by using an “off the shelf” software package such as Microsoft Excel to develop a spread sheet model which tracks information separately for the water system and sewer system of both the County and the City. These models (including all known future costs for capital projects as well as anticipated subsidies from the parent government) can be used to project future water and sewer rates (and bills) separately for the County and the City utility customers.

The second step would be to combine these two planning models into a third model, adjusting costs to reflect the elimination of duplicative operating costs or capital projects, as well as adding capital costs of projects needed to fully integrate the two utility systems – including the timing of capital projects. For example, if both the City and County are planning new wastewater treatment plants, and consolidating the two sewer systems would delay the need for one of the treatment plants by 20 years, this should be reflected in the combined financial planning model. Rates should be projected with the assumption of common rates effective immediately – but if this is not practical, then the financial model would allow the evaluation of multiple scenarios to phase in common rates over a several year period; the same model could identify the required level of subsidy until this can be effected. [For example, when MFSG consolidated the water and sewer systems of the City of Wilmington, North Carolina with those of New Hanover County, North Carolina, the County traditionally subsidized the capital costs of expanding the water and sewer systems in the County (i.e., outside the City) with the proceeds of a 5% sales tax; our evaluation of common rates resulted in a recommendation (adopted) to phase out this subsidy over a five-year period.]

From a public policy perspective, as well as from a political practicality perspective, moving toward common rates across the entire service area as quickly as possible should be a priority.

DELIVERABLES:

Using the financial planning model developed during Task B, prepare a series of iterations / simulations to show the rate and bill impact of moving towards uniform rates and fees over

varying periods of time, assuming that the elimination of any subsidies will be concurrent with the movement towards uniform rates and fees. Identify and evaluate the “best” approach to the adoption of uniform rates and fees.

Present and discuss various alternatives with the City / County advisory group during the series of meetings identified as part of Task B (above).

NOT-TO-EXCEED COST: \$18,000, including all fees and expenses