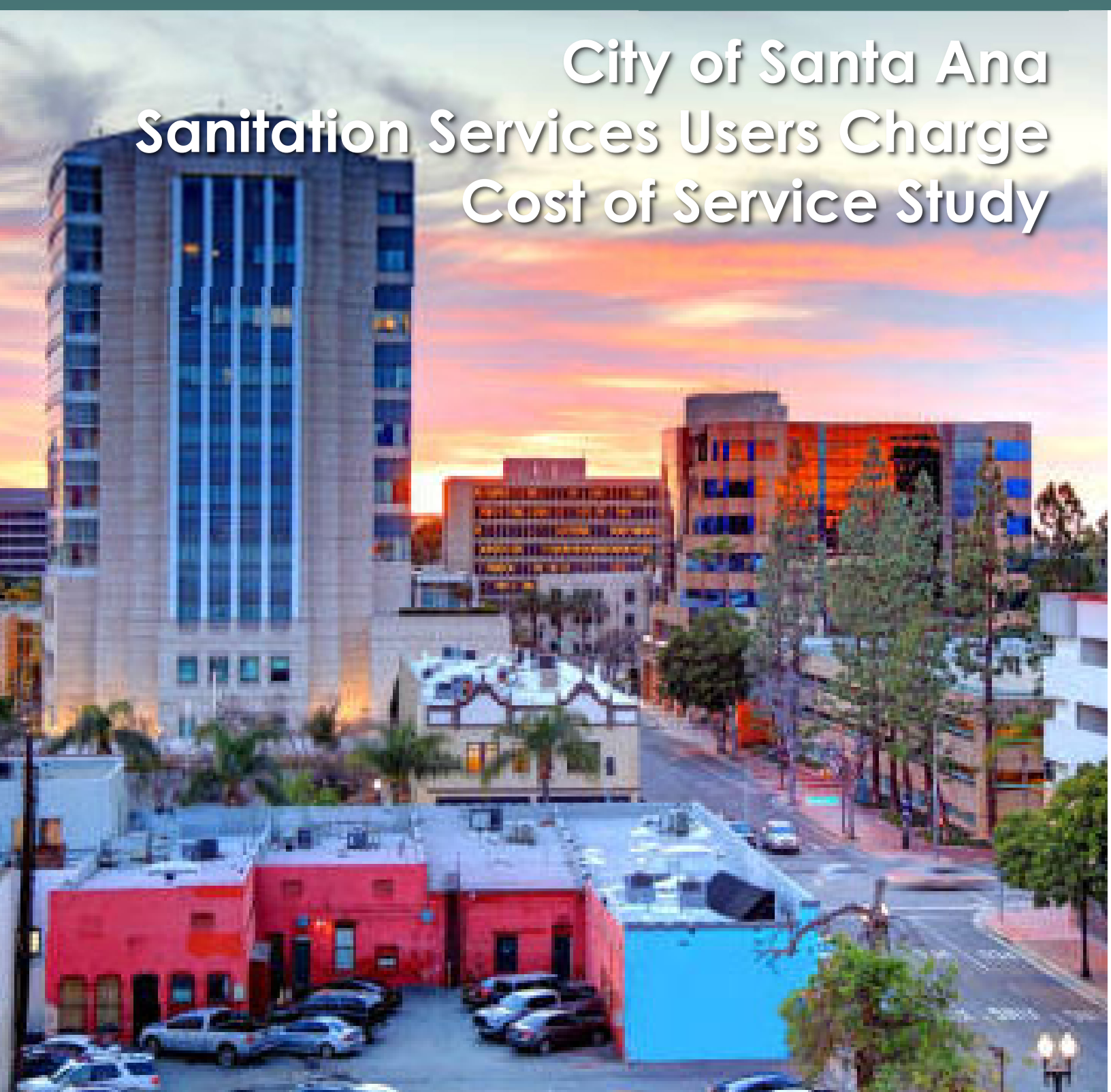


March 20, 2023 | RFP No. 23-029

# City of Santa Ana Sanitation Services Users Charge Cost of Service Study



INTEGRATED | UTILITY | SOLUTIONS

**SCS ENGINEERS**

Environmental Consultants and Contractors

4683 Chabot Drive, Suite 200, Pleasanton, CA 94588  
386.546.7719 | Offices Nationwide | [www.scsengineers.com](http://www.scsengineers.com)



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## Cover Letter



March 20, 2023

Elizabeth Rubio, Projects Manager  
City of Santa Ana – Public Works Agency  
220 S. Daisy Avenue  
Santa Ana, CA 92703

Subject: RFP No. 23-029 | Sanitation Services Users Charge Cost of Service Study

Dear Ms. Rubio:

The City of Santa Ana has requested a proposal for a Sanitation Cost of Service Study. The goal of your study is to develop a long-term financial plan for the City's Sanitation Services Users Charge that will generate **sufficient revenues** to support operations, capital and fleet replacements, and other financial requirements while minimizing the impact to your customers. Additionally, the study will review your cost to provide services and develop rate structures that are equitable, easy to understand and bill, and are consistent with best practices.

You need the services of experts to perform your financial analyses and provide you with the financial solution you require for long-term financial sustainability, while meeting your operational goals. I (Vita Quinn) am your **Project Manager**. I am on the **Board of Directors for the Solid Waste Association of North America (SWANA)**, am SCS' **National Expert on Rate Studies**, and lead our Management Services practice. I will lead all of the work on this project and remain committed as Project Manager throughout the project duration.

Tim Flanagan and Stacey Demers will lead the analysis of user characteristics, operations, and capital needs. Tim has extensive experience in solid waste operations in southern California and is the **current SWANA President**. Stacey performs research and operational planning, program analysis, and rate benchmarking studies for cities across the country. We will receive support from the other team members listed in this proposal and, to the extent required, can leverage **hundreds of other consultants available** for this work.

**Our goal is to combine our models and communication processes in a way that keeps you involved and informed, is efficient and cost-effective, and gets the results you require.**

**Vita Quinn and Tim Flanagan are authorized to enter into and negotiate contracts** with the City as required. The contract will be managed from our Pleasanton office and the office address and phone number are located below. As a corporation, SCS Engineers is in concurrence with the provisions contained in EXHIBIT II – Sample Agreement of this RFP. The pricing will be valid for 24 months. If you have questions concerning any aspect of this proposal, please contact me at 386-546-7719 or [VQuinn@scsengineers.com](mailto:VQuinn@scsengineers.com).

Sincerely,



Vita Quinn, MBA  
Director of Management Services  
SCS Engineers



Tim Flanagan  
Project Director  
SCS Engineers





## Firm and Team Experience

# FIRM AND TEAM EXPERIENCE

All members of our project team are experienced leaders on similar projects and are available and ready to perform the work you require.

## Rate & Management Consulting Expertise

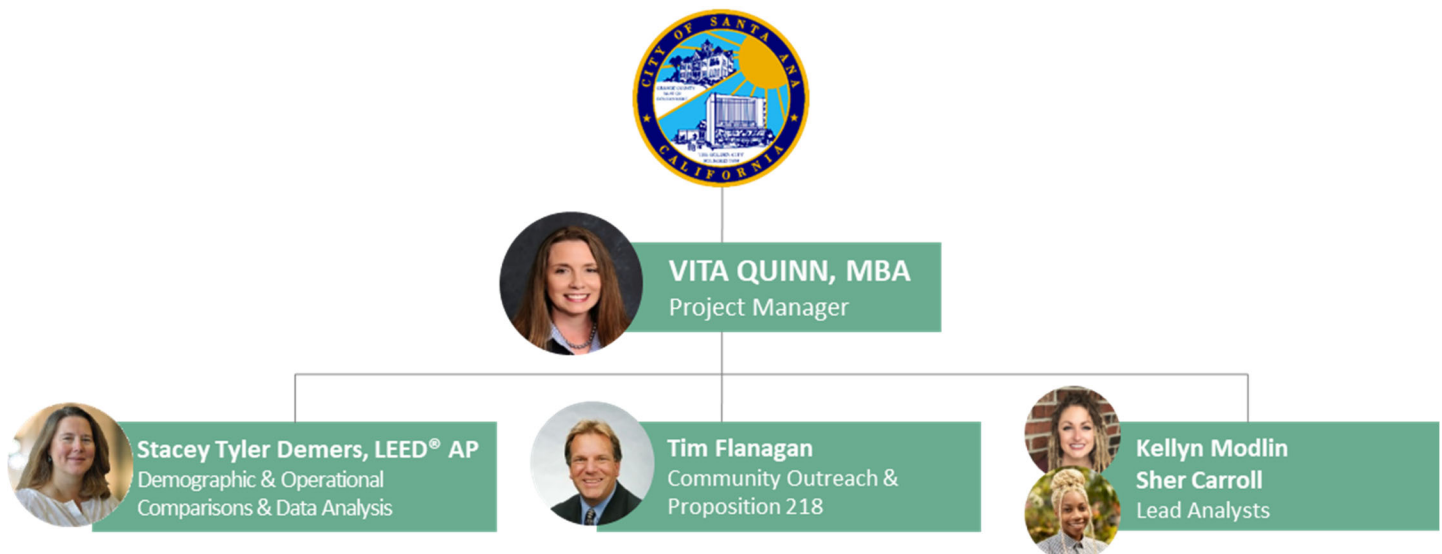
**Rate studies, billing/policy reviews, and efficiency improvements for local governments** are at the core of our Management Services practice. We also possess comprehensive knowledge covering the entire spectrum of utility industry issues. The professionals on SCS's project team for this assignment have completed similar rate studies, financial assessments, capital plans, strategic plans, program assessments, system evaluations, privatization evaluations and/or other financial evaluations and modeling efforts.

## Other Selected SMM & Management Services Capabilities

<b>Strategic &amp; Financial Advisory</b>	<ul style="list-style-type: none"><li>• Zero Waste Plans</li><li>• Business Advisory Services</li><li>• Feasibility Analysis</li></ul>	<ul style="list-style-type: none"><li>• Waste Generation Studies</li><li>• Cost-Benefit Analysis</li><li>• Affordability Analysis</li></ul>
<b>Organizational Assessments</b>	<ul style="list-style-type: none"><li>• Organizational Structure</li><li>• Labor/Operational Benchmarking</li><li>• Customer Billing &amp; Service Reviews</li></ul>	<ul style="list-style-type: none"><li>• Operational/Process Improvements</li><li>• Benchmarking of Services &amp; Fees</li><li>• Performance Reviews</li></ul>
<b>Financial &amp; Economic Analysis</b>	<ul style="list-style-type: none"><li>• Rate/Cost of Service Studies</li><li>• Indirect Cost Apportionment</li><li>• Public/Private Partnerships</li></ul>	<ul style="list-style-type: none"><li>• Hauler Audits</li><li>• Development Impact Fees</li><li>• Non-Ad Valorem Assessments</li></ul>
<b>Program Planning &amp; Development</b>	<ul style="list-style-type: none"><li>• Collection Assessments</li><li>• Diversion Program Development</li><li>• Evaluation of Plan Alternatives</li></ul>	<ul style="list-style-type: none"><li>• Public-Private Partnership Planning</li><li>• Sustainability Plans</li><li>• CIP/Asset Management Plans</li></ul>
<b>Other Consulting Services</b>	<ul style="list-style-type: none"><li>• Expert Witness Testimony</li><li>• Public Education Programs</li><li>• Regulatory Reporting</li></ul>	<ul style="list-style-type: none"><li>• Workshops and Seminars</li><li>• Contract Management Solutions</li><li>• Policy/Ordinance Review</li></ul>

## Our Team of Experts

Our team members, highlighted on the following pages, combine technical expertise and knowledge of the political environment with **the ability to meet your greatest challenges.**







## EDUCATION

MBA – Finance/Real Estate Development, Nova Southeastern University, Florida

BS – International Economics, Florida Atlantic University, Florida

## RELEVANT PROFESSIONAL AFFILIATIONS

Solid Waste Association of North America – Board of Directors, American Public Works Association

## SELECTED RATE & COST OF SERVICE STUDIES

- Village of New Lothrop, MI – Wastewater/Stormwater Asset Management Plan
- City of Myrtle Beach, SC – Collections Rate & Transfer Fee Study / Billing Analysis
- City of Brownsville, TX – 5-Year Financial Services/Rate Studies
- Stanford University, CA – Annual Rate Studies
- City of Anaheim, CA – Resort Assessment District Revenue Sufficiency Analysis / Solid Waste Revenue Sufficiency Analysis and Updates
- City of Council Bluffs, IA – Landfill and Recycling Center Revenue Sufficiency Analysis
- City of Monrovia, CA – Hauler Rate Analysis
- Reno County, KS – Annual Rate Model Updates/Reserve Calculation
- Broward County, FL – Revenue Development & Benchmarking for Proposed Independent Authority
- City of Bristol, VA – Solid Waste Collection Rate Study
- City of Wauchula, FL – Solid Waste Rate Study
- City of Grand Island, NE – Landfill Tipping Fee Study and Capital Feasibility Analysis
- City of Dothan, AL – Environmental Svcs Rate Study
- City of New Braunfels, TX – Solid Waste Management Plan Update and Rate Study
- City of West Palm Bch, FL – Solid Waste Rate Study
- City of Odessa, TX – Solid Waste Management Plan
- City of Sheridan, WY – Tipping Fee Study and Financial Assurance Estimates
- City of Port Orange, FL – Water & Sewer Rate Study
- Okaloosa County, FL – Water & Wastewater Revenue Sufficiency Analyses
- City of Galveston, TX – Water and Sewer Rate Study and Benchmarking Analysis
- Clay County Utility Authority, FL – Water & Sewer Revenue Sufficiency, Lakes Replenishment Program Funding Analysis, and Comparative Impact Fee Study
- City of Neptune Beach, FL – Water & Sewer Revenue Sufficiency Analysis
- City of Temple Terrace, FL – Solid Waste and General Fund Integrated Analysis
- Indian Creek Village, FL – General Government Financial Sustainability Analysis
- City of Davis, CA – Solid Waste Rate Study
- Greenville County, SC – Solid Waste Tipping Fee Study
- City of Cocoa, FL – Integrated Utility Analysis, Regional Water Rate Development
- City of Atlanta, GA – Solid Waste Rate & Utility Billing Study
- Ft Lauderdale, FL – General Fund, Water, Sewer, Stormwater, Sanitation, Spec Rev Funds Analysis
- City of Sheridan, WY – Water, Sewer, & Solid Waste Rate and Financial Plan Updates
- Junction City, OR – Water, Sewer, and Sanitation Cost of Service Study
- Nassau County, FL – Rate Study, Customer Deposit Review, Miscellaneous Fee Development
- City of Tempe, AZ – Solid Waste Rate Design
- City of Denton, TX – Rate Study and Benchmarking
- Culver City, CA – Solid Waste Rate Study
- City of Virginia Beach, VA – Solid Waste Revenue Sufficiency Analysis
- Yakima County, WA – Solid Waste Management Plan and Rate Study
- City of Killeen, TX – Solid Waste Rate Study
- City of St. Cloud, FL – General Fund & Utility Integrated Analysis (Water, Sewer, Bulk Water)
- Indian Creek Village, FL – Water and Stormwater Revenue Sufficiency Analysis
- Village of Pinecrest, FL – Stormwater Fee Study
- Cass County, IA – Landfill Revenue Sufficiency
- City of Coconut Creek, FL – Water/Wastewater Utility Rate Study
- City of Cape Coral, FL – Water & Sewer Rate Study
- City of Alliance, NE – Landfill Revenue Sufficiency
- Town of Mount Dora, FL – Stormwater Rate Study
- City of Clearwater, FL – Water, Sewer, and Solid Waste Revenue Sufficiency Analysis
- City of Zephyrhills, FL – General Fund Financial Sustainability Analysis
- City of Fort Myers, FL – General Fund Financial Sustainability Analysis
- City of New Port Richey, FL – General Fund and Utility Integrated Financial Sustainability Analysis



## TIM FLANAGAN | Outreach & Prop 218 Compliance



**EDUCATION** BA – Public Policy and Economics, University of California, Santa Barbara

### RELEVANT PROFESSIONAL AFFILIATIONS

Solid Waste Association of North America – President; Executive Board  
California Resource Recovery Association  
National Recycling Coalition  
National Legislative Committee – National “Buy Recycle” Alliance  
U.S. Conference of Mayors Advisory Committee for Solid Waste Mgmt and Resource Recovery – Devt Committee  
Leadership Monterey County – Member, Board of Directors  
Chaired/Appointed to Various County and State Elected Offices and Committees  
Chambers of Commerce (Southern California) – Former Board Member

### PROFESSIONAL EXPERIENCE

Mr. Flanagan is a professional executive with 40 years of extensive expertise developed within various levels of private and governmental entities or sectors. He has championed and established cutting-edge waste reduction and recycling programs as a skilled communicator and team leader, and has directed multi-state domestic and export recycling tonnage marketing and sales efforts through key strategic industry partnerships. In his previous positions, he successfully managed multi-million-dollar capital improvement projects for construction of new recycling and materials processing facilities, restoration projects, and key public works projects, from project design through California Environmental Quality Act (CEQA), permitting, and construction processes. Additionally, he has familiarity and practical knowledge of “Green Building” practices.

## STACEY TYLER DEMERS, LEED® AP | Operational & Data Analysis



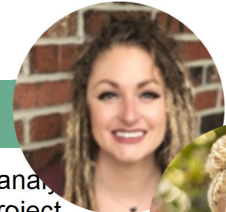
**EDUCATION** BS – Statistics, Virginia Polytechnic and State University

### PROFESSIONAL EXPERIENCE

Stacey has **30 years of experience in the solid waste field** focusing on developing, evaluating and improving programs that reduce waste, increase recycling, and divert organics. As SCS's national expert in waste characterization, she has a strong working knowledge of the types and quantities of materials in various waste streams and customizes zero waste strategies by material and generator type.

She has strong analytical skills in planning, statistics, program/operational benchmarking, and cost modeling. Her role includes analysis of user characteristics, operational evaluation, and data analysis.

## KELLYN MODLIN & SHER CARROLL | Financial & Management Analysts



Our Management Services group has financial analysts, data analysts, and management analysts ready to perform the services you require. Kellyn and Sher will be **lead analysts** for this project team. Their experience working with large data sets, managing databases, and creating financial models for forecasting and cost saving for local government clients make them ideal for this project. Their experience with financial modeling and visualization along with rate and fee development helps provide clients with an accurate and proficient analysis.

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**Our financial sustainability solutions include revenue sufficiency analysis, cost of service studies, and rate design. Our references, process, and proposed work plan are in the following sections.**

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## Understanding the Need

# UNDERSTANDING OF THE NEED

Our approach and experience on similar projects, performed by experts we have identified as key personnel, demonstrate that SCS is the right choice.

## Background

The Sanitation Services Users Charge (Charge or Fee) of \$5.35 per month, is paid by approximately 89,000 customers on a bimonthly basis. The Environmental Sanitation Program enforces municipal codes for right-of-way obstructions, illegal advertising, weed/rubbish abatement, and refuse violations. Among the services provided are street sweeping, abandoned item collection, sidewalk cleaning and power washing, cleaning services for illegal dumping areas, sidewalk and alley cleaning, right-of-way inspection and enforcement, and weed abatement. The program also coordinates with neighborhood associations to assist in beautifying their properties and neighborhoods.

## Let's Consider the Issues the City is Facing

### Increased Cost

The City has operated without a Fee increase since 1996, allowing your businesses and residents to be the beneficiary of low-cost services for nearly 30 years. However, salaries, contractual costs, and other operational costs increase over time, despite receiving a tremendous amount of scrutiny by public officials and community stakeholders.

For FY 2023, the Fee is budgeted to generate about \$6.3 million in annual revenues, but incur about \$7.3 million in expenses, a significant increase over prior years. The increased cost of Street Sweeping due to prevailing wage regulation is partly responsible for this increased cost. As a result, the City is considering changing its level of service in terms of linear miles or frequency to accommodate these cost increases. Additionally, inflation due to economic pressures and supply chain issues has dramatically increased costs of everything from technology to fuel, further putting pressure on the City's revenue sufficiency.

### Increased Service Level Demand

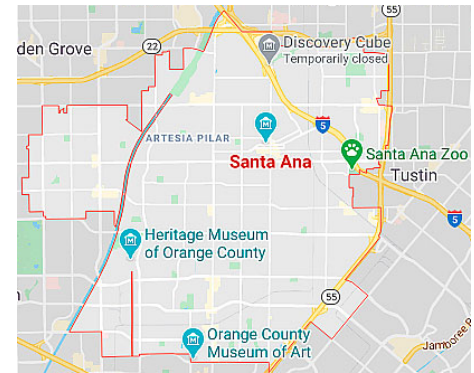
As the City of Santa Ana has grown to be the center of Orange County for many events and services, so has the need to handle the increased influx of both daytime and night time populations. Streets sweeping, sidewalk and alley cleaning, and illegal deposits/rubbish removal, have all seen a rise in service demands.

### How do these issues affect financial sustainability?

Your financial health as a utility is dependent on how many paying customers the City has, as well as how much waste is disposed. Regardless of the number of customers or containers tipped in a year, your costs continue to increase, and most of those costs are fixed. Disposal costs, although variable based upon the amount of waste disposed, can be subject to tipping fee increases. Likewise, increasing costs of supplies, salaries, and routine capital cause your expenses to increase annually. And operational inefficiencies can further add to ongoing expense.

Recognizing that current revenues are insufficient to fund ongoing costs of operations and capital, the City has chosen to engage a qualified firm to provide an analysis and to develop a financial management plan and rate structure to generate the required revenue while minimizing the impact on the City's residents.

Now that we understand your problems, we want you to understand our solutions...



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While our financial models support decision-making, our added value is our client focus, industry experience, and technical ability that we leverage to identify innovative solutions to your problems.

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## Our Approach

Updating your rates begins with our suite of utility **rate and financial planning models** that we customize to reflect the City's available funds, budgeting and actual spending, customer information, and capital program. The models are designed to:

- Identify assumptions and variables
- Examine historical trends and performance
- Forecast financial requirements
- Test alternative what-if scenarios
- Calculate cost of services for each rate/service component
- Determine the sufficiency of current rates to recover the cost of services
- Design updated rates based on cost to provide services and influence behavior

Our detailed approach and planning tools will allow our project team to **work closely with City utility staff**, finance staff, and City Administration to develop and get support for a long-term financial plan. We will utilize our models in interactive work sessions with City staff to review what-if scenarios and develop strategies to implement a sustainable rate and financial plan.

## Steps to a Successful Rate Study

There are several steps to calculating cost-of-service based rates. This section describes the ratemaking process and how we will work with the City to develop rates tailored to your system dynamics, diversion initiatives, and service levels. The steps also detail interaction with City staff, administration, elected officials, and the public that are required to facilitate the desired outcomes for your study.

### Compile and Review Existing Information

We will begin our study by scheduling a **kickoff meeting** with our team and City staff to discuss key issues, near and **long-term goals**, and metrics that you consider to be most important to your financial performance. At this meeting we will also distribute our data request, **discuss the items required for our analysis**, and the platform we will use for data transfer.

We will establish who will be involved in the process, the **key members of our team and your key staff**, and discuss the **project schedule** for interactive work sessions with your staff, meetings with your Council, and final deliverables. We will work with you to obtain all information relevant to understanding your existing operations and costs for provision of service to customers. Once we start to receive the data, we will begin an in-depth review. We will also review any other data provided and remain in contact if we need clarification prior to our first interactive work session.

### Revenue Sufficiency (Existing Cost of Service)

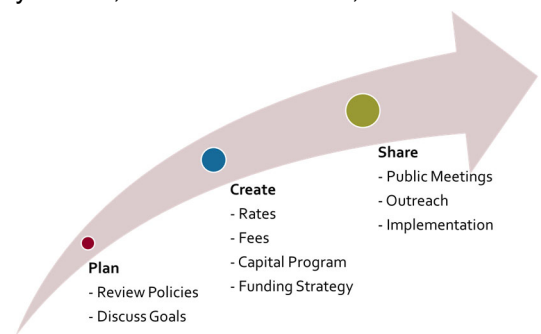
SCS uses an interactive modeling approach that allows input from you as we develop **customized financial solutions**. We will perform a revenue sufficiency analysis to determine the long-term sustainability of your solid waste system revenues, including a 10-year **financial management plan and associated plan of rate adjustments**.

During meetings with your staff, we display the models and work with you to **test multiple “what if” scenarios** that consider your financial sensitivity to changes in various variables. For example, we can test the impact of changes to your vehicle program costs and timing, and the associated impact on operating expenses and staffing requirements. For each scenario considered, we will identify the necessary revenue adjustments, including any borrowing that may be required, and the associated financial, fund balance, and customer impacts.

We will also evaluate capital funding alternatives, including cash funding, debt funding, grants, or any other financing alternatives the City is considering. The results are displayed in a simple, graphical format that allows for easy **comparison of scenarios**. Some of the steps in this process are detailed in the following sections.

### Expense Projection

To project your revenue requirements, we review your historical budgeted and executed operating expenses, all planned capital improvements and associated funding sources, existing debt service and coverage ratios, available



and recommended operating, capital, and debt service reserves, and any financial policies and reserve requirements dictated by policies of the City. We will also **consider your goals to address during the study**, such as cash reserve targets, operational changes, or hiring needs.

We study **changes in capital and labor costs** and how this will affect your expenses. Using cost escalators, we estimate your future expense increases and the nature of any expenses that may be contractual or one-time/temporary. As we tailor our model to your operations, we identify any other **issues or questions affecting financial performance to discuss with you** during our first interactive meeting.

### Capital Program Review

One of the largest expenditures driving the need for rate increases is the cost of capital outlay required to meet **current and future service needs and regulatory requirements**. In addition, there are significant renewal and replacement cost requirements to **preserve the reliability and useful life of your equipment** and other assets. The City must consistently fund vehicle replacements or incur increases in **repair and maintenance** costs. And implementing new programs often requires additional carts, routes/vehicles, or other capital expense.

We will perform a detailed review of your current capital program, including vehicle/equipment replacements and the **anticipated sources of funds** available to pay for these projects. This discussion of funding is important to reducing the impact of capital on rates. Recognizing this, we will:

- Review the level of your budgeted capital spending vs needed capital investment,
- Consider the priority of individual items within your capital plan,
- Review all restricted and unrestricted funds available for projects,
- Discuss timing of project expenditures, and
- Consider external funding sources, such as grants or loans, that may mitigate rate impacts.

In meetings with City staff, we will review the level of capital or types of projects the City historically cash funds from rate revenues. We will evaluate the pros and cons of alternative capital funding practices, and financial considerations associated with leveraging debt financing. We will consider whether the City could adapt its use of cash and debt funding to maximize available cash reserves and limit risk. Working with you, we will develop a **recommended capital spending and funding plan** for the identified capital and future capital needs.

### Financial Management Plan

Based on our analysis and interactions with staff, we now have a **forecast of your system growth** and **anticipated revenues under your current rates**. We also have a **projection of operations and maintenance** expenses, capital investment, debt service payments, and the resulting fund balances in each year of the projection period.

The final step is to review the scenarios the City may wish to consider for project timing and funding, policy changes, or sensitivity to changes in any of the assumptions used in the analysis and then **develop a long-term plan of rate adjustments** for each scenario. Working with you, we identify the scenario that best reflects your **anticipated and desired outcomes while minimizing rate impacts** to your customers. This plan will provide the revenue requirements used as the basis for updating the structure of your rates.

It is important to note that the City/SCS will **update this analysis at the time of the midterm review**. At that time, we will compare the anticipated outcomes from the rate/rate structure updates to the actual revenues and financial outcomes the City is experiencing.

### Cost of Services

Once the above is complete, we will **analyze the City's costs to provide various services** to its customers by examining each line item in the budget. Our **Cost Allocation Model** takes the revenue requirement from and **equitably allocates costs** to each Fee component (street sweeping, illegal dumping, right of way maintenance, etc.) according to number of instances, how services are provided, and the City's current customer profile.

We will prepare a detailed statistical analysis of the City's recent service levels, population growth, and tonnage/service level trends. By looking at several years of data, we can consider factors important to serving your customers and evaluating your costs of service and potential rate structure changes:

- What services are provided?

- How does the nature of providing those services differ? Are there varying times to respond, staffing, equipment, etc. for each service?
- What customer classes do you serve in addition to residential?
- What other services are included in the Fee, if any?

This process allows you to see the revenue generated for various services/customer classes versus the expenses incurred in providing those services to your customers.

**The outcome of this analysis then becomes the basis for the net revenue requirement used in the rate structure analysis.**

### Rate Benchmarking

To assist in the next step of rate structure analysis, we will conduct a **survey of nearby comparable entities** to determine the City's current and proposed charges for the average customer relative to these other entities.

### Rate Structure Analysis

Once the cost of services analysis is complete, we will use our **Rate and Fee Model** to examine the City's current Fee and identify any structural adjustments to consider in developing your new user fee. We will obtain historical billing data and/or property data and **analyze current billing practices**. We will identify the revenue requirement based on the results of the revenue sufficiency analysis and cost of service analysis, and use this revenue requirement and the results of the billing data analysis in considering alternative rate structures.

We will analyze the City's current rate structure and projected changes in customer characteristics. We examine many factors important to potential rate structure changes, such as: historical and current fee structure and billing, franchise fees and agreements, miscellaneous or one-time service fees, customer sensitivity to fee changes, projected changes in population/service levels, tonnage/volume data, and City ordinances and policies relevant to the analysis.

In developing recommendations, we will also consider your **desire to encourage diversion** and implement new programs. Our project team will develop rate structure recommendations that **comply with best practices for ratemaking and relevant legislation**. During meetings with staff, we will discuss rate recommendations for your user fee and other miscellaneous fees based on the current structure and suggested adjustments. We will discuss the basis of the recommendation and test the sensitivity of the rate changes to various customer classes and demand characteristics. The goal is to develop a structure that will be **easily understandable and easy to administer and that will accurately reflect the dynamics of your solid waste system** while equitably distributing costs.

### Lifeline Rates & Policy Review

As part of the rate study, we will discuss with City staff any policies/ordinances/resolutions concerning solid waste that may be out of date or no longer reflect the services you provide to your customers and additional items that could be included in your ordinances/resolutions in the future.

This is an appropriate time to also discuss other **City policies** that can be updated or have been analyzed during the rate study process, such as **lifeline rates for elderly or low-income residents**, working capital reserve targets, capital/rate stabilization reserve funding, indirect administrative cost allocation to departments/funds, etc.

### Presentation of Results & Implementation Assistance

#### Customer Impacts & Plan for Public Meetings

A well-designed rate structure only benefits you if it is adopted and implemented. With this outcome in mind, it is important to consider the **impact of recommended changes on the average customer**.

It is also helpful at this point to include the City Manager or other officials in City Administration in a **conversation of the key issues** and the basis for the recommendations prior to public meetings. This conversation allows us to **get support and direction** regarding **key items of interest to the public and/or elected officials** that may be important to gaining support. Once we have agreed on the rate/policy recommendations to be presented to the public and Council, we will begin the presentation of results.

#### Written Narrative

We will develop outputs of the assumptions and projected revenues, expenses, rate adjustments, and rate structure changes used in developing the analysis. These will be included in our draft and final technical memorandums for



your review and feedback. We will create a memorandum detailing the **analysis performed, comparable entities identified, performance metrics considered and how the City compares, and recommendations** for the City to consider. The draft memorandum will be distributed to City staff for review and comment. Upon receiving comments from City staff, we will adjust our analysis and/or narrative as required and distribute the final memorandum.

Once all of the analyses are complete, we will provide the City with detailed schedules containing all of the assumptions and detailed projections used in developing the analysis. The detailed schedules will also be included in the **draft report** then be distributed to the City for thorough review and comment.

### Implementation/Prop 218 Support

The rates that SCS will calculate will support the requirements of Prop 218. Additionally, we will assist the City in preparing a notice that will need to be mailed to all property owners/customers at least 45 days prior to a public meeting. At the meeting, residents can protest. If there is no majority protest, fees can be adopted.

**Based on the cost to provide services and rate structure analysis described above, the rates SCS will develop with the City will meet all of the Proposition 218 requirements.**

### Public Meetings

In addition to the written report, we will develop a **PowerPoint presentation** summarizing the findings. Then we will also attend a **meeting with the City Council and/or the public** where we will present the results of our analysis. As earlier discussed, it is important to have early interaction with key stakeholders, but this is the first time many of the residents will hear the details of the rate study performed. It is important to convey that the City is acting in the best interests of the residents. We will communicate:

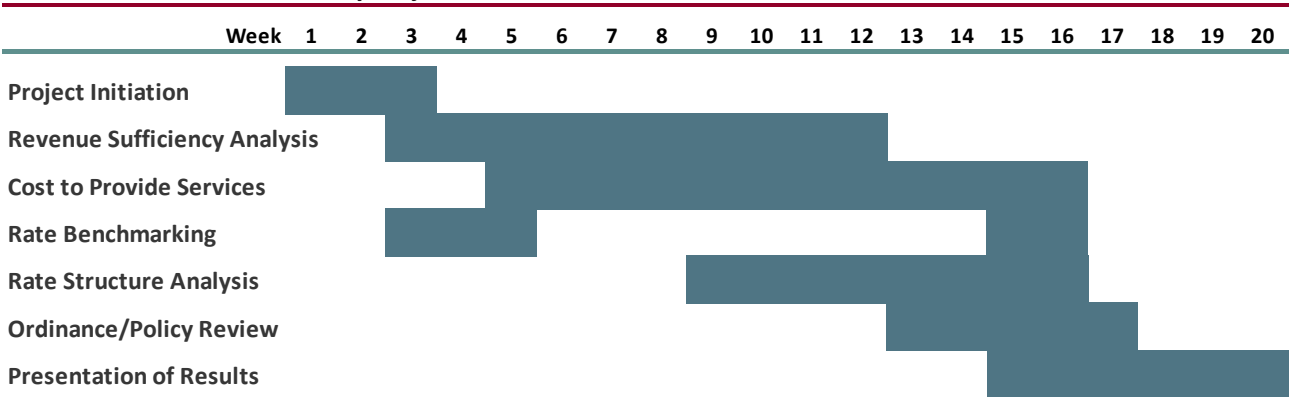
- The responsibility of a sanitation utility to provide an **essential service** and protect the environment
- The **key issues** you are facing and the associated costs driving the need for additional revenue
- The **basis for calculating rates**, including the equitable distribution of costs and desire to encourage diversion
- Sensitivity in **customer demand** or satisfaction as a response to rate changes
- Miscellaneous or one-time **services that could be charged fees** and not included in the base rates

### What Makes Our Project Approach Different?

Project success couples experience in **political decision making** with **input from you** and your staff, and the **technical ability** to plan for your future success. We understand that an effective financial plan does not look to simply “balance the budget”. Rather, it should be a long-term forecast that helps guide future decision-making, **identifying trends and vulnerabilities** that affect long-term financial sustainability. An effective plan should account for known costs (capital, operations, etc.), while also testing the sensitivity of the outcomes to changes in variables.

**Our strategic approach combined with effective communication demonstrates to you, your Council, and your residents how today’s decisions will affect future outcomes.**

Sanitation Cost of Service Study Project Schedule





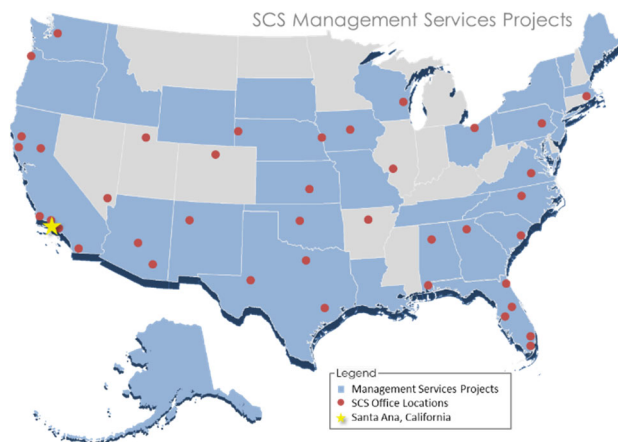
## Relevant Project Experience

# RELEVANT PROJECT EXPERIENCE

We have a qualified team of professionals with the experience and resources to perform this rate study for the City.

## Similar Project Experience

Over the years, SCS has literally completed hundreds of studies. Your Project Manager, Vita Quinn, has completed revenue sufficiency and/or cost-benefit analysis studies for the City of San Antonio, Texas; City of Myrtle Beach, South Carolina; and City of Atlanta, Georgia, just to name a few, in the last several years. References are provided on Attachment A.



The map visually illustrates the locations of key offices and recent projects in this practice.

**WE ENCOURAGE YOU TO REACH OUT TO ANY OF OUR CLIENTS TO DISCUSS THEIR SATISFACTION WITH OUR SERVICES.**

## Other Recent/Current SCS Financial and Rate Study Projects

Name	Location	Key Facets
Revenue Sufficiency and Rate Analysis	City of Glendale, California	Evaluate options for franchising commercial collection, develop <b>revenue sufficiency model to evaluate rates</b> and service option, assess regulatory environment and provide recommendations on changes necessary to franchise in Counties.
Revenue Development for Solid Waste Authority	Broward County, Florida	Developing the <b>anticipated capital and operational expense for an authority</b> to build and operate waste-to energy, yard waste, MRF, and several transfer facilities. Also developing the <b>level of processing fee, transfer fee, and special assessment revenue required</b> to support this investment of approximately \$1.5 in capital and the cost of operations.
Comprehensive Solid Waste Management Plan	Yakima County, Washington	Prepared a SWMP Update, including a detailed waste flow analysis, evaluation of the recycling potential of materials, and a <b>financial model of the options</b> under consideration, which was used to develop a 5-year plan <b>costs and revenues</b> , presented to the County and Solid Waste Advisory Commission.
Solid Waste Management Plan & Fleet Rental Rate Analysis	City of Odessa, Texas	Analysis of operations, projected services, waste stream, and demographic changes, and financial recommendations for the City's collections. Included long-term plan of <b>financial/rate increases</b> . Also performing annual analysis of entire City's fleet age, costs, repairs and <b>reimbursements to the City's Fleet Maintenance Department</b> .
Operational Analysis	Baltimore County, Maryland	Analysis of operations and administration of billing at County's transfer stations, landfill, and administration/billing department office. Recommendations presented to County Administrator; implementation underway.

**REFERENCES FOR THE ABOVE CAN BE FURNISHED UPON REQUEST.**