



City of Tukwila  
**Finance and Governance  
 Committee**

- ◆ **Kate Kruller, Chair**
- ◆ **Kathy Hougardy**
- ◆ **De'Sean Quinn**

<b>Distribution:</b>	
K. Kruller	Mayor Ekberg
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M. Abdi	L. Humphrey
T. Sharp	

# AGENDA

**MONDAY, JUNE 26, 2023 – 5:30 PM**

**THIS MEETING WILL BE CONDUCTED BOTH ON-SITE AT TUKWILA CITY HALL AND ALSO VIRTUALLY.**

**ON-SITE PRESENCE WILL BE IN THE DUWAMISH CONFERENCE ROOM  
 (2ND FLOOR, 6300 SOUTHCENTER BOULEVARD)**

**THE PHONE NUMBER FOR THE PUBLIC TO LISTEN TO THIS  
 MEETING IS: 1-253-292-9750, Access Code 313004383#**

**Click here to: [Join Microsoft Teams Meeting](#)**

*For Technical Support during the meeting call: 1-206-433-7155.*

Item	Recommended Action	
<b>1. BUSINESS AGENDA</b>		
a. A lease agreement with Dell for 2023 laptop refresh. <i>Joel Bush, Chief Technology Officer</i>	a. Forward to 7/10 Special Meeting Consent Agenda.	<b>Pg.1</b>
b. A contract for a Comprehensive Financial Sustainability Plan and Utility Rate Study. <i>Vicky Carlsen, Finance Director</i>	b. Forward to 7/10 C.O.W. and 7/17 Regular Meeting.	<b>Pg.5</b>
<b>2. MISCELLANEOUS</b>		

**Next Scheduled Meeting:** *July 10, 2023*



The City of Tukwila strives to accommodate individuals with disabilities.

Please contact the City Clerk's Office at **206-433-1800** ([TukwilaCityClerk@TukwilaWA.gov](mailto:TukwilaCityClerk@TukwilaWA.gov)) for assistance.





## **INFORMATIONAL MEMORANDUM**

**TO: Finance Committee**

**FROM: Joel Bush, Chief Technical Officer**

**BY: Mike Marcum, Supervisor of Technical Operations**

**CC: Mayor Ekberg**

**DATE: 6/20/23**

**SUBJECT: Dell Lease Agreement- City Laptop Refresh**

### **ISSUE**

TIS is seeking Council authorization to enter into a three-year lease agreement with Dell Financial Services.

### **BACKGROUND**

Laptops have become an integral part of our hybrid work force. The current laptop lease expires in September.

### **DISCUSSION**

The Dell Financial Services quote is attached for Council review and discussion.

### **FINANCIAL IMPACT**

Not to exceed \$45,501 annually, or \$125,778.71 over three years, not including tax. This is a budgeted expense.

### **RECOMMENDATION**

The Council to being asked to consider this item for discussion and forward it to the Consent Agenda on 7/10/23, granting approval for TIS to enter into the lease agreement.

### **ATTACHMENTS**

Dell Financial Services Quote #3000155734231





Prepared For:   
TUKWILA, WASHINGTON

June 16, 2023

Thank you for giving Dell Financial Services L.L.C. ("DFS") the opportunity to provide a technology financing solution. Enclosed is a financing proposal for your new technology needs. We look forward to discussing this opportunity in further detail with you. If you have any questions, please contact me at the phone number or email address below.

<b>Term</b>	<b>36</b>
<b>Option</b>	<b>TELP</b>
Payments:	Annual
Consolidation:	Monthly
Payments Due:	Advance
Interim Rent:	None

Dell Quote Number	Summary Product Description	Product Price	Quantity	Extended Price	Rate Factor	3 Payments
3000155734231	Dell Latitude 5330	\$694.91	181	\$125,778.71	0.36176	\$45,501.71
	<b>TOTALS</b>			<b>\$125,778.71</b>		<b>\$45,501.71</b>

Proposal Expiration Date:  
July 16, 2023

Leasing and financing provided by Dell Financial Services L.L.C. or its affiliate or designee ("DFS") to qualified customers. Offers may not be available or may vary in certain countries. Where available, offers may be changed without notice and are subject to product availability, credit approval, execution of documentation provided by and acceptable to DFS, and may be subject to minimum transaction size. Offers not available for personal, family or household use. Dell and the Dell logo are trademarks of Dell Inc. Proposal is property of DFS, contains confidential information and shall not be duplicated or disclosed in whole or part. Proposal is not a firm offer of financing. Pricing and rates based upon the final amount, configuration and specification of the supplied equipment, software, services or fees. Prorata payment may be due in the first payment cycle. Proposal excludes additional costs to customer such as shipping, maintenance, filing fees, applicable taxes, insurance and similar items. Proposal valid through the expiration date shown above, or if none is specified, for 30 calendar days from date of presentation. Upon expiration, lease rates may be changed in the event that market rates change

**End of Term Options:**  
**Tax Exempt Lease Purchase (TELP):**  
 • Exercise the option to purchase the products for \$1.00.  
 • Return all products to lessor at the lessee's expense.

**Zach Barthel**  
**Finance Sales – Midwest / PacNW**  
**Dell Financial Services**  
 (651)-272-9675  
[Zach.Barthel@dell.com](mailto:Zach.Barthel@dell.com)

**Additional Information:**  
**LEASE QUOTE:** The Lease Quote is exclusive of shipping costs, maintenance fees, filing fees, licensing fees, property or use taxes, insurance premiums and similar items which shall be for Lessee's account. Lessee will pay payments and all other amounts without set-off, abatement or reduction for any reason whatsoever. Additionally, Lessee shall declare and pay all sales, use and personal property taxes to the appropriate taxing authorities. **If you are sales tax exempt, please provide a copy of your Exemption Certificate with the Lease Contract.** If Lessee provides the appropriate tax exemption certificates to DFS, sales and use taxes will not be collected by DFS. However, if your taxing authority assesses a **personal property tax** on leased equipment, and if DFS pays that tax under your lease structure, Lessee must reimburse DFS for that tax expense in connection with the Lessee's lease.  
**PURCHASE ORDER:** The Purchase Order must be made out to Dell Financial Services L.L.C., One Dell Way, RR8-23, Round Rock, TX 78682. The Purchase Order will need to include the quote number, quantity and description of the equipment. Please be sure to indicate that the PO is for a lease order and shows the type of lease, the term length, and payment frequency. The date of the lease quote referenced should be included. Please be sure to include any applicable shipping costs as a line item and include your address as the SHIP TO destination.  
**INSURANCE:** The risk of loss on the equipment is borne solely by the Lessee. Lessee shall be required to purchase and maintain during the Term (i) comprehensive public liability insurance naming Lessor as additional insured; and (ii) "all-risk" physical damage insurance in a minimum amount of the Purchase Price, naming DFS as first loss payee.  
**APPROPRIATION COVENANT:** The Lease will contain an appropriation of funds clause. The Lessee will covenant that it shall do all things legally within its power to obtain and maintain funds from which the payments may be paid.  
**DOCUMENTATION:** In addition to a duly executed Agreement, other documents as reasonably requested by DFS may be required, such as but not limited to, opinions of counsel, IRS tax exemption forms (if applicable), and audited financials.  
**PROPOSAL VALIDITY / APPROVALS:** This is a proposal based upon market conditions and is valid for 30 days, is subject to final credit approval, review of the economics of the transaction, and execution of mutually acceptable documentation.  
**INDEXING LANGUAGE:** Upon expiration, lease rates may be changed in the event that market rates change.





## **INFORMATIONAL MEMORANDUM**

**TO: Finance & Governance Committee**

**FROM: Vicky Carlsen, Finance Director**

**CC: Mayor Ekberg**

**DATE: June 20, 2023**

**SUBJECT: Contract with Berk and FCS for Comprehensive Financial Sustainability Plan**

### **ISSUE**

Request authorization for Mayor to sign contract with Berk, partnering with FCS Group for development of a comprehensive financial sustainability plan and utility rate study not to exceed \$225,000.

### **BACKGROUND**

The 2023-204 biennial budget provides \$200 thousand for the comprehensive financial sustainability plan. The plan will review the City's operating and capital improvement program expenditures. The goal is to provide short-term (2-5 years) and long-range (6-10 years) plans for the City that considers current and future programs, projects, and service the City offers.

Given the magnitude of this project, it was determined that adding in a utility rate study as part of this Plan would be beneficial to the City and aid in the budgeting process for the City's utility funds.

The Plan is expected to be a valuable tool that will be utilized when drafting the 2025-2026 biennial budget as well as future budgets. This Plan will provide an understanding of the City's current financial position and develop tools or levers that can be used to provide the right mix of resources necessary to achieve the operational programs and services along with capital improvements desired by our residential and business communities.

The Plan is timed to coincide with the facilities study and business planning process related to the Foster Golf Course so that outcomes of these other studies can be incorporated into this Plan.

### **DISCUSSION**

The request for proposals closed on June 2, 2023 and the City received one response. The response was from Berk, who the City has worked with on other studies including the Strategic Plan and Impact Fee study. The response appeared to meet the requirements of the proposal, so interviews were held on June 22, 2023.

Staff on the interview panel concurred that Berk, partnering with FCS Group, can meet the requirements of the proposal within the proposed timeline.

The total bid is \$225,000 with the comprehensive financial sustainability plan \$109,205, utility rate model \$93,920, and \$265 for miscellaneous project costs. The project costs for the sustainability plan fit well within the proposed budget in the general fund. The utility rate model would be paid for by utility funds.

### **RECOMMENDATION**

Forward to July 10, 2023 Committee of the Whole and July 17, 2023 Regular Meeting and authorize the Mayor to sign a contract with Berk, partnering with FCS Group.

### **ATTACHMENTS**

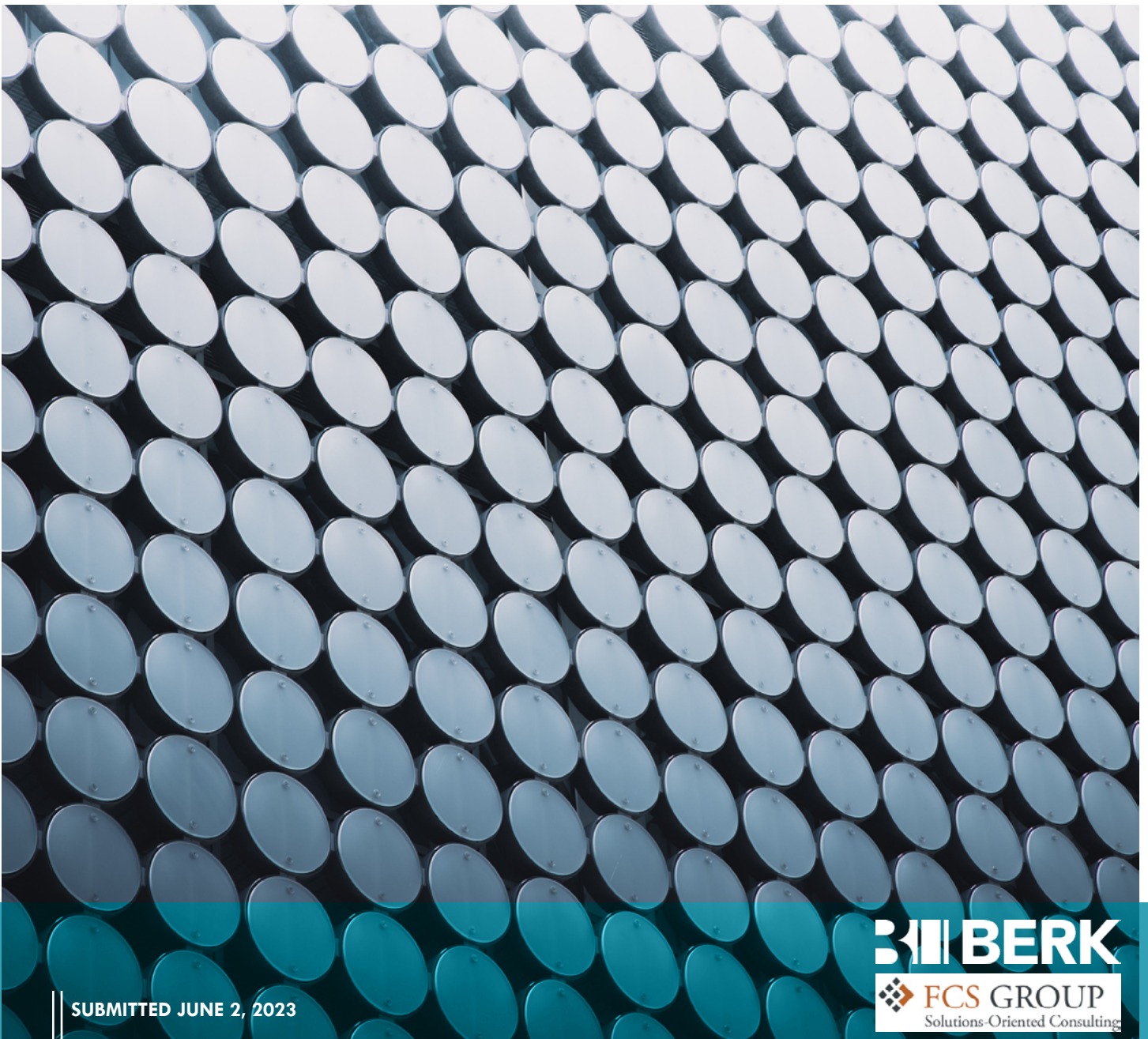
Berk proposal





City of Tukwila

# COMPREHENSIVE FINANCIAL SUSTAINABILITY PLAN AND UTILITY RATE STUDY



SUBMITTED JUNE 2, 2023



June 2, 2023

Attn: Vicky Carlsen, Finance Director  
City of Tukwila  
**SENT VIA EMAIL**

**RE: Tukwila Comprehensive Financial Sustainability Plan and Utility Rate Study | PROPOSAL**

Dear Vicky and the Consultant Selection Panel:

BERK Consulting, Inc. (BERK) and FCS GROUP have teamed to provide the City of Tukwila with expert municipal finance, rate analysis, and facilitation expertise. Together, our firms have worked on municipal finance studies throughout the region, and separately have worked closely with the City on numerous projects. We would be excited to work with the City on this joint effort and appreciate the importance of establishing a financial sustainability plan and updated utility rates for the Tukwila community.

Our team brings expertise in municipal finance, utility rate studies, and stakeholder and committee facilitation. We feel our combined expertise and complementary skillsets will provide the City with the capacity and capabilities to complete this study at a high quality as well as on time and on budget.

As requested in the RFP, we are including the following statements:

- **Signing Authority.** Brian Murphy is a Principal at BERK and as such has the authority to bind the firm to any contract resulting from this procurement process. He will also serve as Project Manager and be the lead facilitator for the project.
- **Conflict of Interest.** BERK confirms that no officer or employee of the proposer is directly or indirectly a part to or in any other manner interested financially or otherwise in this RFP.

We look forward to discussing this project with you in detail. In the interim, more information about our firms, approach, team, and client satisfaction can be found on our websites: [www.berkconsulting.com](http://www.berkconsulting.com) and [www.fcsgroup.com](http://www.fcsgroup.com).

Sincerely,



Brian Murphy, Principal  
**BERK Consulting, Inc.**

# Executive Summary & Understanding of Required Services

## Proposal Summary

We are proposing an integrated and collaborative approach, with BERK leading development of the Comprehensive Financial Sustainability Plan as well as facilitation of staff and Council work sessions and overall project management. The FCS GROUP will lead development of the Utility Rate Study and will also support the work sessions. Our team's expertise in municipal finance, utility rate studies, and facilitation make us ideally suited to support the City in this effort. BERK has also worked extensively with the City and community of Tukwila, including on the Strategic Plan + Implementation Framework, Facility Needs Study, and Police Strategic Plan.

More about our team, experience, and proposed scope of work are included in the following sections.

## Team Organization

BERK has partnered with FCS GROUP to provide the City with unmatched expertise in municipal financial analysis, utility rate and fee analysis, facilitation, and stakeholder engagement. Our firms are focused on working with Washington State local governments and each have been working in the state for more than 30 years. We are currently working together on a strategy for Pierce County Parks.

**Brian Murphy** will serve as Project Manager for this effort. He will be the primary point of contact for the duration of the project, as well as the lead facilitator. **Katherine Goetz** will lead development of the Comprehensive Financial Plan, and **John Ghilarducci** will lead the Utility Rate Study. They will be supported by **Oliver Hirn** and **Ariel Hsieh** of BERK and **Zechariah Hazel** of FCS GROUP. Additional information about each staff person can be found in the **Proposer's Personnel** section and **Appendix A: Staff Resumes**.

## Relevant Experience

The BERK team has worked on financial sustainability strategies for many cities in the region, including Auburn, Brier, Kent, Kirkland, Port Townsend, and Shoreline. We have been fortunate to work with the City of Tukwila over the past decade on a strategic plan, facility needs assessment, parks planning, and a needs assessment for the Senior Center.

FCS GROUP has performed water, sewer, and stormwater rate studies for hundreds of Northwest city utilities including the cities of Auburn, Bainbridge Island, Bonney Lake, Bothell, Bremerton, Fife, Oak Harbor, Redmond, Renton, Sumner, and Vancouver. In past years, FCS GROUP has worked with the City of Tukwila on several engagements including a stormwater funding analysis, park impact fee review, and multi-phase financial evaluation of the Segale development. FCS GROUP also completed an indirect cost allocation plan for the City that was held up for many years by the Washington State Auditor's Office (SAO) as an example cost plan for other cities to emulate.

## Project Understanding

The City of Tukwila is facing a challenge like many other cities in Washington: how to provide the level of programs, services, and infrastructure improvements desired by the community in the face of budget constraints and the need to contain impacts to taxpayers and ratepayers. While this challenge is common, the City of Tukwila's unique profile provides more opportunities to explore and more interests to consider. The limit on property tax growth is the primary factor for a city's structural budget imbalance, as this revenue source grows more slowly than expenditures. A city like Tukwila, with its large commercial sector, has a more diverse revenue stream and is less reliant on property tax revenue. The City has already taken steps to broaden its taxpayer base by adopting a business and occupation tax. This new tool will be part of the context in which to consider other revenue tools such as a levy lid lift, or expenditure options like staffing adjustments or changes to reserve levels.

The City would like a financial sustainability plan that meets its specific needs and is shaped and supported by an Advisory Committee representing various interests in the community. It will be important to balance these interests during the committee process, ensuring all voices are heard and respected and that committee members find common ground in evaluating options based on their magnitude, stability, flexibility, ease of implementation, equity, and other identified factors before recommending strategies. The BERK team has a track record of facilitating committees where members came into the process with varied perspectives and opinions and achieved a solid, cohesive package of recommendations.

The Financial Sustainability Plan will:

- Reflect the Tukwila community's needs and priorities.
- Consider how programs and services may change as the community continues to grow.
- Provide short- and long-term strategies to maintain financial stability.
- Describe how to implement strategies.

City staff will be an essential partner in this process, as they know the most about which strategies have already been implemented and which have been explored, how feasible implementation would be, and what impact strategies might have on operations. Our team will work collaboratively with staff to prepare materials and analyze options, drawing on our own experience working in city government at the operational and strategic level.

The utility rate study will be a companion to the financial sustainability plan, providing City staff with another tool for financing major infrastructure projects. The study will include recommendations for rates and options to adjust funding as the community grows. The study will focus on equity, exploring options to set rates that closely align with customer usage.

## Approach

The tasks below outline our proposed scope of work. The cost proposal included in this document is based on this approach, however we are flexible and would be happy to revise this initial scope in collaboration with the City.

### Task 1. Project Kick-off and Management

**Project kickoff.** The consulting team will facilitate a project kick-off meeting with the City's Project Manager and/or project team. The purpose of the meeting is to discuss:

- Designation of roles and points of contact on the client and consultant teams.
- Desired project outcomes.
- Key policy and technical issues to address
- A project schedule and deliverables.
- Identification of key staff with whom to collaborate.

We will also use the kick-off meeting to discuss some baseline questions, including:

- Does the City want to benchmark against comparison cities? If so, what are the criteria for selection?
- Are there any revenue or efficiency options the City already knows it wants to explore in the financial sustainability plan?
- What conversations have already occurred with various stakeholder groups?

**Ongoing project management.** Through the remainder of the project, the consulting team's core staff will check in regularly and work collaboratively with the City's Project Manager to ensure the process is moving forward efficiently and to address any questions or concerns.

**City Council briefings and presentations.** The consulting team will coordinate presentations of findings and recommendations to the City Council. Members of the BERK team will present the draft financial sustainability plan while members of the FCS GROUP team will present and discuss the rate study results at up to three on-site City Council meetings. One of these three meetings is likely to be a Rate Studies 101 workshop and at least one other meeting will be a public Council meeting that will include sample bill impacts and comparable rates in neighboring communities.

## Task 2. Financial Sustainability Plan

**Review other plan documents and context.** We will review the City's budget, capital improvement plan, and financial policies to gain an understanding of key budget drivers, constraints, and strategies that have recently been implemented. We will review other recently completed plans and planning efforts underway, such as the comprehensive facilities study and business plan for the City's golf course.

**Review City programs and services.** Members of the BERK team will meet with City staff in each department to learn about the City's programs and services, including legal requirements, staffing needs, costs, offsetting revenues, community expectations, and usage. We will project future usage of programs and services based on population and employment projections provided by City staff and determine how those changes will impact staffing needs and costs.

**Benchmark to peer cities.** In collaboration with the City's project team, we will select up to five comparison cities against which to measure Tukwila's revenues, both in terms of magnitude and mix, and costs to provide services. Benchmarking is a helpful way to understand which revenue or expenditure strategies the City may be underutilizing. Benchmarking also captures, at a high level, how other cities manage the financial structural

constraints they share with Tukwila and the tradeoffs they make. These findings can be useful in the analytic process, and for subsequent decision making by Council and the community.

**Facilitate a staff workgroup.** We will facilitate multiple meetings with a staff workgroup to have an open, collaborative discussion about our findings and identified financial strategy options. We will discuss topics such as opportunities for efficiencies or alternative ways to deliver service as well as revenue options. FCS GROUP team members will facilitate workgroup review of findings associated with the Utility Rate Study.

**Facilitate the Advisory Committee.** We will facilitate up to six meetings of an Advisory Committee representing City staff, the Tukwila business community, and residents. The Advisory Committee will review information about the City's current financial condition and provide feedback on different revenue and expenditure options and weigh in on identified tradeoffs and alternatives. The consulting team will work together with the City's project team to develop the meeting plan and materials for each meeting. We anticipate committee members will have different levels of familiarity with the City's budget and financial issues, so we will work during and between meetings to ensure all members are able to participate effectively. The meeting arc will have four overall steps:

1. **Establish the foundation:** Review the project purpose and the charge of the Advisory Committee. Review the City's budget, identify significant revenues and expenditures, and distinguish where the City has obligations and the discretion to make choices. Determine evaluative criteria for screening revenue and cost options.
2. **Understand the context and options.** Review benchmarking information to see how Tukwila compares to peer cities. Discuss various revenue and expenditure strategies, identifying the pros and cons of each.
3. **Iterate and discuss.** Continue discussing options and exploring how they fit together into draft recommendations. Consider the timeframe of each option.
4. **Finalize recommendations.** Prepare final recommendations to incorporate into the financial sustainability plan.

**Develop strategies.** Using input from City staff and the Advisory Committee, we will develop strategies to address the City's financial challenges. We will consider ways the City can plan for unexpected events, such as creating designated reserve funds and updating reserve policies. These strategies will be both short- and long-term. We will prioritize these strategies and include implementation steps such as who is responsible and who should be consulted. Using the City's current financial forecast, we will build an interactive, dynamic model to test the fiscal impact of different strategies.

**Final report.** Once preferred strategies are established, we will prepare a final plan in the form of a report. The report will be written for a broad audience, including City staff, City Councilmembers, partners, and community members. The document will be as concise as

possible, using wayfinding and document structure to place emphasis on the most important material, with supporting details housed in attachments. This will allow the report to effectively communicate the strategies in the plan to all audiences.

## Task 3. Utility Rate Study

This task will result in updated rates for the City of Tukwila’s water, sewer, and surface water utilities. An alternative surface water rate structure is included in the work plan, as well as a cost-of-service analysis for the City’s water and sewer utilities.

**Data request.** FCS GROUP will submit a request for needed data and arrange for a meeting with City staff to establish a clear project understanding and set a course for completing the work. A follow-up data request may be needed to ask clarifying questions or fill-in data gaps.

**Policy framework.** In this task, FCS GROUP will compile brief issue summaries on key policy questions to be addressed in or incorporated into the study. Each issue summary will define the key question, evaluate options, and recommend a course of action for discussion. During this task, we will write up to two issue summaries. Issues often focus (but not always) on fiscal policies and rate structure options. We will have a virtual meeting with City staff to discuss and resolve policy issues and direction.

**Revenue requirements analyses.** After the City has provided the information requested in the data request list, FCS GROUP will analyze the revenue requirements for each service. The revenue requirement is defined as the total amount of rate revenue needed to meet an enterprise’s financial obligations, including capital, operating, and policy-driven commitments. The results of the revenue requirement analyses will be the recommended percentage adjustments needed to meet the obligations of each service. The analysis will include up to a 30-year forecast. We will meet twice with City staff to review revenue requirement findings (one in-person meeting and one virtual meeting). Subtasks will involve developing a Capital Financing Plan, Operating Forecast, and Revenue Needs Assessment.

- **Capital Financing Plan.** Based on the Utility Capital Improvement Plans (CIPs) provided by the City, annual rehabilitation and replacement needs, and the desired capital funding strategy (likely to include a balance of cash and debt funding), FCS GROUP will project capital funding needs, borrowing requirements, and associated cash flows and cash balances for the study period.
- **Operating Forecast.** FCS GROUP will forecast ongoing operating, maintenance, administrative, debt service, and other cash obligations of the three services for the study period. We will incorporate economic factors for customer growth and cost escalation,



as well as additional O&M expenses, if any, resulting from the capital improvement programs or other known changes in operational requirements.

- **Revenue Needs Assessment.** The Revenue Needs Assessment ultimately identifies the total rate revenue to be collected from customers of the City, serving as the platform for generating rates that recover total utility costs for each service. We will compare projected cash requirements against projected revenue under existing rate levels, including projected sewer treatment and wholesale water purchase rates, to determine annual City rate adjustments needed to satisfy the projected cash obligations of each service. We will test the sufficiency of each utility's resources in the context of the City's fiscal policy objectives, debt covenants (i.e., coverage), and other applicable requirements.

**Surface water rate design.** The City of Tukwila currently charges rates for surface water management based on development density tiers (percent impervious coverage) and parcel size. Single-family residences are charged uniformly by parcel. While this is a defensible rate structure, it does have a material drawback as the structure perpetuates inequities among customers at the extreme ends of each rate tier. Alternative billing approaches are limited by King County billing processes unless the City is willing to bill directly for surface water charges. If desired, we would evaluate opportunities for a fee structure that is based on actual, measured impervious surface area, using the equivalent service unit (ESU) approach.

The ESU approach often includes a uniform rate for single-family residential customers based on an estimated average amount of impervious surface area per developed residential parcel. However, if the data is available, additional equity can be gained by grouping single-family parcels into tiers, such as Small, Medium, and Large, based on impervious square footage. The charge basis for all other customer types is generally actual measured impervious surface area, expressed as a number of ESUs. The rate itself is most commonly calculated as a dollar amount per ESU. We have budgeted to meet on-site with City staff to review surface water rate structure findings. Subtasks involve compiling customer information, performing a rate calculation, and assessing rate credit options.

- **Compile customer information.** We will compile information furnished and initially compiled by the City and / or the County into the format needed to calculate updated rates. If sufficient current impervious data for single-family residential parcels is unavailable for an impervious square footage (e.g., tiers) type of analysis, the City will need to review and update this information and provide that to FCS GROUP.
- **Calculate rate.** Applying the revenue requirement results and the customer information, we will calculate up to two ESU rate alternatives for single-family parcels (i.e., uniform single-family and tiered single-family).

- **Rate credits.** If rate credits are desired by the City, we will analyze the utility’s costs and allocate to “base” and “use” to help determine the maximum credit amount and evaluate options for implementation.

**Water and sewer cost-of-service analyses.** The cost-of-service analysis is the evaluation, based on available engineering and customer information, of how the City should recover costs from customer classes. If the revenue requirement analysis determines the size of the pie, the cost-of-service analysis determines how it will be sliced up among customers. The results of the cost-of-service analysis will be updated rates that equitably charge utility customers based on the unique demands of their class. We have planned to meet in-person with City staff to review cost-of-service and rate findings. Cost-of-service analyses and resulting rates will be revised in consideration of City feedback. Subtasks include analyzing customer statistics, rate model update, performance of allocations, and generating updated rates.

- **Analyze customer statistics.** To ensure the quality and reliability of the cost-of-service analyses, FCS GROUP will examine the customer statistics provided for the water and sewer utilities.
- **Rate model update.** FCS GROUP will develop Excel-based cost-of-service rate modules. The modules will be constructed with user-friendliness in mind and will accommodate user entry of key data and assumptions. The modules will be flexible and stable enough to analyze multiple scenarios and refinements. While similar in format and “look,” the modules will differ between the water and sewer services. Allocations of plant and expense may be made by service. Water will include customer, base demand, extra/peak demand, and fire protection, while sewer will consider customer, flow, and infiltration and inflow.
- **Perform allocations.** Drawing upon City staff’s knowledge and input, as well as work performed in previous studies, we will allocate plant and expense items to relevant functional cost categories for each service.
- **Generate updated rates.** Each model will allow simultaneous analysis of up to three rate structures: a simple across-the-board adjustment to current rates and two alternative cost-of-service based rate structures. Alternatives will be chosen based on the input of City staff and direction from City Council (if applicable) but could include additional rate categories for affordable housing (including ADUs and middle housing).

**Draft and final report.** FCS GROUP will document findings in a comprehensive study report and provide a copy of the spreadsheet analyses for future use by City staff.

- **Draft Report.** After completing the analytical tasks, FCS GROUP will provide a draft report for City review. The report will summarize the methodology and analysis undertaken in completing the project, the results and conclusions of the study, and our

recommendations. The report will include proposed rate schedules and implementation steps.

- **Final Report.** Upon receipt of comments from the City, FCS GROUP will incorporate the comments, as appropriate, into a Final Report to be submitted to the City in both Word and PDF formats.
- **Spreadsheet Model.** FCS GROUP will deliver a final copy of the Excel-based spreadsheet models for City use. The models will provide for 1) evaluation of revenue and cost changes on rates, 2) analysis of fiscal policy implementation options, 3) analysis of changes in economic and financial indicators, 4) rate smoothing, and 5) variances to any and all other key rate study inputs including the capital plan, the operating budget, customer information.

# Description of Proposer's Firm

## Team Overview

BERK will serve as the lead consultant for this project and will contract directly with the City. Our proposed Project Manager, Brian Murphy, is a Principal at BERK and can legally bind the firm to a contract resulting from this procurement process. Brian will also serve as the primary point of contact for the work.

BERK and FCS GROUP have worked together on other financial studies, including a current project with Pierce County Parks. Our teams have complementary skillsets related to municipal finance, rate studies, and facilitation, and will work collaboratively on this project.

More information about each firm and our key personnel are in the following sections.

## About BERK Consulting

BERK is an interdisciplinary consultancy integrating strategy, planning, and policy development; financial and economic analysis; and facilitation, design, and communications. Founded in 1988, our passion is working in the public interest, helping public and nonprofit agencies address complex challenges and position themselves for success.

Our Mission is: **Helping Communities and Organizations Create Their Best Futures.** We do this by:

- Integrating the art of effective decision-making with the science of rigorous quantitative and qualitative analysis;
- Bringing people, ideas, and analysis together to generate understanding and consensus on the best strategies and decisions; and
- Bridging disciplines to synthesize diverse information and facilitate relationships.

A hallmark of our approach is our ability to communicate complex information to a wide range of audiences, using words, numbers, pictures, and maps to convey information in accessible, understandable formats. We believe that when participants truly understand the issues and options before them, they are able to make good decisions, and then communicate and explain those decisions to the broader community.

## About FCS GROUP

FCS GROUP, established in 1988, is one of the country's oldest and most respected independent providers of financial, economic, and utility management services in the public sector. With over 4,000 engagements for more than 650 government clients, FCS GROUP provides best-in-class analytical solutions that offers our clients the clarity they need to solve their most complex issues in ways tailored specifically to their own communities.

As a private practice dedicated exclusively to state and local government issues, FCS GROUP has accumulated the expertise and the perspective that makes a real difference for the clients they serve. Each engagement is a highly personalized, entirely customized rate development experience led by one of our most senior principals who will be your partner in building the solutions and outcomes you need. FCS GROUP understands that every municipal agency faces its own unique challenges. Their success and reputation comes from the ability to listen to clients and produce customized study results that can be easily implemented and understood by everyone.

FCS GROUP's management and technical staff serve clients throughout the U.S. from four offices located in Redmond and Spokane, Washington, Lake Oswego, Oregon, and Boulder, Colorado.

## Relevant Experience

**Municipal Finance.** BERK staff are among the most knowledgeable professionals in the State about fiscal issues. Our local tax structures and budgeting processes are complex, and BERK has experience developing modeling tools and financial analysis that works within this environment. We bring a level of expertise to financial analysis that helps build credibility and ensures that recommendations and agency objectives are implementable.

**Utility Rate and Fee Consulting.** FCS GROUP has performed over 3,000 utility finance and rate development projects for local communities including defining revenue requirements with comprehensive financial modeling tools, performing long-term capital management strategies, developing full cost-of-service rates, and establishing legally defensible system development charges. We work with agencies large and small in urban and suburban areas, rural systems, regions with seasonal/climate sensitivities, and communities with special commercial/industrial needs. We are experts and educators in utility rate policies and practices, and are attentive to legal constraints in every location we work. Finally, we have a reputation for investing time with agency staff, policymakers, stakeholders, and customers to improve their utility's long-term financial health and integrity.

**Stakeholder & Committee Facilitation.** While a good facilitator can assist a group through a discussion of a topic that he or she is not extremely familiar with, the most effective facilitator understands the topic from an analytic perspective, and appreciates the differing viewpoints and interests that participants may bring to the table.

A hallmark of BERK's approach is the ability to efficiently integrate financial analysis and citizen engagement. We are experts at synthesizing complex information to make it accessible to groups with varying levels of expertise, differing perspectives, and limited amounts of time.

BERK's expertise spans municipal finance and market/economic analysis, as well as strategy development and group facilitation. We have expert knowledge of the financial challenges faced by cities across the state and the country, and of the issues likely to be raised by the Advisory Committee. This expert familiarity enables us to facilitate groups through consideration of what might otherwise be complex and potentially controversial topics.

## Project Experience

### *Port Townsend Financial Sustainability Taskforce 2023*

BERK is providing support for the City of Port Townsend's Financial Sustainability Taskforce. The City of Port Townsend is currently in a solid financial position, but staff and City Councilmembers want to be able to maintain services and move forward on several major initiatives. The City established this Taskforce to review the City's current financial position and identify options for the future with a small group of engaged residents. BERK provided facilitation for these meetings and created materials such as educational content for the community, benchmarking information for peer cities, financial options to consider, and criteria to evaluate those options. BERK is assisting staff develop a final report from the Taskforce to the City Council. This report will be completed in July 2023.

### *City of Auburn Fiscal Sustainability Analysis 2019*

The City of Auburn engaged BERK on a fiscal sustainability study to review its current financial situation and identify options that could have a material and meaningful impact. The City was experiencing population and employment growth, but expenses were beginning to outpace revenues, due in large part to structural factors common to cities across Washington state. BERK reviewed the City's financial condition, compared projections under varying methodologies, and developed a fiscal model to analyze different scenarios over a ten-year timeframe. We benchmarked key revenue sources to peer cities, providing a broad sense of how different cities support their General Funds with revenue tools. Our team

interviewed department directors to better understand the City's financial context and past cost containment strategies, and worked with the Finance staff to identify and evaluate strategies for revenue enhancement, including a utility tax increase, public safety sales tax, business and occupation tax, and property tax levy lid lift, noting benefits and challenges of each. We developed working budget scenarios to address the fiscal gap and presented our analysis to City Council.

### ***City of Brier Financial Condition Scenarios 2022***

BERK conducted a financial scenario analysis for the City of Brier to evaluate the impact of several fire protection service arrangements on the City's financial outlook. Using budget and cost data provided by the City, as well as publicly available data from the State Auditor's Office, State Department of Revenue, and County Assessor's Office, BERK staff projected the City's General Fund revenues (including property tax, retail sales and use tax, and utility tax revenues) and expenditures for the next six years under four scenarios. BERK staff created a flexible revenue and expenditure model in Excel that could be adjusted to various assumptions and scenarios. The model generated estimates of the annual General Fund surplus/deficit and the year-end General Fund balance in each of the next six years. BERK staff summarized the findings of the model in a short memo with graphical representations of the model results and in a presentation to Brier City Council. The City used BERK's work to communicate the City's financial condition to residents and to inform decisions about potential annexation into the regional fire authority.

### ***City of Kirkland, NE 85th Street Station Area Plan Fiscal Impacts Analysis, 2021***

BERK supported the City of Kirkland in the development and adoption of a Station Area Plan for the neighborhood surrounding a future Bus Rapid Transit (BRT) station at I-405 and NE 85th Street. As part of a multidisciplinary consultant team, BERK assisted the City with development of land use planning scenarios for the Station Area, public engagement activities, SEPA environmental review, and fiscal impact analysis. As part of the fiscal impact evaluation, BERK projected costs and revenues associated with development in the Station Area based on planned land use scenarios, including projection of operating costs and capital investments necessary to serve future growth. BERK also produced a dynamic Excel model that allows the City to adjust assumptions, including phasing of development along with growth assumptions. The fiscal impact analysis will inform City decisions about how best to efficiently provide services and infrastructure in the Station Area and what revenues will be available to help fund these costs.

### ***Pierce County Road Fund Sustainability 2022***

BERK is conducting an analysis of the long-term stability and sustainability of Pierce County's Road Fund, which supports maintenance and operations of the County's road network in unincorporated areas. The analysis includes projections of revenues and expenditures, consideration of significant factors that impact these projections, and policy options to consider that would enhance the sustainability of the Fund. The projections will be informed by staff input, growth trends in the County, and external factors such as construction cost trends and state revenue estimates. The final report will provide information and recommendations that can help staff develop priorities and help the County Council understand the implications of policy decisions.

### ***Oak Harbor Water, Sewer, Storm Drain, and Solid Waste Rate and SDC Study (2022)***

The City engaged FCS GROUP in March 2022 to take a fresh look at the status and anticipated needs of its water, sewer, storm drain, and solid waste utilities. The City had faced considerable public opposition when it adopted rate increases for the 2021 – 2022 biennium, with residents calling the necessity of the proposed increases and related City spending into question. FCS GROUP developed financial plans and reviewed system development charges (SDC) for the City's water, sewer, storm drain, and solid waste utilities. The engagement incorporated the City's 2023 – 2027 capital improvement plan in the rate study, including capital spending of \$14.4 million for the water utility, \$4.9 million for the sewer utility, and \$912,000 for the storm drain utility. FCS GROUP also recommended a schedule of charges in project outcomes for the utilities for the 2023 – 2027 planning period and then developed an alternative sewer SDC structure based on home size for single-family users. Public engagement involved several workshops and after considerable deliberations, the Council approved a plan to modify the sewer SDC structure and phase the SDC increases in over five years.

### ***City of Vancouver Water, Sewer and Storm Drainage Cost-of-Service Rate and SDC Study (2019)***

FCS GROUP has performed nearly 30 individual financial consulting and rate development engagements for the City of Vancouver since 2000 to address various utility concerns including water, wastewater, and surface water in addition to transportation and park fees. In 2019, FCS GROUP was retained to provide a comprehensive water, wastewater and storm drainage rate study. Engagement highlights included the development of a long-term replacement forecast for the City's water, wastewater, and surface water mains, in addition to an evaluation of miscellaneous utility fees to assess level of cost recovery achieved. FCS



GROUP forecasted revenue needs for each utility, projecting revenues and expenditures over a twenty-year period, analyzing options and providing recommendations on key policy issues, and developed a corresponding cost-of-service analysis that allocated costs among multiple customer classes. SDCs alternatives were calculated for water and wastewater under multiple approaches. Finally, FCS GROUP performed a benchmarking analysis of City's utilities against industry standards and the utilities of twenty other cities in Washington.

### ***City of Bothell Water, Sewer, and Stormwater Rate and CFC Study (2017-2023)***

FCS GROUP has completed 19 studies for the City of Bothell, dating back to 1988, including utility rate, capital facilities charge (CFC), and development fee studies and completed a comprehensive water, sewer, and stormwater rate and capital facilities charge study in 2017 that was followed by pandemic-era rate advisory services and a 2021 CFC study. FCS GROUP was recently retained in 2023 to update the 2017 study. Projects performed in 2017 and beyond have consisted of a multi-year financial plan update that included an analysis of capital funding scenarios. The water and sewer cost-of-service analyses, included the development of a phasing strategy to improve equity among customer classes and an analysis of customer bill impacts. FCS GROUP also developed stormwater rate structure alternatives that benefited the City's growth and redevelopment initiative. CFC were updated for water, sewer, and stormwater, followed by the development issue papers discussing rate-funded system reinvestment and billing options for stormwater charges. Finally, FCS GROUP evaluated the impacts of the COVID-19 pandemic on the water, sewer, and stormwater utilities.

# Proposer's Personnel

## Team Organization

The BERK team will be led by **Brian Murphy**, a Principal at BERK with more than 20 years of experience working with local government agencies. He will serve as the primary point of contact for the duration of the project and lead facilitation of the Advisory Committee. He will be supported by **Katherine Goetz** as Financial Sustainability Plan Task Lead and **John Ghilarducci** as Rate Study Task Lead. Analysts from both firms will provide additional project support.

More information about each key staff person is below.

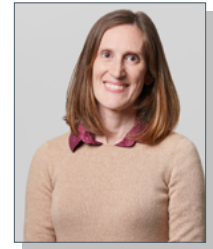
## Key Personnel Roles

**Brian Murphy (Project Manager, BERK)** is a Principal at BERK with more than 20 years of experience in strategic and business planning, facilitation, and management consulting. He specializes in creating actionable plans based on extensive data analysis for state, regional, and local government organizations. He led development of the City of Tukwila Strategic Plan and the Police Department Strategic Plan. He is serving as Principal in Charge for the City of Port Townsend Financial Sustainability Plan and recently supported the City of Brier Financial Condition Scenarios Analysis related to fire district annexation. He was the Task Manager for the City of Kirkland 85th Station Area Plan financial analysis.



Brian joined the firm in 2002 and is a skilled manager of complex analytic and planning projects with many moving pieces and nuanced policy choices. Brian received a B.A. with Honors from UC Santa Cruz and an M.B.A. from the University of Washington, where he led the school's Net Impact chapter. Previously, he was a program director for Volunteers in Asia, a non-profit cross-cultural exchange organization based at Stanford University. He is a 2003 graduate of Leadership Tomorrow.

**Katherine Goetz (Plan Task Lead, BERK)** has over 14 years of experience in local government, where she specialized in financial analysis, policy analysis, budget development and review, and process improvement. Katherine is currently managing the City of Port Townsend Financial Sustainability Taskforce and Pierce County Road Fund Sustainability Study and Capital Facilities Plan. She recently completed an annexation financial analysis for the Town of Woodway and a financial analysis for a planning study in the City of West Richland.



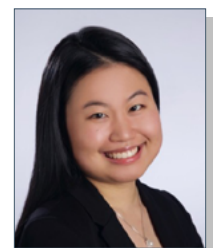
Prior to joining BERK, Katherine worked for the City of Bellevue and the cities of Newport News and Norfolk in Virginia. Katherine earned her B.A. in International Relations and French from the University of Southern California and a Master of Public Policy from the Luskin School of Public Affairs at the University of California, Los Angeles.

**Oliver Hirn (Lead Analyst, BERK)** specializes in municipal finance and budgeting for local government agencies. He is supporting the City of Port Townsend on the Financial Sustainability Taskforce and the Pierce County Road Fund Feasibility Study. Oliver is also working on the Pierce County Parks, Recreation, and Open Space Plan Update with the FCS GROUP.



Prior to joining BERK, he worked with a local human services organization to raise funds and apply for grant funding. He also interned for a South African leadership organization to support a small business crowdfunding campaign. During graduate school, he worked on public sector financing and financial modeling projects for several local jurisdictions. Oliver has a Master of Public Administration from the Evans School of Public Policy & Governance at the University of Washington and a Bachelor of Business Administration from the University of Notre Dame.

**Ariel Hsieh (Supporting Analyst, BERK)** is a data and research analyst with a background in finance and compliance. She specializes in analyzing large datasets and then translating that information into charts, graphs, and memos for a variety of audiences. Prior to joining BERK, she worked at NERA Economic Consulting in New York and was a Research Assistant at the Yale School of Management. She has a B.A. in Economics from Yale University and is an active volunteer in her local community.

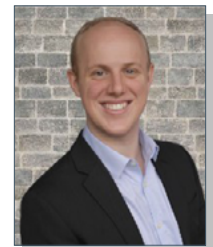


**John Ghilarducci (Study Lead, FCS GROUP)** is FCS GROUP's president and a shareholder with 35 years of professional experience including 32 with the firm. His practice focuses on all aspects of financial rate studies, from technical modeling and public involvement to ordinance drafting and implementation. John has developed water, sewer, stormwater, parks, and transportation rates and charges for hundreds of Northwest clients. John offers a broad knowledge of public policy and finance, and a thorough understanding of the institutional issues and options underlying the formation of utilities and the design of supporting rate and charge structures. John's innovative rate making approaches have resulted in "level of service" stormwater rates, area-specific SDCs, sewer strength sub-classes, inverted block water rate structures, defensible stormwater rate credit methodologies, person-trip based transportation impact fees suitable for multi-modal transportation capital plans, and nonresidential park impact fees.



John's experience working with the City of Tukwila includes a park impact fee review, in addition to a stormwater funding analysis. John has an M.P.A. in Organization and Management from the University of Washington, and a B.S. in Economics from the University of Oregon.

**Zechariah Hazel (Analyst, FCS GROUP)** is an FCS GROUP project consultant with experience in data collection, research, spreadsheet modeling and revenue requirement and cost-of-service analysis for utility rates, economic studies and connection charges for water, sewer and stormwater utilities. He has performed in-depth analysis of program financial conditions and prepared reports detailing the results. Zech earned a B.A. in Mathematics from Willamette University.



Additional information about each key staff person is included in **Appendix A: Staff Resumes**.

# Fees & Charges

The table below outlines our anticipated level of effort by person by task as outlined in this proposal. We are flexible in our approach and would be happy to revise this initial estimate after further conversation with the City.

	BERK Consulting				FCS GROUP		Total Hours and Estimated Cost by Task
	B. Murphy Project Manager \$260	K. Goetz Plan Task Lead \$160	O. Hirn Lead Analyst \$130	A. Hsieh Supporting Analyst \$150	J. Ghilarducci Study Task Lead \$295	Z. Hazel Analyst \$190	
<b>Task 1: Project Management and Council Briefings</b>							
Project Kick-off	2	2	2	2	2	2	
Ongoing coordination	8	2			8		
Council briefings and presentations (3)	16	16			16	16	
<b>Subtotal</b>	<b>26</b>	<b>20</b>	<b>2</b>	<b>2</b>	<b>26</b>	<b>18</b>	<b>94</b> <b>\$21,610</b>
<b>Task 2: Financial Sustainability Plan</b>							
Review other plan documents	2	8	4	4			
Review City's financial forecast		8	8	8			
Interview city staff (10 interviews)		20	20	20			
Review programs and services		16	16	16			
Project future usage			8	16			
Benchmark to peer cities (five)			24	24			
Facilitate staff workgroup (virtual and in-person)	12	24	24	24	15	10	
Facilitate Advisory Committee (up to 6)	48	48	48				
Develop model and financial sustainability strategies	16	24	24	24			
Prepare draft report	16	24	24	24			
Prepare final report	4	12	12	12			
<b>Subtotal</b>	<b>98</b>	<b>184</b>	<b>212</b>	<b>136</b>	<b>15</b>	<b>10</b>	<b>655</b> <b>\$109,205</b>
<b>Task 3: Utility Rate Study</b>							
Data request					8	16	
Policy framework					10	20	
Revenue requirements analyses					40	108	
Surface water rate design					16	40	
Water/sewer cost of service analysis					32	80	
Draft and final report					14	44	
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>120</b>	<b>308</b>	<b>428</b> <b>\$93,920</b>
<b>Total Estimated Hours Cost (Hours*Rate)</b>	<b>124</b> <b>\$32,240</b>	<b>204</b> <b>\$32,640</b>	<b>214</b> <b>\$27,820</b>	<b>138</b> <b>\$20,700</b>	<b>161</b> <b>\$47,495</b>	<b>336</b> <b>\$63,840</b>	<b>1177</b> <b>\$224,735</b>
<b>Subtotal Consultant Cost</b>	<b>\$224,735</b>						
<b>Miscellaneous Project Expenses</b>	<b>\$265</b>						
<b>Estimated Project Total</b>	<b>\$225,000</b>						

# References

## BERK References

### *Port Townsend Financial Sustainability Plan 2023*

- Connie Anderson, Director of Finance and Technology, City of Port Townsend, (360) 379-4403, [canderson@cityofpt.us](mailto:canderson@cityofpt.us)

### *Town of Woodway Point Wells Annexation Study*

- Eric Faison, Town Administrator, Town of Woodway, (206) 542-4443, [eric@townofwoodway.com](mailto:eric@townofwoodway.com)

### *Pierce County Road Funds Sustainability*

- Bill Vetter, Senior Legislative Analyst, Pierce County, (253) 798-2330, [Bill.vetter@piercecountywa.gov](mailto:Bill.vetter@piercecountywa.gov)

## FCS GROUP References

### *Oak Harbor Water, Sewer, Storm Drain, and Solid Waste Rate and SDC Study 2022*

- Steve Schuller, Public Works Director, City of Oak Harbor, (360) 279-4751, [sschuller@oakharbor.org](mailto:sschuller@oakharbor.org)

### *City of Vancouver Water, Sewer and Storm Drainage Cost-of-Service Rate and SDC Study 2019*

- Chris Malone, Public Works Finance and Asset Manager, City of Vancouver, (360) 487-7711, [chris.malone@cityofvancouver.us](mailto:chris.malone@cityofvancouver.us)

### *City of Bothell Water, Sewer, and Stormwater Rate and CFC Study 2017-2023*

- Boyd Benson, Utilities & Development Services Manager, City of Bothell, (425) 806-6789, [boyd.benson@bothellwa.gov](mailto:boyd.benson@bothellwa.gov)

# Completed Reports

We have included links to the following completed reports:

- City of Auburn [Fiscal Sustainability Memo](#) and [Presentation Materials](#) (BERK).
- City of Brier [Financial Condition Memo](#) and [Presentation Materials](#) (BERK).
- City of Oak Harbor [Rate and SDC Study](#) (FCS GROUP).





# **Appendix A: Staff Resumes**





**Brian Murphy (Project Manager, BERK)** is a Principal at BERK with more than 20 years of experience in strategic and business planning, facilitation, and management consulting. He specializes in creating actionable plans based on extensive data analysis for state, regional, and local government organizations. He led development of the City of Tukwila Strategic Plan and the Police Department Strategic Plan. He is serving as Principal in Charge for the City of Port Townsend Financial Sustainability Plan and recently supported the City of Brier Financial Condition Scenarios Analysis related to fire district annexation. He was the Task Manager for the City of Kirkland 85th Station Area Plan financial analysis.

### Education

- M.B.A., University of Washington, selected for Beta Gamma Sigma Honor Society
- B.A., Politics, University of California at Santa Cruz, graduated with honors

Brian joined the firm in 2002 and is a skilled manager of complex analytic and planning projects with many moving pieces and nuanced policy choices. Brian received a B.A. with Honors from UC Santa Cruz and an M.B.A. from the University of Washington, where he led the school's Net Impact chapter. Previously, he was a program director for Volunteers in Asia, a non-profit cross-cultural exchange organization based at Stanford University. He is a 2003 graduate of Leadership Tomorrow.

### Relevant Project Experience

- City of Tukwila Strategic Plan
- City of Tukwila Police Strategic Plan
- City of Brier Financial Condition Scenarios Analysis
- City of Port Townsend Financial Sustainability Plan
- City of Kirkland 85th Station Area Plan Financial Analysis
- City of Stanwood Parks & Recreation Department Feasibility Study
- Puget Sound Regional Fire Authority Strategic Plan
- South County Fire & Rescue Cost Model Analysis
- City of Ridgefield Police Services Study
- Skagit County Public Utility District 1 Strategic Plan + Update



**Katherine Goetz (Plan Task Lead, BERK)** has over 14 years of experience in local government, where she specialized in financial analysis, policy analysis, budget development and review, and process improvement. Katherine is currently managing the City of Port Townsend Financial Sustainability Taskforce and Pierce County Road Fund Sustainability Study and Capital Facilities Plan. She recently completed an annexation financial analysis for the Town of Woodway and a financial analysis for a planning study in the City of West Richland.

**Education**

- Master of Public Policy, University of California, Los Angeles
- B.A., International Relations and French, University of Southern California

Prior to joining BERK, Katherine worked for the City of Bellevue and the cities of Newport News and Norfolk in Virginia. Katherine earned her B.A. in International Relations and French from the University of Southern California and a Master of Public Policy from the Luskin School of Public Affairs at the University of California, Los Angeles.

**Relevant Project Experience**

- City of Port Townsend Financial Sustainability Plan
- Pierce County Road Fund Sustainability Study
- Pierce County Capital Facilities Plan
- Town of Woodway Point Wells Annexation Analysis
- City of West Richland Lewis & Clark Ranch Subarea Plan & Environmental Impact Statement
- City of Ridgefield Police Services Study



### Education

- M.P.A., University of Washington
- B.B.A., Marketing, University of Notre Dame

**Oliver Hirn (Lead Analyst, BERK)** specializes in municipal finance and budgeting for local government agencies. He is supporting the City of Port Townsend on the Financial Sustainability Taskforce and the Pierce County Road Fund Feasibility Study. Oliver is also working on the Pierce County Parks, Recreation, and Open Space Plan Update with the FCS GROUP.

Prior to joining BERK, he worked with a local human services organization to raise funds and apply for grant funding. He also interned for a South African leadership organization to support a small business crowdfunding campaign. During graduate school, he worked on public sector financing and financial modeling projects for several local jurisdictions. Oliver has a Master of Public Administration from the Evans School of Public Policy & Governance at the University of Washington and a Bachelor of Business Administration from the University of Notre Dame.

### Relevant Project Experience

- City of Port Townsend Financial Sustainability Plan
- Pierce County Road Fund Sustainability Study
- City of Poulsbo Public Facilities Market Analysis
- Pierce County Parks, Recreation, and Open Space Plan Update



**Ariel Hsieh (Supporting Analyst, BERK)** is a data and research analyst with a background in finance and compliance. She specializes in analyzing large datasets and then translating that information into charts, graphs, and memos for a variety of audiences. Prior to joining BERK, she worked at NERA Economic Consulting in New York and was a Research Assistant at the Yale School of Management. She has a B.A. in Economics from Yale University and is an active volunteer in her local community.

**Education**

- B.A., Economics, Yale University

**Relevant Project Experience**

- Antitrust Risk Mergers (at a prior firm)
- Waste Facilities Management Practices (at a prior firm)
- Antitrust Economic Analysis, Yale University



**John offers a broad knowledge of public policy and finance, and a thorough understanding of the institutional issues and options underlying the formation of utilities and the design of supporting rate and charge structures.**



**CONTACT**  
 JohnG@fcsgroup.com  
 (425) 336-1865

# John Ghilarducci

## PRESIDENT AND PRINCIPAL-IN-CHARGE

### EDUCATION

MPA, Organization and Management, University of Washington  
 BS, Economics, University of Oregon

### WORK HISTORY

35 years (since 1988) professional experience  
 Joined FCS GROUP in 1991

### HIGHLIGHTED EXPERTISE

- System Development Charges (SDCs)
- Water, Sewer, Stormwater, & Transportation Utility Rates
- Stormwater and Transportation Utility Formations
- Transportation Funding
- Comprehensive Plans Financial Elements
- Litigation Support/Expert Witness
- Financial/Feasibility Studies
- Special Cost of Service

### PROFESSIONAL AFFILIATIONS

- American Water Works Association
- American Public Works Association
- Oregon Government Finance Officers Association
- League of Oregon Cities

John Ghilarducci is an FCS GROUP President, principal and shareholder with over 35 years of professional experience including 32 years with the firm. His practice focuses on all aspects of utility and general services system development charges (SDCs) and financial rate studies, from technical modeling and public involvement to ordinance drafting and implementation. He has formed stormwater and transportation utilities and has developed water, sewer, stormwater, transportation and parks rates and charges for dozens of clients. John is a recognized technical rate and finance expert and provides litigation support/expert witness testimony throughout the Northwest. Relevant regional project experience includes:

- BAINBRIDGE ISLAND** | Water, Sewer, and Stormwater Rate Studies
- BOTHELL** | Water, Sewer and Stormwater Rate and SDC Studies
- CAMAS** | Water, Sewer, Stormwater and Solid Waste Rate Study
- CHEHALIS** | Water, Wastewater and Stormwater Rate Study
- EDMONDS** | Water, Sewer, and Stormwater Rate and SDC Study
- ENUMCLAW** | Water, Sewer and Stormwater Rate and SDC Studies
- EVERETT** | Water and Sewer Connection Charge Update and Model Review
- FEDERAL WAY** | Stormwater Comprehensive Plan Financial Analysis
- FIFE** | Water, Sewer, and Stormwater Rate Studies
- ISSAQUAH** | Water Rate and SDC Study
- KELSO** | Water, Sewer, and Stormwater Rate Study
- KENT** | Stormwater and Water Rate Policy Evaluation
- KING COUNTY** | Stormwater Management Rate Evaluation
- KIRKLAND** | Water, Sewer, and Stormwater Rate Studies
- LYNNWOOD** | Water, Sewer and Stormwater Rate Study
- NORTH BEND** | Water and Sewer Rate and SDC Study and Update
- OAK HARBOR** | Water, Sewer, Stormwater and Solid Waste Rate Study
- REDMOND** | Water, Sewer, and Stormwater Rate and SDC Studies
- RENTON** | Water, Wastewater and Surface Water Study and SDC Studies
- SNOQUALMIE** | Water, Sewer and Stormwater Rate and SDC Study
- SUMNER** | Water, Sewer and Stormwater Rate Study
- TACOMA** | Water Cost of Service Rates
- VANCOUVER** | Water, Sewer, and Stormwater Rate Studies
- WALLA WALLA** | Water, Sewer and Stormwater Rate and SDC Study
- WASHOUGAL** | Water, Sewer, and Stormwater Rate Study



Zech has performed comprehensive water, sewer, and stormwater rate studies, in-depth analyses of program financial conditions, and prepared reports detailing the results.



**CONTACT**

ZechariahH@fcsgroup.com  
(503) 374-0688

## Zech Hazel

### PROJECT CONSULTANT

#### EDUCATION

BA, Mathematics,  
Willamette University

#### WORK HISTORY

Four years (since 2019)  
professional experience  
Joined FCS GROUP in 2019

#### HIGHLIGHTED EXPERTISE

- Rate Studies and Cost of Service Analysis (Water, Sewer, and Stormwater)
- System Development Charges (SDCs)
- Impact Fees Development
- Economic Opportunity / Housing Needs Analysis
- Data Collection and Research
- Financial Planning

Zech Hazel is an FCS GROUP project consultant with four years of experience in data collection, research, spreadsheet modeling and analysis for economic studies and rate development for water, sewer, transportation, parks, and stormwater utilities.

Zech has assisted clients throughout the Pacific Northwest with housing needs analysis, economic impacts, revenue requirement and cost-of-service studies, multi-year financial planning, and connection fee development. Relevant regional experience includes:

#### WASHINGTON

- FIFE** | Stormwater Rate and SDC Study
- LAKE WHATCOM WATER SEWER DISTRICT** | Water and Sewer GFC Study
- PIERCE COUNTY** | Surface Water Rate Study
- POULSBO** | Sewer Plan Financial Analysis
- SPOKANE** | Stormwater Rate Study
- SULTAN** | Water, Sewer and Stormwater Rate, and GFC Study
- THURSTON COUNTY** | Water and Sewer Rate and GFC Studies
- VANCOUVER** | Water, Sewer and Stormwater Rate Study

#### OREGON

- LAKE GROVE WATER DISTRICT** | Water Rate Study
- MEDFORD** | Wastewater Rate Study
- MILWAUKIE** | Wastewater Plan Financial Analysis and Water SDC
- MOSIER** | Water and Sewer Rate and SDC Study
- SALISHAN SEWER DISTRICT** | Wastewater Rate Study
- SANDY** | Water Rate and Wastewater SDC Study
- STAYTON** | Water, Sewer, Stormwater and Transportation Rate Study
- TIGARD** | Water COSA, and Stormwater Rate and SDC Study
- TROUTDALE** | Water, Sewer, and Stormwater Rate and SDC Updates
- TUALATIN** | Water Plan Financial Analysis

#### MONTANA

- HELENA, Montana** | Water and Sewer Rates and SDCs