

February 3, 2021

Exhibit A2

Mr. Dennis Bowman
Deputy Public Works Director
City of Missoula
P. O. Box 5388
Missoula, MT 59806

Subject: Request for Additional Budget Authorization / Contract Extension

Dear Mr. Bowman:

To date, we have completed the stormwater rate study, the system development fee analyses for all utilities, and the wastewater cost of service and rate design. Given the timeline and complexity of the project, there have been additional iterations, reviews and presentations that were not previously budgeted. As a result, we respectfully request budget authorization to cover the remaining analytical work, presentations, and documentation related to the Utility Financial Plan and Rate Study we are performing for the City. The basis for the budget request is detailed below.

- Wastewater: For the wastewater utility, we need to update the cash flow analysis, update and deliver the presentation of findings, and complete study documentation.
- Water: For the water utility, we need to update the cash flow analysis, update and finalize the cost-of-service, build the rate design, develop and deliver presentation materials, and complete study documentation.
- Storm Water: The storm water analysis is done; the only remaining task is documenting the study findings in the written report.
- Meetings: This budget includes two virtual Council meetings to present the water and wastewater findings. Given the current COVID-19 pandemic, it is FCS GROUP policy to follow public health guidelines and conduct all meetings remotely at this time.

I estimate that resulting additional authorization of \$24,241 will allow us to successfully complete the agreed-upon scope of services with the addition of the work described above. A more detailed budget spreadsheet is provided in Exhibit A below. In addition, we will need a contract extension for the agreements dated July 5, 2017 and March 23, 2020.

Thank you for considering this request, and for the opportunity to continue to serve the City of Missoula. If you have any questions about this request, please call me at (425) 336-1865.

Yours very truly,



John Ghilarducci
President / Principal

EXHIBIT A

		Water / Wastewater Lead Sanchez-Virnoche	Water Consultant Hobart	Wastewater Consultant Hobart	Stormwater Consultant Hobart	Hours	Cost
	Rate ⇨	\$270	\$165	\$165	\$165		
3. Revenue Requirements Analyses							
3.1	Project capital expenditures	-	2	2		4	\$ 660
3.2	Project operating expenditures	-	2	2		4	660
3.3	Calculate required rate adjustments	1	1	1		3	600
3.4	Meet with staff (2)	3	2	1		6	1,305
	<i>Task 3 Total:</i>	4	7	6	-	17	\$ 3,225
4. Cost-of-Service Analyses							
4.1	Compile customer data	-	12	-		12	\$ 1,980
4.3	Develop COSA modules	-	2	-		2	330
4.4	Allocate plant and expenses	-	1	-		1	165
4.5	Generate rate alternatives	2	8	-		10	1,860
4.6	Meet with staff (2)	4	4	-		8	1,740
4.7	Revise COSA	4	4	-		8	1,740
	<i>Task 4 Total:</i>	10	31	-	-	41	\$ 7,815
	<i>Labor Cost:</i>	\$ 3,780	\$ 6,270	\$ 990	\$ -		\$ 11,040
6. Communication							
6.1	Present to City Council/public (2)	8	16	-		24	4,800
	<i>Task 6 Total:</i>	8	16	-	-	24	\$ 4,800
7. Documentation							
7.1	Draft report	4	12	12	12	40	\$ 7,020
7.2	Final report	4	2	2	2	10	2,070
7.4	Deliver spreadsheet models	1	1	1	1	4	765
	<i>Task 7 Total:</i>	9	15	15	15	54	\$ 9,855
PROJECT TOTALS:							
	<i>Labor:</i>	31	69	21	15	136	
	<i>Labor Cost:</i>	\$ 8,370	\$ 11,385	\$ 3,465	\$ 2,475		\$ 25,695
	<i>Remaining Budget:</i>						\$ (1,454)
	<i>Total Cost:</i>	\$ 8,370	\$ 11,385	\$ 3,465	\$ 2,475		\$ 24,241