



## Municipal & Financial Services Group

18 August 2010

Department of Administration  
Purchasing Division  
2019 Washington Street East  
P.O. Box 50130  
Charleston, WV 25305-0130  
Attn: Frank Whittaker

*Reference: RFQ #PSC11521 – PSC Case #10-0920-W-42T  
(West Virginia American Water Company)*

Dear Mr. Whittaker:

The Municipal & Financial Services Group is pleased to submit our proposal to provide consultation services for the West Virginia Public Service Commission related to the rate increase filed by the West Virginia American Water Company, assigned PSC Case #10-0920-W-42T, as specified in your Request for Quotation #PSC11521 of 5 August 2010. It is our intention to submit a proposal that is fully responsive to your needs and requirements. We have read the RFQ carefully, and take no exception to its terms and conditions. We did submit a request for clarification regarding pricing instructions to Messrs. Harris and Sade (based on the instructions on page 4 of the RFQ), and were informed via e-mail from Mr. Harris that our questions were forwarded to you. We have not received a response to our inquiry. While the enclosure to this letter sets forth our project team, experience and capabilities for this very important project, there are a few key points, which we would like to stress:

- Our practice, the Municipal & Financial Services Group (MFSG), was established in 1976, and was for many years part of the management consulting practice of national CPA firms or engineering firms. Subsequently we became an independent women-owned business in 2002. MFSG is the nation's premier provider of financial and management advice to municipal water, wastewater and solid waste utilities. MFSG's clients serve more than 45% of the nation's population. Large municipal clients have included systems such as Boston, Cleveland, Dallas, Denver, Detroit, the District of Columbia, Massachusetts Water Resources Authority, New York City, Orlando, Pittsburgh, Sacramento County, San Francisco, Tucson and the Washington Suburban Sanitary Commission. Recent clients for cost of service / rate work include the Cleveland Water Division and the Water Pollution Control Division of the City of Cleveland; the City of Moline Illinois; Louisville Water Company, Kentucky; the City of Olathe, Kansas; the Town of Barnstable; Massachusetts; the City of Claremont, New Hampshire; the City of Watertown, Connecticut; the City of Mexico, Missouri; the Albemarle County Service Authority (Charlottesville, Virginia); Prince William County Service Authority, Virginia; Anne Arundel County, Maryland; the City of Camden, New Jersey; and numerous other water and wastewater utilities across the country.

**RECEIVED**

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911-A Commerce Road ♦ Annapolis, Maryland 21401

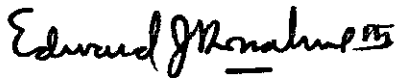
PURCHASING DIVISION  
STATE OF WV

410.266.9101 Voice ♦ 410.266.5545 Facsimile ♦ [www.mfsgllc.com](http://www.mfsgllc.com)

- We understand the nature and scope of work required by the PSC. While every client situation is unique, we have provided similar work for numerous municipal utilities of similar size facing similar issues over the past 30 years. We have assembled and will commit to the specific performance of a project team comprised of very senior and experienced professionals with strong functional skills in engineering, accounting and finance, economics and financial simulations – a project team with a proven track record. Our principal consultant and witness, with more than 35 years of professional experience, served as chairman of AWWA's Finance, Accounting & Management Controls Committee, and is currently leading AWWA's GASB34 Task Force and is rewriting the AWWA-GFOA jointly-sponsored *Water Utility Accounting* textbook. He has been accredited and served as an expert witness in both legal and regulatory matters. Our chief economist has testified on water rate matters in legal proceedings in the past. Our senior manager assigned to this project is an active member of AWWA's Rates and Charges Committee.
- We have absolutely no real or perceived conflicts of interest in this matter, and have and will commit the resources to timely deliver to the Consumer Advocate Division of the Public Service Commission excellent quality and practical analytical services in support of the PSC's review of the rate filing by West Virginia American Water Company. Our cost proposal assumes we will provide two days of formal testimony during proceedings, as well as preparing supporting materials and memoranda on various issues for the Consumer Advocate Division.

We look forward to working with you on this important and interesting project. Our offer as set forth in our proposals is firm and irrevocable for 120 days, and may be extended by written mutual consent. The undersigned is authorized to represent, negotiate for and bind and commit our firm. Please contact me at 410.266.9101 or via e-mail at [edward.donahue@mfsgllc.com](mailto:edward.donahue@mfsgllc.com) if you would like to discuss our project team and approach.

Very truly yours,



Edward J. Donahue III, CMC  
Director  
Municipal & Financial Services Group



State of West Virginia  
Department of Administration  
Purchasing Division  
2019 Washington Street East  
Post Office Box 50130  
Charleston, WV 25305-0130

## Request for Quotation

RFQ NUMBER
PSC11521

PAGE
1

ADDRESS CORRESPONDENCE TO ATTENTION OF
FRANK WHITTAKER 304-558-2316

RFQ COPY

TYPE NAME/ADDRESS HERE

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

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
201 BROOKS STREET  
CHARLESTON, WV  
25301 340-0323

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
08/05/2010				

BID OPENING DATE:

08/19/2010

BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	LS		961-20	\$85,000.00	\$85,000.00
CONSULTING FOR CASE NO. 10-0920-W-42T						
REQUEST FOR QUOTATION (RFQ)						
THE WEST VIRGINIA STATE PURCHASING DIVISION FOR THE AGENCY, THE WEST VIRGINIA PUBLIC SERVICE COMMISSION, IS SOLICITING BIDS TO PROVIDE THE AGENCY WITH CONSULTATION SERVICES IN CONNECTIONS WITH A GENERAL RATE CASE FILING BY WEST VIRGINIA AMERICAN WATER COMPANY AT THE PUBLIC SERVICE COMMISSION OF WEST VIRGINIA (CASE NO. 10-0920-W-42T) PER THE ATTACHED SPECIFICATIONS.						
TECHNICAL QUESTIONS MUST BE SUBMITTED IN WRITING TO FRANK WHITTAKER IN THE WEST VIRGINIA STATE PURCHASING DIVISION VIA MAIL AT THE ADDRESS LISTED IN THE BODY OF THIS RFQ, VIA FAX AT 304-558-4115, OR VIA EMAIL AT FRANK.M.WHITTAKER@WV.GOV. DEADLINE FOR ALL TECHNICAL QUESTIONS IS 08/13/2010 AT THE CLOSE OF BUSINESS. ANY TECHNICAL QUESTIONS RECEIVED WILL BE ANSWERED BY FORMAL ADDENDUM TO BE ISSUED BY THE PURCHASING DIVISION AFTER THE DEADLINE HAS LAPSED.						
BANKRUPTCY: IN THE EVENT THE VENDOR/CONTRACTOR FILES FOR BANKRUPTCY PROTECTION, THE STATE MAY DEEM THE CONTRACT NULL AND VOID, AND TERMINATE SUCH CONTRACT WITHOUT FURTHER ORDER.						
NOTICE						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	Edward J. Donahue III <i>Edward J. Donahue III</i>	TELEPHONE	410.266.9101	DATE	18 August 2010
TITLE	President	FEIN	52-2215040	ADDRESS CHANGES TO BE NOTED ABOVE	

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia  
Department of Administration  
Purchasing Division  
2019 Washington Street East  
Post Office Box 50130  
Charleston, WV 25305-0130

## Request for Quotation

RFQ NUMBER

PSC11521

PAGE

2

ADDRESS CORRESPONDENCE TO ATTENTION OF

FRANK WHITTAKER  
304-558-2316

RFQ COPY

TYPE NAME/ADDRESS HERE

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
201 BROOKS STREET

CHARLESTON, WV  
25301

340-0323

DATE PRINTED	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS		
08/05/2010						
BID OPENING DATE: 08/19/2010		BID OPENING TIME: 01:30PM				
LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>A SIGNED BID MUST BE SUBMITTED TO:</p> <p>DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION BUILDING 15 2019 WASHINGTON STREET, EAST CHARLESTON, WV 25305-0130</p> <p>THE BID SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED:</p> <p>SEALED BID</p> <p>BUYER: FRANK WHITTAKER-FILE 44</p> <p>RFQ. NO.: PSC11521</p> <p>BID OPENING DATE: 08/19/2010</p> <p>BID OPENING TIME: 1:30 PM</p> <p>PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID:</p> <p>410.266.5545 // edward.donahue@mfgslc.com</p> <p>CONTACT PERSON (PLEASE PRINT CLEARLY): Edward J. Donahue III</p>						
SEE REVERSE SIDE FOR TERMS AND CONDITIONS						
SIGNATURE		TELEPHONE		DATE		
TITLE		FEIN		ADDRESS CHANGES TO BE NOTED ABOVE		

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

PSC11521 - Case Consulting Bid Form			
Employee/Title	Not to Exceed Number of Hours*	Hourly Rate	Extended Price
		\$	\$
Please see Attachment #1 to this form.			\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		<b>Total</b>	\$

**Bidder / Vendor Information:**

**Name:** Management and Financial Services Group, LLC  
d/b/a Municipal & Financial Services Group

**Address:** 911-A Commerce Road  
Annapolis, MD 21401

**Phone #:** 410.266.9101

**Email Address:** edward.donahue@mfsgllc.com

**Contact Coordinator Information:**

**Name:** Edward J. Donahue III  
c/o MFSG

**Address:** 911-A Commerce Road  
Annapolis, MD 21401

**Phone #:** 410.266.9101

**Email Address:** edward.donahue@mfsgllc.com

The Consultant will not be reimbursed for hours that exceed the total hours for each Employee/Title

**West Virginia Public Service Commission**  
**Case #10-0920-W-42T (West Virginia American Water Company)**

**Attachment #1 –Case Consulting Bid Form**

<u>Employee / Title</u>	<u>Not-to-Exceed Number of Hours</u>	<u>Hourly Rate</u>	<u>Extended Price</u>
Edward J. Donahue III Principal / Travel	60	\$ 325	\$ 19,500
Edward J. Donahue III Principal / Office	32	275	8,800
William T. Rule II, PhD Chief Economist / Travel	8	275	2,200
William T. Rule II, PhD Chief Economist / Office	16	225	3,600
David A. Hyder Senior Manager / Travel	40	275	11,000
David A. Hyder Senior Manager / Office	60	225	13,500
Various MFSG Professional Staff / Travel	60	180	10,800
Various MFSG Professional Staff / Office	<u>120</u>	130	<u>15,600</u>
Totals	<u>396</u>		<u>\$ 85,000</u>

# State of West Virginia

## VENDOR PREFERENCE CERTIFICATE

Certification and application\* is hereby made for Preference in accordance with **West Virginia Code**, §5A-3-37. (Does not apply to construction contracts). **West Virginia Code**, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the **West Virginia Code**. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Resident Vendor Preference, if applicable.

1. **Application is made for 2.5% resident vendor preference for the reason checked:**  
☐ Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or**,  
☐ Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or** 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or**,  
☐ Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; **or**,
  2. **Application is made for 2.5% resident vendor preference for the reason checked:**  
☐ Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; **or**,
  3. **Application is made for 2.5% resident vendor preference for the reason checked:**  
☐ Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; **or**,
  4. **Application is made for 5% resident vendor preference for the reason checked:**  
☐ Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; **or**,
  5. **Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:**  
☐ Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; **or**,
  6. **Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:**  
☐ Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.
- NONE

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (**West Virginia Code**, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: Municipal & Financial Services Group

Signed: Edward J. Donahue III

Date: 18 August 2010

Title: President

RFQ No. PSC-11521STATE OF WEST VIRGINIA  
Purchasing Division**PURCHASING AFFIDAVIT**

**West Virginia Code §5A-3-10a states:** No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owed is an amount greater than one thousand dollars in the aggregate.

**DEFINITIONS:**

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Debtor" means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions. "Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities. "Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

**EXCEPTION:** The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

Under penalty of law for false swearing (*West Virginia Code §61-5-3*), it is hereby certified that the vendor affirms and acknowledges the information in this affidavit and is in compliance with the requirements as stated.

**WITNESS THE FOLLOWING SIGNATURE**

Vendor's Name: Management and Financial Services Group, LLC  
d/b/a Municipal & Financial Services Group

Authorized Signature: Edward J. Donahue III *Edward J. Donahue III* Date: 18 August 2010

State of Maryland

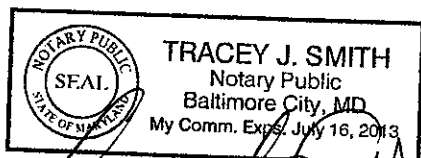
County of Baltimore City, to-wit:

Taken, subscribed, and sworn to before me this 18th day of August, 2010.

My Commission expires July 16, 2013, 20  .

AFFIX SEAL HERE

NOTARY PUBLIC

Tracey J. Smith



**Public Service Commission of West Virginia**  
**Consumer Advocate Division**  
**PSC Case #10-0920-W-42T**  
***(West Virginia American Water Company)***

This document supplements the information presented on the required forms, certifications and affidavits contained in the State of West Virginia's RFQ #PSC11521, issued 5 August 2010. The document consists of three enclosures:

- Enclosure #1 – PSC/PUC Cases
- Enclosure #2 – MFSG Capabilities
- Enclosure #3 – MFSG Resumes for Key Personnel (Donahue, Rule, Hyder)

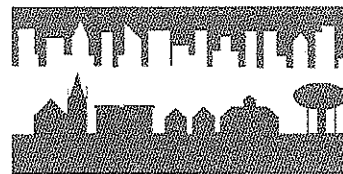
**Enclosure #1 – Recent PUC/PSC Cases in Which Edward Donahue Testified**

- Washington County v. City of Hagerstown, Maryland  
Urner, Nairn & Boyer, LLC (for Hagerstown)  
(Before Maryland Public Service Commission, Case #8324)  
Outside-City Water and Sewer Rates / Rate Base Allocation
- Matter of Bramble Hill Water System  
Gohn, Hankey & Stichel, LLP (for Bramble Hill)  
(Before Maryland Public Service Commission, Case #8984)  
Water System Valuation and Customer Tariffs
- Matter of City of Frostburg  
Law Offices of Michael Cohen (for the City of Frostburg, MD)  
(Before Maryland Public Service Commission, Case #9040)  
Inside-City vs. Outside-City Rate Differentials / Rate of Return
- Application for Rate Increase, Aqua Virginia, Inc.  
Buck, Toscano & Tereskerz, Ltd. (for Lake Monticello Owners' Association)  
(Before Virginia State Corporation Commission, Case #PUE 2005-00080)  
Water System Valuation and Customer Tariffs

We have never provided testimony or expert witness services in West Virginia, and are not aware of any case or matter in which we have a real or perceived conflict of interest.

## Enclosure #2 – Capabilities and Experience

The Municipal and Financial Services Group (MFSG) is a specialized management consulting practice that was established in 1976 and was for many years part of the management consulting department of national or regional CPA firms or engineering firms. MFSG focuses on the financial and management needs of public sector infrastructure (especially in environmentally related areas such as water, wastewater, stormwater and solid waste utilities) and in the efficient delivery of public sector services.



The practice was organized in 2002 as an independent women-owned business (WBE), operating as a separate firm, incorporated in Maryland as a limited liability company (LLC). MFSG is certified as an MBE/WBE by the States of Maryland and Delaware and is recognized as an MBE by the Commonwealth of Kentucky. Core senior personnel have been with the firm for at least 20 years. Other key personnel in the group have worked on client projects for the practice for at least ten years. The specialized services we offer to our clients include:

- ***Cost of Service / Rate Studies*** – Our approach is based on the premise that there are two separate issues involved in this area:
  - Cost of Service, or how much revenue must be raised, and
  - Rate Design, or (once revenue needs have been defined) who should pay how much?

We believe that expenses drive revenues, and that cost of service is tied to operating and capital budgets and must take into account properly allocated indirect costs. We have developed rate structures based on both cash and utility bases. All data sources and assumptions are clearly identified, and extensive public participation, under client control, is emphasized. Our approach emphasizes the use of spreadsheet financial models that enable long-term projections reflecting sensitivity analysis for key variables. Each model is custom designed for the specific client, and becomes the property of the client.

- ***Operational Reviews / Management Audits*** – Our preferred approach to a management audit is comprised of three steps: a diagnostic which takes a “top down” look at high dollar functions or costs, plus any known problem areas; a detailed study of potential cost savings or service improvements identified during the diagnostic phase; and implementation assistance. This technique can be applied to virtually any municipal entity, from schools to public works, from corrections to finance. Many municipal utilities periodically conduct this type of review to eliminate inefficiencies and to identify potential improvements. This type of review can either encompass all operational aspects of an agency, or can focus on known/potential trouble spots (plant operations, efficiency, chemical or energy usage, information systems/GIS/SCADA, customer service and billing, etc.). Studies of this sort are sometimes required prior to a proposed rate or tax increase.
- ***Comparative Analyses / Benchmarking*** – Many organizations periodically compare themselves with other similar entities (“best in class”) or disaggregate their functions

(e.g., purchasing, information technology, customer service, construction management, etc.) to compare specific functions with other organizations that may or may not be in a similar industry or service ("world class"). MFSG has lead or participated in numerous exercises of this sort, enabling its clients to develop comparative indicators to support long-range planning and operational reviews.

- ***Financial Feasibility Studies*** – For debt issues requiring feasibility studies, we perform comprehensive financial feasibility studies including rate and fee requirements and projections of all financial statements and coverage ratios. All analyses are tied to the client's official budgets, CIP, comprehensive plan and other relevant data. For high growth areas, we have developed impact fee-backed revenue bonds, and have supported clients in presenting such financing structure to rating agencies.
- ***Strategic Financial Planning*** – Sound management requires that large capital expenditures be planned in advance, in order to assure stability and smoothness in taxes and user fees, as well as optimizing financing arrangements. Questions addressed include:
  - What should be built (including examination of alternatives)?
  - How much will it cost?
  - When will it be built?
  - How should it be financed?
  - What is the optimal mix and level of financial reserves?
  - What tax or rate impact will it have?
- ***Organizational and Management Studies*** – Two concurrent forces are causing a substantial amount of activity in this area:
  - The need to make selected municipal services self-supporting, and eliminate subsidies from tax revenues (i.e., the General Fund)
  - The desire to improve productivity and efficiency, to maximize return on scarce resources

MFSG has studied, designed and implemented new organizational structures for municipal agencies of every size, with a range of alternatives from enterprise funds to separate municipal departments to completely independent authorities. In the productivity area, we have provided clients with services such as compensation studies, staffing and recruiting plans, personnel management systems, executive recruitment and performance evaluation systems.

- ***Infrastructure Management / GASB 34*** – The key to keeping life cycle costs low is to maintain infrastructure assets at their desired service levels, thereby assuring their longest possible useful lives. MFSG has worked with numerous clients to develop condition assessments, asset tracking systems, preventive maintenance systems and other information systems to support asset management. Our work is also focused on compliance with GASB 34 and USEPA's CMOM/SSO requirements, which also affect

municipal utilities, as well as tying in with other information systems such as GIS applications.

- ***System Development Charges / Capacity Fee Studies*** – Capacity fees or system development charges are used by utilities to recover the costs of increasing capacity from the users of the new capacity. Our approach to developing system development charges for utilities uses spreadsheet models to ensure that all capital costs incurred in constructing new system capacity—in particular, future debt service payments—are recovered through fees paid only by new customers.
- ***Impact Fees*** – Many local governments use impact fees to recover at least a portion of the capital costs of growth-related infrastructure (such as schools, roads, parks and recreation facilities, etc.) via impact fees. Our approach to this often-contentious subject is based on the official capital improvements program and comprehensive plan of the local entity. We clearly identify growth and non-growth capital cost components, and make certain that the same costs are not collected via taxes/user fees and impact fees.
- ***Conservation Studies*** – Many water utilities are being required to perform conservation studies and implement conservation rates and programs. We have an extensive library of conservation research studies and have tracked the success of the conservation rates we have developed. This data permits us to estimate the result of various conservation rate structures. We also have an extensive library of data on water using fixtures and can design retrofit programs. In addition, we have studied peaking factor reduction strategies and the related capital cost savings.
- ***Formation of Authorities, Commissions and Special Districts*** – In recent years, costs of constructing and operating water, wastewater, stormwater and solid waste utilities have become unmanageable for some municipalities, particularly in high-growth areas or those with overlapping jurisdictions. As a result, many communities have decided to consolidate their utilities into regional systems, or to close down municipally operated facilities and purchase services from private or neighboring municipal utilities. We have assisted a number of communities in developing and implementing their regionalization, privatization or divestiture plans. Our analyses encompass a review of managerial, financial, engineering and legal requirements, and take into account political considerations and the need to maintain service to customers.
- ***Bond-Related Studies*** – The issuance of long-term debt can take many forms: general obligation bonds, revenue bonds, certificates of participation, etc. These financial instruments often require specialized services which the Municipal and Financial Services Group can provide on short notice, with quick turnaround:
  - Mathematical verifications, for refundings or defeasances
  - Arbitrage compliance reviews as required by the Tax Reform Act of 1986
  - Parity tests, revenue adequacy tests and other calculations required by bond covenants

- ***Grant Audit Assistance*** – The disallowance or suspension of grant costs after the fact by government auditors can be troublesome to municipal agencies, which often lack the resources to challenge grant audit findings and recommendations. Our firm has a thorough understanding of the various regulations affecting eligibility and allowability of costs for federal/state grant programs, and is capable (based on the determination of the client) to mount an aggressive effort to refute unjustified or erroneous disallowances or suspensions of costs.
- ***Litigation Support*** – When legal actions are undertaken which could have significant financial impacts on local governments, MFSG is capable of providing a wide range of expert services:
  - Assistance in obtaining, understanding and analyzing the business, financial and accounting aspects of disputes
  - Special financial/economic analyses to support settlement negotiations
  - Development of specialized financial/economic models to assess penalty levels
  - Provision of expert witness testimony from in-house staff
  - Identification or screening of potential outside expert witnesses
  - Documentation, review, indexing, and control systems

We have worked with many major law firms and are quite familiar with legal procedure and practice. Our staff has testified as expert witnesses before courts and regulatory agencies such as PUCs/PSCs.

- ***Construction Claims Assistance*** – Traditionally, one of the most vulnerable areas for local governments is that of change orders and claims related to construction projects. MFSG has extensive experience in assisting public sector agencies in this area, both during construction (identification and resolution of problems before they reach claim status) and after construction (review of contractor cost and supporting data).

In addition to the industry-specific services described above, the Municipal & Financial Services Group has the expertise and experience to assist local governments in several functional areas:

- *Specialized cost accounting studies and procedures*
- *Indirect cost studies*
- *Financial and economic impact studies and models*
- *Management Information Systems (financial, administrative and operational)*
- *Information technology (IT) system specifications, procurement and testing*
- *Customer billing and information systems*

In summary, we are well versed in virtually every management and financial aspect of municipal operations.

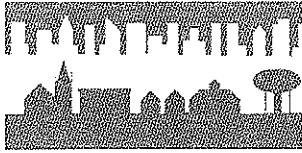
### **Enclosure #3 – Resumes of Key Project Personnel**

Following this page are the resumes for the three key project personnel whose specific performance we guarantee for this assignment:

- Edward J. Donahue III, CMC (Principal / Expert Witness)
- William T. Rule II, PhD (Chief Economist)
- David A. Hyder (Senior Manager)

## RESUMES OF KEY PROJECT PERSONNEL





*Edward J. Donahue III, CMC*  
*President, Municipal & Financial Services Group*

## **PROFESSIONAL PROFILE**

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

## **TECHNICAL EXPERTISE**

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

## **SELECTED CONSULTING EXPERIENCE**

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

- Cost of service/rate studies for more than 100 utilities (water, sewer, electric, solid waste, stormwater)
- Impact fees/capacity fees/system development charges
- Evaluation of contracts and proposals; negotiation support for change orders and claims
- Financial feasibility studies/debt affordability studies
- Bond-related studies (cash flow simulations, arithmetic verifications, arbitrage compliance, parity tests, etc.)
- Tax revenue and expenditure analyses (tax and annexation disputes)
- Valuation of assets for purchase / sale / consolidation transactions
- Tax differential / tax setoff studies

Management and Organization - evaluation of performance, efficiency and effectiveness of organizations; governance studies; establishment of new organizations or consolidation of existing organizations or departments, including development of organizational structures and staffing needs, job descriptions, compensation programs, capital and operating budgets, revenue analysis, etc.

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



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

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

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

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

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

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

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

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



*Edward J. Donahue III, CMC*  
*President, Municipal & Financial Services Group*

## **PROFESSIONAL MEMBERSHIPS**

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

Community Associations Institute

Government Finance Officers Association

Institute of Management Consultants (Past President, D.C. Chapter)

U.S. Naval Surface Warfare Center, Base Realignment and Closure Committee,  
Restoration Advisory Board

Pension Oversight Commission, Anne Arundel County, Maryland (member; former Chairman)

Water Environment Federation

**EXPERIENCE:** 42 Years

**EDUCATION:** MBA, 1971 - Finance (Government-Business Relations),  
George Washington University  
B.S., 1968 - Accounting, Johns Hopkins University

**REGISTRATION:** Certified Management Consultant (U.S., Canada)



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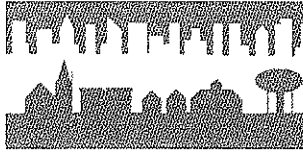
### **Selected Experience - *Cost of Service/Rate Work***

- Albemarle County Service Authority, VA (water, sewer)
- Anchorage Water & Wastewater Utility, AK (water, sewer)
- Anne Arundel County, MD (water, sewer, solid waste)
- Town of Barnstable, MA (water, sewer)
- City of Beaverton, OR (water)
- Boston Water and Sewer Commission (water, sewer, stormwater)
- Town of Branford, CT (sewer)
- City of Cambridge, MD (water, sewer)
- City of Camden, NJ (water, sewer)
- City of Canandaigua, NY (sewer)
- Cape Fear Public Utility Authority, NC (water, sewer)
- Carroll County, MD (water, sewer)
- Cecil County, MD (sewer)
- City of Chesapeake, VA (water, sewer)
- Town of Cheshire, CT (sewer)
- Town of Chincoteague, VA (water)
- City of Claremont, NH (water, sewer)
- Cleveland Water Department, OH (water)
- Dallas Water Utility, TX (water)
- Town of Dartmouth, MA (water)
- Denver Water Board, CO (water)
- District of Columbia (water, sewer, stormwater)
- Village of Downers Grove, IL (water, sewer)
- City of Dunkirk, NY (water, sewer)
- Town of Durham, NH (water)
- Town of Duxbury, MA (water and sewer)
- Town of Elkton, MD (water, sewer)
- El Dorado Irrigation District, Placerville, CA (water, sewer)
- Evesham MUA, NJ (water, sewer)
- City of Fairbanks, AK (water, sewer)
- Fair Oaks Water District, CA (water)
- City of Falls Church, VA (water, sewer)
- City of Findlay, OH (sewer)
- Village of Fredonia, NY (water, sewer)
- Frederick County, MD (water, sewer, solid waste)
- City of Frostburg, MD (water)
- Garrett County, MD (water, sewer)
- Village of Glenview, IL (water, sewer, stormwater)
- City of Hagerstown, MD (water, sewer)
- County of Hanover, VA (water and sewer)
- City of Hilliard, OH (solid waste)
- Howard County, MD (water, sewer, solid waste)
- James City Service Authority, VA (water, sewer)
- Kennebunk, Kennebunkport & Wells Water District, ME (water)
- Kent County (DE) Sanitary District (sewer)
- Kent County, MD (water / sewer)
- Town of Leesburg, VA (water, sewer)
- Town of Lovettsville, VA (water, sewer)
- Lower Cape Fear W&SA, NC (raw water)
- City of Manassas Park, VA (stormwater)
- Town of Manchester, CT (water, sewer)
- Massachusetts Water Resources Authority (water/ sewer)
- Metropolitan District Commission, Boston, MA (sewer)
- City of Mexico, MO (water / sewer)
- City of Middletown, CT (sewer)
- Town of Milton, DE (water, sewer)
- City of Moline, IL (sewer)
- Montgomery County, OH (sewer and solid waste)
- Village of Morton Grove, IL (water, sewer)
- New Hanover County, NC (water, sewer)
- City of New Haven, CT (sewer)
- City of New London, CT (water)
- City of Newport News, VA (sewer, solid waste, stormwater)
- City of New York, (water, sewer, stormwater)
- City of Nome, AK (water and sewer)
- Borough of North East, PA (water, sewer)
- North Slope Borough, AK [Prudhoe Bay] (water, sewer, solid waste)
- Town of Ocean City, MD (water, sewer)
- City of Olathe, KS (water / sewer)
- Village of Orland Park, IL (water, sewer)
- City of Oxnard, CA (sewer)
- Prince William County Service Authority, VA (water, sewer)
- Town of Purcellville, VA (water, sewer)
- Queen Anne's County, MD (water, sewer)
- City of Raymore, MO (water, sewer)
- Rivanna W&SA, VA (wholesale)



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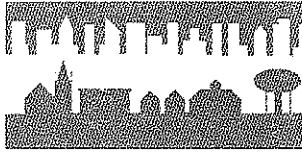
- City of Rockville, MD (water, sewer, solid waste)
- Sacramento Regional County (CA) Sanitation District (sewer, stormwater)
- City and County of San Francisco, CA (solid waste, stormwater, water and wastewater)
- South Norwalk, CT (electric)
- County of Stafford, VA (water and sewer)
- Sussex County, DE (water, sewer)
- City of Tucson, AZ (sewer)
- Union Bridge, MD (sewer)
- Union Sanitary District, Fremont, CA (sewer)
- Upper Mohawk Valley Regional Water Board, Utica, NY (water)
- Town of Warrenton, VA (water, sewer)
- Washington County Service Authority, VA (water, sewer)
- Washington Suburban Sanitary Commission, MD (water, sewer)
- City of Watertown, CT (water, sewer)
- City of Wilmington, NC (water, sewer)



*Edward J. Donahue III, CMC*  
*President, Municipal & Financial Services Group*

**Selected Experience - *Litigation Support***

- City of Farmers Branch v. Dallas Water Utility  
City Attorney (Dallas)  
Suburban Water Rates
- Confidential (County Attorney, Charles County, MD)  
Forensic Accounting Study Related to Defalcation and Embezzlement by County Administrator
- City of Palo Alto, et al v. City of San Francisco  
Howard, Rice (for San Francisco)  
Water Rates, Water Rights, Availability
- Hotel Owners Association v. City of San Francisco  
William Barrett (Deputy City Attorney)  
Stormwater Costs
- Apartment Owners Assoc. v. City of Beaverton, OR  
City Attorney (for Beaverton)  
Multi-Family Water Rates
- F.R. Briscoe v. Clark County, NV  
Lempres & Wulfsberg (for URS Engineers)  
Construction Claim, Wastewater Treatment Plant
- Landbank Equity Corp.  
Laurence Levey, Trustee  
Chapter VII Civil Bankruptcy
- Tri-City Tires  
Deborah Fisk (Assistant U.S. Attorney)  
Chapter XI Civil Bankruptcy
- City of Brookfield, et al v. Milwaukee MSD  
Mulcahy & Wherry (for Brookfield)  
Capital Cost Allocation, Sewer Rates
- Confidential  
Lempres & Wulfsberg  
Propriety of Costs Claimed by Consultant



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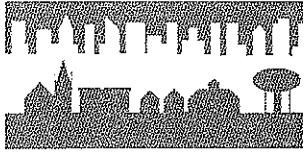
- Confidential  
Hogan and Hartson (for Plaintiff)  
Trademark Infringement (Lost Profits)
- Renishaw PLC v. Carl Zeiss  
Oliff & Berridge (for Renishaw)  
Patent Infringement (Lost Profits, Reasonable Royalties)
- Interstate Plaza Partnership v. Home Fed Bank  
McCarthy & Burke (for Home Fed)  
Breach of Contract, Construction Claim
- Bancroft-Clover Sanitary District, et al v. Denver Water Board  
Saunders, Snyder, Ross & Dickson (for Denver)  
Water Rates, System Development Charges
- Town of Ashland v. County of Hanover, Virginia  
McGuire, Woods, Battle & Boothe (for Hanover)  
Annexation Dispute Before Virginia Commission on Local Governments
- Dewberry & Davis v. Maryland General Services Administration  
Silverstein & Mullens (for Dewberry)  
Construction Claim, Correctional Facility
- City of Los Angeles v. City of El Segundo et al  
City Attorney (for Los Angeles)  
Capital and Operating Costs of Regional Sewer System
- Clement Tingley, et al., v. Board of Supervisors of Hanover County  
Hirschler, Fleischer, Weinberg, Cox & Allen (for Hanover)  
Connection Fees for Water and Wastewater Systems
- Thomas Wolf, et al. v. Fauquier County Water & Sanitation Authority  
O'Connell & Mayhugh (for Wolf)  
Capacity Fees, Property Rights
- Washington County v. City of Hagerstown, Maryland  
Urner, Nairn & Boyer, LLC (for Hagerstown)  
(Before Maryland Public Service Commission, Case #8324)  
Outside-City Water and Sewer Rates
- SCA v. Charles County, Maryland  
Venable, Baetjer and Howard (for SCA)  
Capacity Fees



*Edward J. Donahue III, CMC*  
*President, Municipal & Financial Services Group*

- Bankruptcy Proceeding 03-03428-DOT  
(On behalf of the City of Richmond, VA)  
Utility Bill Arrearages as Preference Payments
- Matter of Bramble Hill Water System  
Gohn, Hankey & Stichel, LLP (for Bramble Hill)  
(Before Maryland Public Service Commission, Case #8984)  
Water System Valuation and Customer Tariffs
- Matter of City of Frostburg  
Law Offices of Michael Cohen (for the City of Frostburg, MD)  
(Before Maryland Public Service Commission, Case #9040)  
Inside-City vs. Outside-City Rate Differentials
- Application for Rate Increase, Aqua Virginia, Inc.  
Buck, Toscano & Tereskerz, Ltd. (for Lake Monticello Owners' Association)  
(Before Virginia State Corporation Commission, Case #PUE 2005-00080)  
Water System Valuation and Customer Tariffs
- Smartdesks, Inc. vs. CBT Supply, Inc. MJG-05-3456  
Conwell, LLC (for Smartdesks, Inc.)  
(Intellectual property – lost profits, reasonable royalties)
- David H. Katz, et al. v. Township of Westfall, PA (Civil Action No. 3:CV-03-0277)  
Dewey & LeBoeuf (for Katz)  
Land Use / Zoning
- Bankruptcy Proceeding 5-09-02736 (Westfall Township, PA, Debtor)  
Dewey & LeBoeuf (on behalf of David H. Katz, et al.)  
Chapter 9 – Municipal Bankruptcy





*William T. Rule II, Ph.D.*  
*Chief Economist, Municipal & Financial Services Group*

## **PROFESSIONAL PROFILE**

William T. Rule has served as Chief Economist for the Municipal and Financial Services Group since 1983. Dr. Rule specializes in applied micro economics, mathematical economics and econometrics. During almost twenty-five years of consulting experience he has developed small and large economic models, evaluated domestic and international project feasibilities, analyzed government tax and regulatory policy impacts, performed international transfer pricing studies, supported antitrust and international trade litigation, and directed many other applications of economics, statistics, mathematics, econometrics and simulation modeling.

## **TECHNICAL EXPERTISE**

- Economic Analysis
- Applied Mathematics
- Complex Simulations

## **SELECTED CONSULTING EXPERIENCE**

Developed complex cash flow simulation models for sequential issues of multiple-borrower pooled revenue bonds for the Maryland Water Quality Financing Administration.

Served as project economist for a study of the effectiveness and applicability of water conservation rate structures for New York City. In this role, Dr. Rule surveyed empirical research on conservation effects of various rates structures and research on price and income elasticities of the demand for water. He also developed a simulation model for projecting the conservation impacts associated with implementation of alternative rate structures, and for the cost-benefits of a rebate program for fixture replacements.

Served as project economist on a study for Washington Suburban Sanitary Commission, developing financial and economic models to study the feasibility and impact on the utility's CIP of reducing design peaking factors by various increments (including reduction effected over time via the replacement of toilet fixtures). The models were used to analyze the cost and revenue impacts of alternative courses of action, and incorporated elasticity impacts in assessing demand response to incentives.

Developed estimates of short- and long-run marginal costs for a major metropolitan water utility.

Developed a monthly simulation model of electricity generation for a western water / hydro project which included three reservoirs, three power stations, environmental constraints, capacity constraints and water delivery requirements.

Prepared financial feasibility analyses and simulation models and a feasibility study report for the first-ever issue of revenue bonds by Hanover County, Virginia. The report served as the focal point of the Official Statement for the bond issue.



*William T. Rule II, Ph.D.*  
*Chief Economist, Municipal & Financial Services Group*

Constructed a financial simulation model of small bank operations which was used to support negotiations with Federal regulators on troubled bank workouts.

Assisted a foreign-based multinational in assessing exposure under IRS Section 482 with respect to policies and procedures in the inter-company transfer pricing of finished goods and parts.

Provided arbitrage rebate calculation and monitoring for numerous municipal bond issuers.

Provided counter-analyses and critiques of Justice Department comments to proposed EPA and NHTSA regulations for a major international manufacturer.

Developed a micro-model of Social Security beneficiaries based on a non-stationary Markov process simulation which provides estimates of expected costs and benefits to the family unit which are regarded as more detailed and sophisticated than all prior efforts to evaluate the Social Security program.

#### Statistical Methods and Applications

Technical manager for two projects for a major university to develop estimates of utility consumption and cost allocations for five utilities (electricity, steam, chilled water, gas and domestic water) on a function/area/location basis, using statistical sampling techniques.

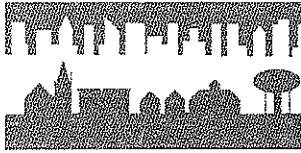
Served as consulting statistician on numerous audit and consulting engagements, providing sample sizes and sampling plans to meet project requirements.

#### Economic Analysis and Econometric Modeling

Lead economist in charge of teams of economists assigned to review the revenue, units and cost forecasts underlying the financial forecasts prepared by the several AT&T regional holding companies for inclusion in 8-K filings to the SEC in conjunction with divestiture. The central focus of the work was the review of assumptions, methodologies and systems employed in generating the forecasts of each of the operating companies and the consolidation of those forecasts into regional company forecasts.

Project manager and lead economist responsible for the development for a quarterly neoclassical general equilibrium macroeconomic model of the U.S. economy. The model was initially developed for the U.S. Department of the Treasury, and subsequently revised as a proprietary product of Coopers & Lybrand. The model was developed specifically to generate estimates of impacts of Federal tax, spending and monetary policy.

Consulting economist to a project for the U.S. Postal Service designed to develop estimates of demand and competition for components of the mail stream. The project was undertaken in order to provide quantitative estimates of key aspects of the market demand for various classes and subclasses of mail which were input to the decision making process of the Postal Rates Commission in rate-making activities.



*William T. Rule II, Ph.D.*  
*Chief Economist, Municipal & Financial Services Group*

Lead economist for several client studies related to IRC Section 482 transfer pricing issues. These studies were undertaken to provide pre-litigation support of settlements with the IRS, audit support, and litigation support. In addition, studies were conducted for clients on issues related to Section 936 and TEFRA modifications to 936.

Manager of a project to develop revenue and expense forecasts for the government of Florence County, Kentucky. These forecasts were required in order to develop the best possible picture of the need for tax increases over a five-year horizon.

Represented clients before the Council on Wage and Price Stability during the Carter administration. The Carter wage/price program was heavily oriented towards economic analysis of company financial data. Consequently, high level economic analysis and guidance was required to prepare and present client cases before the Council in the best possible light, and was essential to the exceptions process by which firms were granted waivers from the regulations.

Project manager and senior economist for the development of an analysis of the Moynihan-Broadhead "Commodity Straddle Tax Act of 1981, and its impact on the primary U.S. government securities dealers. As a result of this study, important modifications to the legislation were made which exempted primary dealers from onerous requirements of the legislation which became law.

Directed a project for the Washington Metropolitan Board of Trade which analyzed the economic impact of proposed increases in the D.C. minimum wage for retail employees. The project led to development of estimates of employment impacts, and resulted in testimony before the Minimum Wage Board.

Project director for the development of an economic analysis of issues surrounding petroleum pipeline regulations, and development of a financial model of a regulated petroleum pipeline capable of simulating the financial results of alternative regulatory structures.

Lead economist for a project evaluating the Industrial Cost Recovery program of the Environmental Protection Agency. The project required estimates of the incentive/disincentive effects of the ICR program on individual firms and involved calculation of minimum after-tax costs impacts of alternative firm decisions, including estimates of allocated public treatment works costs and self-treatment costs for secondary and tertiary effluent treatment.

#### Financial Modeling

Developed the methodology, algorithms and programs for the calculation of annual cash flow projections and internal rates of return associated with leveraged leases of private vessels by the U.S. Navy. Because of its sophistication, the program was subsequently generalized to handle other types of leveraged leases.



*William T. Rule II, Ph.D.*  
*Chief Economist, Municipal & Financial Services Group*

Developed a computer model for the calculation of required connection fees and user charges for municipal water utilities subject to minimum reserve requirements.

Project manager for the development of inflation impact estimates for scheduled construction activities of DeLeuw, Cather/Parsons & Associates, program managers for the multi-billion dollar Northeast Corridor Improvement Project. The effort involved review and analysis of econometric model projections and development of a methodology for estimating the impact of changes in inflation on projected construction costs.

#### Litigation Support

Consulting economist for the defendant (a historically black university) in a racial discrimination and wrongful discharge suit, alleging discrimination on the basis of shade of skin and tribal affiliation.

Expert witness in a patent infringement matter which involved both lost profits and reasonable royalties. This complex analysis required the re-statement of financial statements prepared on German-based GAAP ("prudently present") to U.S./British GAAP ("fairly present") basis to allow comparison with those of the infringed patent owner.

Consulting economist for the Denver Water Board in defending a major civil complaint focusing on in-city vs. outside-city rate differentials, and the allocation of expansion plant costs.

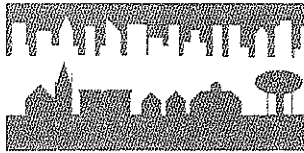
Consulting economist for a large West Coast regional wastewater system which was defending against a complaint alleging unfair and illegal pricing of services to contract customers; the main issue centered on plant expansion and upgrade costs.

Lead economist supporting countervailing duties litigation before the International Trade Commission/International Trade Administration, involving Canadian softwood lumber imports into the U.S. The major focus was on the economic rationale for the allegation of subsidy as well as the development of estimates of the magnitude of subsidies involved.

Consulting economist in a private antitrust suit, developing economic theories of damage as well as providing guidance on development of estimates of damages.

**EXPERIENCE:** 32 Years

**EDUCATION:** B.A., 1970, Economics - Macalester College  
Ph.D., 1975, Economics and Applied Mathematics - Virginia Polytechnic Institute



*David A. Hyder*  
*Senior Manager, Municipal & Financial Services Group*

## **PROFESSIONAL PROFILE**

Mr. Hyder is a Manager in the Municipal & Financial Services Group, applying engineering, environmental and financial expertise to a broad range of infrastructure projects for clients. Mr. Hyder has ten years of professional experience. He specializes in assisting public sector clients with the financial and managerial aspects of environmental infrastructure. Prior to his management consulting career, he worked for a large electrical and electronics manufacturing company.

## **TECHNICAL EXPERTISE**

- Financial Modeling
- Specialized Cost Accounting
- Financial Feasibility Studies
- Cost of Service Analysis/Rates and Fees Design
- Water and Sewer System Design
- Development Impact Fees
- Operational Audits

## **SELECTED CONSULTING EXPERIENCE**

### Financial/Management

Frederick County, MD - Performed due diligence review for client prior to final contract approval for \$140-million 1,200 tons-per-day waste-to-energy project. Tested all assumptions, formulae, inflation and adjustment factors related to costs of municipal waste disposal, price of energy, hauling costs, future regulatory and permitting costs.

Cleveland Water Department, OH – Developed five-year business plan laying out alternative scenarios and business strategies – most likely, best case, worst case; developed strategy for increasing sale of water to suburban customers; oversaw design and development of interactive financial model to assess varying alternatives and sensitivity to changing economic conditions; supervised development of extremely sophisticated demand and usage analysis and benchmarking program.

Southeastern Public Service Authority, Chesapeake, VA – Principal Analyst in evaluation of proposals to sell \$200 million 2,000 tons-per-day waste-to-energy facility, with subsequent assistance in negotiation of alternative pricing and deal structures. Developed sophisticated financial models to provide “apples to apples” comparison of four competing proposals with strikingly differing terms and conditions. Provided quick turn-around analysis of varying terms and conditions proffered during negotiations with selected offeror.



*David A. Hyder*  
*Senior Manager, Municipal & Financial Services Group*

Cape Fear Public Utility Authority, NC - Project Manager for creation of newly formed water and sewer authority. Responsibilities include project coordination and management of consolidation of New Hanover County and the City of Wilmington, NC water and sewer utilities. Key activities include individual and consolidated water and sewer cost of service studies, financial feasibility study, development of financial and governance policies and procedures, drafting ordinances and oversight of all aspects of the formation of the authority.

Town of Leesburg, VA – Project Manager for financial feasibility study that was an integral part of the Official Statement issued to support the sale of \$52.0 million utility revenue bonds. Responsibilities include development of financial feasibility model, coordination with the Town's bond counsel and demonstration of compliance with bond covenants.

Research Triangle Foundation, Durham, NC - Development of financial models to support the feasibility of developing a specialized pretreatment facility designed to handle industrial process waste from multiple pharmaceutical companies.

District of Columbia Water and Sewer Authority - Project Manager for field investigations and analysis of 3,000 large commercial meters within the District. Responsibilities include development of field investigation database, conducting weekly progress meetings with the client, resource allocation, analysis of field investigation findings and development of recommendations.

Wicomico County, MD - Operational review of the County government and its Board of Education, with a \$100 million annual budget. Development of specific recommendations to improve service, reduce costs and enhance revenues.

Washington Suburban Sanitary Commission - Total Water Management Study - Technical consultant on water conservation study for the Washington Suburban Sanitary Commission. Net present value analysis of deferral of capital improvement projects based on developed and modeled water conservation measures. Development of water conservation plan based on cost benefit analysis of water conservation measures.

Maryland Public Service Commission - Financial analysis and tariff development for an investor-owned water utility involved in a rate dispute with the PSC.

Litigation Support - City of Hagerstown, MD - Development of specialized cost accounting analyses to support settlement negotiations with plaintiffs over costing and pricing of City services.



*David A. Hyder*  
*Senior Manager, Municipal & Financial Services Group*

### Cost of Service/Rate Studies

Lead Consultant for cost of service and rate studies for water, wastewater and solid waste utilities. Responsibilities include development of cost of service cash flow model, rate and fee design and customer impact analysis. Cost of service and rate studies completed for the following clients:

- Albemarle County Service Authority, VA
- Anne Arundel County, MD
- Town of Branford, CT
- City of Cambridge, MD
- City of Camden, NJ
- City of Canandaigua, NY
- Cape Fear Public Utility Authority, NC
- Chautauqua County, NY
- Town of Cheshire, CT
- Town of Chincoteague, VA
- City of Claremont, NH
- Clermont County, OH
- City of Cleveland, OH
- City of Crystal River, FL
- City of Cumberland, MD
- Frederick County, MD
- City of Frostburg, MD
- Garrett County, MD
- Village of Glenview, IL
- City of Hagerstown, MD
- James City Service Authority, VA
- Kent County, MD
- Town of Leesburg, VA
- Town of Manchester, CT
- City of Mexico, MO
- Town of Milton, DE
- Mohawk Valley Water Authority (Utica), NY
- City of Moline, IL
- New Hanover County, NC
- Borough of North East, PA
- Town of Ocean City, MD
- City of Olathe, KS
- Village of Orland Park, IL
- Pittsburgh Water & Sewer Authority, PA
- Prince William County Service Authority, VA
- Town of Purcellville, VA
- City of Raymore, MO
- City of Rockville, MD
- Stafford County, VA
- Town of Warrenton, VA
- Washington County Service Authority, VA
- City of Wilmington, NC

### Engineering/Planning

Water and Wastewater Infrastructure Planning and Modeling - Involved with completion of water and wastewater master planning studies for two cities in Maryland and Virginia including CSO studies and water and wastewater demand projections. Created both water and wastewater computer simulation models, using XPSWMM and Water CAD, to facilitate analysis of present and future system capacity.

Wastewater Treatment Plant Design - Completed design, including specifications and drawings for the following process units:

- Influent pump station, Massaponax, VA: BNR upgrade and expansion from 6 to 10 MGD.
- Solids Handling, City of Frederick, MD: Belt filter press and auxiliary equipment for a plant BNR upgrade and expansion from 8 to 12 MGD.



*David A. Hyder*  
*Senior Manager, Municipal & Financial Services Group*

- Chemical Feed System, City of Frederick, MD: Sodium bisulfate, sodium hypochlorite, ferric chloride, dry and emulsion polymer.
- Clarifier Upgrade, DC/WASA, Blue Plains: Design, scum removal, scum hopper and scum pumping for upgrade of 36 primary clarifiers.

Construction Phase Services, Winchester, VA - Responsible for shop drawing, RFI and design revision coordination for design of wastewater treatment plant construction. Served as contractor point of contact.

Field Experience, City of Salisbury and Andrews AFB - CSO studies including manhole inspections, dye testing and flow monitoring.

**MEMBERSHIPS:** Government Finance Officers Association  
American Water Works Association (active member of Rates and Charges Committee)

**EXPERIENCE:** 12 Years

**EDUCATION:** MBA, 2002, Finance, Johns Hopkins University  
BS, 1998, Civil/Environmental Engineering, Michigan State University

**REGISTRATION:** Engineer in Training, ASCE