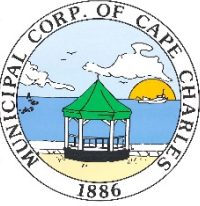




TOWN COUNCIL
Special Meeting
May 6, 2021
Cape Charles Civic Center
6:30 PM

1. Call to Order
 - A. Roll Call
 - B. Establish quorum
2. Public Comments re: Agenda Items Only (3 minutes)
3. Special Meeting Order of Business:
 - *A. PPEA Utility Consulting Services Contract Award
 - *B. Future Town Council Elections
 - *C. Town Council Representative to the Cape Charles Memorial Library Board
4. Town Manager Comments
5. Mayor & Council Comments (5 minutes)
6. Adjournment

 TOWN OF CAPE CHARLES	AGENDA TITLE: PPEA Utility Consulting Services		AGENDA DATE May 6, 2021
	SUBJECT/PROPOSAL/REQUEST: Authorize award of contract for subject services.		ITEM NUMBER: 3A
	ATTACHMENTS: New Gen Strategies & Solutions proposal.		FOR COUNCIL: Action (X) Information ()
	STAFF CONTACT (s): Bob Panek, Project Manager	REVIEWED BY: John Hozey, Town Manager	

BACKGROUND:

Proposals from Aqua Virginia and Virginia American Water have been received to acquire our water and wastewater utilities under the Public-Private Education Facilities and Infrastructure Act (PPEA). Our adopted PPEA procedures provide that the Town may charge up to \$50,000 to each offeror to evaluate their proposal. A Request for Proposals (RFP) was issued to acquire consulting services for the following evaluation scope of work:

- A. Conduct background research on these private utility companies regarding similar sized systems.
- B. Advise on acceptable processes and procedures associated with the PPEA, the VA Fair Market Value legislation, and the VA State Corporation Commission.
- C. Conduct on-site inspection of Town water and wastewater facilities and review data provided by the Town to develop detailed asset lists and determine current appraised value for the assets/property to be acquired. Evaluate proposed conceptual and detailed fiscal terms against current value and the fair market value provisions of Virginia state law.
- D. Develop a nominal municipal utility rate forecast/capital investment strategy for the next ten years (a baseline for comparison should the Town reject all proposals and continue to own/operate these utilities). Compare the proposed rate forecasts/capital investment strategies to this municipal baseline projection
- E. Provide the criteria/performance metrics used during evaluations, as well as recommended metrics the Town could employ in monitoring provisions under any eventual contract.
- F. Meet in-person with Town staff, and with the Town Council in public and executive sessions to present analysis and assist in the evaluation of data and options. Participate in open town hall style meetings as required.
- G. Assist with the development of a PPEA Comprehensive Agreement, should the process progress to that stage and be desired by the Town.

Five proposals were received.

DISCUSSION:

Acquisition of these consulting services is being conducted per the competitive negotiation provisions of Code of Virginia, Section 2.2-4302.2. A. 4. The five proposals were evaluated by a panel based on the factors contained in the RFP:

1. Qualifications of the offeror, including time in the business.
2. Experience with Virginia PPEA procedures.
3. Experience with Fair Market Value evaluations.
4. Experience with water and wastewater systems capital investment plans.
5. Experience with water and wastewater systems rate development.
6. Curriculum vitae of the principal personnel to be assigned to the work, including any subconsultants.

The panel recommended that three offerors be advanced to the next stage: Daymark Energy Advisors, New Gen Strategies & Solutions, Walden Environmental Engineering. The Town Manager and Project Manager held discussions with these three firms, including non-binding estimates of the cost to provide these services. As a result of these discussions, New Gen Strategies & Solutions was judged to have the most balanced proposal at a fair and reasonable price. They are offering a fixed fee of \$92,120 to perform Tasks A – E. Their billing rates are competitive for Tasks F & G.

Council approval is required to award a contract for professional services greater than \$30,000.

RECOMMENDATION:

Staff recommends that Council authorize the Town Manager to enter a contract with New Gen Strategies & Solutions for PPEA Utility Consulting Services, as outlined above.



PPEA UTILITY CONSULTING SERVICES

TOWN OF CAPE CHARLES



PREPARED BY:

NewGen
Strategies & Solutions

ECONOMICS

STRATEGY

STAKEHOLDERS

SUSTAINABILITY

www.newgenstrategies.net



112 Westwood Place
Suite 165
Brentwood, TN 37027
Phone: (615) 970-7875

March 12, 2021

Mr. Bob Panek, Project Manager
Town of Cape Charles
2 Plum Street
Cape Charles, VA 23310

Subject: Request for Proposals, PPEA Utility Consulting Services

Dear Mr. Panek:

The Town of Cape Charles' water and wastewater utilities operate in a complex and ever-evolving landscape to provide utility services that are affordable, reliable, and sustainable. At the same time, the pace of change in the utility market is accelerating, directly impacting your ability to provide quality service to your customers. Navigating the challenges of balancing long-term infrastructure investment, maintaining customer satisfaction, and the sheer amount of data available to drive decision making is overwhelming. How do you evaluate alternatives and decide on the best strategic approach to ensure the delivery of affordable, reliable, and sustainable utility service to the Town's customers?

NewGen Strategies and Solutions, LLC (NewGen) believes that strategy dictates everything. Our approach provides an integrated view designed to give the Town the proper insight to make decisions with confidence. We have teamed with Faegre Drinker Consulting to submit this proposal to provide consulting services for the proposed acquisition of the Town of Cape Charles' public utility systems under the Virginia Public-Private Education Facilities and Infrastructure Act of 2002. While the enclosure to this letter sets forth our approach, experience, and qualifications, there are a few key points we would like to stress:

- **Expert Credentials** – NewGen employs three of the less than 20 public utility Accredited Senior Appraisers (ASA) in the United States with over 75 years combined experience appraising utilities and generation assets across the country. Faegre Drinker Consulting specializes in government policy and regulatory issues. Faegre Drinker's public-private partnerships (P3) team advises state and local governments on a wide range of P3 and infrastructure transactions, including water, wastewater, and stormwater assets. Faegre Drinker's P3 team has deep experience with a range of utility transaction types, including operations and management transactions, concession-lease agreements, and asset sales.
- **Client Communication** – NewGen simplifies complex concepts by combining visual tools and our training expertise to ensure that clients gain a deep understanding of how the issues and underlying data drive our recommendations and scenarios. This directly impacts the evaluation of the scenarios we present, streamlines decision making, and successfully obtains buy-in from elected officials, advisory committees, regulatory bodies, Town management, and utility customers.
- **Demonstrated Performance** – The choices being considered by the Town are similar to those being considered by NewGen and Faegre Drinker's clients throughout the country. Our project team members have successfully completed similar projects to the Town's requested services and understand the key issues and challenges facing the Town. We have included several references in our proposal and strongly encourage the Town to contact them to learn more about our firms and specific project team members.

**TOWN OF CAPE CHARLES
PPEA UTILITY CONSULTING SERVICES
REQUEST FOR PROPOSALS**

One of the major considerations for any appraisal is the integrity and independence of the appraisal team, as well as the quality of their product. The NewGen and Faegre Drinker Consulting team have worked together for over a decade on projects similar to those required by the Town, of which project profiles for the two most similar are included in the Project Experience section of this proposal. No other valuation/appraisal firm matches NewGen's combination of appraisal experience and qualifications.

We look forward to working with the Town of Cape Charles on this important project. If you have questions concerning this proposal or would like additional information, please contact me on my direct line at (615) 970-7875, or by e-mail at mlane@newgenstrategies.net.

Sincerely,


Mike Lane
Director
NewGen Strategies and Solutions, LLC


Skip Stitt
Principal
Faegre Drinker Consulting

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FIRM OVERVIEW

NewGen Strategies and Solutions, LLC

NewGen Strategies and Solutions, LLC (NewGen) is a management and economic consulting firm specializing in serving the utility industry and market. We provide financial, cost of service, due diligence, valuation, strategy, expert witness, stakeholder, and sustainability consulting services to public clients across the country. Our expertise includes litigation support in state and federal regulatory proceedings, utility business and financial planning, and sustainability strategy for electric, natural gas, water, wastewater, and solid waste utilities.

NewGen was created by consultants who are dedicated to our client's mission and recognized as experts in our respective fields of service.

"Thoughtful Decision Making for Uncertain Times" succinctly describes our capability to provide our clients solutions and recommendations tempered with our keen insight into the growing role of stakeholders, resource availability (including renewables), environmental concerns, cost of providing utility services, and economic conditions. This ensures an integrated approach to delivering our products and services.

Our experience has been acquired while members and/or owners were at recognized national consulting groups such as R. W. Beck, Inc. (now SAIC and Leidos), Navigant Consulting, Touche Ross & Co. (now Deloitte), Peat Marwick Mitchell (now KPMG) and regional practices such as Reed, Stowe & Yanke. Additionally, NewGen professionals come from the nationally recognized engineering firms of CDM Smith, Inc. and HDR Engineering, Inc. In July 2019, NewGen merged with the nationally recognized Maryland-based management consulting firm of Municipal & Financial Services Group (MMSG) adding a team focused on assisting clients with meeting the financial and management needs of public sector infrastructure and in the efficient delivery of public sector services.



Office Locations

NewGen employs nearly 50 professional and administrative staff, with 11 ownership members (e.g., Directors), and a Board. Our current staff has the capability to work on simultaneous assignments, and we have the capacity to add staff and/or expand support from a network of teaming partners, if needed. NewGen's offices are located nationwide.



Faegre Drinker Consulting

Faegre Drinker Consulting is the Washington, D.C.-based federal public policy and advocacy division of **Faegre Drinker Biddle & Reath LLP**, a top 50 law firm designed for clients. With more than 1,300 experienced attorneys, consultants and professionals in 22 locations across the United States, United Kingdom and China, we have the strength to solve our clients most complex transactional, litigation and regulatory challenges wherever they need us. We partner with a diverse set of clients, delivering comprehensive and customized advice that advances their most ambitious business objectives.

Our Core Values

Faegre Drinker Consulting was founded on shared vision and values, and we are committed to living out those principles. Our core values guide us in all that we do:

- Integrity
- Excellence
- Diversity and inclusion
- Shared commitment
- Teamwork and collaboration
- Mutual respect
- Service to others

EXPERIENCE AND QUALIFICATIONS

Nationally Recognized Experience

NewGen staff have a long history supporting public power entities and helping municipalities evaluate alternative utility and public ownership structures. The NewGen professionals assigned to this project understand the objectives of municipal entities to provide reliable utility service, while addressing needs to invest in capital improvements to ensure public safety and enhance economic growth.

Expert Valuation Analysis

NewGen's appraisal and valuation team has broad experience across the energy and utility business spectrums, including expertise in valuing electric generation assets of all kinds, and electric and gas transmission and distribution assets. **NewGen employs 3 of the less than 20 Accredited Senior Appraisers (ASA) certified by the American Society of Appraisers with a public utilities designation.** NewGen's staff values utility assets across the United States and routinely provides expert witness services and testimony in public utility commission and related regulatory proceedings.

Experience with PPEA Procedures

The Project Team does not have specific experience with PPEA Procedures. However, Faegre Drinker is familiar with the Commonwealth's legislation and requirements. Also, NewGen has extensive experience in Pennsylvania, Indiana, and Texas with processes similar to those in the Commonwealth. A few project profiles highlighting the Project Team's experience is provided in the Project Experience section below.

Experience in Virginia

We have extensive experience in the Commonwealth of Virginia in providing appraisals and cost of service/rate work. Below are lists and a map of county utilities/regional agencies and cities/towns in Virginia for which NewGen (including work performed by MFSG prior to the merger of MFSG with NewGen) has provided financial and management studies:

County Utilities / Regional Agencies

- | | |
|--|---|
| ▪ Albemarle County Service Authority | ▪ Lake Monticello Owners Association |
| ▪ Chesterfield County Utilities | ▪ Loudoun Water |
| ▪ Fairfax County Public Works | ▪ Prince William County Service Authority |
| ▪ Fauquier County Water & Sanitation Authority | ▪ Rivanna Water & Sewer Authority |
| ▪ Frederick-Winchester Service Authority | ▪ Southampton County Utilities |
| ▪ Hanover County Utilities | ▪ Southeastern Public Service Authority |
| ▪ James City Service Authority | ▪ Stafford County Utilities |
| ▪ King George County Service Authority | ▪ Washington County Service Authority |
| | ▪ Wise County Public Service Authority |

City of Indianapolis, Indiana - Financial Analysis, Procurement, Appraisal, and Sale of Water and Wastewater Utilities

ORIGINATING FIRM: NewGen (as SAIC/R.W. Beck) and Faegre Drinker Biddle & Reath, LLP

The City of Indianapolis (the City), like many large cities across the United States, faced severe funding challenges related to maintaining important city-owned infrastructure. Specifically, the capital needs for road and bridge repair were estimated at \$1.5 billion, while the water and wastewater utilities had a combined Capital Improvement Program of over \$4 billion for the next 15 years. This included addressing an EPA Consent Decree for their combined water and sanitary sewer system. Limitations on ad valorem tax increases made funding the road and bridge repairs through taxes politically unacceptable, causing the City to consider the monetization of its utility assets as a means of raising the needed capital.

Members of NewGen (as SAIC/R. W. Beck) assisted the City in the analysis of monetization alternatives, including long-term concession, asset sale, regionalization and creation of new public entities. As part of the evaluation process, we have:

- Prepared a 20-year discounted cash flow model and fair market value appraisal of their water and wastewater systems.
- Helped develop a request for Expressions of Interest to solicit marketplace ideas for more operational synergy and capital program execution.
- Participated in an evaluation of alternatives and determining an optimum path forward.

The City transferred the water and wastewater assets to Citizens Energy Group (Citizens Energy) in August of 2011 for a total fair market valuation approaching \$2 billion. This transaction provided the City of Indianapolis with almost \$500 million of cash (net of existing system debt) for investment in critical road and bridge improvements throughout the City. Because Citizens Energy is owned by a public charitable trust, it was not necessary to refinance the existing system debt of nearly \$1.5 billion, which had made the privatization of these assets financially unfeasible.

During the course of our investigations, it was estimated that combining the water and wastewater systems of the City could have resulted in as much as \$15 to \$20 million per year in cost savings from operational synergy, even though both systems were already using contract operators for utility operations. Citizens Energy believes that by combining water, wastewater and gas, the combined synergies might approach \$40 million per year, making this transaction particularly attractive to its customers by substantially reducing future rate impacts.

The deal was reported to be the largest municipal water and wastewater sale in U.S. history. The team handled every material aspect of the transactions resulting in the sale of the utilities, beginning with the City's initial decision to consider a public-private partnership and potential partnership models and carrying through to the finalized asset purchase agreements. As part of the real estate convergence, our real estate lawyers were responsible for due diligence and transfer of hundreds of miles of pipelines, waterways and related facilities.

The successful sale of its water and wastewater utilities through a public-private partnership model reduced the City's debt and freed up funds for other public projects.



City of Westfield, Indiana - Water and Wastewater Utilities Appraisal and Sale of Water Utilities

PERFORMING FIRM: NewGen and Faegre Drinker Biddle & Reath, LLP

NewGen staff conducted a condition assessment and appraisal study. The study provided the City of Westfield (the City) with a range of acquisition values and an estimation of the value of the system assets. The City was able to negotiate a purchase price that was within the range of values developed in the appraisal study and NewGen provided oral and written testimony to the Indiana Utility Regulatory Commission in support of the appraisal.

Faegre Drinker Biddle & Reath, LLP served as lead deal counsel for the city in the sale of its water and sewer utilities to Citizens Energy Group for \$91 million. The team managed the request for proposal and bidding procedure, advised on obtaining regulatory approval from the Indiana Utility Regulatory Commission and negotiated the sale. The deal creates Citizens Westfield, which will serve more than 24,000 customers' water, wastewater and natural gas utility needs.

The sale allowed Westfield to pay off all of the utilities' \$45 million in debt, reduce user rates from projected levels, and produce a \$46 million net payment that the City invested in other local infrastructure improvements. Citizens retained all of the Westfield Utilities staff and offered them new positions. Along with lower utility rates over time, residents also benefitted from an additional revenue stream of about \$2 million per year in property taxes that Citizens paid.

City of Scranton, Pennsylvania - Sale of Water Utility Assets

PERFORMING FIRM: Faegre Drinker Consulting

The City of Scranton, Pennsylvania was faced with a series of severe financial challenges. Designated as a Financially Distressed Municipality in 1992 under Pennsylvania's Act 47 (the Financially Distressed Municipalities Act), the City had struggled with financial issues for decades. The City was saddled with underfunded public safety pensions, aging infrastructure, high levels of debt, and a large, federally mandated Consent Decree associated with the operation and management of the Scranton Sewer Authority. In addition, the Authority was in the midst of carrying out a challenging, federally mandated long-term plan that had already exposed customers to three significant rate increases in excess of 44% each (in 2003, 2007 and 2012). The Authority was also projecting average annual rate increases of 4.57% a year for the next 30 years, resulting in "High Burden" sewer bills under EPA metrics.

Faegre Drinker Consulting, working as a subcontractor to the City's primary transactional advisor, helped lead the City's efforts to monetize the local utility assets. The goals of the project included protecting the Authority's customers by mitigating future rate increases, introducing industry best practices and providing consistently high-quality services to the Authority's users, meeting applicable environmental requirements and exploring technological breakthroughs to more effectively comply with mandates, ensuring that the Authority's assets (both existing and new) were properly maintained, and treating the Authority's employees fairly and equitably and enhancing their career opportunities.

Using a competitive RFP process, the project generated an up-front purchase price of \$195 million (which included about \$75 million in existing Authority debt/loans to be paid off at closing). The acquirer also assumed responsibility for the Authority's \$139 million Long Term Control Plan, as well as ongoing environmental compliance. The acquirer hired all of the Authority's existing staff at comparable wages and benefits and also negotiated a new, multi-year agreement with the union representing the employees (Teamsters Local 229) prior to closing. Importantly, the transaction also secured significant, long-term rate

reductions for customers. When compared to the pre-sale rate schedule, the transaction will deliver approximately \$350 million in rate savings over the next 28 years, about \$7,650 per residential customer.

City of Falls Church, Virginia - Appraisal of the City of Falls Church Water Systems

PERFORMING FIRM: NewGen

In 2012, members of the NewGen project team were retained to perform an independent appraisal to determine the Fair Market Value (FMV) of the Falls Church Water System (Assets). The requested appraisal was to determine the FMV of the Assets as part of the City's decision-making process regarding the continued ownership and operation of the Assets. As part of the appraisal, a limited site inspection of the Assets was performed. The condition assessment determined the Assets to be in generally good condition and suitable for operation of a water utility system.

Falls Church Water Utility was created in the 1930s and served the citizens of Falls Church and parts of Fairfax County. At the time of the appraisal, the utility served 35,000 customers. As a result of the appraisal, the City of Falls Church was able to successfully negotiate the sale of the Assets to the Fairfax County Water Authority.

The appraisal was prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP).

City of Franklin and Southampton County, Virginia - Consolidation of Water and Sewer Systems

PERFORMING FIRM: NewGen (as MFSG)

These two small municipal governments, located in central southern Virginia just north of the Virginia–North Carolina border, engaged MFSG (now NewGen) to facilitate the consolidation of their municipal water and sewer systems, which served a low-density underdeveloped rural area. The City of Franklin had excess capacity in its water system and an old (but well-maintained) wastewater treatment plant located in a floodplain; the County had a new wastewater treatment facility with few customers, and a shortage of water capacity. The Franklin utilities were self-supporting, while the County subsidized about 70% of the total annual costs of its utilities. MFSG was asked to perform three major activities:



1. Prepare a formal valuation study for each of the municipalities utilities;
2. Develop a time-phased financial plan to make each utility self-sufficient as presently constituted, including providing for future capital needs, as well as a long-term plan to illustrate financial conditions and results if the two utility systems were combined; and
3. Develop a gradual plan to equalize the rates and fees charged by the two municipalities and to recommend an organizational structure (service authority) that would assume ownership and operation of the utilities.

A major concern was the availability and cost of utility service to support economic development, as well as the affordability of water and sewer services for low-income residents.

Baltimore City and Baltimore County - Water and Sewer Services Comprehensive Business Process Review

PERFORMING FIRM: NewGen

The City of Baltimore and Baltimore County have interconnected water and sewerage systems. Pursuant to a 1972 intergovernmental water agreement, the City provides water services to County customers, including distribution, treatment, metering, billing, collections and customer service. Pursuant to a 1974 intergovernmental sewerage agreement, the City provides sewerage (treatment and conveyance) services to the County through the operations of "jointly used facilities". The County maintains its own sanitary sewer collection system in what is known as the Metropolitan District.



The two agreements are central to the overall governance and coordination of the business, technical, and financial aspects between the City and the County. The City and County must continuously coordinate and collaborate on various business processes including infrastructure planning and expansion, maintenance and repair, information and data exchange, customer service and financial transactions.

The City and County hired the project team led by NewGen, with Cozen O'Connor, PEER Consultants and Momentum as subcontractors to provide a comprehensive review of their water and sewerage services business processes. The project team is currently performing the review based upon a comprehensive scope of services grouped into six major tasks:

4. Evaluate City-County Existing Service Agreements for Water/Sewer Services
5. Review the City and County Organizational Structure and Governance Models
6. Review Staffing
7. Evaluate Water and Sewer System Planning and Management
8. Assess Meter to Cash Operations
9. Review Field Operations

The City and County envision creating the Utility of the Future, with intergovernmental coordination of processes and policies to ensure effective delivery of high quality and sustainable water and sewerage services and deliver service excellence to City and County customers.

Cape Fear Public Utility Authority, NC - Establishment of Regional Water and Sewer Authority

PERFORMING FIRM: NewGen (as MFSG)

NewGen (then MFSG) was engaged jointly by the City of Wilmington and New Hanover County to provide project management, technical assistance and implementation services to effect the creation of the Cape Fear Public Utility Authority on the Inner Banks of North Carolina (a new regional water and sewer authority with the planned addition of a stormwater utility in the near future) and the transfer of all personnel, assets and liabilities, service areas, operating permits, equipment and related appurtenances to the new authority. The Authority assumed ownership of assets as well as operational responsibility on July 1, 2008. The work was accomplished via a series of task orders, and included a broad scope of activities:



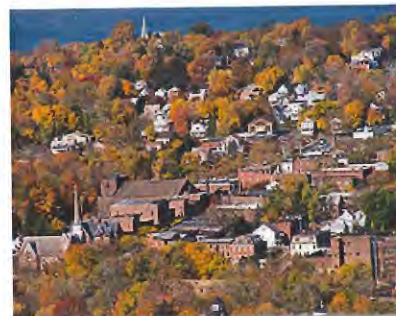
- Initial feasibility study to assess compatibility of the proposed entity with several benchmark “tests” specified by elected officials, such as comparative user rates, job security for all employees for specified durations, schedule for meeting consent decree programs, etc.
- Establishment of employee working groups to identify best practices and to develop design standards and operating procedures for the new entity
- Development of opening balance sheet and the valuation of all assets and liabilities that were transferred to the authority; compliance with GASB 34 reporting and classification formats
- Development of an integrated capital improvements program and updated water master plan for the new entity
- Development of an asset management program and implementing procedures to optimize expenditures for maintenance of capital assets in relationship to their useful life, criticality and replacement cost.
- Preparation of an information technology master plan, identifying all IT applications and processes – “as is,” “to be,” etc.; preliminary specifications for key operational applications (SCADA, customer service, billing system, etc.)
- Development of internal and external communications programs
- Development of standalone and consolidated cost of service / rate models and rate structures; preparation of feasibility studies for initial revenue bond issues; development of capital cost recovery fee structure (capacity fees) for growth-related capital costs; development of feasibility study to support issuance of first \$120 million revenue bond issue, including major roles in presentations to rating agencies
- Preparation of various reports and analyses to support the consolidation process, including organizational structure and staffing; benefits assessment; legal and governance issues, etc.
- Technical support, assistance and guidance for the Executive Committee and the Advisory Committee established to oversee the consolidation process
- Recruitment of the first General Manager and the seven “direct reports” who report to the General Manager, as well as a compensation / benefits package for the entire workforce
- Development and “populating” of the initial organization chart for the Authority

NewGen continued to provide technical advice and assistance for several years to the Authority on an “as requested” basis.

City of Beacon / Town of Fishkill / Village of Fishkill, New York - Water and Wastewater Consolidation Study

PERFORMING FIRM: NewGen (as MFSG)

As part of a regionalization study, a project team consisting of MFSG (now NewGen) plus an engineering firm and a law firm evaluated the feasibility of consolidating some fifteen water districts and three sewer utilities into one or more regional/sub-regional entities. The physical options for interconnection were studied in conjunction with organizational and financial consolidations to present the "best" (high-quality, low cost) water and wastewater services for these semi-rural areas that include two small urban areas about sixty miles north of New York City on the Hudson River. The results of the analysis were substantially positive, but local politics (fear of local control over growth) derailed the implementation of the plan.



Somerset County Sanitary District, Maryland - Long-Term Consolidated Financial Plan

PERFORMING FIRM: NewGen (as MFSG)

The Somerset County Sanitary District provides water and sewer service to portions of the County, located in the economically distressed lower Eastern Shore of Maryland; the County has the sad distinction of having the lowest median household income (MHI) in the State. The District's five service areas (which are not hydraulically inter-connected, and which include Smith Island, a small fishing community located ten miles offshore in the middle of the Chesapeake Bay) have unused capacity in their water and sewer systems and lack the prospect of significant growth in the foreseeable future. The District is facing substantial capital costs for repair and replacement of aging infrastructure. The Somerset County Board of County Commissioners, which subsidizes the deficits of the Sanitary District on an annual basis, engaged MFSG (now NewGen) to devise a long-term financial plan to bring the District to financial viability. Among the specific tasks undertaken were:



- Establishment of a Stakeholder Advisory Committee, to solicit input and preferences, and to educate the public as to the challenges and possible solutions;
- Development of financial models for each of the five sub-districts as well as the District as a whole, to project over time the revenues, expenses, user rates and fees and annual bills for various and typical customers; and
- Identification of alternative revenue and funding sources to supplement and/or replace existing sources, including an assessment of the impact of alternative revenue sources on rates and fees as well as customer bills.

The Project Team worked with a Stakeholder Advisory Group and a financial advisory firm to craft a plan and revenue stream that will gradually eliminate the General Fund subsidy, consolidate all subdistricts into one general rate and fee schedule, and establish formal policies addressing extension of service, mandatory connections and use of connection (Availability) fees.

Highland Park, Michigan - Modernization Water and Wastewater Strategy to Renew Operations

PERFORMING FIRM: Faegre Drinker Consulting

The City of Highland Park, Michigan (the City) was facing challenges in managing the operations and maintenance of its water and wastewater system (the System). Tasked with a growing slate of federal and state environmental safety regulations, installing and repairing critical infrastructure assets, responding to issues raised by residents and businesses, and running an outmoded and inefficient customer billing and customer service infrastructure, the System was in need of a comprehensive revitalization.

Faegre Drinker Consulting helped lead the City's efforts to develop a public private partnership that would save money and improve utility-related services. After a competitive solicitation process, the City entered a contract with an operations and management partner to manage the System.

Environmental compliance and safety was the top priority for both the management partner and the City.

The management partner also implemented a daily operations regime to improve customer service, reduce costs and extend the life of the City's infrastructure assets. In addition, they implemented a City-wide replacement program for the City's 3,100 water meters.

Finally, the management partner modernized the infrastructure for the System's water meter reading, customer billing and customer payment processes. That included streamlining customer billing practices by implementing online and credit card payment options, and by opening a new Customer Service Center, where customers could raise concerns and service issues while also paying their bills in-person.

Other Projects - Wastewater

PERFORMING FIRM: Faegre Drinker Biddle & Reath, LLP

In addition to the projects above, Faegre Drinker Biddle & Reath, LLP has assisted municipalities on several other wastewater transactions including:

- Negotiating Clean Water Act consent decrees and related Long term Control Plan (LTCP) issues with EPA Region 5, EPA Headquarters, DOJ Environmental Litigation Section, and the Indiana Department of Environmental Management (IDEM)
- Defending municipalities against pre-consent decree Clean Water Act lawsuits
- Defending municipalities against Clean Water Act consent decree enforcement actions by Region 5 and DOJ
- Negotiating and litigating decree modifications under the Clean Water Act
- Representing municipalities in intergovernmental disputes regarding contract-based wastewater treatment
- Appealing NPDES permit issues for municipalities
- Managing procurements and developing public-private agreements for municipal wastewater systems
- Representing municipalities in litigation against former wastewater system operators
- Representing municipalities in ordinance enforcement actions against industrial wastewater system users

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- Representing municipal sanitary districts in rate cases before the Indiana Utility Regulatory Commission (IURC)
- Representing parties in federal criminal Clean Water Act cases and investigations in the municipal operating context
- Serving as counsel in public financing of improvements for wastewater treatment plants and collections systems, including for elements of LTCP
- Representing national public sector umbrella organizations in U.S. Supreme Court case involving constitutionality of sewer financing program

Other Projects - Water

PERFORMING FIRM: Faegre Drinker Biddle & Reath, LLP

Other water experience of the Faegre Drinker Biddle & Reath, LLP team includes:

- Served as counsel on public-private agreement procurement that included the option, and ultimate decision, to bring water utility operations back in-house
- Represented municipal water department in litigation regarding water filtration system failure in new water plant
- Represented city on condemnation and negotiated acquisition of private water utility
- Represented municipal water department in litigating a dispute with Illinois community that was wholesale water customer
- Represent a large Indiana city on Lake Michigan in developing a raw water transfer agreement with a multi-jurisdictional consortium of Illinois municipalities
- Represent municipal water utility in rate cases before the IURC
- Serve as counsel in public financing of improvements for municipal water utilities

REFERENCES

The Project Team has worked hard over the years to attract and maintain a diversified staff of professionals with exceptional skills, dedication, and talent. We have built our reputation by providing clients with solutions that are based on sound principles, economic feasibility, and innovative thinking without losing sight of budget and schedule considerations/constraints. We are proud of the long-standing relationships that we have developed with our clients.

We encourage the Town of Cape Charles to contact any of the representative professional references listed below. These clients can speak to our ability to provide quality work similar to the services being requested by the Town. Detailed description of the services provided are included in the Project Experience section of this submittal.

Firm	Contact Name	Title	Telephone	Email
NewGen City of Falls Church - Appraisal of Water System				
	Mr. F. Wyatt Shields	City Manager	703-248-5004	wshields@fallschurchva.gov
NewGen Somerset County Sanitary District - Development of Long-Term Consolidated Financial Plan				
	Anthony Stockus	General Manager	410-651-3831, Ext. 8	astockus@somersetmd.us
Faegre Drinker Indianapolis, Scranton and Highland Park Matters				
	Stephen Goldsmith	Former Indianapolis Mayor (Currently at the Harvard Kennedy School)	312-447-1765	sgoldsmith@sgoldsmith.com

PROJECT UNDERSTANDING AND APPROACH

The Project Team understands that the Cost, Sales Comparison, and Income are the three commonly accepted approaches to developing an opinion of the Fair Market Value of property. NewGen proposes to develop Appraisals of the Fair Market Value of the Systems, in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), under the three commonly accepted approaches to valuation.



Cost Approach

The Cost Approach analyzes various cost methods, such as the Original Cost Method, the Reproduction Cost Method, and the Replacement Cost Method.

Income Approach

The Income Approach values the property by determining the present worth of prospective net earnings using a discounted cash flow analysis.

Sales Comparison Approach

The Sales Comparison Approach assesses value based on recent fair market value sales of similar systems under similar circumstances.

For the prosecution of this project, we recommend a two (2) phased approach to determine the Fair Market Value (FMV). The first phase of our proposal to perform an initial high-level indicative value of the Systems. The second phase details the scope to perform a full appraisal of the Systems. The table below is a crosswalk identifying specifically where in our workplan each of the tasks detailed in the RFP is addressed.

Scope of Work Task Reference

RFP Task	NewGen Task #
III.A. Conduct background research on these private utility companies regarding similar sized systems:	1.1-1.4
▪ How many similar systems do they operate, where, and for how long?	2.1-2.2
▪ For specific acquisitions, how have their initial rate and connection fee projections held up to actual experience?	2.4-2.6
	2.8-2.9

RFP Task	NewGen Task #
▪ For specific acquisitions, how have their initial capital investment projections held up to actual experience? ▪ What is the opinion of municipal leaders (before, during, and after acquisition) where similar services were obtained? ▪ What is their history and success rate with the VA State Corporation Commission? ▪ What is their experience with Fair Market Value transactions? ▪ Review of existing, relevant studies/evaluations/benchmarks, etc.	
III.B. Advise on acceptable processes and procedures associated with the PPEA, the VA Fair Market Value legislation, and the VA State Corporation Commission.	2.7
III.C. Conduct on-site inspection of Town water and wastewater facilities and review data provided by the Town to develop detailed asset lists and determine current appraised value for the assets/property to be acquired. Evaluate proposed conceptual and detailed fiscal terms against current value and the fair market value provisions of Virginia state law.	2.3
III.D. Develop a nominal municipal utility rate forecast/capital investment strategy for the next ten years (a baseline for comparison should the Town reject all proposals and continue to own/operate these utilities). Compare the proposed rate forecasts/capital investment strategies to this municipal baseline projection: ▪ Are proposed rates/strategies realistic? ▪ Are proposed growth rate assumptions realistic? ▪ Develop a pro/con analysis for each proposal and for retaining these utilities.	2.5.1
III.E. Provide the criteria/performance metrics used during evaluations, as well as recommended metrics the Town could employ in monitoring provisions under any eventual contract.	2.5.2
III.F. Meet in-person with Town staff, and with the Town Council in public and executive sessions to present analysis and assist in the evaluation of data and options. Participate in open town hall style meetings as required.	2.10
III.G. Assist with the development of a PPEA Comprehensive Agreement, should the process progress to that stage and be desired by the Town.	2.11

Phase 1: Indicative Value of the Systems

RFP TASK III.A.

Task 1.1: Data Request

The Project Team will prepare a data request and forward it to the Town to obtain copies of documents requested for the analysis of the Systems as of a date to be determined by the Town. NewGen will review publicly available documents related to the Systems and any documents provided by the Town, if any. We will review reasonably available documents associated with the System to the extent necessary to assess the indicative value of the Systems.

Task 1.2: Cost Approach

Based on data collected in Task 1.1, we will develop indicators of value, as of the valuation date to be determined by the Town, utilizing the Cost Approach and estimate the following:

- Reproduction Cost New for the Assets as of the valuation date.
- Original Cost Less Depreciation based on existing accounting data.
- Reproduction Cost Less Depreciation using existing accounting data and appropriate utility construction cost indices.

Task 1.3: Income Approach

The Project Team will develop an abbreviated direct capitalization of income to estimate the value of future cash flows into perpetuity.

Task 1.4: Estimation of Indicative Value & Letter Report

Taking into consideration the indicators of value determined in the preceding tasks, the Project Team will develop an opinion as to the indicative value of the Systems as of the valuation date. We will prepare a letter report documenting our findings.

Phase 2: Appraisal of the Systems

Task 2.1: Data Request

RFP TASK III.A.

We will prepare a data request and forward it to the Town to obtain copies of documentation required for the analysis of the Systems. We will review the various documents associated with the Systems to the extent necessary to assess the FMV. Such documentation will include any contracts and documents provided by the Utilities that define parameters likely to affect the value of the Systems and such other documents and materials, as we deem necessary. Such documentation will also include the inventory of assets and financial inventory by federal account code and year of installation. To the extent available, we will also use information available from other work efforts associated with the Systems and from other publicly available information.

As a part of the appraisal process, member of the Project Team will conduct a one-day site visit to the Systems, if possible, to assess the condition of the assets. A data request will be provided to the Town at the outset of the project.

Once the critical data has been collected and provided to the Project Team, a project kick-off meeting will be held to clarify additional data needs, finalize project scope and schedule, and make a site inspection of the major facilities of the Systems.

Task 2.2: System Inventory

RFP TASK III.A.

We will utilize available inventory data, the financial inventory of property by federal account code received from the data request, and the site tour to estimate, to the extent possible, the assets in question. A tabulation of the existing assets will be prepared, which will be used to determine the

Replacement Cost New Less Depreciation (RCNLD) and Original Cost Less Depreciation (OCLD) of the Assets in Task 4 below.

Task 2.3: Condition Assessment

RFP TASK III.C.

Members of the Project Team will tour the Systems, which will be limited to a visual and external observation for the purpose of assisting in forming an opinion as to whether the property has been maintained, preserved and kept in good repair, working order, and condition. The review will not be of such depth as would be necessary to reveal all conditions with respect to safety or to conformance with agreements, codes, permits, rules or regulations with respect to the design, construction, operation, maintenance, and safety of the property. If conditions are discovered, during the field review, that warrant further investigations, we will bring these to the attention of the Utilities.

Task 2.4: Cost Approach

RFP TASK III.A.

The Project Team will develop indicators of value utilizing the Cost Approach.

We will estimate the Replacement Cost New for the Assets as of the valuation date. In estimating the Replacement Cost New, we will utilize the property unit inventory developed on our tour and interviews with staff, as well as construction and asset records relative to any facilities added recently by the Utilities.

Using the results of the condition assessment and considering other information, we will make a determination of the amount of percent physical depreciation present in the facilities. In addition, we will assess the extent to which any functional or economic obsolescence is present in the subject properties.

The Project Team will then determine an independent estimate of the RCNLD value of the Systems by deducting the estimated depreciation discussed above from the estimated Replacement Cost New. We will also determine the estimated OCLD value using appropriate construction cost indices based on the average age (vintage year) of the property.

Task 2.5: Income Approach

RFP TASK III.A.

The development of the value for the systems under the Income Approach will be based on a discounted cash flow (DCF) Analysis. This method requires the development of a projection of revenues, expenses, capital expenditures, and resulting free cash flow over the estimated remaining life of the Systems in place. A one-year capitalization of free cash flow will also be developed under the Income Approach.

Task 2.5.1: Develop a Ten-Year Municipal Utility Rate Forecast

RFP TASK III.D.

NewGen will develop ten-year financial forecasts and rates for the Town's water and wastewater utilities.

Project Operating and Maintenance (O&M) Costs

NewGen will review the Town's most recently budgeted operating and maintenance costs. To the extent that costs are directly identified to specific functions of the water and wastewater systems, they will be so documented. Any indirect support from other Town funds will be reviewed for appropriateness and sourced. NewGen's forecasted operating expenditures will be based on:

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- Review of historical operating expenditure increases by individual budget account line item,
- Any additional information that would increase the accuracy of the estimates (i.e., staffing increases/decreases, etc.),

Project Capital Improvement Plans and Evaluate Financing Sources

Leveraging the operational expertise of NewGen's project team, we will review the Town's most recently adopted capital improvement plans for the water and wastewater systems to ensure that they are appropriate and complete. The types and levels of various funding sources to pay for the capital and operating costs of the utility systems will be examined, and the impacts of various approaches will be quantified. While it is presumed that all operating and maintenance costs will be funded via user rates, there are various approaches to funding capital expenses. Based on the Town's current plans and policies and our industry expertise we will review the approach to funding each capital project within the Town's capital plans and the impact on future financial projections.

Project Current and Projected Debt Service

The annual principal and interest payments for existing debt service related to each utility system will be documented. NewGen will review the Town's assumed types of debt and typical debt and assumed structure/interest rate for any potential future debt needed to finance the Town's capital improvement plans.

Evaluate the Adequacy of Reserves

The wise use and management of financial reserves provides many advantages to a utility: rate stabilization and "smooth" rate increases, as well as enhanced credit ratings and resulting interest savings. We will review the adequacy of the Town's current projected reserves based on Town policy and our industry expertise. Any rate projections will be sufficient to maintain appropriate reserves for both systems.

Develop Customer Demand Projections

NewGen will project customer growth within the Town's water and wastewater service areas. The projections will be developed for at least a 10-year period, by customer class. One of the key variables that must be developed is the rate of change of customer demand, including the numbers and types of new customers to be added year-by-year as well as increases (or decreases) in water usage over time by existing customers. Recent national trends indicate an average decrease in per capita consumption of about 1% per year; in some places recurring decreases of 1% - 2% per capita per year have been documented. As a result, it may not be accurate to assume a consistent growth in the number of customers and usage. To develop an accurate demand forecast the usage trends on per account basis must be examined. The demand forecast will include adjustments in customer usage due to price elasticity (the impact of raising rates on customer usage).

Ten-Year Revenue and Rate Projection

The sum of the above stated components is the annual water and wastewater revenue requirement – that is, the dollar amount that must be raised by water and wastewater rates each year. NewGen will project water and wastewater revenue requirements for a ten-year planning period.

Based on the most recent year of data, projected revenues will be compared to projected revenue requirements. NewGen will develop ten-year financial plans and rate projections using the existing rate

structures for both the water and wastewater systems to ensure that revenues from rates will continue to meet or exceed revenue requirements in each year while maintaining appropriate fund reserves.

Task 2.5.2: Develop Recommended Metrics to Evaluate Potential Offers

RFP TASK III.E.

There are numerous criteria that can be considered when comparing potential ownership scenarios for a water and wastewater utility. It is important that the criteria used by the Town reflect the Town's most important priorities. Some potential criteria are:

- Customer Affordability
- Rate Stability
- Revenue Sufficiency
- Cashflow Impact
- Administrative Ease
- Quality of Service
- Ease of Regulatory Process
- Impact on Town Employees

NewGen will develop recommended metrics which the Town can use to evaluate potential offers, as well as a weighted decision matrix that can be used by the Town to summarize and rank offers based on the relative importance of the Town's criteria.

Sample Weighted Decision Matrix

Criteria	Weighting	OPTIONS					
		Status Quo		Transaction A		Transaction B	
		Score	Total	Score	Total	Score	Total
Customer Affordability	5	5	25	3	15	4	20
Rate Stability	4	3	12	5	20	2	8
Administrative Effort	3	0	0	5	15	5	15
Net Transaction Cashflow	2	5	10	4	8	3	6
Maintenance of Quality Service	1	4	4	5	5	3	3
TOTAL:			51		63		52

Task 2.6: Sales Comparison Approach

RFP TASK III.A.

The Project Team has completed numerous benchmarking studies and Fair Market Value transactions that are in accordance with RFP Task III.A. We will compile a dataset of comparable transactions to provide the Town of Cape Charles insight on historical marketplace indications for the items identified in the RFP. The Project Team has conducted several studies within the Commonwealth that correspond with the items listed in III.A.; however, due to the specific characteristics of the Town's Water and Wastewater Utilities, the list of comparable transactions may be too narrow to provide an indicative sample for all the items posed in III.A. The Project Team will rely on our substantial experience with comparable transactions from systems that are both inside and outside of the Commonwealth. These transactions historically fall within a relatively standard range based on the specific characteristics of the system and geographic region. We have a proven history of supporting the decision-making process of public utility systems in front of boards, elected officials, and state regulators in similar transactions. The Project Team will address the

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unique characteristics applicable to the comparable transactions and the quantitative and qualitative implications for the Town of Cape Charles.

To the extent information is available, the Project Team will review recent comparable sales of similar type properties to estimate the value of the Asset using the Sales Comparison Approach. We will review non confidential information, trade press articles, and other databases to help determine sales prices for other facilities.

Task 2.7: Advise on Processes and Procedures

RFP TASK III.B.

While the Town indicates that it is seeking consulting services, it is possible that fulfilling the scope of work outlined in the RFP could potentially evolve into legal services. (In addition, RFP Task III.G., which involves the development of a PPEA Comprehensive Agreement, may also require legal services). Faegre Drinker Consulting (FDC) is a division of the law firm Faegre Drinker Biddle & Reath LLP. While FDC proposes to provide consulting services related to this RFP, FDC does not provide legal services. The protections of the attorney client relationship do not apply to FDC services. Any required legal services would need to be provided by Faegre Drinker Biddle & Reath, LLP under a separate agreement. The Town is under no obligation to use the services of both FDC and Faegre Drinker Biddle & Reath, LLP.

Faegre Drinker Biddle & Reath LLP has experienced environmental and transactional counsel who could support the Town's legal needs, if desired. For information only, we have included the biography of Faegre Drinker Biddle & Reath LLP's Julian Harrell in our response. Julian would not provide consulting services under this RFP but, if legal services are required, Julian could provide those legal services under a separate agreement.

Task 2.8: Estimation of Fair Market Value

RFP TASK III.A.

Taking into consideration the indicators of value determined in the preceding tasks, the Project Team will develop an opinion as to the FMV of the Systems as of the valuation date. Our estimate of value will be based on the "Full and Fair Cash Value Standard," which is generally defined as: "the price an owner willing but not under compulsion to sell ought to receive from one willing but not under compulsion to buy."

To the extent applicable, our opinion will consider the impact on the value of State and Federal regulation, laws and statutes.

Task 2.9: Report

RFP TASK III.A.

At the conclusion of the previous tasks detailed herein, the Project Team will prepare a report documenting the basis for our estimate of the FMV of the Systems as of the valuation date identified by the Town. The report will be prepared in accordance with USPAP.

The Appraisal Report will include the following information:

- A general description of NewGen and our experience and qualifications for providing the appraisal
- A general description of the scope of the valuation
- A brief description of the each of the Systems

- A detailed description of the methodology used in arriving at the estimates of the value of both Systems utilizing the cost approach, income approach, and sales comparable approach
- A statement of the reasons supporting the opinion of the FMV as of the date of valuation
- A summary of the limiting conditions and assumptions used in preparing the appraisal
- The Firm's opinion as to the Fair Market Value of both Systems as of the date of valuation

NewGen will submit a written Draft Report to the Town for review and comment for a reasonable period of time. Following receipt of comments, the Final Report will be prepared.

Task 2.10: Present Analysis and Assist in Data Evaluation

RFP TASK III.F.

Members of the Project Team will present our analysis to Town Staff and Town Council in public and executive sessions. During these sessions, we will assist the Town with the evaluation of data and options presented. We will also assist and facilitate town hall styles meetings as required by the Town.

Task 2.11: Assist with Development of a PPEA Comprehensive Agreement

RFP TASK III.G.

The Project Team will assist the Town with the development of a PPEA comprehensive Agreement should the Town decide to move forward with the sale of the utilities.

Additional Project Services

The Project Team will be available to perform additional services as required by the Town including litigation support and direct witness testimony. These services will be separately contracted at the time they are requested and billed at billing rates as of the date of services.

PROJECT TEAM EXPERIENCE

We evaluate the needs of each project and respond by assembling a Project Team of knowledgeable professionals who are uniquely qualified to provide the services needed. The following are brief bios of our proposed Project Team. Full resumes are included as Appendix A.

Mike Lane | NewGen | Project Manager



Mr. Mike Lane has been active in the power, electric distribution, water, and gas industries for over 25 years including experience in management, organizational development, operations, finance and valuation. Mr. Lane's broad range of experience includes strategic and business planning, business development, financial and economic feasibility studies, cost-of-service analysis and rate design, system valuation studies, and power plant operation, maintenance and planning. He worked with Hartford Steam Boiler Insurance Company as a field engineer/boiler inspector and as a submarine based nuclear power plant supervisor in the United States Navy. Michael has an M.B.A. from the Jack Massey Graduate School of Business at Belmont University, a BBA from Belmont University and an Associates in Applied Sciences in Nuclear Engineering Technology from Thomas Edison State College. He is an Accredited Senior Appraiser by the American Society of Appraisers, specializing in Public Utility Appraisals and is an accredited facilitator of the Five Behaviors of Effective Teams workshops.

Eric Callocchia | NewGen | Deputy Project Manager



Mr. Callocchia is an Executive Consultant in the Annapolis office of NewGen, applying economic, mathematic, and financial skills to a broad range of projects for clients. He is an expert in utility cost of service rate making. He is a contributing author to the most recent edition of the Water Environment Federation's Manual of Practice 27 – *Financing and Charges for Wastewater Systems*, an active member of the American Water Works Association (AWWA) Rates and Charges Committee, and a contributing author to the upcoming new edition of AWWA's Manual M1 – *Principles of Water Rates, Fees and Charges*. He is also accredited as an expert witness concerning utility rate setting matters by the Maryland Tax Court, where he has testified on utility rate setting matters.

Mr. Callocchia has worked with over 100 water, wastewater, and stormwater utilities throughout the United States building solid financial plans and implementing best practice management policies. Through his efforts, clients have adopted revenue increases, rate structure changes, reserve policies, capital financing plans and other industry best practices. Mr. Callocchia regularly presents at industry conferences to keep peers informed of the cutting-edge methodologies developed as a part of his projects.

Michael Moker | NewGen | Quality Assurance/Quality Control



Bringing 17 years of experience, Mr. Moker is an Executive Consultant applying management, financial and technical experience. He has served as either Project Manager or Lead Analyst for over 100 management and financial studies. Day-to-day responsibilities include management of client projects, development of analytical financial models and compilation of comprehensive reports and presentations.

Recent client work experience in Virginia includes water and sewer rate consulting and financial planning for the Cities of Fredericksburg, Charlottesville, Hampton and Portsmouth as well as the Albemarle County Service Authority, Southampton County and the Rivanna Water and Sewer Authority, as well as establishment of a performance measurement program for the Fairfax County wastewater system. Other recent Mid-Atlantic client work includes water and sewer rate work for Frederick County and (separately) for the City of Fredrick, Maryland; development of connection fees for Calvert County, Maryland; benchmarking and performance measurement programs for Washington Suburban Sanitary Commission, and an organizational and staffing study for the Town of University Park. He is also serving as project manager for a water and sewer business operations and processes project jointly funded by Baltimore City and Baltimore County and as an intervenor and expert witness in a rate proceeding before the Rhode Island Public Utilities Commission dealing with the Providence Water Supply Board. He is an active member of AWWA, WEF and GFOA, a current member of AWWA's Finance, Accounting & Management Controls Committee and Workforce Strategies Committee and is helping to rewrite the latest edition of AWWA's Manual M-29, *Capital Financing*. He presented on availability fees at the Virginia WaterJAM 2020 virtual conference.

Skip Stitt | Faegre Drinker Consulting | Principal



Skip Stitt has spent nearly 30 years helping public sector clients drive innovation, reduce costs and improve service delivery. Skip has worked on projects in a variety of areas, including government operations, public utilities and education. Skip helps clients to identify, prioritize, and implement projects that resolve financial and operational challenges. He finds solutions to operational challenges in many forms, including business process reengineering, P3s and labor-management reforms. A former Deputy Mayor and COO for the City of Indianapolis, Skip has decades of experience working with a large number of public sector organizations.

Zak Wright | NewGen | Lead Analyst



Mr. Wright is a Senior Consultant providing lead analysis for appraisal, financial planning, cost of service, and rate design projects. Prior to joining NewGen, he worked as a Commercial Credit Analyst and has experience in corporate finance, pro forma financial analysis, financial modeling, underwriting, banking, and strategic and capital planning. Mr. Wright has successfully completed coursework and examination of the Uniform Standards of Professional Appraisal Practice Standards for Personal Property, Gems & Jewelry, and Machinery & Technical Specialties.

Mr. Wright attained his Master of Business Administration from the Massey School of Business at Belmont University.

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Tia Carnes | NewGen | Analyst



Ms. Tia Carnes started at NewGen as an Intern in September 2019, accepting a full-time position in February 2020. She has provided support to various projects including appraisal/valuation, cost of service and rate design, and most notably her support to the organizational review and workshop development projects. Her experience includes leader training and development, team assessment, and financial analysis. She came to NewGen with a strong background in customer service, logistics, and

high-volume task management.

MS. Carnes attained her Master of Business Administration from the Massey School of Business at Belmont University in December 2020.

Julian Harrell | Faegre Drinker Biddle & Reath LLP | Legal Associate



Julian Harrell helps businesses operate successfully within a complex framework of environmental requirements. His environmental and litigation experience includes representing public utilities and other organizations.

Julian advises clients on navigating federal and state environmental regulations, including CERCLA, RCRA, the Clean Air Act and the Clean Water Act. He advocates for clients engaged in agency proceedings in federal, state and local venues. Julian also assists clients in managing risk and conducting regulatory diligence in transactions.

PROPOSED BUDGET

The lump sum price for each of the following tasks is as follows:

	Phase I - \$10,000
III.A.	Phase II - \$38,000
III.B.	\$8,000
III.C.	\$2,000
III.D.	\$27,600
III.E.	\$6,520

The price for tasks III.F and III.G will be separately negotiated and authorized.

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AGREEMENT

This Agreement is made ____ April, 2021 between the **Town of Cape Charles** (Owner) and NewGen Strategies and Solutions, LLC (Contractor) for **PPEA Utility Consulting Services**, in accordance with the attached contract documents:

1. Proposal dated March __, 2021.
2. Request for Proposals dated February 4, 2021

Price. The lump sum price for each of the following tasks is as follows:

	Phase I - \$10,000
III.A.	Phase II - \$38,000
III.B.	\$8,000
III.C.	\$2,000
III.D.	\$27,600
III.E.	\$6,520

The price for tasks III.F & G will be separately negotiated and authorized.

Payment. Contractor shall submit an invoice to the Owner's Representative for progress payment monthly. Payment shall be made by Owner within thirty (30) days of receipt.

Owners Representative: John Hozey, Town Manager, 757-331-3259, x12 or john.hozey@capecharles.org

Owner

Contractor

Date

Date

APPENDIX: RESUMES



Mr. Lane has been a management consultant for over 25 years, including experience in management, organizational development, operations, finance and valuation. Mr. Lane's broad range of experience includes organizational assessments, team building, strategic and business planning, business development, as well as financial and economic feasibility studies. Before starting his consulting career, he served as a submarine based nuclear power plant supervisor in the United States Navy and as an instructor at the U.S. Navy's Naval Nuclear Prototype Training Program in Ballston Spa, New York. Michael has an M.B.A. from the Jack Massey Graduate School of Business at Belmont University, a BBA from Belmont University and an Associates in Applied Sciences in Nuclear Engineering Technology from Thomas Edison State College. He is an Accredited Facilitator of the Five Behaviors of Cohesive Teams workshops and an Authorized Partner of Wiley's The Five Behaviors Program.

EDUCATION

- Master of Business Administration in Finance, Belmont University
- Bachelor of Science in Business Administration, Belmont University
- Associate of Science in Nuclear Engineering Technology, Thomas Edison State College

PROFESSIONAL REGISTRATIONS / CERTIFICATIONS

- Accredited Senior Appraiser by the American Society of Appraisers: Public Utilities
- Accredited Facilitator of The Five Behaviors of a Cohesive Team™
- Certified Everything DiSC Trainer

KEY EXPERTISE

- | | |
|-------------------------------------|-----------------------------------|
| ▪ Utility Appraisals and Valuations | ▪ Cost of service and rate design |
| ▪ Merger and Acquisition | ▪ Organizational Development |
| ▪ Litigation Support | ▪ Team Effectiveness |
| ▪ Financial Planning | ▪ Organizational Alignment |

RELEVANT EXPERIENCE

Appraisals - Power Generation Assets

Mr. Lane has extensive experience performing appraisals of electric generation assets, including coal, gas, nuclear, and renewable assets. Mr. Lane frequently conducts an inspection of the facilities in connection with the appraisal. He performs appraisal studies to determine the fair market value relying on generally accepted valuation methods and procedures. He researches the technical profile of the facilities, conducts market simulations, and calculates net cash flow projections, and analyzes a variety of market drivers, including generation resources, environmental factors, fuel prices, transmission constraints, new generation resource characteristics, regulatory considerations, and market economics.

Mr. Lane has developed replacement cost new less depreciation value estimates of the common facilities to support sale/lease-back transactions. He has expertise in projected fair market rental payments, and estimated value of facilities based on the three generally accepted approaches - cost, income and market. Mr. Lane provides recommendations as to which approach to valuation is the best indicator of value for specific properties.

Michael Lane, ASA

Director, Energy Practice

Mr. Lane has conducted appraisals for Valorem tax purposes in accordance with the Uniform Standards of Professional Appraisal Practice and the Texas Property Tax Code. In addition, Mr. Lane provided expert witness testimony before the 18th District Court.

Coal and gas fired power generation and co-generation plants

- Capstone Advisory Group / Boston Generating, LLC, Massachusetts
- Golden Valley Electric Association, Alaska
- Key Equipment Finance Corporation, Arizona
- Northern Virginia Electric Co-Op (misc. generation), Virginia
- Bank of America Leasing, Arizona
- Williams Power Company, Louisiana
- Yards Creek, New Jersey
- Mesirow Financial, California
- Mass Municipal Wholesale Electric Co. Massachusetts
- Tri-state G&T, Arizona
- Philip Morris Capital Corporation, Arizona
- International Power Americas, Massachusetts
- ADA CoGen, Michigan
- KBC Bank ADA CoGen, Michigan
- Smurfit-Stone Container, South Carolina
- Credit Agricole Investment Bank
- International Power Americas, Texas
- Wheelabrator Sherman Energy Company, Maine
- Southeastern Public Service Authority, Virginia
- GE Capital, Maine
- Tenaska, Nebraska
- Rusk County Appraisal District, Texas

Nuclear generation assets

- Comanche Peak Generating Station Somervell County Appraisal District, Texas
- Nuclear Innovations North America, LLC, Texas
- Northern Virginia Electric Cooperative
- CPS Energy, Texas

Renewable generation assets

Wind:

- Duke-Fowler Wind Farm, Indiana
- Glacier Wind Farms, Montana
- Naturener, Montana
- Granite Reliable Power, LLC, Connecticut
- Southern Cal Public Power Authority, California
- Capstar Partners Capital, LLC, Oregon

Geothermal:

- Capstar Capital Partners Nevada
- Ormat Nevada, Inc., California

Solar Photovoltaic:

- CSOLAR Development, LLC, California
- Tenaska Imperial Solar Energy Center South (CSOLAR South), California
- Tenaska Imperial Solar Energy Center West (CSOLAR West), California

Hydro:

- AMP, Ohio

Biomass:

- Waste of Nantucket, Massachusetts
- Nex Bank, Texas
- AES Corporation, California
- GE Energy Financial Services, Connecticut
- Wheelabrator Sherman Energy Company, Maine
- Greater Detroit Resource Recovery Agency, Michigan

Alternative Fuels:

- Macquaries Securities, Minnesota (landfill)
- The Harrisburg Authority, Pennsylvania (mass burn)
- Plasco Energy Group Inc., Ontario, Canada (solid waste)
- RB International Finance, California (biodiesel)
- Monroe County Landfill, Georgia (waste-to-energy)
- City of Lisbon, Connecticut (waste-to-energy)
- Onandaga County Resource Recover Agency,

Michael Lane, ASA

Director, Energy Practice

- Connell Finance Company, Inc., New Jersey New York (waste-to-energy)
- City of Hamilton, Ohio

Appraisals - Transmission and Distribution Assets

Mr. Lane conducts appraisals of energy transmission and distribution assets in accordance with the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board and the American Society of Appraisers. His transmission and distribution assets appraisal clients include:

- City of Concord, North Carolina
- Middle Tennessee Electric Membership Cooperative, Tennessee
- Northern Virginia Electric Cooperative, Virginia
- South Kentucky Rural Electric Cooperative Corporation, Kentucky
- Confidential client

Appraisal - Steam and Chilled Water Assets

Mr. Lane conducted a "limited" appraisal of production facilities associated with steam and chilled water business. "Limited" appraisals as defined by the Uniform Standards of Professional Appraisal Practice (USPAP) results from invoking the Departure Rule which limited the appraisal investigation to the Income Approach only. His steam and chilled water assets appraisal clients include:

- Charon Capital, Connecticut

Appraisals - Oil and Gas Assets

Mr. Lane conducts appraisals of oil and gas assets in accordance with the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board and the American Society of Appraisers. Projects include:

- American Midstream Partners, LP (Burns Point plant)
- Bank of America Leasing (gas gathering)
- Carerra (natural gas transportation and storage)
- Greer, Herz and Adams, LLP on behalf of El Paso County Appraisal District, Texas
- Kentucky Governor's Office for Local Development, Kentucky
- City of Rockport, Texas
- American Midstream Partners, LP
- Marlin Midstream, LLC (natural gas extraction and transportation)
- Massachusetts Development Finance Agency, Massachusetts
- Price Waterhouse Coopers (natural gas extraction and transportation)
- Tierra Pipeline GP, LLC (natural gas pipeline transportation)

Appraisals - Water and Wastewater Assets

Mr. Lane conducts appraisals of water and wastewater assets in accordance with the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board and the American Society of Appraisers. He has conducted condition assessments and appraisal studies to estimate a range of acquisition values and an estimation of the value of the system assets using both Cost and Income Approaches.

He has assisted clients in considering monetization alternatives of water and wastewater systems, including long-term concession, asset sale, regionalization, and creation of new public entities. Mr. Lane has been involved in the development of a 20-year discounted cash flow model and fair; a solicitation of interest to generate marketplace ideas for more operational synergy and capital program execution; and an evaluation of alternatives and determining an optimum path forward.

Michael Lane, ASA

Director, Energy Practice

Mr. Lane has also provided oral testimony to county commissions in support of the appraisals he has conducted. Mr. Lane's water and wastewater assets appraisal clients include:

- Blue Mound Water & Sewer, Texas
- Brownsville Public Utilities Board, Texas
- City of Blue Mound, Texas
- City of Geneva, Ohio
- City of Westfield, Indiana
- Citizens Energy Group, Indiana
- Louisville Water Company, Kentucky
- King George County Service Authority, Virginia
- Currituck County, North Carolina
- Falls Church, Virginia
- Ferrate Treatment Technologies, Florida
- Greater Quachita Water Company, Louisiana
- Indianapolis Water, Indiana
- Kill Devil Hills, North Carolina
- Town of Lexington, South Carolina
- City of Lawrenceville, Georgia

Valuation Analysis

Mr. Lane provides valuation assistance and related expert witness testimony for clients. In providing these services, Mr. Lane has performed a valuation of contracted upgrades to facilities and provided qualified and objective analyses of the value of upgrades. Mr. Lane has also provided negotiation support, assisting the client in negotiating a reasonable value.

Mr. Lane performed an allocation of purchase price study for 12 natural gas assets acquired by a client. A detailed review of documentation related to the operating condition of each asset and the purchase transaction was performed. Mr. Lane applied two valuation methodologies, the income approach estimated the contribution of each asset to total net free cash flow and results were used to allocate the purchase price among the entities. The cost approach estimated the portion of the purchase price to be allocated to tangible asset value. His valuation analysis clients include:

- Alcoa Power Generating, Inc., Pennsylvania
- American Midstream Assets, Southeastern United States
- Odin, Feldman, Pittleman P.C., Virginia

Useful Life Analysis

Mr. Lane has performed useful life analysis for the following clients:

- Smurfit-Stone Container, South Carolina
- Capstar Partners Capital, LLC, Oregon
- Comanche Peak Nuclear Generating Station, Texas
- Tri-State Generation & Transmission Association, Inc., Colorado

Municipalization Feasibility Analysis

Mr. Lane conducts feasibility analysis and appraisals regarding the possible municipalization of the assets. His analyses have included estimating annual operating results of the proposed water system over the 20-year study period, under a set of reasonable assumptions regarding such factors as the purchase price of the system, start-up costs, water rates, customer growth, and operation and maintenance expenses, among others. Mr. Lane has also prepared a feasibility analysis for a city regarding the possible purchase of electric assets owned by an investor owned utility. Mr. Lane prepared a 10-year projection of electric utility revenues, expenses, and retail rate impacts under which electrical assets are owned and operated by the City.

- City of Geneva, Ohio
- City of Wagner, South Dakota
- City of Spearfish, South Dakota

Privatization Feasibility Analysis

Due to rising costs of facility development and operation, the client was interested in evaluation of methods to increase efficiency and reduce the cost of providing solid waste management services. Mr. Lane conducted a competitive procurement of private disposal services and prepare the necessary contracts and proposal documents to implement privatized waste disposal. He developed a draft operating contract identifying specific requirements for environmental liabilities, risk allocation, payment, and service levels for the private sector. Mr. Lane and his team conducted a detailed economic analysis comparing privatization with continued use of the client's landfill. Projects include:

- Southeast Public Service Authority of Virginia

PRESENTATIONS AND PUBLICATIONS

Mr. Lane has given numerous presentations and participated in training and workshops in several states. These activities have focused on Appraisal, expert witness consulting, cost of service, risk management, and financial planning. Host organizations and the topics Mr. Lane presented are displayed below.

American Public Power Association

- *New Strategies in Financial Planning and Budget Modeling*
- *Financial Planning & Budgeting*

Equipment Leasing and Finance Association

- *Appraisal of Renewable Generation Assets*
- *Electric Vehicle and Energy Storage Markets: Investment Opportunities*

National Conference of Unit Valuation States

- *Electric Deregulation – Issues and Challenges for Unit Valuation*

Texas Public Power Association

- *Risk Management/ERCOT Compliance Issues*
- *Financial Planning & Budgeting*

Mr. Callocchia has ten years of experience in the management of cost of service rate studies for owners of water, sewer, stormwater and solid waste utilities. His expertise includes rate design, dynamic cash flow modeling and benchmarking evaluations. He is a contributing author to the Water Environment Federation's Manual of Practice 27: *Financing and Charges for Wastewater Systems*. He is certified as an expert witness in rate setting matters by the State of Maryland Tax Court.

EDUCATION

- Bachelor of Arts in Economics and Mathematics, Johns Hopkins University

PROFESSIONAL REGISTRATIONS / MEMBERSHIPS

- American Water Works Association (AWWA)
 - Active member of the AWWA Rates and Charges Committee and Cost of Service Subcommittee
- Water Environment Federation (WEF)
- Government Finance Officers Association (GFOA)

KEY EXPERTISE

- Financial Modeling
- Water and Wastewater Cost of Service Analyses
- Utility Rate and Fee Design
- Economic Impact Analysis
- Utility Management
- Econometrics
- Cash Flow Sensitivity Analysis
- Public Finance

PRESENTATIONS AND PUBLICATIONS

Mr. Callocchia has given numerous presentations and participated in training and workshops. These presentations are shown below.

- "Setting Water and Sewer Rates in New York State While Addressing the Challenges of 2020" New York State GFOA 2020 Northeast Holiday Seminar
- *WEF Manual 27, Financing and Charges for Wastewater Systems*, Contributing Author
- "Setting Water and Sewer Rates"; 2017 New York State GFOA 38th Annual Conference
- "A World without Crystal Balls: Attempting to Forecast Operating Expenses"; 2016 Tri-Association Conference
- "Enhanced General Fund Reimbursement by Enterprise Funds"; 2014 Brown Edwards Conference

RELEVANT EXPERIENCE

Water/Sewer/Stormwater Rate Studies

Mr. Callocchia has provided water, wastewater, and stormwater industry expertise and policy guidance to Clients. His rate study approach involves the development of customized financial models that focus on the policy issues, cash needs, revenue requirements, and key performance indicators of each client. His models have provided clients with the necessary information to make critical capital financing decisions and rate adjustments to fully finance their system's operation and asset maintenance and replacement needs while also maintaining fund balance policies based on industry best practices. The models also have the capability of scenario analysis and can be incorporated with operating and capital expense and revenue projects. Mr. Callocchia has developed and recommended alternative rate structures and assisted in the implementation of a phased-in rate plans that address client issues and maintain the financial health of utility funds. Mr. Callocchia also provides expert guidance on the management

Eric Callocchia

Executive Consultant

of water, sewer, and stormwater utilities including the development of policies and procedures related to customer service, organizational communication, and public outreach.

Clients that Mr. Callocchia has provided these services to include:

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|--|---|---|
| ▪ Albemarle County, VA | ▪ City of Hampton, VA | ▪ Town of Elkton, MD |
| ▪ Anne Arundel County, MD | ▪ Town of Herndon, VA | ▪ Town of Vienna, VA |
| ▪ Village of Addison, IL | ▪ Jericho Water District, NY | ▪ Town of Wallingford, CT |
| ▪ City of Annapolis, MD | ▪ Village of Libertyville, IL | ▪ Wise County Public Service Authority, VA |
| ▪ Bloomington and Normal Water Reclamation District, IL | ▪ Village of Lindenhurst, IL | ▪ Village of Fox Lake, IL |
| ▪ Town of Barnstable, MA | ▪ Village of Lombard, IL | ▪ Town of Pound, VA |
| ▪ City of Charlottesville, VA | ▪ Town of Lovettsville, VA | ▪ City of Westminster, MD |
| ▪ City of Concord, CA | ▪ City of Naperville, IL | ▪ Town of Middleburg, VA |
| ▪ Delaware County Regional Water Quality Control Authority (DELCROA), PA | ▪ City of North Kingstown, RI | ▪ City of Naperville, IL |
| ▪ City of Prospect Heights, IL | ▪ Village of Orland Park, IL | ▪ Washington Suburban Sanitary Commission, MD |
| ▪ City of Dover, DE | ▪ City of Park Ridge, IL | ▪ Town of Wallingford, CT |
| ▪ Town of Colonial Beach, VA | ▪ City of Portsmouth, VA | ▪ Village of Westchester, IL |
| ▪ Township of East Brunswick, NJ | ▪ Town of Purcellville, VA | ▪ Jurupa Community Services District, CA |
| ▪ City of Falls Church, VA | ▪ City of Richmond, VA | ▪ King George County Service Authority, VA |
| ▪ Frederick County, MD | ▪ Rivanna Water and Sewer Authority, VA | ▪ Loudoun Water, VA |
| ▪ City of Frederick, MD | ▪ City of Rockville, MD | ▪ Town of Lovettsville, VA |
| ▪ City of Fredericksburg, VA | ▪ City of Salisbury, MD | |
| ▪ City of Hagerstown, MD | ▪ Somerset County Sanitary District, MD | |
| | ▪ Town of Fairfield WPCA, CT | |

Stormwater Feasibility and Fee Studies

Libertyville, IL

In 2019, the Village engaged NewGen to complete a feasibility study to project the costs of implementing a Master Stormwater Management Plan (MSM) and to determine the appropriate methodology to charge Village citizens the costs of the MSMP planned projects. The Village also tasked NewGen with developing credit policies and manuals, appeal procedures, and an appropriate Stormwater Ordinance. Mr. Callocchia developed a financial model that projected the twenty-year cost of the Village's MSMP and the various impervious are based cost allocation methods the Village could adopt as a funding mechanism. Mr. Callocchia feasibility study allowed Village staff and elected officials to evaluate the various stormwater funding alternatives and implement industry best practices for the administration of its stormwater management program. Mr. Callocchia finalized the impervious area and utility billing databases and coordinated with Village staff to develop interactive an online fee lookup tool that allowed Village citizens to see their potential stormwater fee before it became effective. Mr. Callocchia also worked with Village staff to conduct two Town Hall style public information sessions prior to the fee becoming effective.

Westminster, MD

The City of Westminster serves as the County Seat and is in the center of Carroll County. Westminster is conveniently located near Maryland's largest cities, two state capitals, Annapolis and Harrisburg, and the nation's Capital. The City had historically faced challenges when funding stormwater operating and capital costs. The City in the past had not accounted in a detailed fashion the actual costs of stormwater management, with most of the costs absorbed by the City's streets and roads maintenance accounted for in the General Fund. The City engaged NewGen in 2019 to complete a feasibility study with several tasks: Identify and isolate the true cost of stormwater maintenance,

develop and recommend a ten-year stormwater CIP given the City's asset listing and future stormwater needs, recommend policies regarding stormwater fees and credits, engage in a public information campaign to educate the City's citizens on the need for additional resources for stormwater management, and assist in the implementation of a Stormwater Utility that properly accounts for the City's stormwater costs. Mr. Callocchia developed a financial model detailing the City's stormwater costs and helped the City implement a stormwater fee tied to the account information of City sewer users.

Frederick County, MD

Frederick County, Maryland was anticipating the issuance of a Municipal Separate Storm Sewer System (MS4) Permit from the Maryland Department of the Environment (MDE) that would place a certain cost burden on the County's 48,000 stormwater fee payers. Mr. Callocchia developed a financial model that determined the Maximum Extent Practicable (MEP) level that the county could reasonably fund given current levels of funding, median household income, and the County's procurement limitations. Mr. Callocchia's financial model allowed for a sensitivity analysis to determine the increase in funding that would be possible given several factors. The County used Mr. Callocchia's analysis to appeal the permit requirements and reduce the financial impact on the County's customers by both reducing the mandated spending related to the permit and lengthening the required implementation timeframe.

Water and Sewer Revenue Bond Feasibility Study

Mr. Callocchia developed for the City of Annapolis, Maryland a water and sewer rate model that projected various debt scenarios, including bond coverage calculations and cash on hand target projections. The City was able to generate ratings of AA-, Aa3, and AA- from the three major rating agencies and issue the revenue bonds in the amount of \$30,755,000 on schedule thanks to the feasibility report generated by Mr. Callocchia's team.

Litigation Support

Water Rate Litigation

The San Diego County Water Authority (SDCWA) and The Metropolitan Water District of California (MWD) were engaged in litigation regarding the water rates charged to SDCWA by MWD. Mr. Callocchia developed a report on MWD's rate setting methodology and how it relates to the principles and industry standard practices detailed in the American Water Works Association (AWWA) Manual M1 - *Principles of Water Rates, Fees, and Charges*. Mr. Callocchia's evaluation assisted SDCWA in its efforts to show the illegality of MWD's rates based on their non-conformity to both AWWA standards and California Law (Proposition 26). Mr. Callocchia's work involved both cost-of-service analysis and knowledgeable explanation of industry standards to the Superior Courts of California. Subsequent to Mr. Callocchia's report, SDCWA was awarded about \$235 million after a judge ruled in favor of the Water Authority, saying MWD's rates for 2011-2014 were illegal. Upon appeal, the appellate court did rule in favor of MWD on one issue out of twelve. The California Supreme Court denied a petition by SDCWA to review the appellate court ruling. The results of the dispute in which Mr. Callocchia was involved as an expert were:

- MWD must pay the Water Authority approximately \$51 million for so-called "Water Stewardship" charges MWD added to the transportation rates it charged the Water Authority from 2011-2014; The decision prevents MWD from imposing more than \$20 million in illegal charges annually going forward. Through 2047, those unlawful charges would have amounted to approximately \$1.1 billion.
- MWD unlawfully under-calculated the Water Authority's statutory water right to MWD's water supply.
- A contract clause MWD used to disqualify local water supply projects in San Diego County from receiving funding from MWD was unconstitutional.

Eric Callocchia

Executive Consultant

Utility Billing Dispute

Silgan Plastics is the leading manufacturer of metal containers in North America and Europe, and the largest manufacturer of metal food containers in North America with a volume of approximately half the market share in the United States of America. They are also a leading worldwide manufacturer of metal, composite and plastic closures for food and beverage products. Mr. Callocchia led a team to evaluate the utility rates charges to a selection of Silgan's manufacturing plants and assist Silgan in settling rate disputes with local utility providers. Mr. Callocchia's detailed evaluations and expert analysis resulted in a settlement agreement for more than \$500,000 above the amount previously offered to Silgan before Mr. Callocchia's involvement.

Benefit Assessment Dispute

The City of Westminster, Maryland was sued by a new customer who alleged that the methodology used by the City to calculate its water and sewer benefit assessments, commonly known in the utility industry as a System Development Charges, was unlawful. Mr. Callocchia served as an expert witness detailing the industry standard methodologies used to calculate these fees and provided the Court with the rationale and basis for the City's fees. The Court ultimately found that the City's fees were not illegally calculated based on the City's testimony, which included Mr. Callocchia's expert witness statements.

Bringing 16 years of experience, Mr. Maker is an Executive Consultant applying management, financial and technical experience. He has served as either Project Manager or Lead Analyst for over 100 financial and management studies. Day-to-day responsibilities include management of client projects, development of analytical financial models and compilation of comprehensive reports and presentations.

EDUCATION

- Master of Business Administration in Finance, Loyola University (Beta Gamma Sigma Honor Society)
- Bachelor of Arts in Economics, University of Rochester, Minor: Electrical Engineering

PROFESSIONAL REGISTRATIONS / MEMBERSHIPS

- American Water Works Association (AWWA)
 - active member of the Workforce Strategies Committee
 - active member of the Finance, Accounting & Management Controls Committee
- Water Environment Federation (WEF)
- Government Finance Officers Association (GFOA)

KEY EXPERTISE

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

SELECT FINANCIAL AND MANAGEMENT EXPERIENCE

Water Rate Study: Bristol County Water Authority, RI

Performed a rate study for the water system, resulting in a financial plan and implementation of meter-based fixed charges, 3-tier inclining residential block consumption charges, unit rate non-residential consumption charge, fire service base charges, other miscellaneous fees and charges.

Performance Measurement Analysis: Washington Suburban Sanitary Commission, MD

Assessed and analyzed key performance indicators in specific operational areas within the utility and engaged Commission staff and managers in a continuous effort to improve service delivery and operational effectiveness. Led or participated in the following efforts: review of performance on street and paving restoration, review of water line rehabilitation activity, evaluation of property damage claims processing, review of overtime utilization across the Commission, assessment of customer billing operations, development of new key performance indicators (KPI's) for all of WSSC major operations, creation of an internal survey of customer service, operational review of the SLMBE (Small, Local and Minority Business Enterprises) Office, development of an economic benefit analysis for the Office of Communications to estimate the direct and indirect economic impact of WSSC's capital construction program on the local economies of Prince George's and Montgomery Counties, assistance to the Fleet Management Division on the development of a cost-benefit analysis for automatic vehicle location (AVL) technology.

Michael Maker

Executive Consultant

Rate Analysis and Design Services Study: Suffolk County Water Authority, NY

Developed a financial plan and provided water rate design analysis, resulting in the following recommendations: consolidation of several rate schedules; development of a two-tier inclining rate design and an infrastructure charge; review and update of fire protection charges, wholesale rates and tapping fees; creation of a manual meter read fee.

Water and Sewer Utility Rate Review Study: Albemarle County Service Authority, VA

Performed a cost of service/rate study and developed a financial model to project water and sewer fees over a five-year period. The study included projecting operating and capital expenses, with the largest coming from the Rivanna Water and Sewer Authority (RW5A) for water and sewer treatment service. As part of the study, system development fees were developed to offset the cost of providing water and sewer infrastructure solely within the ACSA system to serve new customers and capacity fees were developed to offset ACSA's share of annual debt service on capacity in RW5A's facilities.

Water and Wastewater Management Analysis: Maryland Environmental Service (MES)

Provided a comprehensive management study that evaluated the Water and Wastewater Group on six attributes: product quality, customer satisfaction, employee and leadership development, operational optimization, financial viability and operational resiliency.

Water Rate Study & Water Audit: City of Rochester, NY Water Bureau

Performed a rate study and audit of the water system, resulting in a financial plan and implementation of the following rates and fees: meter-based fixed charges; 5-tier declining block consumption charges; fire service charges and other miscellaneous fees and charges.

Stormwater Financial Analysis: Norfolk, VA

Performed a financial analysis of the City's stormwater system. The study included the following: development of a stormwater financial model; identification of the City's stormwater-related costs; review of databases used for allocation and billing of costs and billing mechanisms employed to issue stormwater utility bills; calculation of stormwater rates per equivalent unit, square foot of impervious acre, etc. for residential and non-residential customer classes; review of criteria and methodologies for quantifying on-site and site-specific stormwater management activities that qualify for credits; calculation of bill impacts for each customer class based on the rates developed.

Newport, RI Water Division Review: Rhode Island Public Utilities Commission

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

COST OF SERVICE AND RATE DESIGN

Mr. Maker prepares cost of service and rate studies for water, wastewater, stormwater and solid waste utilities. His responsibilities included the development of cost of service cash flow model, rate design, fee design and customer impact analysis. Mr. Maker completed cost of service and rate studies for the following clients (sorted alphabetically by state and utility):

Michael Maker

Executive Consultant

Branford, CT	Barnstable, MA	Summit County, OH
Cheshire, CT	Claremont, NH	Tallmadge, OH
Manchester, CT	Exeter, NH	North Middleton Township, PA
Montville, CT	Camden, NJ	Pittsburgh Water/Sewer Auth., PA
Stratford, CT	Evesham Municipal Utilities Auth., NJ	Bristol County Water Authority, RI
Watertown, CT	Albertson Water District, NY	North Kingstown, RI
Milton, DE	Beacon, NY	Albemarle County, VA
Glenview, IL	Fishers Island, NY	Chincoteague, VA
Morton Grove, IL	Fishkill (Town), NY	Fauquier County, VA
Orland Park, IL	Fishkill (Village), NY	Franklin, VA
Anne Arundel County, MD	Hicksville Water District, NY	Hampton, VA
Calvert County, MD	Jericho Water District, NY	Herndon, VA
Cecil County, MD	Mohawk Valley Water Authority, NY	James City Service Authority, VA
Elkton, MD	Port Washington Water District, NY	Leesburg, VA
Frederick, MD	Rochester, NY	Lexington, VA
Frederick County, MD	Suffolk County Water Authority, NY	Lovettsville, VA
Frostburg, MD	Tivoli, NY	Newport News, VA
Garrett County, MD	Water Auth. of Great Neck North, NY	Norfolk, VA
Hagerstown, MD	Cape Fear Public Utilities Auth., NC	Portsmouth, VA
Harford County, MD	Canton, OH	Purcellville, VA
Kent County, MD	Clermont County, OH	Richmond, VA
Rockville, MD	Cleveland, OH	Southampton County, VA
Washington Sub. San. Comm., MD	Dublin, OH	Stafford County, VA
Westminster, MD	Perrysburg, OH	Warrenton, VA
Auburn, MA		

PRESENTATIONS AND PUBLICATIONS

Mr. Maker has given numerous presentations and participated in training and workshops.

- "Setting Water Rates: State of the Industry"; Long Island Water Conference (2019)
- "EPA's Definition of Affordability"; 2017 Tri-Association Conference (CSAWWA, CWEA, WWOA)
- "Setting Water and Sewer Rates"; 2017 New York State GFOA 38th Annual Conference
- "Defining Affordability"; 2016 AWWA Annual Conference & Exposition (ACE)
- "A World without Crystal Balls: Attempting to Forecast Operating Expenses"; 2015 Water Asset Management Conference
- "Stormwater Utility Financial Analysis: A Case Study of the City of Hampton"; Virginia Lakes and Watersheds Association 2013 Virginia Water Conference
- "LEED Certified Water Efficient Buildings and Water and Sewer Capacity Fees"; 2012 CSAWWA Tri-Association Conference
- "Stormwater Utilities in Virginia"; 2013 Brown Edwards Conference
- "Creating Sustainable Infrastructure"; Maryland GFOA 2009 Spring Conference



Skip Stitt

Principal - Faegre Drinker Consulting

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Washington, D.C.

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Overview

Charles "Skip" Stitt helps public sector clients drive innovation, reduce costs and improve service delivery. Skip has worked on projects in a variety of areas, including government operations, public utilities and education. Skip helps clients to identify, prioritize and implement projects that resolve financial and operational challenges. He finds solutions to operational challenges in many forms, including business process reengineering, public-private partnerships (P3) and labor-management reforms.

Corporate and Public Sector Leadership

Before joining Faegre Drinker Consulting, Skip spent over 20 years in senior-level positions in government, strategic consulting and a Fortune 500 firm. As a senior corporate and public sector executive, he managed and led large, complex organizations. In nine years at Affiliated Computer Services (now Conduent), Skip served in multiple roles, including chief administrative officer and public sector COO. He managed business units that served every state and hundreds of local governments in areas including human services, health care, finance, information technology, higher education, public safety, justice and transportation.

Public Sector Consulting

Skip founded and spent four years leading a strategic consulting firm working with cities, counties, states and higher education institutions on public sector reform initiatives, including operations management, driving innovation, managing costs and growing new business opportunities.

City of Indianapolis Leadership

After five years as a Faegre Baker Daniels associate focusing on commercial litigation, land use planning and administrative law, Skip spent five years with the City of Indianapolis, including serving as senior deputy mayor and chief operating officer under Mayor Steve Goldsmith. He managed the day-to-day operations of a 4,000-person workforce and an operating budget of more than \$450 million.

Skip is a consulting professional within Faegre Drinker Consulting, and does not act as a lawyer for clients. [Learn more about the Faegre Drinker Consulting practice.](#)

Services & Industries

Government & Regulatory Affairs
Nonprofit Organizations
Lobbying & Public Policy
Public Sector Finance
Public-Private Partnerships
Health & Biosciences Consulting

Credentials

Education

Southern Illinois University
B.S. highest honors (1984)

University of Illinois College of Law
J.D.

Zak Wright joined NewGen Strategies and Solutions, LLC (NewGen) in April 2015. Mr. Wright assists with appraisals, financial planning and rate analysis. Prior to joining NewGen, he worked as a Commercial Credit Analyst and has experience in corporate finance, pro forma financial analysis, financial modeling, underwriting, banking, and strategic and capital planning. He attained his Master of Business Administration from the Massey School of Business at Belmont University. Mr. Wright has successfully completed coursework and examination of the Uniform Standards of Professional Appraisal Practice Standards for Personal Property, Gems & Jewelry, and Machinery & Technical Specialties.

EDUCATION

- Master of Business Administration, Belmont University
- Bachelor of Business Administration in Finance, University of Tennessee Knoxville

RELEVANT EXPERIENCE

Cost of Service and Rate Design — Water and Wastewater

Mr. Wright assists in conducting wholesale and retail cost of service and rate design studies for water and wastewater utilities to help them understand the operational and financial impacts of their residential and commercial services. These studies include the creation of wholesale and retail rate models in Microsoft Excel that are customized to meet the needs of each client. His clients include:

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| ▪ City of Bonham, TX | ▪ City of Mansfield, TX |
| ▪ City of Gatesville, TX | ▪ City of Marshall, TX |
| ▪ City of Justin, TX | ▪ City of Mt. Pleasant, TX |
| ▪ City of Lewisville, TX | ▪ City of Paris, KY |

Financial Planning & Budgeting Model

Mr. Wright developed comprehensive financial models to streamline utility rate design studies and determine the optimal level of funded debt and capital investment within various budget, usage, and customer base scenarios. His clients include:

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| ▪ City of Denton, TX | ▪ City of Georgetown, KY |
| ▪ City of Fayetteville, NC | ▪ Neel-Schaffer, Inc. (City of Biloxi), MS |
| ▪ Cleveland Public Power, OH | ▪ Fairbanks Natural Gas / Interior Gas Utility, AK |
| ▪ Kentucky Municipal Energy Agency, KY | |

Rate Benchmarking

Mr. Wright benchmarked various competitors' rates against those of the client to determine costs based on several factors including specific usage patterns and customer classes. He developed recommendations on the potential rate design. His benchmarking clients include:

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|-------------------------|---|
| ▪ CPS Energy, TX | ▪ Mayfield Electric and Water Systems, KY |
| ▪ City of Bardstown, KY | ▪ City of Nicholasville, KY |

Zak C. Wright

Senior Consultant

Rate Analysis

Mr. Wright analyzed the impact of fluctuating natural gas and funded debt prices on the economic viability of the construction of a natural gas distribution system and utility in Alaska. He assessed the customer conversion rate and its impact on the utility's ability to deliver gas at a lower price. Mr. Wright also conducted a rate review on behalf of Cumberland River Southeastern Power Administration (SEPA) end-use customers. The review helped illustrate to the power administration that building a 50-year rate that included the cost of all potential capital improvement projects during that period would make the power unmarketable to these customers. This analysis helped encourage the power authority to incorporate a compromise true-up approach into their rate design.

- Stantec (Interior Gas Utility), AK
- Cumberland River Southeastern Power Administration (SEPA) customers

Municipalization Feasibility Analysis

Mr. Wright compiled demographic information from comparable municipal electric districts to approximate customer base, usage, and revenue information in support of the client's investigation into forming a municipal electric system. He utilized the compiled data and the most recent incumbent utility's cost of service data to develop a financial model assessing the financial feasibility of this undertaking and its economic impact on the city and its residents. His municipalization projects include:

- City of Spearfish, SD

Contract and Formula Rate Review

Mr. Wright reviewed annual rate formulas to ensure they comply with settlement agreements between a group of municipal utilities and an investor-owned utility. He also verified that settlement formulas and calculations that the IOU filed with Federal Energy Regulatory Commission (FERC) accurately determined the monies due to the cities. Mr. Wright's clients include:

- Kentucky Municipal Group, KY
- Kentucky Municipal Energy Agency, KY
- City of Paris, KY
- City of Bardwell, KY
- City of Nicholasville, KY

Power Supply Planning

Mr. Wright reviewed request for proposal responses and developed a common-size expense model to determine all-in cost of each respondent's proposal. He also supported the development of the recommendation of project award. His projects include:

- Kentucky Municipal Group, KY
- Kentucky Municipal Energy Agency, KY
- City of Bardwell, KY
- City of Paris, KY

Appraisals and Valuation

Mr. Wright performed analyses on appraisals to develop indicators of value using the income, cost, and market approaches of valuation. His appraisal projects include:

Power Generation Assets

- Greer, Herz & Adams, LLP, TX
- Tri-State G&T Association, CO
- CPS Energy, TX
- Somervell County Appraisal District, TX
- Rusk County Appraisal District, TX

Hydro-electric Generation Assets

- City of Hamilton, OH

Power Distribution Assets

- MWH Corporation, TN
- City of Harrisonburg, VA

Oil Refining Facilities

- Greer, Herz & Adams, LLP, TX

Gas Assets

- City of Rockport, TX

Waste-to-Energy Facilities

- City of Lisbon, CT
- Onandaga County Resource Recovery Agency, NY

Water and Wastewater Systems

- Town of Lexington, SC
- Clifford, Ross, Raudenbush & Cooper, LLC, AZ
- Conrad Consulting & Training LLC, IN
- City of Lawrenceville, GA
- King George County Service Authority, VA

Power Supply Contracts

- Basic Management, Inc., NV

Depreciation Useful Life Analyses

Mr. Wright performed actuarial life analyses to determine the estimated useful life span of generation plants for depreciation studies. These studies include:

- Los Angeles Department of Water and Power, CA
- Tri-State G&T Association, CO
- Kauai Island Utility Cooperative, HI

Ms. Tia Carnes started at NewGen Strategies and Solutions, LLC (NewGen) as an Intern in September 2019, accepting a full-time position in February 2020. She has provided support to various projects including appraisal/valuation, cost of service and rate design, and most notably her support to the organizational review and workshop development projects. Her experience includes leader training and development, team assessment, and financial analysis.

Ms. Carnes came to NewGen with a strong background in customer service, logistics, and high-volume task management.

EDUCATION

- Master of Business Administration in Finance, Belmont University
- Bachelor of Science in Bible/Biblical Studies, Cairn University

RELEVANT EXPERIENCE

Appraisals and Valuation

Ms. Carnes performs analyses on appraisals to develop indicators of value using the income, cost, and market approaches of valuation. Her appraisal projects include:

Power Generation Assets

- Somervell County Appraisal District, TX

Power Distribution Assets

- City of Harrisonburg, VA

Water and Wastewater Systems

- Town of Lexington, SC

Power Supply Contracts

- Basic Management, Inc., NV

Cost of Service and Rate Design – Electric, Water, and Wastewater

Ms. Carnes performs cost of service and rate design studies for electric, wholesale and retail water, reclaimed water, wastewater, and drainage utilities to assist clients in understanding the financial and operational impacts of their service offerings. Rates developed as a result of these studies are intended to fully recover operational costs. Her clients include:

- City of Lewisville, TX
- City of Waco, Texas
- City of Seguin, TX
- City of White Settlement, Texas

Organizational Effectiveness

Ms. Carnes conducts a high-level review of an organization to determine best practices, areas for improvement, and recommend solutions. Her contributions include analysis of survey results determining the organizational health of the client. Her clients include:

- CPS Energy, TX
- Denton, TX

Tia Carnes

Analyst

EXPERIENCE PRIOR TO NEWGEN

Sourcemark

Intern

- Automated several previously manual calculations and account processes in Excel.
- Collected invoice payments, deposited checks, reconciled customer accounts.
- Created and sent invoices to customers.

The Kirkland Company

Special Projects Intern

- Conducted market research and contributed to marketing activities resulting in \$4M in sales.
- Reviewed and revised data, increasing customer contact by 20%.
- Assisted planning and promoting internal sales contests and annual Christmas party/service event.

Adventures in Missions, Gainesville, GA

Logistics Manager

World Race Team Leader, International (Volunteer)

- Planned and coordinated eight domestic and international short-term mission trips, including: coordinating airfare, lodging and on-the-ground projects, hiring local cooks, and collecting volunteer paperwork.
- Collected receipts and reconciled accounts monthly.
- Raised \$15,000 to support travel and living expenses for eleven-month international mission trip.
- Led eight squad members through eleven countries in eleven months, partnering with local organizations in ministry and service projects.



Julian E. Harrell

Associate

julian.harrell@faegredrinker.com

Indianapolis

+1 317 237 1350 direct

+1 317 237 1000 fax

Overview

Julian Harrell helps businesses operate successfully within a complex framework of environmental requirements and defend multidistrict product liability matters. His environmental and litigation experience includes representing public utilities, domestic and international manufacturing companies, medical device manufacturers, and nonprofit organizations.

Environmental Law

Julian advises clients on navigating federal and state environmental regulations, including CERCLA, RCRA, the Clean Air Act and the Clean Water Act. He advocates for clients engaged in commercial and environmental litigation and agency proceedings in federal, state and local venues. Julian also assists clients in managing risk and conducting regulatory diligence in “buy-side” and “sell-side” transactions, including corporate M&A and commercial real estate deals.

His experience includes:

- Defending corporate and manufacturing clients against “toxic tort” claims related to historic and commingled contamination
- Defending corporate clients against administrative challenges to operating and construction permits issued by state and federal agencies
- Defending agribusiness clients in Clean Water Act wetlands cases, including agency and judicial

appeals of jurisdictional determinations for federal and state wetlands

- Advising municipalities implementing new sewer infrastructure as required by the Clean Water Act
- Advising corporate and municipal clients in brownfields, remediation, auditing and self-reporting matters, including obtaining the bona fide prospective purchaser (BFPP) defense, entering the Voluntary Remediation Plan (VRP), supplemental environmental projects (SEPs), and civil penalty mitigation

Julian also leverages his environmental knowledge and smooth voice as the host of "[Notice & Comment: Faegre Drinker's Environmental Podcast](#)."

Product Liability

Julian represents international life sciences companies, medical product manufacturers and industrial manufacturers in defending their products from product liability, personal injury and commercial claims.

His experience includes:

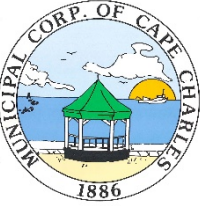
- Defending medical device manufacturers in multidistrict litigation (MDL) and state court litigation against negligence and strict liability claims, including design defect, manufacturing defect and failure to warn
- Creatively resolving pre-litigation claims and disputes involving alleged mechanical failure of industrial and consumer devices

Personal Interests

Julian practices a personal philosophy of servant leadership. He enjoys working collaboratively with community leaders and stakeholders to marshal and allocate resources to accomplish high-impact objectives, including diversification of the legal profession, bringing art to disfranchised demographics and innovating strategies for adapting to a rapidly changing legal profession.

PREPARED BY:



 TOWN OF CAPE CHARLES	AGENDA TITLE: Future Town Council Elections		AGENDA DATE May 6, 2021
	SUBJECT/PROPOSAL/REQUEST: Adoption of Ordinance Changing Elections from May to November		ITEM NUMBER: 3B
	ATTACHMENTS: • SB1157 amending Code of Virginia § 15.2-1400 • Two versions of Ordinance 20210506 for Council review		FOR COUNCIL: Action (X) Information ()
	STAFF CONTACT (s): Libby Hume	REVIEWED BY: John Hozey, Town Manager	

BACKGROUND:

Section 3.1(b) of the Cape Charles Town Charter currently states that the elections for the Mayor and Council members shall be held on the first Tuesday in May of even-numbered years.

ITEM SPECIFICS:

During the 2021 Special Session, the General Assembly of Virginia approved amendments to Code of Virginia § 15.2-1400 requiring *“That any city or town currently providing for the election of its mayor, governing body or school board at a May election, shall, by ordinance provide for the transition of such elections to the November general election date.”* This would move the Cape Charles Mayor and Town Council elections to November 2022, lengthening the terms of the current Mayor and Council by six months.

Town Clerk Libby Hume recently attended a Virginia Municipal League (VML) virtual meeting which provided a general overview of state legislative changes affecting towns and recommendations on implementation. During the meeting, it was noted that many localities were also moving their local elections from even to odd-numbered years to coincide with the state’s general elections.

With this information from VML, the Town Council has two options for future elections, both must be done by ordinance. (Both ordinances are provided for your consideration):

Option 1: Follow the Virginia General Assembly’s mandate moving the Town elections to the November general election date.

For this option, the next Town election would be in November 2022. The terms for the mayor and current council members would be extended by six months. Council must adopt an ordinance amending the Town Code to move all future elections from May to November of even-numbered years.

Libby Hume spoke with Northampton County Voter Registrar Terry Flynn regarding this change and was informed of the following: i) Several years ago, the Towns of Cheriton, Eastville and Nassawadox moved their elections to November of even-numbered years. This would align our election with those of the other incorporated towns in Northampton County; ii) The national elections were held on even-numbered years and the Town’s costs for the ballots, equipment, and personnel would be reduced; and iii) The Town would possibly see an increase in voter participation.

Option 2: Move the Town elections to the November general election date of odd-numbered years to coincide with the Virginia elections.

Libby Hume recently attended a Virginia Municipal League (VML) virtual meeting which provided a general overview of state legislative changes affecting towns and recommendations on implementation. During the meeting, it was noted that many localities were moving their local elections from even to odd-

numbered years to coincide with the Virginia general elections and it was recommended that localities consider making this change. Code of Virginia § 24.2-222.1 (D) currently permits localities to change their elections from May in even-numbered years to November in odd-numbered years. This would shorten the terms of the current mayor and council members by six months. A public hearing must be held prior to adoption of an ordinance for this option. This change would move the next Town elections to November 2021. This option is only available until June 30, 2021 since the new law takes effect July 1, 2021. The filing deadline for candidates is June 8, 2021. Mr. Flynn stated that due to the timing, if Council were to pursue this option, the Town would have to request the addition of the mayor and two council positions to the special election already scheduled.

RECOMMENDATION:

In reviewing the two options and pros and cons of each, staff recommends Council discussion, and if deemed appropriate, moving forward with Option 1 and adoption of Ordinance 20210506 Providing for the Election of Mayor and Town Council Members in November of Even-Numbered Years Pursuant to Virginia General Assembly Mandate, which would move the next Town election to November 2022.

NOTE: If Option 2 is preferred, we will schedule the required public hearing prior to consideration of that ordinance.

VIRGINIA ACTS OF ASSEMBLY -- 2021 SPECIAL SESSION I

CHAPTER 103

An Act to amend and reenact § 15.2-1400 of the Code of Virginia, relating to time of certain local elections.

[S 1157]

Approved March 12, 2021

Be it enacted by the General Assembly of Virginia:

1. That § 15.2-1400 of the Code of Virginia is amended and reenacted as follows:

§ 15.2-1400. Governing bodies.

A. The qualified voters of every locality shall elect a governing body for such locality. The date, place, number, term, and other details of the election shall be as specified by law, general or special. Qualification for office is provided in *Article 4* (§ 15.2-1522 et seq.) of *Chapter 15*.

B. The governing body of every locality shall be composed of not fewer than three nor more than ~~eleven~~ 11 members.

C. Chairmen, mayors, supervisors, and councilmen are subject to the prohibitions set forth in §§ 15.2-1534 and 15.2-1535.

D. A governing body may punish or fine a member of the governing body for disorderly behavior.

E. Notwithstanding the provisions of §§ 24.2-222 and 24.2-222.1, any city or town charter, or any other provision of law, general or special, beginning with any election held after January 1, 2022, elections for mayor, members of a local governing body, or members of an elected school board shall be held at the time of the November general election for terms to commence January 1.

2. That any city or town currently providing for the election of its mayor, governing body, or school board at a May election shall, by ordinance, provide for the transition of such elections to the November general election date. No term of a mayor, a member of council, or a member of a school board shall be shortened in implementing the change to the November election date. Mayors and members of a council or school board who were elected at a May general election and whose terms are to expire as of June 30 shall continue in office until their successors have been elected at the November general election and have been qualified to serve.

ORDINANCE 20210506

**PROVIDING FOR THE ELECTION OF MAYOR AND TOWN COUNCIL
MEMBERS IN NOVEMBER OF EVEN-NUMBERED YEARS PURSUANT TO THE
VIRGINIA GENERAL ASSEMBLY MANDATE**

WHEREAS, the Cape Charles Town Charter § 3.1 (b) provides for the election of the Mayor and members of the Town Council on the first Tuesday in May of even-numbered years for terms of office of four years, beginning on the first day of July following their election; and

WHEREAS, the 2021 General Assembly passed Senate Bill 1157 (Spruill), shifting all municipal elections for city and town council from May to November, beginning with elections held after January 1, 2022. Once this new law goes into effect, it will apply notwithstanding any charter provision to the contrary; and

WHEREAS, the Code of Virginia § 15.2-1500 is being amended pursuant to the language in approved Senate Bill 1157; and

WHEREAS, amended Code of Virginia § 15.2-1400(E) provides that *“Notwithstanding the provisions of §§ 24.2-222 and 24.2-222.1, any city or town charter, or any other provision of law, general or special, beginning with any election held after January 1, 2022, elections for mayor, members of a local governing body, or members of an elected school board shall be held at the time of the November general election for terms to commence January 1;”* and

WHEREAS, amended Code of Virginia § 15.2-1400.2 provides *“That any city or town currently providing for the election of its mayor, governing body, or school board at a May election shall, by ordinance, provide for the transition of such elections to the November general election date;”* and

WHEREAS, amended Code of Virginia § 15.2-1400.2 further provides that *“Mayors and members of a council or school board who were elected at a May general election and whose terms are to expire as of June 30 shall continue in office until their successors have been elected at the November general election and have been qualified to serve;”* and

WHEREAS, Town Code § 2-5 shall be added as follows:

§ 2-5. Election of mayor and town council members at the November general election in even-numbered years.

A. Pursuant to amended Code of Virginia § 15.2-1400 and notwithstanding the provisions of the Town Charter § 3.1 and Code of Virginia § 24.2-222, the election of the mayor and members of the town council shall be held on the general election date in November of even-numbered years, beginning in November 2022, and biennially thereafter, in accordance with the following cycles:

1. The election of the mayor and three town council members filled by the election of May 2018 shall be held on the November 2022 general election date and every four years thereafter.
2. The election of four town council members filled by the election of May 2020 shall be held on November 2024 general election date and every four years thereafter.

3. In accordance with the provisions of amended Code of Virginia § 15.2-1400.2 the mayor and members of the town council elected at a May general election and whose terms are to expire as of June 30, 2022 shall continue in office until their successors have been elected at the November general election and have been qualified to serve.
4. The terms of office for those elected at the November general election shall commence on January 1 immediately following said election.

NOW, THEREFORE, BE IT ORDAINED by the Town Council of Cape Charles, this 6th day of May 2021, that Section 2-5 Election of mayor and town council members at the November general election in even-numbered years be added to the Cape Charles Town Code to become effective immediately.

Adopted by the Town Council of Cape Charles on May 6, 2021.

By: _____
Mayor

ATTEST:

Town Clerk

ORDINANCE 202105__

PROVIDING FOR THE ELECTION OF MAYOR AND TOWN COUNCIL MEMBERS IN NOVEMBER OF ODD-NUMBERED YEARS

WHEREAS, the Cape Charles Town Charter § 3.1 (b) provides for the election of the Mayor and members of the Town Council on the first Tuesday in May of even-numbered years for terms of office of four years, beginning on the first day of July following their election; and

WHEREAS, Code of Virginia § 24.2-222.1 (A) provides that, *“notwithstanding any contrary provisions of a city or town charter, the council of a city or town may provide by ordinance that the mayor and council shall be elected at the November general election date of any cycle as designated in the ordinance, for terms to commence January 1;”* and

WHEREAS, Code of Virginia § 24.2-222.1 (D) provides that *“in any city or town that elects its council quadrennially and that changes to the November general election date in odd-numbered years from the May general election date in even-numbered years, mayors and members of council who were elected at a May general election shall have their term of office shortened by six months but shall continue in office until their successors have been elected at the November general election and have been qualified to serve;”* and

WHEREAS, the 2021 General Assembly passed Senate Bill 1157 (Spruill), shifting all municipal elections for city and town council from May to November, beginning with elections held after January 1, 2022. Once this new law goes into effect, it will apply notwithstanding any charter provision to the contrary and will not permit the Town of Cape Charles to shift municipal election to odd-numbered years; and

WHEREAS, the Town Council, after public hearing and considering the interests of the voters of the Town of Cape Charles, has concluded that it is in the public interest to shift municipal elections to odd-numbered years under Code of Virginia § 24.2-222.1; and

WHEREAS, Town Code § 2-5 shall be added as follows:

§ 2-5. Election of mayor and town council members at the November general election in odd-numbered years.

A. Pursuant to Code of Virginia § 24.2-222.1 and notwithstanding the provisions of the Town Charter § 3.1 and Code of Virginia § 24.2-222, the election of the mayor and members of the town council shall be held on the general election date in November of odd-numbered years, beginning in November 2021, and biennially thereafter, in accordance with the following cycles:

1. The election of the mayor and three town council members filled by the election of May 2018 shall be held on the November 2021 general election date and every four years thereafter.
2. The election of four town council members filled by the election of May 2020 shall be held on November 2023 general election date and every four years thereafter.
3. In accordance with the provisions of Code of Virginia § 24.2-222.1(D), the mayor and members of the town council elected at a May general election shall have their term of

office shortened by six months but shall continue in office until their successors have been elected at the November general election and have been qualified to serve.

- 4. The terms of office for those elected at the November general election shall commence on January 1 immediately following said election.

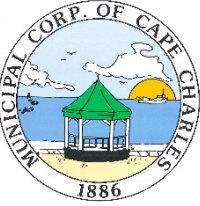
NOW, THEREFORE, BE IT ORDAINED by the Town Council of Cape Charles, this ____ day of ____ 2021, that Section 2-5 Election of mayor and town council members at the November general election in odd-numbered years be added to the Cape Charles Town Code to become effective immediately.

Adopted by the Town Council of Cape Charles on _____, 2021.

By: _____
Mayor

ATTEST:

Town Clerk

 TOWN OF CAPE CHARLES	AGENDA TITLE: Town Council Representative to Library Board		AGENDA DATE May 6, 2021
	SUBJECT/PROPOSAL/REQUEST: Appointment of Town Council Representative to the Library Board		ITEM NUMBER: 3C
	ATTACHMENTS: None		FOR COUNCIL: Action (X) Information ()
	STAFF CONTACT (s): Libby Hume	REVIEWED BY: John Hozey, Town Manager	

BACKGROUND:

A number of the Town's Boards and the Planning Commission include a representative from the Town Council.

The Library Board oversees the Cape Charles Memorial Library and consists of seven members, including the Town Council representative, and meets on a monthly basis. The members serve four-year terms.

ITEM SPECIFICS:

Former Councilman Chris Bannon was the Town Council representative to the Library Board until his resignation in March 2021. Another representative from Council should be named to serve on the Library Board.

Upon Councilman Bannon's resignation, the Town Council held interviews and appointed Ms. Ellen O'Brien as the interim Council member until the November 2, 2021 special election. Councilwoman O'Brien is also a current member of the Library Board. An interim solution, until after the special election, would be to appoint Councilwoman O'Brien as the Council representative to the Library Board and have her perform a dual role.

RECOMMENDATION:

Staff recommends Council discussion, and, if deemed appropriate, the appointment of Councilwoman O'Brien as the Council representative to the Library Board.