**Finance Committee**
**Meeting Agenda**
**July 9, 2024**
**4:30 PM**
**City Council Chambers**

**City Council Members:**

| | |
|---|---|
| **Gayatri Agnew** | **Ward 1, Position 2** |
| **Cindy Acree** | **Ward 2, Position 1** |
| **Bill Burckart** | **Ward 3, Position 2** |

***If the public would like to attend virtually, please log on at the following link: https://us02web.zoom.us/j/89139307844?pwd=ZWMxNVhRby9RVElhd1pyZzluVmdHZz09**

**Call to Order/Roll Call**

**Items For Discussion**

1. **Human Resources - Personnel Needs Determination Discussion** — **Informational**

**City Council Items To Be Considered**

1. **Section I Item 3 from the City Council Agenda: Resolution to Enter into an Agreement with Selectron to Renew IVR services** — **Resolution**

   Authorizing an agreement for professional services with Selectron Technologies to renew IVR services for Fire & Utility Billing. The agreement protects pricing for five years. The first year cost of $51,610.00 has been budgeted in 2024 between both Utility Billing and Fire. The five-year total cost is $201,948.00 which will be budgeted over the five-year period by the respective departments. No budget adjustment is required.

2. **Section I Item 4 from the City Council Agenda: Resolution requesting a Budget Adjustment to pay for Emergency Repairs to City Fiber** — **Resolution**

   A resolution for a budget adjustment to pay for emergency repairs made to City Fiber Cabinet at S Walton & 28th Street on 6/19/2024. The repairs were caused by a traffic accident. A Police report has been submitted and the city will be perusing compensation from the insurance company. Repair costs are estimated to be $55,000.00 including labor and materials. A budget adjustment is needed.

3. **Section I Item 6 from the City Council Agenda: Resolution to Award Bid IFB-24-15 for the Street Department Building Expansion** **Resolution**

   Resolution to award bid IFB-24-15 Bentonville Street Department Addition to Kinco Constructors in the amount of $1,437,000.00. Kinco Constructors was the lowest bidder. This is a budgeted item and no budget adjustment is needed.

4. **Section II Item 1 from the City Council Agenda: Resolution authorizing an Agreement for Water and Wastewater Rate Analysis and Financial Plan** **Resolution**

   A resolution authorizing the Mayor and City Clerk to enter into a professional services agreement with Raftelis Financial Consultants, Inc. (Raftelis) in an amount not to exceed $115,620.00 to perform a water and wastewater rate analysis and financial plan for the Water Utility. The water department and wastewater department each budgeted $60,000.00 for a combined $120,000.00. Utility Board Approval 4-0. No budget adjustment is needed.

5. **Section II Item 2 from the City Council Agenda: Resolution authorizing an Agreement for Water and Wastewater Capacity Fee Analysis** **Resolution**

   A resolution authorizing the Mayor and City Clerk to enter into a professional services agreement with Raftelis Financial Consultants, Inc. (Raftelis) in an amount not to exceed $59,600.00 to perform a water and wastewater capacity fee analysis for the Water Utility. Utility Board Approved 4-0. No budget adjustment is needed.

6. **Section II Item 3 from the City Council Agenda: Ordinance Updating Bentonville Net Metering Requirements** **Ordinance***

   The Bentonville Net Metering Requirements are being updated and will replace Ordinance 2019-116. Approved by Utility Board 4-0. No budget adjustment is needed.

THE CITY OF BENTONVILLE

## City of Bentonville, Arkansas Agenda Item Form

### Item Details

| | | | |
|---|---|---|---|
| **Council Meeting Date:** | 6/25/2024 | **Submitted By:** | Dennis Hayes |
| **Phone:** | 479-271-3127 | **For Department(s):** | Fire / Utility Billing |
| **Email:** | dhayes@bentonvillear.com | | |

### Item Type (Check all that apply)

- [ ] Informational
- [ ] Bid Award
- [x] Enter into an Agreement
- [ ] Change Order
- [ ] Recognizing Funds
- [ ] Budget Adjustment
- [ ] Waiver of Bid
- [ ] Emergency Clause

- [ ] Ordinance
- [x] Resolution
- [ ] Informational

### Title, Recommendation & Justification

| | |
|---|---|
| **Title:** | Resolution to Enter into an Agreement with Selectron to Renew IVR services |
| **Action Recommendation & Justification:** | Authorizing an agreement for professional services with Selectron Technologies to renew IVR services for Fire & Utility Billing. The agreement protects pricing for five years. The first year cost of $51,610.00 has been budgeted in 2024 between both Utility Billing and Fire. The five-year total cost is $201,948.00 which will be budgeted over the five-year period by the respective departments. No budget adjustment is required. |
| **Additional Comments for Consideration (Optional):** | Funding for this Project was included in the approved 2024 budgeted through Information Utility Billing and Fire (Account No. 43310).<br><br>The original  Agreement for services was approved in Dec 2015 for Naviline integration and July 2019 for TraKIT |
| **Amount for Approval:** | $ $51,610.00 |

### Budget Impact

**Is this Item Budgeted?** [x] YES [ ] NO [ ] ITEM HAS NO COST [ ] OTHER:__________________________________

### Budget Adjustment *(to be completed by Finance when applicable)*

| Account Number (ORG-OBJECT) | Account Description | Expense | Revenue |
|---|---|---|---|
| | | $ | $ |
| | | $ | $ |
| | | $ | $ |
| | | $ | $ |

**Fund(s) Impacted** (check all that apply) [x] General Fund [x] Utility Fund [ ] Street Fund [ ] Other(s):____________________________

*Budget Impact Notes for Consideration (Optional):*

City of Bentonville

# Memo

**To:** Mayor Stephanie Orman and City Council

**From:** Dennis Hayes, IT Director

**cc:** Patrick Johndrow, Finance Director; Bonnie Bridges, Staff Attorney; Kelsi Frederick, Purchasing Manager.

**Date:** 3/28/2024

**Re:** Selectron Services Agreement Renewal

---

Attached is a renewal of our agreement for software and professional services for Selectron Cloud IVR System

Interactive Voice Response (IVR) is an automated phone system technology that allows incoming callers to access information via a voice response system of prerecorded messages without having to speak to an agent, as well as to utilize menu options via touch tone keypad selection.

Selectron is our current vendor for IVR services for Utility Billing from 2015 and Building and Fire Safety since 2019. The product integrates directly with both our Utility Billing Management software (Naviline) and our planning and permitting software (TraKIT).

The intent with this agreement is to renew services with Selectron while also migrating IVR services from on premises to their cloud version. Both Naviline & TraKIT systems are scheduled to move to cloud-based operations this year.

The agreement covers the following:

- Five-year agreement to renew Selectron software services for Utility Billing to Selectron Cloud Services
- Five-year agreement to renew Selectron software services for Building & Fire Safety to Selectron Cloud Services

- Connect Selectron Cloud Services for Utility Billing to Navline Cloud Services
- Connect Selectron Cloud Services for Fire to TraKIT Cloud Services

The first year cost of $51,610 has been budgeted in 2024 between both Utility Billing and Fire.

The five-year total cost is $201,948 which will be budgeted over the five-year period by the respective departments.

Respectfully,

Dennis Hayes

IT Director

City of Bentonville

Selectron
TECHNOLOGIES, INC

13535 SW 72nd Ave, Ste 200 | Portland, OR 97223
Phone: 866.878.0048 | Fax: 503.443.2052
www.stigov.com | info@stigov.com

March 26, 2024

Dennis Hayes
IT Director
City of Bentonville
1000 SW 14th
Bentonville, AR 72712

Dear Mr. Hayes,

This letter is to confirm that Selectron Technologies, Inc. (Selectron) is the only organization authorized to provide maintenance services, code modifications, new system functionality, and version updates to the ***Relay Utility*** IVR and ***Relay Outbound*** solution, installed at the City of Bentonville. Selectron developed these solutions based on specific requirements set forth by the City.

Organizations other than Selectron performing maintenance services or code modifications to these solutions would void the existing System Warranty and Maintenance agreement currently established between Selectron and the City. Additionally, Selectron is the sole provider and manufacturer of these systems.

Sincerely,

[redacted]

Todd Johnston
President, CEO
Selectron Technologies, Inc.

# Opportunity Benefits – Move from Premise to Hosted

Selectron has put together the following information to help your staff evaluate the benefits and risks of moving the current Selectron IVR solution to a hosted environment. We have provided the following information based on our experience and observations with similar customers. Selectron currently has more than 200 customer solutions hosted in our Tier-4 PCI Certified data centers.

## What Benefits will You Receive by Moving to Hosted?

| **Lessen Overall PCI Footprint** | |
|---|---|
| Hosted solutions take all cardholder data out of the agency IT environment, reducing PCI compliance scope | Selectron invests heavily in maintaining a PCI compliant environment, including third-party audits and continuous improvements to infrastructure and security |
| **Increased Security** | |
| Internal and third-party vulnerability scanning and penetration testing | Annual 3rd party assessments to ensure PCI compliance |
| System administration staff receive quarterly security training | Controlled-access environment with keyed entry help ensure physical security of the environment |
| Full logging and change control provide very clear history of all activity | |
| **Support Response Time is Reduced by 50% On Average** | |
| On-premise solutions require the customer to grant Selectron remote-vendor access, delaying initial investigation | The same staff of support engineers support both hosted and on-premise applications. Selectron hosted solutions additionally have dedicated security staff and system administrators that support our environment |
| Our entire support team and engineering staff can easily access your hosted solutions, while only individual support team members maintain access to premise solutions | Hosted solutions are monitored 24/7, allowing Selectron staff to begin addressing issues before they become a problem for end users |

| Built in System Redundancy and Fault Tolerance | |
|---|---|
| Moving to hosted includes applications built on redundant hardware components, servers, switches and firewalls | Redundant ISP and telephony operation centers help ensure network connectivity is maintained |
| Geographically distinct datacenters with cross-site data replication minimize the potential for lost data | |
| **Upgrade to Latest Relay with New Relay Outbound Solution and Added Functionality** | |
| New outbound functionality provides you the ability to design and administer outbound campaigns with customer data embedded in the messaging | Does not require Selectron to configure outbound campaigns |
| All hosted systems are maintained with the most current updates. Updates are applied monthly during maintenance window – rather than quarterly with on-premise | |
| **Reduced Costs to Agency** | |
| Reduced costs for OS updates, hardware refreshes, and PCI compliance | Reduced staff and management hours |
| Reduced telecom costs | Reduced overall IT footprint |
| **Port Capacity Expandability – Both Inbound and Outbound** | |
| Hosted customers can leverage the scale of Selectron's environment for increased capacity while outsourcing the cost of maintaining a robust environment | Overflow capacity can be made available nearly instantly – requiring no support intervention |
| Provides ability to respond more quickly to customer needs or requested changes or enhancements | |

## What Will You Lose in the Move to Hosted?

| | |
|---|---|
| You will no longer have physical access to your IVR system | Due to PCI requirements, the system must be kept updated to the latest versions. You will be required to receive updates. New feature can be disabled, but the latest core platform will always be required |
| Due to change control, updates must be applied on the hosting schedule (which is normally late evening one Thursday a month). Emergency updates will be applied as necessary. All update schedules are controlled by the Selectron hosting team. You will receive notifications as early as possible. | |

## What are the Risks in Moving to Hosted?

| | |
|---|---|
| Selectron will have to establish a VPN connection with Your IT environment | As with any provider, Selectron is dependent on third-party nationwide Internet and telecommunications systems. Our hosting site has very high uptime (>99.9995), but we have experienced extremely rare telephone outages due to nationwide failures in the Lumen (formerly CenturyLink) network. We address this by contracting for secondary telephone networks. |

As you can see, we believe the benefits far outweigh the risks, which is why we believe so many of our customers are choosing to move their systems to a hosted platform. We believe you will see the benefits of making this move as well.

**RESOLUTION NO. _____________**

**A RESOLUTION AUTHORIZING THE MAYOR AND CITY CLERK TO ENTER INTO AN AGREEMENT WITH SELECTRON TECHNOLOGIES, TO RENEW IVR SERVICES, IN THE TOTAL AMOUNT OF FIFTY-ONE THOUSAND SIX HUNDRED TEN DOLLARS ($51,610.00); AND FOR OTHER PURPOSES.**

**WHEREAS**, the City's Fire and Utility Billing Departments utilize an interactive voice response (IVR) automated phone system technology;

**WHEREAS**, the Professional Service Agreement will renew IVR services for both departments, with protected pricing over a five-year period, the first-year total cost of fifty-one thousand six hundred ten dollars ($51,610.00), and a five-year total cost of two hundred one thousand nine hundred forty-eight dollars ($201,948.00);

**WHEREAS**, the total amount of this agreement, for the first year was included in the approved 2024 budget, the amounts for remaining years will need to be included in those years budgets.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF BENTONVILLE, ARKANSAS.**

<u>Section 1</u>: That the Mayor and City Clerk are hereby authorized to enter into an Agreement with Selectron Technologies, to renew IVR services, in the amount of fifty-one thousand six hundred ten dollars ($51,610.00) for the first year and a total cost of two hundred one thousand nine hundred forty-eight dollars ($201,948.00) for the five-year period:

<u>Section 2 - Severability Provision</u>: If any part of this Resolution is held invalid, the remainder of this Resolution shall continue in effect as if such invalid portion never existed; and

<u>Section 3 - Repeal of Conflicting Provisions</u>: All Ordinances, Resolutions, or Orders of the City Council, or parts of the same, in conflict with this Resolution are repealed to the extent of such conflict.

**PASSED and APPROVED this ______ day of _____________________, 2024.**

**APPROVED:**

______________________________
**STEPHANIE ORMAN, Mayor**

**ATTEST:**

______________________________
**MALORIE MARRS, City Clerk**

## City of Bentonville, Arkansas Agenda Item Form

### Item Details

| | | | |
|---|---|---|---|
| **Council Meeting Date:** | 7/9/2024 | **Submitted By:** | Dennis Hayes |
| **Phone:** | 479-271-3127 | **For Department(s):** | It / Utility Billing |
| **Email:** | dhayes@bentonvillear.com | | |

### Item Type (Check all that apply)

- [ ] Informational
- [ ] Bid Award
- [ ] Enter into an Agreement
- [ ] Change Order
- [ ] Recognizing Funds
- [x] Budget Adjustment
- [ ] Waiver of Bid
- [ ] Emergency Clause
- [ ] Ordinance
- [x] Resolution
- [ ] Informational

### Title, Recommendation & Justification

| | |
|---|---|
| **Title:** | Resolution requesting a Budget Adjustment to pay for Emergency Repairs to City Fiber |
| **Action Recommendation & Justification:** | A resolution for a budget adjustment to pay for emergency repairs made to City Fiber Cabinet at S Walton & 28th Street on 6/19/2024. The repairs were caused by a traffic accident. A Police report has been submitted and the city will be perusing compensation from the insurance company. Repair costs are estimated to be $55,000.00 including labor and materials. A budget adjustment is needed. |
| **Additional Comments for Consideration (Optional):** | |
| **Amount for Approval:** | $ 55,000.00 |

### Budget Impact

**Is this Item Budgeted?** ☐ YES ☑ NO ☐ ITEM HAS NO COST ☐ OTHER:________________________

### Budget Adjustment *(to be completed by Finance when applicable)*

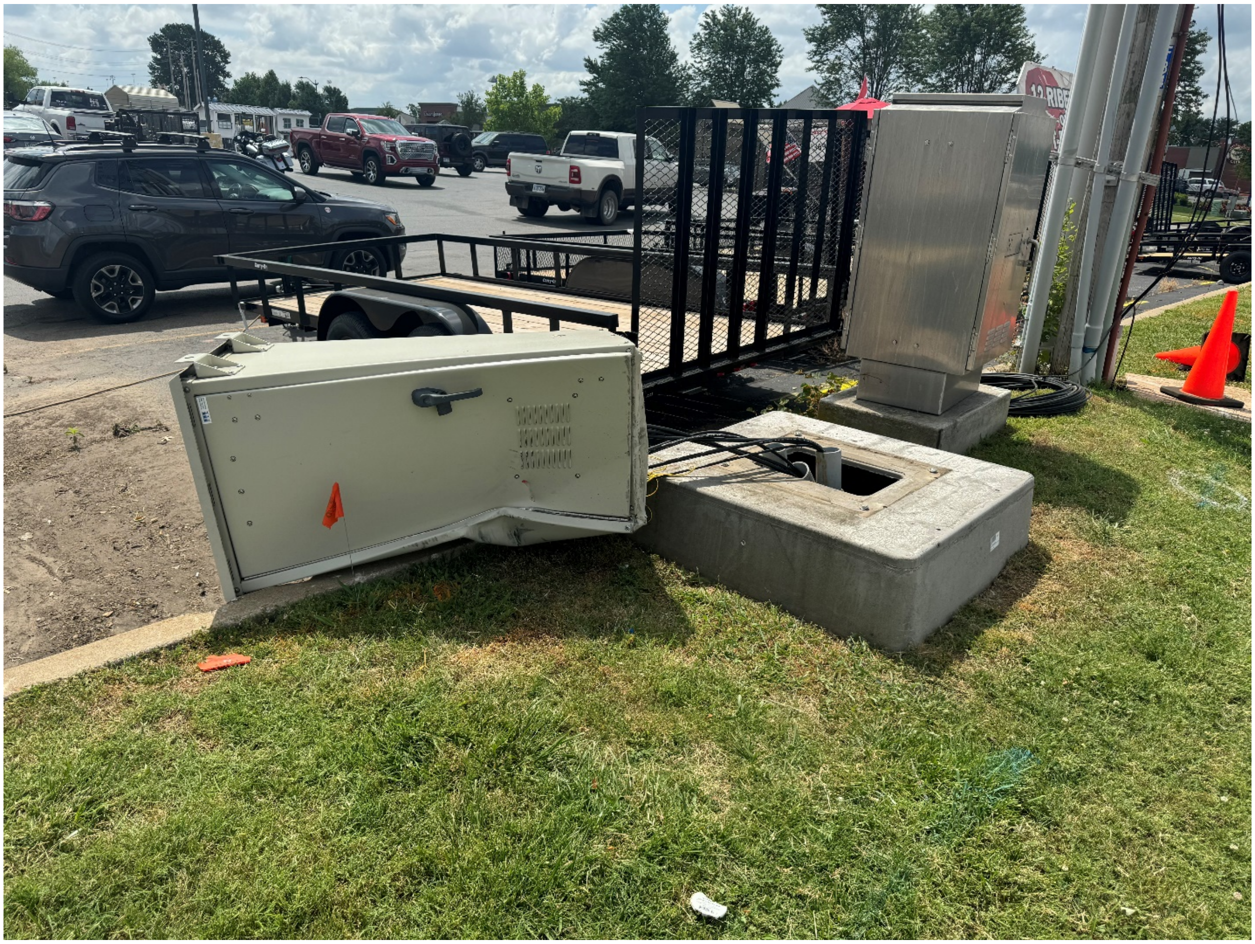
| Account Number (ORG-OBJECT) | Account Description | Expense | Revenue |
|---|---|---|---|
| 101050-44440 | Machine/Equipment Maint | $ 27,500.00 | $ |
| 503530-44440 | Machine/Equipment Maint | $ 27,500.00 | $ |
| | | $ | $ |
| | | $ | $ |

**Fund(s) Impacted** (check all that apply) ☑ General Fund ☑ Utility Fund ☐ Street Fund ☐ Other(s):________________________

*Budget Impact Notes for Consideration (Optional):*

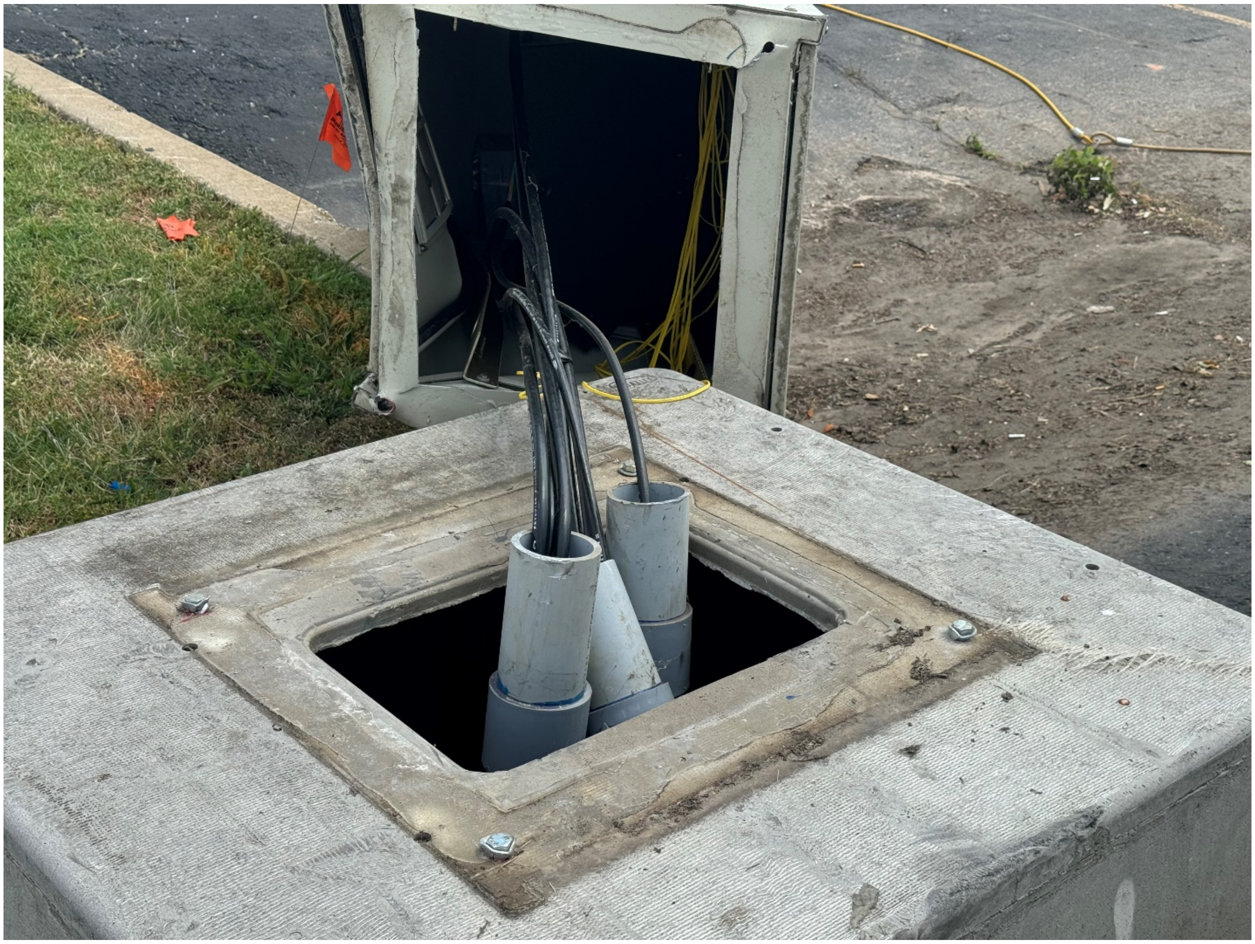
Fiber Damage

S Walton / 28th Street



Fiber Damage

S Walton / 28th Street



**RESOLUTION NO._______________**

**A RESOLUTION ADJUSTING THE 2024 BUDGET; APPROPRIATING FIFTY-FIVE THOUSAND DOLLARS ($55,000.00) FROM GENERAL FUND RESERVES AND UTILITY FUNDS TO ACCOUNT(S) #101050-44440 AND #503530-44440 – MACHINE AND EQUIPMENT MAINTENANCE, TO COVER EMERGENCY REPAIRS TO CITY FIBER; AND FOR OTHER PURPOSES.**

**WHEREAS**, funds are required to cover emergency repairs to City Fire Cabinet at S. Walton Blvd & 28th Street due to damage caused from a traffic accident; and

**WHEREAS**, these funds should be appropriated from the General Fund & Utility Funds.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BENTONVILLE, ARKANSAS:**

Section 1: The 2024 Budget is adjusted to appropriate fifty-five thousand dollars ($55,000.00) from General Fund Reserves and Utility Funds to Account(s) #101050-44440 and #503530-44440 – Machine and Equipment Maintenance;

Section 2 - Severability Provision: If any part of this Resolution is held invalid, the remainder of this Resolution shall continue in effect as if such invalid portion never existed; and

Section 3 - Repeal of Conflicting Provisions: All Ordinances, Resolutions, or Orders of the City Council, or parts of the same, in conflict with this Resolution are repealed to the extent of such conflict.

**PASSED AND APPROVED THIS ________ DAY OF _______________, 2024.**

**APPROVED:**

________________________________
**STEPHANIE ORMAN, MAYOR**

**ATTEST:**

________________________________
**MALORIE MARRS, CITY CLERK**

## City of Bentonville, Arkansas Agenda Item Form

### Item Details

| | | | |
|---|---|---|---|
| **Council Meeting Date:** | 7/9/2024 | **Submitted By:** | Tony Davis |
| **Phone:** | 479-271-3130 | **For Department(s):** | Street |
| **Email:** | todavis@bentonvillear.com | | |

### Item Type (Check all that apply)

- [ ] Informational
- [x] Bid Award
- [ ] Enter into an Agreement
- [ ] Change Order
- [ ] Recognizing Funds
- [ ] Budget Adjustment
- [ ] Waiver of Bid
- [ ] Emergency Clause
- [ ] Ordinance
- [x] Resolution
- [ ] Informational

### Title, Recommendation & Justification

| | |
|---|---|
| **Title:** | Resolution to Award Bid IFB-24-15 for the Street Department Building Expansion |
| **Action Recommendation & Justification:** | Resolution to award bid IFB-24-15 Bentonville Street Department Addition to Kinco Constructors in the amount of $1,437,000.00. Kinco Constructors was the lowest bidder. This is a budgeted item and no budget adjustment is needed. |
| **Additional Comments for Consideration (Optional):** | |
| **Amount for Approval:** | $ 1,437,000.00 |

### Budget Impact

**Is this Item Budgeted?** [x] YES [ ] NO [ ] ITEM HAS NO COST [ ] OTHER:________________________________

### Budget Adjustment *(to be completed by Finance when applicable)*

| Account Number (ORG-OBJECT) | Account Description | Expense | Revenue |
|---|---|---|---|
| | | $ | $ |
| | | $ | $ |
| | | $ | $ |
| | | $ | $ |

**Fund(s) Impacted** (check all that apply) [ ] General Fund [ ] Utility Fund [ ] Street Fund [ ] Other(s):________________________________

*Budget Impact Notes for Consideration (Optional):*

## CITY OF BENTONVILLE, ARKANSAS PURCHASING DEPARTMENT

### FORMAL SEALED BID TABULATION

| Date of Bid Opening: | 6/20/24 | Time of Bid Opening: | 1:00 PM | Solicitation ID Number: | IFB-24-15 |
|---|---|---|---|---|---|

**Solicitation Title: City of Bentonville Street Department Addition**

| | Bidders: | SSI, Inc. | OneCon | Milestone | Crossland | CR Crawford | Kinco |
|---|---|---|---|---|---|---|---|
| Line Item | Description | Bid Price | Bid Price | Bid Price | Bid Price | Bid Price | Bid Price |
| 1 | Trenching or Excavation Safety Systems | $0.00 | $1.00 | $0.00 | $1,000.00 | $360.00 | $0.00 |
| 2 | Unit Price 1: Rock excavation and off site disposal per cu. yd. in place | $375.00 | $460.00 | $300.00 | $300.00 | $360.00 | $350.00 |
| 3 | Unit Price 2: Provide, place & compact engineered fill per trucked cu. yd. | $420.00 | $30.50 | $25.00 | $25.00 | $64.00 | $30.00 |
| 4 | Unit Price 3: Excavation, removal and off site disposal of existing earth per trucked cu. yd. | $375.00 | $30.50 | $18.00 | $20.00 | $44.00 | $24.00 |
| 5 | Unit Price 4: Provide Controlled Low Strength Material per cu. yd. | $450.00 | $180.00 | $270.00 | $250.00 | $390.00 | $170.00 |
| | **Total Bid Price** | **$1,736,634.00** | **$1,631,000.00** | **$1,722,227.08** | **$1,597,000.00** | **$1,464,183.00** | **$1,437,000.00** |

purchasing@bentonvillear.com - (479) 271-3115

# PROPOSAL FOR LUMP SUM CONTRACT

PLACE: Attn: IFB-24-15 City of Bentonville Purchasing Office, 1000 SW 14th, Bentonville, AR 72712-2nd Floor.

DATE & TIME June 20th, 2024 at 1:00 PM.

PROJECT: Street Department Addition, City of Bentonville, Bentonville, AR

PROPOSAL OF Kinco Constructors
(Hereinafter called the "Bidder")

A Corporation, organized and existing under the laws of the State of Arkansas

A Partnership consisting of N/A

An individual trading as N/A

TO: CITY OF BENTONVILLE

Gentlemen:

The undersigned, in compliance with your invitation for bids for the construction of the City of Bentonville Street Department Addition, Bentonville, AR, having examined the plans and specifications with related documents, and having visited the site of the proposed work within the past seven (7) days, and being familiar with all the conditions surrounding the construction of the proposed project, including the availability of materials and labor, hereby propose to furnish all labor, materials, supplies, plants, etc., and to construct the project in accordance with the contract documents within the time set forth therein and at the prices stated herein, to cover all general construction work, including plumbing, mechanical and electrical. These prices are to cover all expenses incurred in performing the work required under the contract documents of which this proposal is a part.

I/We acknowledge receipt of the following Addenda:
*(Arkansas public bid statutory requirement: Bidder must acknowledge all addenda issued by addendum number)*

| | |
|---|---|
| # 1 | Dated 6/19/2024 |
| # | Dated |
| # | Dated |
| # | Dated |

Base Bid Proposal for General Construction:

One Million Four Hundred Thirty Seven Thousand DOLLARS ($ 1,437,000 )
*(Arkansas public bid statutory requirement: Bidder must enter bid amount in numerical format)*

In compliance with Act 291 of 1993 the following separate pay item is included in the base bid: TRENCHING OR EXCAVATION SAFETY SYSTEMS:

Zero DOLLARS ($ 0.00 )

*(Arkansas bidding law requirement: Bidder must enter amount. If amount is $0.00, then enter amount as $0.00 )*

UNIT PRICES:

UNIT PRICE NO. 1: Rock excavation and off site disposal per Specifications, Section 31 23 00.

Three Hundred Fifty DOLLARS per cu.yd.in place ( $350 )

UNIT PRICE NO. 2: Provide, place & compact engineered fill as specified in Section 31 23 00. (Price shall also be for credit if fill called for is not required as determined by soils engineer)

Thirty DOLLARS per trucked cu.yd.( $30 )

UNIT PRICE NO. 3: Excavation, removal and off site disposal of existing earth. (Price shall also be for credit if earth removal called for is not required as determined by soils engineer)

Twenty Four DOLLARS per trucked cu.yd.( $24 )

UNIT PRICE NO. 4: Provide Controlled Low Strength Material (CLSM) / Flowable Fill per specifications, Section 31 23 00.

One Hundred Seventy DOLLARS per cu. yd. ( $170 )

COMPLETION TIME:

The Contractor agrees, if awarded the contract to complete project within *(insert number of calendar days)* Three Hundred Seventy ( 370 ) Calendar Days after the date noted in Contract.

Liquidated damages in the amount of Five Hundred Dollars ($500.00) per calendar day for delay beyond that time will be paid by the Contractor except for extensions of time granted under the General and Supplementary Conditions.

In submitting this bid, it is understood that the right is reserved by the Owner to reject any or all bids. No bid shall be withdrawn for a period of forty-five (45) days subsequent to the opening of bids without the consent of the Owner.

In submitting this bid I/We acknowledge and include Cash Allowance costs as part of the Base Bid as listed in Specification Section 01 21 13.

I (or we) submit the names of the subcontractors I (or we) propose to use, and the State Contractors' License Number (If Applicable), as follows:

SUBCONTRACTORS NAME | STATE CONTRACTOR'S LICENSE NO.

A. Plumbing
MOUNTAIN MECHANICAL — 0011870225
Is the amount of the Plumbing work $50,000.00 or more? Yes X No ____
If yes, list plumbing subcontractor and license number above.

B. Mechanical
MOUNTAIN MECHANICAL — 0011870225
Is the amount of the Mechanical work $50,000.00 or more? Yes X No ____
If yes, list mechanical subcontractor and license number above.

C. Electrical
KING ELECTRIC — 0063870425
Is the amount of the Electrical work $50,000.00 or more? Yes X No ____
If yes, list electrical subcontractor and license number above.

D. Roofing & Sheet Metal
ELITE STEEL ERECTORS — 0327770525
Is the amount of the Roofing & Sheet Metal work $50,000.00 or more? Yes ____ No X
If yes, list roofing and sheet metal subcontractor and license number above.

Item A. and B. may be separate or combined under one mechanical contract, if so stated above. *(Arkansas public bid statutory requirement: Bidder must enter subcontractors name in blanks above along with license number unless amount of subcontract is less than $20,000.00.)*

CONDITIONS:

A. It is agreed that if awarded the Contract, a period of time not to exceed forty-five (45) days shall be allowed the Owner in which to determine the manner in which to award or not award the contract.

B. It is further agreed that if awarded the contract, the undersigned will execute the contract and commence work within Seven (7) calendar days, and will fully complete the work ready to use, not later than the time stipulated.

DECLARATION:

A. The Undersigned hereby declares that he has carefully examined the Invitation and Instructions for Proposals, the Drawings and Specifications, has visited the actual location of the work and has consulted his sources of supply, and has satisfied himself as to all quantities and conditions, and understands that in signing this proposal, he waives all right to pleas of any misunderstanding regarding the same.

B. Bidder is required to attend a formal pre-bid meeting and walk-through of the project at the date and time as listed in Section 00 11 16 "Invitation to Bid" and that the bidder familiarize himself/herself with the site/existing building, review existing conditions, and that his bid reflects same.

FIRM Kinco Constructors, LLC.

BY [redacted]

*(Arkansas [redacted] r must sign in space provided above)*

PRINTED NAME & TITLE Tyson Reimer, VP of Nothwest Arkansas

TITLE VP of Northwest Arkansas

DATE 6/20/2024

NOTE: If bidder is a corporation, indicate state of incorporation, under the Firm's Signature, and if a partnership, give full names of all partners.

Arkansas State Contractor's License No. 0090280425

*(Arkansas public bid statutory requirement: Bidder must provide current State Contractor's number)*

THE CITY OF BENTONVILLE

# NON-COLLUSION AFFIDAVIT

**BID INVALID IF THIS AFFIDAVIT IS NOT SIGNED AND NOTARIZED AND SUBMITTED WITH THE BID**

---

State of Arkansas

County of Benton

I Tyson Reimer (Printed Name of Authorized Representative/Agent) of lawful age, being first duly sworn, on oath says that:

1. They are the duly authorized representative/agent of the Bidder and/or contractor submitting the Competitive Bid and/or procuring the contract which is attached to this statement, for the purpose of certifying the facts pertaining to the existence of collusion among Bidders and between Bidders and City officials or employees, as well as, facts pertaining to the giving or offering of things of value to government personnel in return for special consideration in the letting of any contract pursuant to the Invitation for Bids to which this statement is attached;

2. They are fully aware of the facts and circumstances surrounding the making of the Bid and/or the procurement of the contract to which this statement is attached and have been personally and directly involved in the proceedings leading to the submission of such Bids;

3. Neither the Bidder/contractor nor anyone subject to the Bidder/contractor's direction or control has been a party;

   a. to any collusion among Bidders in restraint of freedom of competition by agreement to bid at a fixed rate or to refrain from submitting;

   b. to any collusion with any City official or employee as to quantity, quality or price in the prospective contract, or as to any other terms of such prospective contract, nor

   c. in any discussions between Bidders and any City official concerning exchange of money or other thing of value for special consideration in the letting of a contract;

   d. to paying, giving, donating or agreeing to pay, give or donate to any officer or employee of the City of Bentonville, any money or other thing of value, either directly or indirectly, in procuring the contract to which their statement is attached.

*To be completed by Company (Authorized Representative/*[redacted]

Signature of Authorized Representative/Agent: [redacted]

Title (of Authorized Representative/Agent): Vice President/Northwest Arkansas

*To be completed by Notary (include Seal):*

Subscribed and sworn before me this: 17th day of June, 20 24

Notary Public Signature: [redacted] My commission expires: 04/15/2033

Seal:

NOTARY PUBLIC
My Comm. Expires 04/15/2033
BENTON COUNTY, ARKANSAS

**BID BOND**

**Conforms with The American Institute of Architects, A.I.A. Document No. A-310**

KNOW ALL BY THESE PRESENTS, That we, Kinco Constructors, LLC

as Principal, hereinafter called the Principal,

and the Travelers Casualty and Surety Company of America,

of Hartford, CT, a corporation duly organized under

the laws of the State of Connecticut, as Surety, hereinafter called the Surety, are held and firmly bound unto

City of Bentonville, Arkansas as Obligee, hereinafter called the Obligee,

in the sum of Five Percent of Amount of Bid

Dollars ($ 5% of Bid), for the payment of which sum well and truly to be made, the said Principal and the said Surety, bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has submitted a bid for

Street Department Addition, Bentonville, Arkansas

NOW, THEREFORE, if the Obligee shall accept the bid of the Principal and the Principal shall enter into a Contract with the Obligee in accordance with the terms of such bid, and give such bond or bonds as may be specified in the bidding or Contract Documents with good and sufficient surety for the faithful performance of such Contract and for the prompt payment of labor and material furnished in the prosecution thereof, or in the event of the failure of the Principal to enter such Contract and give such bond or bonds, if the Principal shall pay to the Obligee the difference not to exceed the penalty hereof between the amount specified in said bid and such larger amount for which the Obligee may in good faith contract with another party to perform the Work covered by said bid, then this obligation shall be null and void, otherwise to remain in full force and effect.

Signed and sealed this 20th day of June, 2024

[redacted] Witness

Kinco Constructors, LLC (Seal)
Principal

[redacted]

VPNWA
Title

[redacted] Witness

Travelers Casualty and Surety Company of America

[redacted]

TRAVELERS

**Travelers Casualty and Surety Company of America**
**Travelers Casualty and Surety Company**
**St. Paul Fire and Marine Insurance Company**

## POWER OF ATTORNEY

**KNOW ALL MEN BY THESE PRESENTS**: That Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, and St. Paul Fire and Marine Insurance Company are corporations duly organized under the laws of the State of Connecticut (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint **Judy Schoggen** of **LITTLE ROCK** , **Arkansas** , their true and lawful Attorney(s)-in-Fact to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

**IN WITNESS WHEREOF**, the Companies have caused this instrument to be signed, and their corporate seals to be hereto affixed, this **21st** day of **April, 2021**.

State of Connecticut

City of Hartford ss.

By: [redacted]
Robert L. Raney, Senior Vice President

On this the **21st** day of **April, 2021**, before me personally appeared **Robert L. Raney**, who acknowledged himself to be the Senior Vice President of each of the Companies, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of said Companies by himself as a duly authorized officer.

**IN WITNESS WHEREOF**, I hereunto set my hand and official seal.

My Commission expires the **30th** day of **June, 2026**

[redacted]
Anna P. Nowik, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of each of the Companies, which resolutions are now in full force and effect, reading as follows:

**RESOLVED,** that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

**FURTHER RESOLVED,** that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

**FURTHER RESOLVED,** that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

**FURTHER RESOLVED,** that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding on the Company in the future with respect to any bond or understanding to which it is attached.

I, **Kevin E. Hughes**, the undersigned, Assistant Secretary of each of the Companies, do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which remains in full force and effect.

Dated this **20th** day of **June** , **2024** .

[redacted]
Kevin E. Hughes, Assistant Secretary

***To verify the authenticity of this Power of Attorney, please call us at 1-800-421-3880.***
***Please refer to the above-named Attorney(s)-in-Fact and the details of the bond to which this Power of Attorney is attached.***

**RESOLUTION NO. ____________**

**A RESOLUTION AWARDING BID IFB-24-15 TO KINCO CONSTRUCTORS LLC., FOR THE CITY OF BENTONVILLE STREET DEPARTMENT BUILDING EXPANSION, IN THE AMOUNT OF ONE MILLION FOUR HUNDRED THIRTY-SEVEN THOUSAND DOLLARS ($1,437,000.00); AND FOR OTHER PURPOSES.**

**WHEREAS**, Kinco Constructors Inc. was the lowest qualified bidder for bid IFB-24-15;

**WHEREAS**, this contract will be for the construction of the City of Bentonville Street Department building addition; and

**WHEREAS**, this is a budgeted item;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BENTONVILLE, ARKANSAS THAT**:

Section 1: The Mayor and City Clerk are authorized to enter into a contract with Kinco Constructors Inc., for the City of Bentonville Street Department building expansion, in the amount of one million four hundred thirty-seven thousand dollars ($1,437,000.00);

Section 2 - Severability Provision: If any part of this Resolution is held invalid, the remainder of this Resolution shall continue in effect as if such invalid portion never existed; and

Section 3 - Repeal of Conflicting Resolutions: All Ordinances, Resolutions, or Orders of the City Council, or parts of the same, in conflict with this Resolution are repealed to the extent of such conflict.

**PASSED and APPROVED this ______ day of _______________, 2024.**

**APPROVED:**

______________________________
**STEPHANIE ORMAN, Mayor**

**ATTEST:**

______________________________
**MALORIE MARRS, City Clerk**

## City of Bentonville, Arkansas Agenda Item Form

### Item Details

| | | | |
|---|---|---|---|
| **Council Meeting Date:** | 7/9/2024 | **Submitted By:** | Mike Bender |
| **Phone:** | 479-271-6873 | **For Department(s):** | Water, Wastewater |
| **Email:** | mbender@bentonvillear.com | | |

### Item Type (Check all that apply)

- [ ] Informational
- [ ] Bid Award
- [x] Enter into an Agreement
- [ ] Change Order
- [ ] Recognizing Funds
- [ ] Budget Adjustment
- [ ] Waiver of Bid
- [ ] Emergency Clause
- [ ] Ordinance
- [x] Resolution
- [ ] Informational

### Title, Recommendation & Justification

| | |
|---|---|
| **Title:** | Resolution authorizing an Agreement for Water and Wastewater Rate Analysis and Financial Plan |
| **Action Recommendation & Justification:** | A resolution authorizing the Mayor and City Clerk to enter into a professional services agreement with Raftelis Financial Consultants, Inc. (Raftelis) in an amount not to exceed $115,620.00 to perform a water and wastewater rate analysis and financial plan for the Water Utility. The water department and wastewater department each budgeted $60,000.00 for a combined $120,000.00. Utility Board Approval 4-0. No budget adjustment is needed. |
| **Additional Comments for Consideration (Optional):** | Raftelis Financial Consultants, Inc. was selected in accordance with Arkansas law and City purchasing policy for the procurement of professional services. |
| **Amount for Approval:** | $ 115,620.00 |

### Budget Impact

**Is this Item Budgeted?** [x] YES [ ] NO [ ] ITEM HAS NO COST [ ] OTHER:________________________________

### Budget Adjustment *(to be completed by Finance when applicable)*

| Account Number (ORG-OBJECT) | Account Description | Expense | Revenue |
|---|---|---|---|
| | | $ | $ |
| | | $ | $ |
| | | $ | $ |
| | | $ | $ |

**Fund(s) Impacted** (check all that apply) [ ] General Fund [ ] Utility Fund [ ] Street Fund [ ] Other(s):________________________________

*Budget Impact Notes for Consideration (Optional):*

Rate Analysis will be paid for by funds budgeted in Water 503020-43210 $60,000 and Wastewater 503030-43210 $60,000.

## CITY OF BENTONVILLE

# Water and Wastewater Rate Analysis

**SCOPE OF SERVICES / May 24, 2024**

THE CITY OF
B
BENTONVILLE

RAFTELIS

# Scope of Services

## Task 1: Project Initiation, Management, and Stakeholder Engagement

We will conduct project kick-off meetings with City staff, the City Council and the Utility Board. The meetings with City staff and City Council will be conducted onsite and will take place on the same day. The kick-off meeting with the Utility Board will be a separate meeting, conducted virtually. The staff kick-off meeting will focus on study logistics including work plan, the project timeline, data requirements, and deliverables. Prior to the staff kick-off meeting, we will review the data provided by City staff and begin framing preliminary analyses and formulate any questions.

The kick-off meetings with the City Council and Utility Board will provide an overview of these issues, but—similar to prior studies—will focus on issues of policy surrounding rate setting, to ensure staff and the project team have appropriate direction moving forward.

Throughout the project we will manage the process via consistent communication, regular meetings (virtual and onsite) with City staff and a robust QA/QC process.

### PLANNED MEETINGS:

- Onsite Meeting #1 – Onsite kick-off meeting with City staff, Bentonville City Council
- Virtual kick-off meeting with Bentonville Utility Board

### DELIVERABLES:

- Kick-off meeting materials
- Kick-off meeting summary memorandum and project timeline

## Task 2: Financial Plan Development

The project team will develop long-range financial plan for the water and wastewater utilities. The financial plan will identify the overall level of revenue necessary to fund operations and maintenance expense (O&M), routine repair and replacement capital expenditures, and repayment of debt service (current and future), while also achieving the City's financial management objectives. Determining the revenue requirement involves a detailed cash flow forecast, which compares projected baseline revenues to projected expenditures and identifies any adjustments to revenues necessary to fund utility operations in a financially sustainable manner. This involves the following subtasks: a projection of revenue under existing rates (Task 2.1); a projection of O&M expense (Task 2.2); a projection of routine and major capital expenditures (Task 2.3); and a projection of revenue adjustments based on detailed cash flow analysis (Task 2.4).

The projections we develop for the City will include the balance of the City's current fiscal year, plus the following 10 fiscal years. To the extent that the City has identified major capital improvements or incremental increases in O&M which lie outside of the 10-year window, we can extend the plans to include the additional years at no additional cost to the City.

**Task 2.1 — Projection of Revenue Under Existing Rates**

Raftelis will develop revenue projections under existing rates and projected customer usage by customer class. This will serve as a baseline for revenues if no adjustments to rate levels or structures are made. In Task 2.4, we will compare these baseline revenue projections to projected expenditures to determine the overall level of revenue necessary (including any revenue increases) to fund these projected expenditures and achieve the City's financial performance objectives.

Using historical customer billing data, we will evaluate trends in customer accounts and usage per account and establish a normalized usage per account, which avoids assigning undue weight to usage in wetter or drier periods. In addition to evaluating usage data considering weather patterns and conservation trends, we will also work with City staff to understand any potential changes in the local economy that might impact the demands of City customers.

We will then calculate revenues under existing rates at projected consumption levels. We will also incorporate analysis and projections of miscellaneous revenues. We will compare these revenues to the operating and capital expenses forecast in Tasks 2.2 and 2.3 to understand the sufficiency of existing revenues to fund projected expenditures.

A key issue for Task 2.1 is the City's ongoing efforts to evaluate and reduce non-revenue water, or water that is purchased from Beaver Water District, but not billed to customers due to leakage, unbilled uses and metering issues. At the time the prior water rate study was completed, City staff believed the majority of the non-revenue water was driven by malfunctioning meters replaced as part of the City's 2013/2014 meter replacement program. The City's 2020 water rate study assumed that the City would be able reduce non-revenue water in a significant way over the study period by addressing the malfunctioning meters. The City's 2023 wastewater rate study did not assume any additional billed volumes because, at the time, the issue appeared to be related to irrigation meters, which are not billed the wastewater volume charge. Raftelis will discuss the current state of the non-revenue water investigation with City staff, as it relates to the assumptions made in the prior studies and develop billed usage projection, which incorporates the best and latest available data regarding non-revenue water.

**Task 2.2 — Projection of O&M Expense**

The City's budgets (for the current year and any available future years) will serve as the starting point for the projection of O&M expense. To project O&M expenses for the forecast period we will make three adjustments: budget performance adjustments, incremental expense adjustments, and inflationary adjustments.

*Budget performance adjustments* will be made based on a detailed review of budgeted O&M expense compared to actual performance. To the extent that the utility tends to outperform in certain areas (i.e., spend less than budgeted), we will discuss potential adjustments so that the projection of baseline O&M (i.e., before any incremental expenses and inflationary adjustments) is a reasonable reflection of what is likely to occur.

*Incremental expense adjustments* account for expected future changes in O&M expense that exceed inflation. There are two reasons such adjustments are typically made. First, the City anticipates adding new personnel or programs that are not currently captured in the existing budgets. In this case, an adjustment will be made to include the costs of those additional personnel or programs. The current budget may also include one-time expenses that are not expected to be incurred in the future. In this case, the one-time expense will either be excluded from future years or, if it occurs periodically, normalized in future years.

*Inflationary adjustments* account for expected future inflation in O&M expense, after accounting for budget performance and any incremental expenses. Inflationary adjustments will be based on the best and most relevant data possible. Expenses driven by customer growth and usage (e.g., power and chemicals) will be adjusted based on the projections in Task 2.1. Personnel costs will be adjusted based on planned compensation adjustments from the City. For expenses where less detailed data is available, we will rely on historical trends, discussions with City staff, and our experience working with similar utilities throughout the United States.

In addition to the global considerations identified above we will also conduct a more detailed forecast of operating expenses associated with purchasing water from Beaver Water District. Water purchase projections will be developed based on weather normalized historical purchases and will be adjusted over the forecast period for additional purchases related to customer growth and anticipated in increases in the Beaver Water District rate.

**Task 2.3 — Projection of Routine and Major Capital Expenditures**
Task 2.3 involves developing a capital improvement financing plan that identifies the City's capital projects (routine and major) and the mix of cash and debt used to finance them. The cash flow impact of the capital financing plan is incorporated into the cash flow analysis in Task 2.4 as annual cash outlays (i.e., PAYGO or revenue-funded capital) and new debt service.

To develop the capital financing plan, we will review the City's approved capital improvement plan (CIP) and work with City staff to ensure that the appropriate level of investment is balanced against the potential rate implications. To the extent that the CIP is in current year dollars, we will include adjustments for future construction cost inflation based on an analysis of trends for the appropriate cost indices (e.g., Engineering News Record). We will also incorporate any projects that the City already has in progress from prior approved CIPs that will be completed in the first few years of the forecast period. The CIP will incorporate both routine repair and replacement expenditures as well as major capital improvements. Given the recurring nature of routine expenditures (i.e., sewer line replacement), many utilities employ a PAYGO funding approach. Major capital improvements are funded with debt to spread out the financial burden on customers and to ensure that the cost of major improvements is borne by all customers, not just current customers. We will work with City staff to develop an optimal mix of cash and debt financing to achieve the City's financial management objectives. The projected capital costs, including PAYGO and any new debt service, will be incorporated into the cash flow projections in Task 2.4.

For water, Raftelis will work to incorporate the recommendations from the City's recently completed master plan update which has identified significant improvements to the City's water system to meet customer demand through 2043. The City's 2019 water study included capital improvement limited to in-house water main replacement and equipment replacement, which the City had the capacity to fund using PAYGO funding. By contrast, the master plans identify $270 million in capital improvement needs over the next 10 years. Raftelis will work with City staff to develop a strategy for financing these improvements, the cost of which will be incorporated in the cash flow forecast in Task 2.4 and ultimately the rates themselves in Tasks 3 and 4.

For wastewater, Raftelis will incorporate the latest information regarding the City's collection system needs, the status of the NACA line and plant expansion and the rehabilitation of the City's wastewater treatment plant. At the time of the completion of the 2023 wastewater rate study, the NACA line had been bid, construction was underway with repayment of an Arkansas Natural Resource Commission (ANRC) loan expected to begin in 2024. The NACA plant expansion had also been bid and ANRC loan payments were expected to begin after the completion of construction in second half of 2025. The City owned wastewater plant rehabilitation and expansion project was anticipated to be completed by 2028, with payments on an assumed ANRC loan beginning at that time. Raftelis will incorporate the timing of the principal and interest payments on these loans into the cash flow forecast for wastewater developed as part of Task 2.4.

**Task 2.4 — Utility Cash Flow Forecasts and Revenue Adjustments**
We will develop a detailed cash flow forecast for the multi-year planning horizon. This forecast will compare existing revenues (Task 2.1) to forecast expenditures (Tasks 2.2 and 2.3), identifying any deficiencies in funding under existing revenues. Throughout Task 2.4, we will discuss the City's existing financial policies and objectives (formal and informal). This will include a review of the performance of the utility relative to key financial ratios (e.g., days cash, capital structure, and debt service coverage). Throughout these discussions, we will provide recommendations to ensure the City's financial management strategies align with industry best practices.

We will structure rate adjustments to achieve the City's strategic financial management objectives and maintain alignment with best financial management practices regarding debt service coverage ratios and reserve balances. Where possible, revenue adjustments will be smoothed, mitigating the impact on customers in any given year. The ultimate outcome of Task 2.4 will be the identification of the overall level of revenue required (including any adjustments to revenue) to fund the provision of safe and reliable water and wastewater service in a financially sustainable manner. This revenue requirement will be attributed to the City's customer classes based on their use of the water and wastewater system in Task 3. For water, we will restate the revenue requirement on a utility basis (O&M, depreciation and return) in order to develop rates for the City wholesale water customers.

### PLANNED MEETINGS:

- Virtual meetings as needed.
- Onsite Meeting #2 – Meet with City staff to review draft financial plan, confirm strategy and identify any issues.

### DELIVERABLES:

- Meeting materials
- Meeting summary memorandum

## Task 3: Cost-of-Service Analysis

The project team will utilize our experience, combined with industry best practices as set forth in the American Water Works Association's (AWWA) Manual M1: Principles of Rates, Fees and Charges and Water Environment Federation's (WEF) *Manual of Practice No. 27, Financing and Charges for Wastewater Systems,* to assign the revenue requirement determined in the water and wastewater financials plan to the City's customer classes.

This will involve three steps: functionalization (Task 3.1), which assigns the revenue requirement to the various components of the water and wastewater system (e.g., collection and treatment, purchased water, transmission and distribution); classification, which assigns the functionalized costs to demand parameters, or the components of customer demand which drive costs (e.g., flow and strength, base and max day) (Task 3.2); and distribution, which assigns costs to customer classes in proportion to the demands they place on the water and wastewater systems (Task 3.3).

In addition to the general approach outlined above, the water cost of service study will take into account the unique service characteristics and level of service received by the City's wholesale water customers: Bella Vista, Cave Springs, Oakhills and Old Bella Vista POA. In general, these rates include a pass-through of water supply costs from Beaver Water District, as well as the cost of the City's transmission system, but do not include the cost of distribution mains and distribution storage. In addition the rate to Bella Vista excludes the capital cost of the City's Tiger tank, which is recovered via a separate capital cost share fixed charge. The pass through of the Beaver Water District rate is one for one and does not account for volumes purchased by the City, but not billed to customers. At the time of the 2020 rate study this was believed to be primarily a metering issue, though there is likely some non-revenue water which could be attributed to wholesale customers.[1] The contract with Bella Vista is for 20 years, expiring in 2025. The remaining contracts are on 6 year, automatically renewing terms. The cost of service analysis developed in Task 3 will take into account the current service characteristics of each customer in order to facilitate future negotiations with these customers regarding the rates and rate setting methodology.

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[1] The City's current service agreement with Bella Vista does not allow for the inclusion of non-revenue water related costs in the rate.

**Task 3.1 — Functionalize Revenue Requirement**

Applying the principle of cost causation requires a determination of how the costs incurred relate to the design and operation of the water and wastewater system. The functionalization step allocates the revenue requirement to the various functions each utility performs in order to deliver service. The cost of each function is then related to the demand characteristics, which drive variation in those costs (Task 3.2) and ultimately to customer classes based on their proportionate share of that demand (Tasks 3.3).

Functional categories for the water utility may include:

- Purchased Water
- Purchased Water – Non-Revenue Water
- Water Supply Line and Tank
- Transmission
- Distribution
- Storage
- Meters & Services
- Customer Service

Functional categories for the wastewater utility may include:

- Laterals
- Collection mains
- Lift stations
- Treatment plant
- Industrial waste control
- Customer service

Task 3.1 involves allocating the revenue requirement to these functions. The project team will work closely with City staff to determine allocations that reasonably align the costs incurred with each function. We will functionalize O&M expenses based on an evaluation of the City's detailed water and wastewater budget and interviews with City staff. We will functionalize capital expenditures (i.e., PAYGO capital and debt service) based on the City's investment in water and wastewater assets.

**Task 3.2 — Allocate Functionalized Revenue Requirement to Cost Components**

The cost of each function from Task 3.1 is driven by different types of customer demand. Task 3.2 attributes the functionalized costs to these cost components. The result is an understanding of the proportion of the revenue requirement that can be attributed to each type of customer demand. This allows for a distribution of the revenue requirement based on customer demands in Tasks 3.3.

The City's water system was designed to distribute water during periods of average customer demand as well as peak demand. If no peak demand existed, a smaller, less costly, system could be built to serve customers. Given that additional costs (above those incurred to serve average demand) are incurred to serve peak demand, the question then becomes who should pay for those incremental costs. The base-extra capacity methodology (as outlined in AWWA's Manual M1) is the most common method for assigning such costs for water utilities. The base-extra capacity method allocates maximum day and maximum hour costs based on the incremental demand above average day. Thus, customers whose demand drives the need for the larger system are allocated a greater share of costs.

The cost drivers related to water customer demand are as follows:

- Base – Demand on an average day
- Maximum day extra capacity – Maximum day demand excluding average day

- Maximum hour extra capacity – Maximum hour demand excluding maximum day demand and average day demand

The City's wastewater system was designed around the volume and strength of wastewater contributed by customers. Volume includes sanitary flow that is the result of customers direct contribution of wastewater into the City's collection system and infiltration and inflow (I/I). Infiltration in many systems is largely driven by aging customer sewer laterals, which deteriorate over time resulting in root intrusion, cracks, joint misalignment, and general leakage, causing groundwater penetration, especially during heavy rain events. The age and condition of the sewer collection system also contributes to infiltration. Inflow can be caused by directly connected residential storm drainage systems, broken or missing cleanout caps, faulty manhole covers or frames, and other issues.

Wastewater strength relates to the concentration of pollutants that must be removed from City wastewater via the physical and biological processes at the City's wastewater treatment plants. Wastewater strength includes measures such as biochemical oxygen demand (BOD), total suspended solids (TSS), phosphorous and nitrogen.

The cost drivers related to wastewater customer demand include:
- Sanitary flow
- I/I
- Strength (BOD, TSS, Phosphorous, Nitrogen)
- Customer bills

Costs that are driven by wastewater volumes will be allocated to sanitary flow and I/I. Costs related to strength are allocated to strength parameters. Functions that are driven by multiple demand components will be allocated between those components based on the design and operation of the infrastructure used to meet the type of demand in question. For example, the design of different components of the wastewater treatment process is a function of volume and the different strength components. We will work with City staff to determine appropriate allocations between the various cost components.

**Task 3.3 — Distribute Costs to Customer Classes**

While Tasks 3.1 and 3.2 allocate the revenue requirement according to the various types of customer demand, Task 3.3 will involve assigning the revenue requirement to each customer class proportionate to their share of the type of demand, which drives variation in those costs. This involves three steps:

1. Determine customer class units of service.
2. Calculate unit cost of service
3. Distribute costs of customer classes

To determine units of service for the *water utility*, the project team will evaluate the City's detailed customer billing information, and other operational information available to the City (e.g., plant production records). Base costs, for example, are typically allocated using annual usage plus an allocation of non-revenue water. Maximum day and maximum hour costs are typically allocated using maximum day and maximum hour extra capacity demand. These will be estimated using monthly billing data and water purchase records.

To determine the units of service by customer class for the *wastewater utility*, we will create a mass balance analysis, which uses a combination of customer billing information and wastewater plant discharge monitoring reports (DMR) to determine customer class units of service.

The mass balance analysis will assign influent volumes received at the City's wastewater treatment plants to each customer class based on an analysis of the available usage data. Volume-related units include sanitary flow plus I/I. The total influent volume (sanitary plus I/I) at the City's wastewater treatment plant is known. We will estimate the breakdown of total influent volume between sanitary flow and I/I using winter period water usage, customer billing data and collection system data (e.g., lengths of collection mains of various diameters).

We will determine strength-related units in a similar fashion. The strength loadings at the City's wastewater treatment plants are known. Strength units for surcharge customers (whose loadings are monitored) would be subtracted from the wastewater plant loadings with the remaining amount to be distributed to the non-monitored customers based on assumed strength loadings.

After determining units of service by customer class, we will calculate a unit cost of service for each demand parameter by dividing the costs (by component) determined in Task 3.2 by the units of service (by component). The result is a unit cost of service for each component of demand.

Finally, we will distribute costs to each customer class be used to distribute costs to the City's customer classes by multiplying the applicable unit cost for each component of demand by each customer class' units of service. The outcome is an understanding of each customer class' responsibility for the overall revenue requirement identified in Task 2.

Raftelis will develop a comparison of class cost of service to class revenue generation under the City's existing rates. This comparison will identify variances between the level cost each class causes the City to incur and the revenue currently recovered from that class. To the extent that significant variances are identified, these can be used as a guide for recommended rate adjustments in Task 4.

### PLANNED MEETINGS:

- Virtual meetings as needed to review preliminary cost of service analysis results.

### DELIVERABLES:

- Meeting materials
- Meeting summary memorandum

## Task 4: Rate Design and Analysis of Bill Impacts

The project team will recommend adjustments to the City's water and wastewater rate structure to improve alignment with cost of service, industry best practices, and the community values identified in Task 1. Task 4 may include the development of rate alternatives, which evaluate different approaches to recovering the City's revenue requirement (fixed versus volume charges, rates by customer class, phase-in of any recommended changes)

Once rate alternatives are established, the project team will assess the impact on City customers via traditional methods, such as typical customer bills, peer benchmarking and a high level affordability analysis using the United States Census Bureau American Community Survey (ACS) Data. We will work with City staff to ensure that any recommended changes are compatible with the City's billing system.

For wholesale water rates we will calculate rates which meet the requirements of the City's existing service agreements with these customers, as well as alternative approaches which can be incorporated into future service agreements. Currently, the contracts with Cave Springs, Oakhills and Old Bella Vista POA all contain similar language, which allows the City to increase the rate as needed, but not more the once per year. These contracts also require adjustments to the rates based on any changes to the Beaver Water District rate (up or down). Aside from these provisions, the contracts with these three customers. The contract with Bella Vista has a much more detailed and much more complicated rate structure. This contract will expire in 2025, prompting the need for a new contract with provisions for establishing and adjust the rate for this customer. Raftelis will work with City staff to determine alternatives which can be included in a new contract to ensure the City continues to recover costs in an equitable manner going forward.

### PLANNED MEETINGS:

- Virtual meetings as needed to review interim deliverables and materials for onsite meeting.
- Onsite Meeting #3 – Meet with City staff to review draft report and presentation materials.
- Virtual meeting to present preliminary findings to Bentonville Utility Board
- Onsite Meeting #4 – present preliminary findings to Bentonville City Council

### DELIVERABLES:

- Presentation materials
- Meeting summary memorandum

## Task 5: Rate Study Report and Presentation of Study Results

The project team will produce a report which summarizes the results of the study. Drafts will be circulated to City staff and any comments will be incorporated into a Final Draft report, which will be provided in hard copy and electronic format to the City. Senior members of our project team will also present the draft final results of the study to the Utility Board and the City Council. After incorporating feedback from the Utility Board and City Council, the project team will present the final study results at a meeting for adoption of the rate ordinance and be available to answer any final questions.

### PLANNED MEETINGS:

- Virtual meetings as needed to review interim deliverables and materials for onsite meeting.
- Virtual meeting with Bentonville Utility Board to present draft rate study.
- Onsite Meeting #5 – Present draft final study to Bentonville City Council
- Onsite Meeting #6 – Present final report to Bentonville City Council at meeting for rate adoption.

### DELIVERABLES:

- Presentation materials
- Rate Study Report

## Task 6: Development of the Cost-of-Service Model

The project team will develop a user- friendly rate model in Excel, which the City can use as a decision support tool moving forward. This model will be non-proprietary and accessible by the City without any licensing restrictions or fees. We will also provide up to 8 hours per year of model support at no additional cost to the City.

### PLANNED MEETINGS:

- Virtual meetings for model training.
- Virtual meetings for model support (up to 8 hours/year).

### DELIVERABLES:

- Water and Wastewater Rate Models

# Fee Proposal

| Tasks | Hours | | | | | Total Fees |
|---|---|---|---|---|---|---|
| | TB | CD | SC | JC | Total | |
| **1. Project Initiation, Management, and Stakeholder Engagement** | 8 | 20 | 16 | 2 | 46 | **$13,370** |
| **2. Finanical Plan Development** | 4 | 16 | 64 | 4 | 88 | **$21,780** |
| **3. Cost-of-Service Analysis** | 2 | 24 | 80 | 6 | 112 | **$27,710** |
| **4. Rate Design and Analysis of Bill Impacts** | 4 | 12 | 32 | 4 | 52 | **$13,460** |
| **5. Rate Study Report and Presentation** | 4 | 40 | 60 | 2 | 106 | **$28,010** |
| **6. Development of Cost-of-Service Model** | 0 | 4 | 8 | 2 | 14 | **$3,610** |
| **Total Meetings / Hours** | **22** | **116** | **260** | **20** | **418** | |
| **Hourly Billing Rate** | **$360** | **$320** | **$220** | **$285** | | |
| **Total Professional Fees** | **$7,920** | **$37,120** | **$57,200** | **$5,700** | **$107,940** | |

| | |
|---|---|
| **Total Fees** | **$107,940** |
| **Travel Expenses** | **$3,500** |
| **Technology and Communication Charge** | **$4,180** |
| **Total Fees & Expenses** | **$115,620** |

*TB - Tom Beckley - Project Director*
*CD - Collin Drat - Project Manager*
*SC - Staff Consultant*
*JC - Joe Collins - QA/QC*
-
-
-
-

**PROFESSIONAL SERVICES AGREEMENT BETWEEN**
**THE CITY OF BENTONVILLE**
**AND**
**RAFTELIS FINANCIAL CONSULTANTS, INC.**

This Consulting Agreement ("Agreement") is entered into this _____ day of _________, 2024 (hereinafter referred to as the effective date of the agreement) by and between, The City of Bentonville (the "Client") and Raftelis Financial Consultants, Inc., 227 W. Trade Street, Suite 1400, Charlotte, NC 28202 ("Raftelis").

**Witnesseth**

WHEREAS, Raftelis is engaged and experienced in public finance, management, and pricing, and service delivery, and

WHEREAS, The Client desires to hire Raftelis and Raftelis agrees to provide services to the Client,

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to the terms and conditions set forth herein.

**Article 1 – Statement of Work**

Raftelis shall provide professional consulting services to prepare a water and wastewater rate analysis for Client. Raftelis will perform the services as set forth in its proposal sent to Client dated May 24, 2024 and included herein as Attachment A, the "Scope."

**Article 2 – Time for Completion**

This Agreement will commence upon approval by the Client and remain in effect for a period of one year. Further renewals of this Agreement are at the option of and shall be mutually agreed to by the Parties.

**Article 3 – Compensation**

Client shall pay to Raftelis the sum not to exceed $115,620, which includes professional fees and direct expenses incurred in performing the scope of services, as well as an hourly technology expense reimbursement, outlined in Attachment B. The parties understand that this sum is based upon the scope of work contained herein at Raftelis' current standard hourly rate schedule included in Attachment B. Any expansion of the scope of work by the Client shall involve the discussion of and agreement about additional fees and time by both parties.

Raftelis shall submit invoices to the Client on a monthly basis for services rendered to the date thereof. Such invoices shall be supported by appropriate documentation; at a minimum, the task performed, the individuals working on such task, the level of each such individual, and expenses incurred. Each invoice will contain all hours and expenses from Raftelis for the month. Upon receipt of monthly invoice, the Client will remit payment of same amount to Raftelis within 30 days.

## Article 4 – Additional Services

At the Client's request, Raftelis may submit proposals for additional professional services. Each proposal submitted shall detail: (1) scope of work for the additional services; (2) period of services to be performed; and (3) method and amount of compensation. The Client shall provide written acceptance and authorization to Raftelis prior to the commencement of work on any proposed additional services. Each proposal for additional services accepted and approved by the Client shall become part of this Agreement and shall be governed by the terms and conditions contained herein.

## Article 5 – Place of Performance

Raftelis shall be responsible for maintaining its own office facilities and will not be provided with either office facilities or support by the Client.

## Article 6 – Indemnification

Raftelis hereby agrees to indemnify and defend the Client, its officers, directors, managers and employees ("Indemnified Party or Parties") and to hold the Indemnified Parties harmless against third party claims, costs and expenses, including reasonable attorney's fees, action, or demands against the Indemnified Parties and against damages for injury to or death of any person and for loss of or damage to all property caused by the negligent acts, errors or omissions of Raftelis in performing this Agreement, except to the extent the claims, demands, liabilities, cost and expenses are caused by the negligent acts, errors or omission of an Indemnified Party.

## Article 7 – Insurance

Raftelis shall maintain the types and levels of insurance during the life of this Agreement as specified below. The Client will be named as additional insured on Raftelis' Certificates of Insurance and Raftelis will provide the Client with these Certificates of Insurance.

Commercial General Liability Insurance – $1,000,000 for each occurrence and $2,000,000 in the aggregate

Comprehensive Automobile Liability Insurance – $1,000,000 combined single limit each occurrence – hired and non-owned only

Workers Compensation Insurance – Statutory limits

Professional Liability Insurance – $5,000,000 occurrence and $5,000,000 excess

Excess or Umbrella Liability – $5,000,000 occurrence and $5,000,000 in the aggregate

Cyber Insurance - $5,000,000

**Article 8 – Confidential Information**

Raftelis acknowledges and agrees that in the course of the performance of the services pursuant to this Agreement, Raftelis may be given access to, or come into possession of, confidential information from the Client, of which information may contain privileged material or other confidential information. Raftelis acknowledges and agrees, except as required by judicial or administrative order, trial, or other governmental proceeding, that it will not use, duplicate, or divulge to others any such information marked as "confidential" disclosed to Raftelis by the Client ("Confidential Information") without first obtaining written permission from the Client. All tangible embodiments of such information shall be delivered to the Client or the destination of such information by Raftelis requested by the Client. The Client acknowledges Raftelis has the right to maintain its own set of work papers which may contain Confidential Information.

**Article 9 – Independent Contractor Status**

It is understood and agreed that Raftelis will provide the services under this Agreement on a professional basis as an independent contractor and that during the performance of the services under this Agreement, Raftelis' employees will not be considered employees of the Client within the meaning or the applications of any federal, state, or local laws or regulations including, but not limited to, laws or regulations covering unemployment insurance, old age benefits, worker's compensation, industrial accident, labor, or taxes of any kind. Raftelis' employees shall not be entitled to benefits that may be afforded from time to time to Client employees, including without limitation, vacation, holidays, sick leave, worker's compensation, and unemployment insurance. Further, the Client shall not be responsible for withholding or paying any taxes or social security on behalf of Raftelis' employees. Raftelis shall be fully responsible for any such withholding or paying of taxes or social security.

**Article 10 – Reliance on Data**

In performance of the services, it is understood that the Client and/or others may supply Raftelis with certain information and/or data, and that Raftelis will rely on such information. It is agreed that the accuracy of such information is not within Raftelis' control and Raftelis shall not be liable for its accuracy, nor for its verification, except to the extent that such verification is expressly a part of Raftelis' Scope of services.

**Article 11 – Standard of Performance**

Raftelis will perform the services under this Agreement in accordance with the standard of professionals in its industry prevailing at the time and place the services are performed. Raftelis' opinions, estimates, projections, and forecasts of current and future costs, revenues, other levels of any sort, and events and estimates of cost-justified system development fees shall be made on the basis of available information and Raftelis' expertise and qualifications as a professional. Raftelis will perform the Scope of services in conformance with the professional standards in its field of expertise prevailing at the time and place the Scope of services are performed. Raftelis does not warrant or guarantee that its opinions, estimates, projections or forecasts of current and future levels and events will not vary from the Clients' estimates or forecasts or from actual outcomes. Raftelis identifies costs, allocates costs to customer classes and provides rate models. It does not establish rates, which is the legislative responsibility of the Client.

## Article 12 – No Consequential Damages

To the fullest extent permitted by law, neither party shall be liable to the other for any special, indirect, consequential, punitive or exemplary damages resulting from the performance or non-performance of this Agreement notwithstanding the fault, tort (including negligence), strict liability or other basis of legal liability of the party so released or whose liability is so limited and shall extend to the officers, directors, employees, licensors, agents, subcontractors, vendors and related entities of such party.

## Article 13 – Termination of Work

This Agreement may be terminated as follows:

1. **By Client.** (a) for its convenience on 30 days' notice to Raftelis, or (b) for cause, if Raftelis materially breaches this Agreement through no fault of Client and Raftelis neither cures such material breach nor makes reasonable progress toward cure within 15 days after Client has given written notice of the alleged breach to Raftelis.

2. **By Raftelis.** (a) for cause, if Client materially breaches this Agreement through no fault of Raftelis and Client neither cures such material breach nor makes reasonable progress toward cure within 15 days after Raftelis has given written notice of the alleged breach to Client, or (b) upon five days' notice if Work under this Agreement has been suspended by either Client or Raftelis in the aggregate for more than 30 days.

3. **Payment upon Termination.** In the event of termination, Raftelis shall be compensated for all work properly performed prior to the effective date of termination.

## Article 14 – Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed deliverable when delivered in person or deposited in the United States mail, postage prepaid, addressed as follows:

| If for the Client: | If for Raftelis: |
|---|---|
| ______________________________ | Collin Drat |
| Name | Raftelis Financial Consultants, Inc. |
| | 215 W. Pershing Road |
| ______________________________ | Suite 406 |
| Title | Kansas City, MO 64108 |
| ______________________________ | |
| Address | |

## Article 15 – Ownership of Work Product

All documents, data, compilations reports and studies prepared by Raftelis in performing the Scope of services shall be the property of the Client; provided that any use other than as contemplated in this Agreement or any alteration or modification of the Work Product shall be at the sole risk of Client, and Client shall indemnify, defend and hold Raftelis harmless from any claim, demand, liability, cost or expenses incurred by Raftelis from such use or modification. Nothing contained herein shall be deemed an assignment, transfer, or divestiture of its use by Raftelis of any of its trade secrets, know-how, or intellectual property.

## Article 16 – Compliance with Applicable Laws

Raftelis is an equal opportunity employer and complies with all federal, state, and local fair employment practices laws. Raftelis strictly prohibits and does not tolerate discrimination against employees, applicants, or any other covered persons because of race, color, religion, national origin or ancestry, gender identity, sexual orientation, marital status, sex, pregnancy, age, disability, past, current, or prospective service in the uniformed services, or any other characteristic protected under applicable federal, state, or local law. All Raftelis employees, other workers, and representatives are prohibited from engaging in unlawful discrimination. This policy applies to all terms and conditions of employment, including, but not limited to, hiring, training, promotion, corrective action, compensation, benefits, and termination of employment.

Any act of discrimination committed by Raftelis in the course of its performance under this Agreement, or failure to comply with these statutory obligations when applicable, shall be grounds for termination of this Agreement.

## Article 17 – General Provisions

A. Entire Agreement: This Agreement represents the entire and sole agreement between the Parties with respect to the subject matter hereof.

B. Waiver: The failure of either Party to require performance by the other of any provision hereof shall in no way affect the right to require performance at any time thereafter, nor shall the waiver of a breach of any provision hereof be taken to be a waiver of any succeeding breach of such provision or as a waiver of the provision itself. All remedies afforded in this Agreement shall be taken and construed as cumulative; that is, in addition to every other remedy available at law or in equity.

C. Relationship: Nothing herein contained shall be construed to imply a joint venture, partnership, or principal-agent relationship between Raftelis and the Client; and neither Party shall have the right, power, or authority to obligate or bind the other in any manner whatsoever, except as otherwise agreed to in writing.

D. Assignment and Delegation: Neither Party shall assign this Agreement or any rights, duties, or obligations hereunder without the express written consent of the other. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the successors, legal representatives, and assignees of the Parties hereto.

E. Severability: If any provision of this Agreement is declared invalid or unenforceable, such provision shall be deemed modified to the extent necessary to render it valid and enforceable. In any event, the unenforceability or invalidity of any provision shall not affect any other provision of this Agreement, and this Agreement shall continue in force and effect, and be construed and enforced, as if such provision had not been included, or had been modified as above provided, as the case may be.

F. Governing Law: This Agreement shall be governed by, and construed in accordance with, the laws of the State of Arkansas.

G. Paragraph Headings: The paragraph headings set forth in this Agreement are for the convenience of the Parties, and in no way define, limit, or describe the scope or intent of this Agreement and are to be given no legal effect.

H. Third Party Rights: Nothing in this Agreement shall be construed to create or confer any rights or interest to any third party or third-party beneficiary. It is the intent of the parties that no other outside, non-party claimant shall have any legal right to enforce the terms of this Agreement.

## Article 18 – Disclosures

As a registered Municipal Advisor under the Dodd-Frank Act, Raftelis is required to inform our clients of any existing or potential conflicts of interest that may be relevant to any proposed scope of services that may include providing “advice” as that term is defined in the Dodd-Frank Act. As of the date of this engagement letter, no conflicts of interest are known to exist.

Under the Dodd-Frank Act the definition of “advice” includes providing any opinion, information or assumptions related to the size, timing and terms of possible future debt issues or borrowing. This type of information may be integrated into the capital and financial planning components of a water and wastewater rate analysis. This definition is applicable regardless of whether this information is developed and used solely for planning and decision-making purposes. For the services addressed in the scope of work identified for this engagement, any information that is developed by Raftelis that falls under this definition of municipal advice is not intended to represent a recommendation that the City of Bentonville should issue debt based on the terms and assumptions used to develop the financial plan or forecast, or that the will, in fact, be able to issue debt under the exact terms and conditions assumed and used to develop the financial plan or forecast. The information developed as part of this water and wastewater rate analysis, including any related municipal advice, is intended only to provide information useful in evaluating the potential impact on the utility and future rate adjustments of one potential course of action for the . If the City of Bentonville decides at some future date to issue debt, then at that time the will need to engage an independent, registered Financial Advisor to assist in evaluating the availability of different types of debt, and the specific terms and conditions for issuing debt, which will be affected by market conditions and the City of Bentonville’s credit rating at the time of issuance. At that time, as a registered Municipal Advisor, Raftelis can also provide additional assistance related to a specific bond or debt issue, such as preparing a bond feasibility report or financial forecast for inclusion in bond documents.

Any services provided under this agreement that fall under the definition of municipal advice are only covered through the term of this agreement. Raftelis may withdraw from providing municipal advisory services upon written notification to the City of Bentonville.

The Municipal Securities Rulemaking Board (“MSRB”) provides significant protections for municipal entities and obligated persons that are clients of a municipal advisor. To understand the protections provided and how to file a complaint with an appropriate regulatory authority, visit the MSRB’s web site at www.msrb.org.

Raftelis does not have any legal events or disciplinary history on Raftelis’ Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgements, liens, civil judicial actions, customer complaints, arbitrations, and civil litigation. Raftelis’ most recent form MA and each most recent Form MA-I filed with the SEC may be assessed electronically at the following website: www.sec.gov/edgar/searchedgar/companysearch.html

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC. If any material legal or regulatory actions is brought against Raftelis, Raftelis will provide complete disclosure to the the City of Bentonville in detail.

By signing this agreement indicating its approval and acceptance of the of the proposed scope of work and fees, the City of Bentonville is also explicitly acknowledging that Raftelis has provided the necessary disclosures addressing conflicts of interest and any limitations on the scope of Municipal Advisory services to be provided by Raftelis' part of this engagement.

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized representatives.

By: ______________________________
Signature

______________________________
Title

______________________________
Date

Raftelis Financial Consultants, Inc.

By: ______________________________
Signature

______________________________
Title

______________________________
Date

# ATTACHMENT A

# STATEMENT OF WORK

**ATTACHMENT B**
**RAFTELIS' 2024 STANDARD HOURLY BILLING RATES**

| Position | Hourly Billing Rate* |
|---|---|
| Chair/Chair Emeritus | $500 |
| Chief Executive Officer/President | $450 |
| Executive Vice President | $400 |
| Vice President | $360 |
| Senior Manager | $320 |
| Recruiter | $295 |
| Principal/Senior Advisor | $295 |
| Manager | $285 |
| Senior Consultant | $250 |
| Executive Coach | $250 |
| Consultant | $220 |
| Creative Director | $220 |
| Associate Consultant | $185 |
| Graphic Designer | $160 |
| Analyst | $135 |
| Administration | $100 |
| Technology/Communications Charge** | $10 |

* These rates will be in effect for calendar year 2024 and will then increase annually by three percent (3%) unless specified otherwise by contract.

** Technology/Communications Charge – This is an hourly fee charged monthly for each hour worked on the project to recover telephone, facsimile, computer, postage/overnight delivery, conference calls, electronic/computer webinars, photocopies, etc.

*** For services related to the preparation for and participation in deposition and trial/hearing, the standard billing rates listed above will be increased by an amount up to 50%.

**RESOLUTION NO._______________**

**A RESOLUTION ALLOWING THE MAYOR AND CITY CLERK TO ENTER INTO AN AGREEMENT WITH RAFTELIS FINANCIAL CONSULTANTS, INC. FOR PROFESSIONAL SERVICES, IN THE AMOUNT OF ONE HUNDRED FIFTEEN THOUSAND SIX HUNDRED TWENTY DOLLARS ($115,620.00); AND FOR OTHER PURPOSES.**

**WHEREAS**, The City of Bentonville Water and Wastewater Departments are requesting to enter into a professional service agreement with Raftelis Financial Consultants, Inc.;

**WHEREAS,** this professional service agreement will include a water and wastewater rate analysis and financial plan for the Water Utility; and

**WHEREAS,** Raftelis Financial Consultants, Inc. was selected in accordance with Arkansas law and City purchasing policy for the procurement of professional services; and

**WHEREAS**, this is a budgeted item through both the Water and Wastewater Department.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BENTONVILLE, ARKANSAS THAT:**

<u>Section 1</u>: The Mayor and City Clerk are authorized to enter into an agreement with Raftelis Financial Consultants, Inc. to provide professional services, in the amount of one hundred fifteen thousand six hundred twenty dollars ($115,620.00);

<u>Section 2 - Severability Provision</u>: If any part of this Resolution is held invalid, the remainder of this Resolution shall continue in effect as if such invalid portion never existed; and

<u>Section 3: Repeal of Conflicting Provisions</u>: All Ordinances, Resolutions, or Orders of the City Council, or parts of the same, in conflict with this Resolution are repealed to the extent of such conflict.

**PASSED this __________ day of ________________________, 2024.**

**APPROVED:**

______________________________
**STEPHANIE ORMAN, Mayor**

**ATTEST:**

______________________________
**MALORIE MARRS, City Clerk**

## City of Bentonville, Arkansas Agenda Item Form

### Item Details

| | | | |
|---|---|---|---|
| **Council Meeting Date:** | 7/9/2024 | **Submitted By:** | Mike Bender |
| **Phone:** | 479-271-6873 | **For Department(s):** | Water, Wastewater |
| **Email:** | mbender@bentonvillear.com | | |

### Item Type (Check all that apply)

- ☐ Informational
- ☐ Bid Award
- ☑ Enter into an Agreement
- ☐ Change Order
- ☐ Recognizing Funds
- ☐ Budget Adjustment
- ☐ Waiver of Bid
- ☐ Emergency Clause
- ☐ Ordinance
- ☑ Resolution
- ☐ Informational

### Title, Recommendation & Justification

| | |
|---|---|
| **Title:** | Resolution authorizing an Agreement for Water and Wastewater Capacity Fee Analysis |
| **Action Recommendation & Justification:** | A resolution authorizing the Mayor and City Clerk to enter into a professional services agreement with Raftelis Financial Consultants, Inc. (Raftelis) in an amount not to exceed $59,600.00 to perform a water and wastewater capacity fee analysis for the Water Utility. Utility Board Approved 4-0. No budget adjustment is needed. |
| **Additional Comments for Consideration (Optional):** | Raftelis Financial Consultants, Inc. was selected in accordance with Arkansas law and City purchasing policy for the procurement of professional services. |
| **Amount for Approval:** | $ 59,600.00 |

### Budget Impact

**Is this Item Budgeted?** ☑ YES ☐ NO ☐ ITEM HAS NO COST ☐ OTHER:

### Budget Adjustment *(to be completed by Finance when applicable)*

| Account Number (ORG-OBJECT) | Account Description | Expense | Revenue |
|---|---|---|---|
| | | $ | $ |
| | | $ | $ |
| | | $ | $ |
| | | $ | $ |

**Fund(s) Impacted (check all that apply)** ☐ General Fund ☐ Utility Fund ☐ Street Fund ☐ Other(s):

*Budget Impact Notes for Consideration (Optional):*

Study will be paid for with funds budgeted in 101040-43210.

## CITY OF BENTONVILLE

# Water and Wastewater Capacity Fee Analysis

**SCOPE OF SERVICES / May 24, 2024**

# Scope of Services

## Task 1: Project Initiation, Management, and Stakeholder Engagement

We will conduct project kick-off meetings with City staff, the City Council and the Utility Board. The meetings with City staff and City Council will be conducted onsite and will take place on the same day. The kick-off meeting with the Utility Board will be a separate meeting, conducted virtually. The staff kick-off meeting will focus on study logistics including work plan, the project timeline, data requirements, and deliverables. Prior to the staff kick-off meeting, we will review the data provided by City staff and begin framing preliminary analyses and formulate any questions.

The kick-off meetings with the City Council and Utility Board will provide an overview of these issues, but—similar to prior studies—will focus on issues of policy surrounding the establishment of capacity fees, to ensure staff and the project team have appropriate direction moving forward.

Throughout the project we will manage the process via consistent communication, regular meetings (virtual and onsite) with City staff and a robust QA/QC process

### PLANNED MEETINGS:

- Onsite Meeting #1 – Kick-off meeting with City staff, Bentonville City Council
- Virtual kick-off meeting with Bentonville Utility Board

### DELIVERABLES:

- Kick-off meeting materials
- Kick-off meeting summary memorandum

## Task 2: Identify Cost of Growth Recovery Approaches

There are a variety of options for recovering the cost of infrastructure constructed to serve new customers, but all are premised on the concept that existing customers, by definition, have the infrastructure required to serve them. Since these customers will not *directly*[1] benefit from infrastructure constructed to serve new customers, it is common to determine one-time fees charged to new development to offset these costs under the "growth pays for growth" concept. In practice, it is uncommon for these one time fees to fully cover the cost of the growth related projects, but they are an approach to mitigating the financial impact of growth related infrastructure on existing customers. There will always be a timing difference between when growth related infrastructure must be financed and constructed (in large discrete chunks) and when the growth and related fees are realized. To the extent that funding is needed now for projects that will serve new customers added over a longer time horizon, rate revenue from existing customers is often the backstop, though there are communities that use outside sources of funding (non-utility) to cover these differences as well.

The most common approach to recovering growth related costs is system development charges (SDCs). The term SDC, which is identified in American Water Works Association's (AWWA) Manual M1: Principles of Rates, Fees and Charges is also referred to as:

- System Development Fees (SDF)
- Development Impact Fees (DIFs)

[1] Existing customer do benefit indirectly from the addition of new customers. The most important financial benefit is improved economies of scale which are realized as new customers are added to the system.

- Impact Fees
- Equity Fees
- Capacity Fees
- Availability Charges

For ease of reference, this scope of work will refer to these fees as capacity fees. Regardless of terminology used, these one-time fees all refer to payments made by developers to offset the cost investment in growth related infrastructure. This differs from tap fees or connection fees, which recover the cost of physically connecting the customer to the local distribution or collection main. Capacity fees recover the cost of backbone infrastructure constructed to serve new customers and do not include the cost of local distribution and collection infrastructure or the cost of installing a new customer's service line and meter. Generally, these are not area specific, but based on the cost of the growth related infrastructure, available capacity, and the level of service received by the new customer.

The two most common approaches to water and wastewater capacity fees are the equity buy-in approach and the marginal incremental cost approach. The *equity buy-in approach* is used for systems that have existing system capacity (usually treatment capacity) that is available to serve new customers. This approach determines the equity investment in the backbone system by determining the value of backbone assets, less the portion funded by any debt whose payments are funded by customer rates. The value of the backbone assets is generally adjusted to reflect the replacement cost of the assets, which reflects the value of the system today, as opposed to when it was constructed. The equity is divided by the capacity of the system (usually treatment capacity) to determine the cost for each unit of capacity. This can then be scaled to match the flow requirements of the new customer.

The second capacity fee approach is the *incremental cost* approach, involves a similar calculation but uses future project costs as the cost basis. Under the incremental cost approach, the cost of future capacity is divided by the incremental units of capacity added to determine the unit cost. Whereas the equity buy-in approach uses the value of the investment already made in assets with available capacity as its cost basis, the incremental approach uses the cost of future investment as its cost basis. The incremental approach is more commonly used in systems that do not have sufficient capacity to serve new customers and will need to construct new assets to serve the additional demand.

A *hybrid approach*, which uses a weighted average of the two foregoing approaches is also employed for systems which have some available capacity, but not enough to serve all the growth over the planning period.

In addition to capacity fees some communities use fees which recover the cost of *specific* infrastructure. The cost to extend a water or wastewater main to serve a new area might be recovered by a fee charged to new development connecting to that specific component of infrastructure. These fees are typically determined based on the cost of that specific project and the number of customer connections that can be served and often charged on a front footage basis. Special assessments are another approach to the same concept but utilize taxes in place of fees.

Raftelis will work with City staff to further our understanding of the projected growth anticipated in the City, and the historical context surrounding the City's current cost of growth recovery strategy. Raftelis will then provide recommendations surrounding the specific fee and fee calculation approach for both water and wastewater.

## Task 3: Calculate Fees

**Task 3.1 — Determine Cost Basis for Fee**

For capacity fees, the first step involves determining the cost basis for the fees. Generally, capacity fees recover the cost of capital improvements that expand capacity or recoup of the cost of prior capital improvements that have capacity available to serve new development. The cost basis for capacity fees, in other words, includes the cost of constructing new capacity and the cost of previous investment in existing available capacity. These costs must be related to the existing service requirements of customers and cannot improve the level of service. This aligns with the equity buy-in (existing available capacity) and incremental (new capacity) approaches outlined above. Raftelis will calculate the cost basis under all three approaches (equity buy-in, incremental and hybrid).

Under the equity buy-in approach, Raftelis will examine the City's fixed asset records to determine the original cost of investment in water and wastewater assets. This will then be escalated to replacement cost using relevant construction cost indices (Engineering News Record, Handy-Whiteman) and adjusted for accumulated depreciation. The value will only include backbone infrastructure with additional capacity for new development. This value will be divided by system capacity (likely treatment capacity) to determine a unit cost of the City's existing investment in capacity.

Under the incremental approach, Raftelis will work with staff to identify growth related projects in the City's capital improvement program as well as the capacity projected to be added over the planning period. The projected cost, divided by the projected capacity, will serve as the unit cost for the incremental approach. The hybrid approach will be based on the weighted average of the buy-in and incremental approaches.

If appropriate, any area or infrastructure specific charges will be determined based on the projected cost of the infrastructure divided by the appropriate units of service (e.g., total front footage) to determine a unit cost for that specific area.

**Task 3.2 — Determine Level of Service**

Once the cost basis is determined, a level of service for new customers must be determined, such that the calculated fee is proportional to the additional capacity demands of each unit of new development. Level of service is the amount of demand each new customer connection places on the City's water and sewer system and is typically expressed on a similar basis as the cost basis determined in Task 3.1. In addition, the level of service is typically expressed as the demand for a single family residential customer, or an equivalent residential unit (ERU) basis. The level of service can scaled up for multi-family residential and non-residential based on their flow requirements. Level of service information can be derived from customer billing records or planning studies conducted by the City (master plans). Raftelis will work with City staff to identify the appropriate level of service for the types of development anticipated in the City. Since the fees can only include the cost of available or additional capacity, not the cost of an improved level of service, the level of service for new customers will be the same as existing customers with the same demand characteristics.

**Task 3.3 – Calculate Fees**

The calculation for each fee involved multiplying the unit cost determined in Task 3.1, by the single family residential equivalent level of service to determine the fee for 1 ERU. From there fees can be scaled up for larger customers based on meter capacity ratios or by customer type using the number ERUs represented by that type. As noted above in Task 3.2, the number of ERUs for customers other than single family can be calculated using the level of service for the larger customer relative to that of the single family customer (i.e., twice the flow would be 2 ERUs). Raftelis will calculate fees under the various approaches above. The fees presented would represent the maximum supportable fee using the calculations outlined above. The City could reasonably enact *lower* fees, at its discretion.

## Task 4: Benchmarking

Raftelis will benchmark the proposed fees against similar fees charged by other similarly situated communities in Arkansas. If desired, Raftelis can incorporate other non-utility impact fees to present a combined picture of the total impact on new development as compared to its peers. While we would not recommend using benchmarking to determine a fee higher than the maximum supportable fee, benchmarking can be informative in determining the timing and level of the fee ultimately enacted, at or below the maximum supportable fee.

### PLANNED MEETINGS:

- Virtual meetings as needed to review interim deliverables and materials for onsite meeting.
- Onsite Meeting #2 – Meet with City staff to review draft report and presentation materials.
- Virtual meeting to present preliminary findings to Bentonville Utility Board
- Onsite Meeting #3 – present preliminary findings to Bentonville City Council

### DELIVERABLES:

- Presentation materials
- Meeting summary memorandum

## Task 5: Study Report and Presentation of Study Results

The project team will produce a report which summarizes the results of the study. Drafts will be circulated to City staff and any comments will be incorporated into a Final Draft report, which will be provided in hard copy and electronic format to the City. Senior members of our project team will also present the draft final results of the study to the Utility Board and the City Council. After incorporating feedback from the Utility Board and City Council, the project team will present the final study results at a meeting for adoption of the fee ordinance and be available to answer any final questions.

### PLANNED MEETINGS:

- Virtual meetings as needed to review interim deliverables and materials for onsite meeting.
- Virtual meeting with Bentonville Utility Board to present draft fee study.
- Onsite Meeting #4 – Present draft final study to Bentonville City Council
- Onsite Meeting #5 – Present final report to Bentonville City Council at meeting for fee adoption.

### DELIVERABLES:

- Presentation materials
- Capacity Fee Study Report

## Task 6: Fee Model

The project team will develop a user- friendly capacity fee model in Excel, which includes all of the documentation used to develop the fees. This model will be non-proprietary and accessible by the City without any licensing restrictions or fees. We will also provide up to 8 hours per year of model support at no additional cost to the City.

### PLANNED MEETINGS:

- Virtual meetings for model training.
- Virtual meetings for model support (up to 8 hours/year).

### DELIVERABLES:

- Water and Wastewater Capacity Fee Models

# Fee Proposal

| Tasks | Hours | | | | | | Total Fees |
|---|---|---|---|---|---|---|---|
| | TB | CD | SC | JC | TC | Total | |
| **1. Project Initiation, Management, and Stakeholder Engagement** | 4 | 8 | 8 | 2 | | 22 | **$6,330** |
| **2. Identify Cost of Growth Recovery Approaches** | 4 | 8 | 12 | 2 | 8 | 34 | **$10,090** |
| **3. Calculate Fees** | 2 | 12 | 24 | 4 | 8 | 50 | **$13,860** |
| **4. Benchmarking** | 2 | 8 | 12 | 4 | | 26 | **$7,060** |
| **5. Study Report and Presentation** | 4 | 16 | 28 | 2 | 2 | 52 | **$14,010** |
| **6. Capacity Fee Model** | 0 | 2 | 4 | 2 | 2 | 10 | **$2,810** |
| **Total Meetings / Hours** | **16** | **54** | **88** | **16** | **20** | **194** | |
| **Hourly Billing Rate** | **$360** | **$320** | **$220** | **$285** | **$360** | | |
| **Total Professional Fees** | **$5,760** | **$17,280** | **$19,360** | **$4,560** | **$7,200** | **$54,160** | |
| | **Total Fees** | | | | | | **$54,160** |
| | **Travel Expenses** | | | | | | **$3,500** |
| | **Technology and Communication Charge** | | | | | | **$1,940** |
| | **Total Fees & Expenses** | | | | | | **$59,600** |

*TB - Tom Beckley - Project Director*
*CD - Collin Drat - Project Manager*
*SC - Staff Consultant*
*JC - Joe Collins - QA/QC*
*TC - Todd Cristiano - Capacity Fee SME*
-
-
-

**PROFESSIONAL SERVICES AGREEMENT BETWEEN**
**THE CITY OF BENTONVILLE**
**AND**
**RAFTELIS FINANCIAL CONSULTANTS, INC.**

This Consulting Agreement ("Agreement") is entered into this _____ day of _________, 2024 (hereinafter referred to as the effective date of the agreement) by and between, the City of Bentonville (the "Client") and Raftelis Financial Consultants, Inc., 227 W. Trade Street, Suite 1400, Charlotte, NC 28202 ("Raftelis").

## Witnesseth

WHEREAS, Raftelis is engaged and experienced in public finance, management, and pricing, and service delivery, and WHEREAS, The Client desires to hire Raftelis and Raftelis agrees to provide services to the Client, NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to the terms and conditions set forth herein.

## Article 1 – Statement of Work

Raftelis shall provide professional consulting services to prepare a capacity fee study for Client. Raftelis will perform the services as set forth in its proposal sent to Client dated May 24, 2024 and included herein as Attachment A, the "Scope."

## Article 2 – Time for Completion

This Agreement will commence upon approval by the Client and remain in effect for a period of one year. Further renewals of this Agreement are at the option of and shall be mutually agreed to by the Parties.

## Article 3 – Compensation

Client shall pay to Raftelis the sum not to exceed $59,600, which includes professional fees and direct expenses incurred in performing the Scope of services, as well as an hourly technology expense reimbursement, outlined in Attachment B. The parties understand that this sum is based upon the Scope of work contained herein at Raftelis' current standard hourly rate schedule included in Attachment B. Any expansion of the Scope of work by the Client shall involve discussion of and agreement about additional fees and time by both parties.

Raftelis shall submit invoices to the Client on a monthly basis for services rendered to the date thereof. Such invoices shall be supported by appropriate documentation; at a minimum, the task performed, the individuals working on such task, the level of each such individual, and expenses incurred. Each invoice will contain all hours and expenses from Raftelis for the month. Upon receipt of monthly invoice, the Client will remit payment of same amount to Raftelis within 30 days.

## Article 4 – Additional Services

At the Client's request, Raftelis may submit proposals for additional professional services. Each proposal submitted shall detail: (1) Scope of work for the additional services; (2) period of services to be performed; and (3) method and amount of compensation. The Client shall provide written acceptance and authorization to Raftelis prior to the commencement of work on any proposed additional services. Each proposal for additional services accepted and approved by the Client shall become part of this Agreement and shall be governed by the terms and conditions contained herein.

## Article 5 – Place of Performance

Raftelis shall be responsible for maintaining its own office facilities and will not be provided with either office facilities or support by the Client.

## Article 6 – Indemnification

Raftelis hereby agrees to indemnify and defend the Client, its officers, directors, managers, and employees ("Indemnified Party" or "Indemnified Parties") and to hold the Indemnified Parties harmless against third party claims, costs, and expenses, including reasonable attorney's fees, action, or demands against the Indemnified Parties and against damages for injury to or death of any person and for loss of or damage to all property caused by the negligent acts, errors, or omissions of Raftelis in performing this Agreement, except to the extent the claims, demands, liabilities, cost, and expenses are caused by the negligent acts, errors, or omission of an Indemnified Party.

## Article 7 – Insurance

Raftelis shall maintain the types and levels of insurance during the life of this Agreement as specified below. The Client will be named as additional insured on Raftelis' Certificates of Insurance and Raftelis will provide the Client with these Certificates of Insurance.

Commercial General Liability Insurance – $1,000,000 for each occurrence and $2,000,000 in the aggregate

Comprehensive Automobile Liability Insurance – $1,000,000 combined single limit each occurrence – hired and non-owned only

Workers Compensation Insurance – Statutory limits

Professional Liability Insurance – $5,000,000 occurrence and $5,000,000 in excess

Excess or Umbrella Liability – $5,000,000 occurrence and $5,000,000 in the aggregate

Cyber Security – $5,000,000

## Article 8 – Confidential Information

Raftelis acknowledges and agrees that in the course of the performance of the services pursuant to this Agreement, Raftelis may be given access to, or come into possession of, confidential information from the Client, of which information may contain privileged material or other confidential information. Raftelis acknowledges and agrees, except as required by judicial or administrative order, trial, or other governmental proceeding, that it will not use, duplicate, or divulge to others any such information marked as "confidential" disclosed to Raftelis by the Client ("Confidential Information") without first obtaining written permission from the Client. All tangible embodiments of such information shall be delivered to the Client or the destination of such information by Raftelis requested by the Client. The Client acknowledges Raftelis has the right to maintain its own set of work papers, which may contain Confidential Information.

## Article 9 – Independent Contractor Status

It is understood and agreed that Raftelis will provide the services under this Agreement on a professional basis as an independent contractor and that during the performance of the services under this Agreement, Raftelis' employees will not be considered employees of the Client within the meaning or the applications of any federal, state, or local laws or regulations including, but not limited to, laws or regulations covering unemployment insurance, old age benefits, worker's compensation, industrial accident, labor, or taxes of any kind. Raftelis' employees shall not be entitled to benefits that may be afforded from time to time to Client employees, including without limitation, vacation, holidays, sick leave, worker's compensation, and unemployment insurance. Further, the Client shall not be responsible for withholding or paying any taxes or social security on behalf of Raftelis' employees. Raftelis shall be fully responsible for any such withholding or paying of taxes or social security.

## Article 10 – Reliance on Data

In performance of the services, it is understood that the Client and/or others may supply Raftelis with certain information and/or data, and that Raftelis will rely on such information. It is agreed that the accuracy of such information is not within Raftelis' control and Raftelis shall not be liable for its accuracy, nor for its verification, except to the extent that such verification is expressly a part of Raftelis' Scope of services.

## Article 11 – Standard of Performance

Raftelis will perform the services under this Agreement in accordance with the standard of professionals in its industry prevailing at the time and place the services are performed. Raftelis' opinions, estimates, projections, and forecasts of current and future costs, revenues, other levels of any sort, and events and estimates of cost-justified system development fees shall be made on the basis of available information and

Raftelis' expertise and qualifications as a professional. Raftelis will perform the Scope of services in conformance with the professional standards in its field of expertise prevailing at the time and place the Scope of services are performed. Raftelis does not warrant or guarantee that its opinions, estimates, projections or forecasts of current and future levels and events will not vary from the Client's estimates or forecasts or from actual outcomes. Raftelis identifies costs, allocates costs to customer classes and provides rate models. It does not establish rates, which is the legislative responsibility of the Client.

## Article 12 – No Consequential Damages

To the fullest extent permitted by law, neither party shall be liable to the other for any special, indirect, consequential, punitive or exemplary damages resulting from the performance or non-performance of this Agreement notwithstanding the fault, tort (including negligence), strict liability or other basis of legal liability of the party so released or whose liability is so limited and shall extend to the officers, directors, employees, licensors, agents, subcontractors, vendors and related entities of such party.

## Article 13 – Termination of Work

This Agreement may be terminated as follows:

1. **By Client.** (a) for its convenience on 30 days' notice to Raftelis; or (b) for cause, if Raftelis materially breaches this Agreement through no fault of Client and Raftelis neither cures such material breach nor makes reasonable progress toward cure within 15 days after Client has given written notice of the alleged breach to Raftelis.

2. **By Raftelis.** (a) for cause, if Client materially breaches this Agreement through no fault of Raftelis and Client neither cures such material breach nor makes reasonable progress toward cure within 15 days after Raftelis has given written notice of the alleged breach to Client; or (b) upon five days' notice if Work under this Agreement has been suspended by either Client or Raftelis in the aggregate for more than 30 days.

3. **Payment upon Termination.** In the event of termination, Raftelis shall be compensated for all work properly performed prior to the effective date of termination.

**(Remainder of page intentionally left blank)**

## **Article 14 – Notices**

All notices required or permitted under this Agreement shall be in writing and shall be deemed deliverable when delivered in person or deposited in the United States mail, postage prepaid, addressed as follows:

| If for the Client: | If for Raftelis: |
| --- | --- |
| ______________________ | Collin Drat |
| Name | Raftelis Financial Consultants, Inc. |
| | 215 W. Pershing Road |
| ______________________ | Suite 406 |
| Title | Kansas City, MO 64108 |
| ______________________ | |
| Address | |

## **Article 15 – Ownership of Work Product**

All documents, data, compilations reports and studies prepared by Raftelis in performing the Scope of services shall be the property of the Client; provided that any use other than as contemplated in this Agreement or any alteration or modification of the Work Product shall be at the sole risk of Client, and Client shall indemnify, defend and hold Raftelis harmless from any claim, demand, liability, cost or expenses incurred by Raftelis from such use or modification. Nothing contained herein shall be deemed an assignment, transfer, or divestiture of its use by Raftelis of any of its trade secrets, know-how, or intellectual property.

## **Article 16 – Compliance with Applicable Laws**

Raftelis is an equal opportunity employer and complies with all federal, state, and local fair employment practices laws. Raftelis strictly prohibits and does not tolerate discrimination against employees, applicants, or any other covered persons because of race, color, religion, national origin or ancestry, gender identity, sexual orientation, marital status, sex, pregnancy, age, disability, past, current, or prospective service in the uniformed services, or any other characteristic protected under applicable federal, state, or local law. All Raftelis employees, other workers, and representatives are prohibited from engaging in unlawful discrimination. This policy applies to all terms and conditions of employment, including, but not limited to, hiring, training, promotion, corrective action, compensation, benefits, and termination of employment.

Any act of discrimination committed by Raftelis in the course of its performance under this Agreement, or failure to comply with these statutory obligations when applicable, shall be grounds for termination of this Agreement.

## Article 17 – General Provisions

A. Entire Agreement: This Agreement represents the entire and sole agreement between the Parties with respect to the subject matter hereof.

B. Waiver: The failure of either Party to require performance by the other of any provision hereof shall in no way affect the right to require performance at any time thereafter, nor shall the waiver of a breach of any provision hereof be taken to be a waiver of any succeeding breach of such provision or as a waiver of the provision itself. All remedies afforded in this Agreement shall be taken and construed as cumulative; that is, in addition to every other remedy available at law or in equity.

C. Relationship: Nothing herein contained shall be construed to imply a joint venture, partnership, or principal-agent relationship between Raftelis and the Client; and neither Party shall have the right, power, or authority to obligate or bind the other in any manner whatsoever, except as otherwise agreed to in writing.

D. Assignment and Delegation: Neither Party shall assign this Agreement or any rights, duties, or obligations hereunder without the express written consent of the other. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the successors, legal representatives, and assignees of the Parties hereto.

E. Severability: If any provision of this Agreement is declared invalid or unenforceable, such provision shall be deemed modified to the extent necessary to render it valid and enforceable. In any event, the unenforceability or invalidity of any provision shall not affect any other provision of this Agreement, and this Agreement shall continue in force and effect, and be construed and enforced, as if such provision had not been included, or had been modified as above provided, as the case may be.

F. Governing Law: This Agreement shall be governed by, and construed in accordance with, the laws of the State of Arkansas.

G. Paragraph Headings: The paragraph headings set forth in this Agreement are for the convenience of the Parties, and in no way define, limit, or describe the Scope or intent of this Agreement and are to be given no legal effect.

H. Third Party Rights: Nothing in this Agreement shall be construed to create or confer any rights or interest to any third party or third-party beneficiary. It is the intent of the parties that no other outside, non-party claimant shall have any legal right to enforce the terms of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized representatives.

By: ______________________________

Signature

______________________________

Title

______________________________

Date

Raftelis Financial Consultants, Inc.

By: ______________________________

Signature

______________________________

Title

______________________________

Date

# ATTACHMENT A

## STATEMENT OF WORK

## ATTACHMENT B
## RAFTELIS' 2024 STANDARD HOURLY BILLING RATES

| Position | Hourly Billing Rate* |
|---|---|
| Chair/Chair Emeritus | $500 |
| Chief Executive Officer/President | $450 |
| Executive Vice President | $400 |
| Vice President | $360 |
| Senior Manager | $320 |
| Recruiter | $295 |
| Principal/Senior Advisor | $295 |
| Manager | $285 |
| Senior Consultant | $250 |
| Executive Coach | $250 |
| Consultant | $220 |
| Creative Director | $220 |
| Associate Consultant | $185 |
| Graphic Designer | $160 |
| Analyst | $135 |
| Administration | $100 |
| Technology/Communications Charge** | $10 |

* These rates will be in effect for calendar year 2024 and will then increase annually by three percent (3%) unless specified otherwise by contract.

** Technology/Communications Charge – This is an hourly fee charged monthly for each hour worked on the project to recover telephone, facsimile, computer, postage/overnight delivery, conference calls, electronic/computer webinars, photocopies, etc.

*** For services related to the preparation for and participation in deposition and trial/hearing, the standard billing rates listed above will be increased by an amount up to 50%.

**RESOLUTION NO._______________**

**A RESOLUTION ALLOWING THE MAYOR AND CITY CLERK TO ENTER INTO AN AGREEMENT WITH RAFTELIS FINANCIAL CONSULTANTS, INC. FOR PROFESSIONAL SERVICES, IN THE AMOUNT NOT TO EXCEED FIFTY-NINE THOUSAND SIX HUNDRED DOLLARS ($59,600.00); AND FOR OTHER PURPOSES.**

**WHEREAS**, The City of Bentonville Water and Wastewater Departments are requesting to enter into a professional service agreement with Raftelis Financial Consultants, Inc.;

**WHEREAS,** this professional service agreement will include a water and wastewater capacity fee analysis for the Water Utility; and

**WHEREAS,** Raftelis Financial Consultants, Inc. was selected in accordance with Arkansas law and City purchasing policy for the procurement of professional services; and

**WHEREAS**, this is a budgeted item.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BENTONVILLE, ARKANSAS THAT:**

Section 1: The Mayor and City Clerk are authorized to enter into an agreement with Raftelis Financial Consultants, Inc. to provide professional services, in the amount not to exceed fifty-nine thousand six hundred dollars ($59,600.00);

Section 2 - Severability Provision: If any part of this Resolution is held invalid, the remainder of this Resolution shall continue in effect as if such invalid portion never existed; and

Section 3: Repeal of Conflicting Provisions: All Ordinances, Resolutions, or Orders of the City Council, or parts of the same, in conflict with this Resolution are repealed to the extent of such conflict.

**PASSED this __________ day of _________________________, 2024.**

**APPROVED:**

_______________________________
**STEPHANIE ORMAN, Mayor**

**ATTEST:**

_______________________________
**MALORIE MARRS, City Clerk**

## City of Bentonville, Arkansas Agenda Item Form

### Item Details

| | | | |
|---|---|---|---|
| **Council Meeting Date:** | 7/9/2024 | **Submitted By:** | Travis Matlock |
| **Phone:** | 479-271-5941 | **For Department(s):** | Electric |
| **Email:** | tmatlock@bentonvillear.com | | |

### Item Type (Check all that apply)

- [ ] Informational
- [ ] Bid Award
- [ ] Enter into an Agreement
- [ ] Change Order
- [ ] Recognizing Funds
- [ ] Budget Adjustment
- [ ] Waiver of Bid
- [x] Emergency Clause

- [x] Ordinance
- [ ] Resolution
- [ ] Informational

### Title, Recommendation & Justification

| | |
|---|---|
| **Title:** | Ordinance Updating Bentonville Net Metering Requirements |
| **Action Recommendation & Justification:** | The Bentonville Net Metering Requirements are being updated and will replace Ordinance 2019-116. Approved by Utility Board 4-0. No budget adjustment is needed. |
| **Additional Comments for Consideration (Optional):** | |
| **Amount for Approval:** | $ |

### Budget Impact

**Is this Item Budgeted?** ☐ YES ☐ NO ☑ ITEM HAS NO COST ☐ OTHER:____________________

### Budget Adjustment *(to be completed by Finance when applicable)*

| | | | |
|---|---|---|---|
| Account Number (ORG-OBJECT) | Account Description | $ Expense | $ Revenue |
| Account Number (ORG-OBJECT) | Account Description | $ Expense | $ Revenue |
| Account Number (ORG-OBJECT) | Account Description | $ Expense | $ Revenue |
| Account Number (ORG-OBJECT) | Account Description | $ Expense | $ Revenue |

**Fund(s) Impacted (check all that apply)** ☐ General Fund ☐ Utility Fund ☐ Street Fund ☐ Other(s):____________________

*Budget Impact Notes for Consideration (Optional):*

# BEUD NET METERING REQUIREMENTS

**ELECTRIC DEPARTMENT**
**CONSTRUCTION OFFICE**
**3200 Municipal Drive**
**Bentonville, AR 72712**

**REVISED**
**Xx/xx/24**

# TABLE OF CONTENTS

# INTRODUCTION

These Net-Metering and Distributed Generation Rules ("Rules") are intended to assist customers who desire to interconnect their renewable energy facilities in parallel with the City's electric distribution while protecting customers who wish to avoid service disruptions and cost increases that may result from the interconnection of renewable energy facilities. In addition to balancing the City's objectives of affordability and renewable energy, these Rules support and reaffirm the longstanding commitment of the City of Bentonville and BEUD to the safe and reliable operation of our local electric distribution system.

Revisions to these Rules were prompted by changes in net-metering laws applicable to all utilities in Arkansas. In many ways, they are similar to regulations approved by the Arkansas Public Service Commission ("APSC") after extensive public hearings and argument. While the APSC lacks jurisdiction over BEUD, many of the arguments that were raised during hearings before the APSC were considered in the development of these Rules.

## SECTION 1 GENERAL PROVISIONS

### Rule 1.01 Definitions

A. ACCUMULATED NET EXCESS GENERATION means any Net Excess Generation Credits that have not been credited to the Net-Metering Customer's Account associated with the Net-Metering Facility that generated the Net Excess Generation Credits.

B. ANNUAL BILLING CYCLE means the normal annual fiscal accounting period used by BEUD which begins on January 1st and ends on December 31st each year.

C. AVOIDED COST RATE has the meaning assigned in Rule 1.05.

D. BILLING PERIOD: The billing period for net metering will be the same as the billing period under the customer's applicable standard rate schedule.

E. BIOMASS FACILITY: A facility that may use one or more organic fuel sources that can either be processed into synthetic fuels or burned directly to produce steam or electricity, provided that the resources are renewable, environmentally sustainable in their production and use, and the process of conversion to electricity results in a net environmental benefit. This includes, but is not limited to, dedicated energy crops and trees, agricultural food and feed crops, agricultural crop wastes and residues, wood wastes and residues, aquatic plants, animal wastes, and other accepted organic, renewable waste materials.

F. COUNCIL: Means the City of Bentonville City Council.

G. COMMERCIAL CUSTOMER: A customer served under utility's standard rate schedule applicable to commercial service.

H. ELECTRIC UTILITY or UTILITY: The Bentonville Electric Utility Department (BEUD) which is tasked by the City to operate the City-owned electric distribution system and engage in the business of furnishing power, electricity, and other services to retail customers.

I. EXPANDED NET-METERING CUSTOMER: An owner, lessee or service contract recipient of an Expanded Net-Metering Facility.

J. EXPANDED NET-METERING FACILITY: An electricity generator and related equipment facility that: (i) uses solar, wind, hydroelectric, geothermal, or biomass resources to generate electricity including, but not limited to, fuel cells and micro turbines that generate electricity if the fuel source is entirely derived from renewable resources; (ii) does not qualify as a Net-Metering Facility; and (iii) is permitted by BEUD to connect to and operate in parallel with the BEUD Electric Distribution System. An Expanded Net-Metering Facility shall not: (1) generate more electricity (kWh) than is consumed by the Expanded Net Metering Customer at or adjacent to the Expanded Net Metering Facility during any Billing Period; or (2) have a generating capacity that exceeds eighty percent (80%) of the peak electrical demand of the Expanded Net-Metering Customer at or adjacent to the Expanded Net Metering Facility during the previous year.

K. FUEL CELL FACILITY: A facility that converts the chemical energy of a fuel directly to direct current electricity without intermediate combustion or thermal cycles.

L. GEOTHERMAL FACILITY: An electric generating facility in which the prime mover is a steam turbine. The steam is generated in the earth by heat from the earth's magma.

M. HYDROELECTRIC FACILITY: An electric generating facility in which the prime mover is a water wheel. The waterwheel is driven by falling water.

N. ILLEGAL FACILITY: Any generating facility that is connected to the BEUD distribution system without a permit or proper authority.

O. INTERCONNECTING CUSTOMER: A Net Metering Customer or Expanded Net-Metering Customer.

P. INTERCONNECTING FACILITY: A Net-Metering Facility or Expanded Net-Metering Facility.

Q. MICRO TURBINE FACILITY: A facility that uses a small combustion turbine to produce electricity.

R. NET EXCESS GENERATION CREDITS: The dollar value of electricity (kWh) generated by Net-Metering Customer's Net-Metering Facility and provided to BEUD during an applicable billing cycle that exceeds the dollar value of the electricity (kWh) consumed by the Net-Metering Customer where the Net-Metering Facility is located.

S. NET METERING: A billing option that measures the amount of electricity as measured in kilowatt hours supplied by BEUD to a Net-Metering Customer and separately measuring the electricity as measured in kilowatt hours generated by a Net-Metering Customer's Net-Metering Facility and fed back to BEUD.

T. NET METERING CUSTOMER: An owner, lessee or service contract recipient of a Net-Metering Facility, as defined by Ark. Code Ann. § 23-18-603(9), except a customer that takes service under a BEUD rate schedule for interruptible service.

U. NET METERING FACILITY: A facility for the production of electric energy to meet all or part of a Net-Metering Customer's need for electric energy within BEUD's service territory that:

1) Uses solar, wind, hydroelectric, geothermal, or biomass resources to generate electricity including, but not limited to, fuel cells and micro turbines that generate electricity if the fuel source is entirely derived from renewable resources; and,
2) For residential use, the lesser of: (i) twenty-five kilowatts alternating current (25 kW (AC)); or (ii) the capacity that is calculated to produce no more than 100% of the energy needed by the Net-Metering Customer during a calendar year; or
3) For non-residential use, the lesser of: (i) three hundred kilowatts alternating current (300 kW (AC)); (ii) the capacity that is calculated to produce no more than 100% of the energy (kWh) needed by the Net-Metering Customer during a calendar year; or (iii) the average peak demand (kW) during any billing cycle in the year prior to installation; and,
4) Is located at a Net-Metering Customer's service location within the BEUD service territory; and,
5) Can safely operate in parallel with BEUD's existing transmission and distribution facilities in compliance with applicable standards; and,
6) Is primarily intended to advance the Net-Metering Customer's renewable energy goals and offset the Net-Metering Customer's requirements for electricity; or,
7) May include an energy storage device that is configured to receive electric energy solely from a facility meeting the requirements of subsections 1 through 6, above.

V. PARALLEL OPERATION: The operation of on-site generation by a customer while the customer is connected to BEUD's distribution system.

W. RENEWABLE ENERGY CREDIT: The environmental, economic, and social attributes of a unit of electricity, such as a megawatt hour, generated from renewable fuels that can be sold or traded separately.

X. RESIDENTIAL CUSTOMER: A customer served under BEUD's standard rate schedules applicable to residential service.

Y. SOLAR FACILITY: A facility in which electricity is generated through the collection, transfer and or storage of the sun's heat or light.

Z. WIND FACILITY: A facility in which an electric generator is powered by a wind-driven turbine.

**Rule 1.02 Purpose**

The purposes of these Net-Metering Rules ("Rules") are to regulate the interconnection, metering, and financial consideration given to Interconnecting Facilities by BEUD.

**Rule 1.03 Statutory Provisions**

A. These Rules are developed pursuant to the Cost-Shifting Prevention Act of 2023 (Ark. Code Ann. § 23-18-601, et seq., as amended.)

B. These Rules are promulgated pursuant to the Council's authority under Ark. Code Ann. §§ 14-54-701 et seq., and 14-200-112, as delegated to BUED.

C. Nothing in these Rules shall govern, limit, or restrict the authority of the Council or BEUD under Ark. Code Ann. § 23-18-601, et seq., or any other provision of law.

**Rule 1.04 Other Provisions**

A. These Net-Metering Rules apply to BEUD and customers of BEUD.

B. These Net-Metering Rules are not intended to, and do not affect or replace any general service regulation, policy, procedure, rule, or service application which addresses items other than those covered in these Rules.

C. These Net-Metering Rules do not apply to requests to interconnect generating facilities pursuant to the Public Utility Regulatory Policies Act of 1978 ("PURPA") and the rules and regulations of the Federal Energy Regulatory Commission.

**Rule 1.05 Avoided Cost Rate**

BEUD will periodically determine and establish its Avoided Cost Rate giving due consideration to the cost of (i) energy, (ii) capacity, (iii) delivery of energy and capacity, (iv) line losses and other inefficiencies, (v) administrative and ancillary expenses, or (vi) any combination thereof. The methodology used to determine the Avoided Cost Rate may change from time to time based on regulatory changes, public policy, or the needs of BEUD, as allowed by law. If BEUD calculates an Avoided Cost Rate that is greater than the applicable retail rate for electricity ($/kWh) that is charged to a class of customers, the Avoided Cost Rate applicable to that class of customers shall be the applicable retail rate.

**Rule 1.06 Illegal Facilities**

In addition to all other remedies available, BEUD may completely disconnect (load and generation) any person or customer who owns, operates, maintains, or connects an Illegal Facility and keep them disconnected until:

1. The Illegal Facility has been dismantled or a proper application for connection has been submitted to BEUD; and

2. The customer has paid a reconnection fee of two hundred fifty dollars ($250.00) per location disconnected pursuant to this Rule 1.06.

**Rule 1.07 Monthly Grid Charge**

As needed, BEUD will calculate a Monthly Grid Charge expressed in dollars per kilowatt (kW) to be applied to the nameplate or measured alternating current (AC) capacity of a Net-Metering Facility under Rule 2.05.A(2)(b). The Monthly Grid Charge will be calculated as follows:

Monthly Grid Charge = (8760 hours x Capacity Factor x (Retail Rate – Avoided Cost)) ÷ 12

Where:

*Capacity Factor* = The capacity factor of the Net Metering Facility as shown on the Standard Interconnection Agreement or measured by PLWC.

*Retail Rate* = The rate charged to the Net-Metering Customer for energy (kWh)

*Avoided Cost* = See Rule 1.05

## SECTION 2 NET METERING REQUIREMENTS

**Rule 2.01 Interconnection Authorized**

BEUD shall allow Net-Metering Facilities to be interconnected according to the rules and procedures in this ordinance. BEUD will perform such interconnection using a two-way meter that measures electric consumption and generation. BEUD shall supply the meter; however, customers shall be obligated to pay the cost of any nonstandard or additional metering or interconnection equipment that may be required. Any and all costs to interconnect a Net-Metering Facility to BEUD shall be paid by the Net-Metering Customer in advance, including without limitation the cost of BEUD labor, materials, administrative costs, cost for system studies, engineering services, costs to extend or upgrade facilities, and the like.

**Rule 2.02 Metering Requirements**

A. Metering equipment shall be installed to accurately measure electricity supplied by BEUD to each Net-Metering Customer and the electricity generated by each Net-Metering Customer that is fed back to BEUD over the applicable Billing Period. BEUD will provide an approved meter capable of registering the flow of electricity in two (2) directions.

B. Accuracy requirements shall be the same as those applied to other BEUD meters. A test to determine compliance with this accuracy requirement may be made either before or at the time the Net-Metering Facility is placed in operation. Additional tests may thereafter be conducted as may be reasonably necessary or advisable to verify meter accuracy.

## Rule 2.03 New or Additional Charges

Any new or additional rate, charge, or fee imposed on Net Metering Customers, other than rates, charges, fees, and direct cost assignment described in these Rules, shall be approved by Bentonville City Council with notice provided to affected customers. No rate or recurring fee shall reduce the value of electric energy from a Net-Metering Facility below the Avoided Cost Rate.

## Rule 2.04 Net Metering Application

A. A customer may file an application with BEUD to install a Net-Metering Facility that complies with the requirements for a Net-Metering Facility described in Rule 1.01.U, except that a customer that takes service under a BEUD rate schedule for interruptible service may not submit an application to install a Net-Metering Facility.

B. The application shall be submitted on BEUD's forms and shall, at a minimum, include:

1. A description of the proposed Net-Metering Facility including:

    a. Project narrative and construction plans;

    b. Project location (street address);

    c. Generator type (wind, solar, hydro, etc.);

    d. Generator capacity rating in kW (AC);

    e. Capacity factor;

    f. Point of interconnection with BEUD;

    g. Single Phase or Three Phase interconnection;

    h. Planned method of interconnection; and

    i. Expected facility performance calculated using an industry recognized simulation model (PVWatts, etc.).

2. The capacity factor submitted under Rule 2.04B(1)(e) must be supported by manufacturer data unless presumed valid. Capacity factors of solar arrays that are within the parameters shown below will be presumed valid:

    a. Fixed-tilt: 15% - 19%

    b. Single-axis tilt: 18% - 22%

    c. Dual-axis tilt: 20% - 24%

3. Evidence that the Net-Metering Facility will comply with capacity restrictions described in Rule 1.01S(2 & 3).

4. If applicable, a copy of the Preliminary Interconnection Review Request (see Rule 3.01), with applicable fees, submitted to BEUD and the results of BEUD's interconnection site review.

**Rule 2.05 Billing for Net Metering**

A. On a monthly basis, BEUD will bill each Net-Metering Customer for all energy and power delivered to the Net-Metering Customer by BEUD according to the currently effective standard rate schedule and any appropriate rider schedules applicable to the Net-Metering Customer. The value of the energy (kWh) generated by a Net-Metering Facility and delivered to BEUD will only be credited against the energy charges incurred by the Net-Metering Customer at or adjacent to the Net-Metering Facility. For clarity, demand charges, service charges, and other charges that are not calculated based upon current kWh consumption will not be reduced by Net Metering. Power cost adjustments that reflect variations in the market price of power from one month to the next may be reduced by Net Metering; however, power cost adjustments intended to offset broad system costs will not be reduced by Net Metering.

1. Residential and Non-demand billed Customers. BEUD will credit at BEUD's Avoided Cost rate the value of all electricity generated by a residential or non-demand billed Net-Metering Customer's Net-Metering Facility and fed back to BEUD. If the amount of credit exceeds the customer's energy charges during the applicable Billing Period, BEUD will apply the Accumulated Net Excess Generation Credit in the next Billing Period, subject to the limitations found under Rule 2.05B. A sample bill calculation for residential and non-demand billed customers is shown on Exhibit C.

2. Demand-billed Customers. Demand-billed Customers may elect to receive: (i) credit from BEUD at BEUD's Avoided Cost rate for the value of all electricity generated by the Net-Metering Customer's Net-Metering Facility and fed back to BEUD; or (ii) a Monthly Grid Charge as calculated under Rule 1.07. If the amount of credit exceeds the customer's energy charges during the applicable Billing Period, BEUD will apply the Accumulated Net Excess Generation Credit in the next Billing Period, subject to the limitations found under Rule 2.05B. Sample bill calculations are attached for Demand-Billed Customers under both the avoided cost option and grid charge option on Exhibit C.

B. Net-Excess Generation Credits.

1. Net Excess Generation Credits are not transferable.

2. BEUD will not purchase Net Excess Generation Credits or Accumulated Net Excess Generation Credits.

**Rule 2.06 Renewable Energy Credits**

Any Renewable Energy Credit created as a result of electricity supplied by a Net-Metering Customer is the property of the Net-Metering Customer that generated the Renewable Energy Credit.

**Rule 2.07 Generation above Net Metering Limits**

Net-Metering is prohibited for any facility with an electric generating capacity that is greater than the limits identified in Rule 1.01U(2 & 3). BEUD shall not credit any customer for electricity generated by capacity that exceeds authorized limits.

**Rule 2.08 Use of Distribution System**

BEUD is not required to interconnect any Net-Metering Facility that is not collocated with a Net-Metering Customer's load. Any Net-Metering Customer that is allowed to interconnect a Net-Metering Facility that is not collocated with the Net-Metering Customer's load must pay such charges as may be assessed by BEUD for wheeling power across the distribution system.

## SECTION 3 EXPANDED NET-METERING REQUIREMENTS

**Rule 3.01 Permission to Interconnect**

BEUD may allow Expanded Net-Metering Facilities to be interconnected using separate meters for load and generation. BEUD will not allow an Expanded Net-Metering Facility to be interconnected using a meter that measures both electric consumption and generation without submetering that isolates electric generation. BEUD will not allow an Expanded Net-Metering Facility to be interconnected that will jeopardize reliability of the distribution system, back feed electricity on the bulk electric system, or otherwise affect the rights and obligations of other customers of BEUD.

**Rule 3.02 Metering Requirements**

A. Metering equipment shall be installed to both accurately measure the electricity supplied by BEUD to each Expanded Net-Metering Customer and the electricity generated by each Expanded Net-Metering Customer. The customer is responsible for the cost of additional metering equipment used to measure generation, as well as any nonstandard metering configurations.

B. Metering equipment will be verified for accuracy prior to installation according to BEUD's normal accuracy verification procedures. A test to determine compliance with this accuracy requirement shall be made either before or at the time the Expanded Net-Metering Facility is placed in operation. Additional tests may thereafter be conducted as may be reasonably necessary or advisable to verify meter accuracy.

**Rule 3.03 Expanded Net-Metering Application**

A. A customer may file an application with BEUD to install an Expanded Net-Metering Facility so long as the proposed Expanded Net-Metering Facility will not: (1) generate more electricity (kWh) than is consumed by the Expanded Net Metering Customer at or adjacent to the Expanded Net-Metering Facility during any Billing Period; and (2) the generating capacity of the Expanded Net-Metering Facility does not exceed eighty percent (80%) of the peak electrical demand of the Expanded Net-Metering Customer at or adjacent to the Expanded Net Metering Facility during the previous year.

B. The application shall, at a minimum, include:

1. A description of the proposed Expanded Net-Metering Facility including:

    a. Project narrative and construction plan;

    b. Project location (street address);

    c. Generator type (wind, solar, hydro, etc.);

    d. Generator rating in kW (DC or AC);

    e. Capacity factor;

    f. Point of interconnection with BEUD;

    g. Single Phase or Three Phase interconnection;

    h. Planned method of interconnection consistent with Rule 4.01.B.;

    i. Expected facility performance calculated using an industry recognized simulation model (PVWatts, etc.);

2. The capacity factor submitted under Rule 3.03B(1)(e) must be supported by manufacturer data unless presumed valid. Capacity factors of solar arrays that are within the parameters shown below will be presumed valid:

    a. Fixed-tilt: 15% - 19%

    b. Single-axis tilt: 18% - 22%

    c. Dual-axis tilt: 20% - 24%

3. Evidence that the Expanded Net-Metering Facility will comply with capacity restrictions described in Rule 3.03A. Evidence will be in the form of:

    a. The monthly electric bills for the 12 months prior to filing the Distributed Generation application, or

b. In the absence of historical data, reasonable estimates for the class and character of service may be made.

2. If applicable, a copy of the Preliminary Interconnection Review Request, with applicable fees, submitted to BEUD and the results of BEUD's interconnection site review.

**Rule 3.04 Billing for Expanded Net-Metering**

A. On a monthly basis, BUED shall bill each Expanded Net-Metering Customer for all charges applicable under the currently effective standard rate schedule and any appropriate rider schedules.

On a monthly basis, BEUD shall credit at BEUD's Avoided Cost Rate, all kWhs generated by an Expanded Net-Metering Customer, provided that BEUD shall not, during any Billing Period, provide credit for energy generated that exceeds the energy that was consumed by the Expanded Net-Metering Customer. A sample bill calculation for residential and non-demand billed customers is shown on Exhibit C.

B. BEUD shall not provide generation credit to any Expanded Net-Metering Customer with a delinquent account or that ceases to consume electricity.

**Rule 3.05 Use of Distribution System**

Expanded Net Metering Facilities must typically be collocated with an Expanded Net-Metering Customer's load within the service territory of BEUD. Customers that own Expanded Net-Metering Facilities that are not collocated with the customer's load must pay applicable costs as may be assigned by BEUD for wheeling power across the BEUD distribution system.

**Rule 3.06 Renewable Energy Credits**

Any Renewable Energy Credit created as a result of electricity supplied by an Expanded Net-Metering Customer is the property of the Expanded Net-Metering Customer that generated the Renewable Energy Credit.

**SECTION 4 INTERCONNECTION OF NET METERING FACILITIES TO BEUD DISTRIBUTION SYSTEM**

**Rule 4.01 Requirements for Interconnection and Building Permit Review Request**

A. An Interconnecting Customer may execute an Interconnection Review Request (Appendix A) and pay the designated application fee of the Interconnecting Facilities, and construction shall not commence until approved. Requests shall be submitted through BEUD's permit tracking system and may include a separate request for each point of interconnection if information about multiple points of interconnection is requested. Part A, Standard Information, Sections 1 through 3 of the Interconnection Review Request must be completed for the notification to be valid.

B. Following notification by the customer as specified in Rule 4.01.A., BEUD will seek to review the plans of the facility interconnection and provide the results of its review to the customer, in writing, within 30 calendar days. If the customer requests that multiple interconnection site reviews be conducted BEUD shall make reasonable efforts to provide the customer with the results of the review within 30 calendar days. Any items that would prevent Parallel Operation due to violation of safety standards and/or power generation limits will be identified. BEUD will identify distribution system upgrades, if any, that are necessary to interconnect the proposed system. BEUD will respond to the Interconnection Review Request with: (1) approval subject to these Rules; (2) approval subject to these Rules and additional conditions, such as payment of distribution system upgrades; or (3) denial.

C. Approval of an interconnection review is valid for one calendar year. Approval does not relieve a customer from other regulations governing permitting, construction, operation, lawful uses of property, and the like. Interconnection review is only performed on existing data and does not require BEUD to conduct a study or other analysis of the proposed interconnection site in the event that data is not readily available. Additional data or changes in data may invalidate approval of a interconnection review.

D. The interconnection review does not relieve the customer of the requirement to execute a Standard Interconnection Agreement prior to interconnection of the facility or to pay the costs associated with required engineering analysis, design, or distribution system upgrades in advance.

E. The Interconnecting Facility, at the Interconnecting Customer's expense, shall meet all safety and performance standards adopted by BEUD and pursuant to these Rules that are necessary to ensure safe and reliable operation of the Interconnecting Facility in parallel with BEUD's system. This includes but is not limited to the satisfactory completion of the annual inspection and filing of that inspection with BEUD.

**Rule 4.02 Requirements for Initial Interconnection**

A. An Interconnecting Facility shall be capable of operating in parallel and safely commencing the delivery of power to the BEUD distribution system at the designated point of interconnection. To prevent an Interconnecting Customer from back-feeding a de-energized line, each Interconnecting Facility shall have:

1. An automatic switching scheme as described in IEEE 1547 that senses when a loss of power from BEUD has occurred and immediately disconnects the Interconnecting Facility from BEUD's electric distribution system until BEUD has restored power; and

2. A visibly open, lockable, manual disconnect switch which is clearly labeled and accessible by BEUD at all hours.

B. The customer shall submit a Standard Interconnection Agreement (Appendix B) in Trakit at least sixty (60) days prior to the date the customer intends to interconnect the Interconnecting Facilities to the BEUD Distribution System. Part A, Standard Information, Sections 1 through 3 of the Standard Interconnection Agreement must be completed for the notification to be valid. The customer shall have all equipment necessary to complete the interconnection prior to such notification. If mailed, the date of notification shall be the third day following the mailing of the Standard Interconnection Agreement. BEUD shall provide a copy of the Standard Interconnection Agreement to the customer upon request.

C. Following notification by the customer as specified in Rule 4.02.B., BEUD will seek to review the plans of the facility and provide the results of its review to the customer, in writing, within 30 calendar days. Any items that would prevent Parallel Operation due to violation of safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy the violations.

D. The Interconnecting Facility, at the Interconnecting Customer's expense, shall meet safety and performance standards established by local and national electrical codes including the National Electrical Code (NEC), the Institute of Electrical and Electronics Engineers (IEEE), the National Electrical Safety Code (NESC), and Underwriters Laboratories (UL), and shall be inspected annually by the customer's professional installer, or other qualified person.

E. The Interconnecting Facility, at the Interconnecting Customer's expense, shall meet all safety and performance standards adopted by BEUD and pursuant to these Rules that are necessary to assure safe and reliable operation of the Interconnecting Facility when operating in parallel with BEUD's system. This includes but is not limited to the satisfactory completion of the annual inspection and filing of that inspection with BEUD.

F. If BEUD's existing distribution facilities are not adequate for interconnection, the Interconnecting Customer shall pay the cost to improve and/or modify BEUD's electric distribution facilities prior to the improvement and/or modification of BEUD's electric distribution facilities. No Interconnecting Facility shall be connected to the BEUD electric distribution system unless and until any necessary improvements or modifications to the BEUD electric distribution system have been made.

G. The Interconnecting Customer shall execute a Standard Interconnection Agreement (Appendix B) and pay the designated interconnection fee prior to connecting to the BEUD Distribution System.

**<u>Rule 4.03 Requirements for Commissioning Test and Report.</u>**

A. A commissioning test and report shall be performed by the installation contractor of the Interconnecting Facility. The tests described in this Rule 4.03 must be documented and performed by using written test procedures established by the manufacturer(s) of the interconnecting equipment. At a minimum the following tests and their results must be documented in a report and submitted to BEUD prior to BEUD final inspection.

1. *Visual Inspection*. A visual inspection shall be made to ensure that the grounding scheme of the interconnection shall not cause overvoltages that exceed the rating of the equipment connected to BEUD's distribution system and shall not disrupt the

coordination of the ground fault protection on BEUD's Distribution System. The visual inspection must confirm the presence of the isolation devices described in 3.02 A.

2. *Performance Tests*. The following commissioning tests shall be performed on the installed Interconnecting Facility and interconnection system equipment prior to the initial parallel operation of the Interconnecting Facility. The following are required:

   a. Operability test on the isolation device mentioned in 4.02A.

   b. Unintentional islanding functionality as specified in IEEE 1547 Clause 5.4.1.

   c. Cease to energize functionality as specified in IEEE 1547 Clause 5.4.2.

   d. Any tests of IEEE 1547 Section 5.1 that have not been previously performed on a representative sample and formally documented. These are tests that should be completed by the manufacturer of the Interconnecting Facility equipment and submitted as part of the report for the Commissioning test to BEUD. For reference these include Clauses 5.1.1 thru 5.1.6 in the IEEE Standard 1547:

      (i) Response to abnormal voltage and frequency;

      (ii) Synchronization;

      (iii) Interconnect Integrity test;

      (iv) Unintentional islanding;

      (v) Limitation of DC injection; and

      (vi) Harmonics.

   e. Any tests of IEEE 1547 Section 5.2 that have not been previously performed on the interconnection systems. These tests are the same response to abnormal voltage and frequency and synchronization tests listed previously covered in IEEE Standard 1547 Clause 5.1.1 and 5.1.2.

**<u>Rule 4.04 Requirements for Modifications or Changes to an Interconnecting Facility</u>**

A. Prior to being made, the Interconnecting Customer shall notify BEUD of, and BEUD shall evaluate, any modifications or changes to the Interconnecting Facility described in Part A, Standard Information, Section 2 of the Standard Interconnection Agreement. The notice provided by the Interconnecting Customer shall provide detailed information describing the modifications or changes to BEUD in writing, including a revised Standard Interconnection Agreement that clearly identifies the changes to be made. BEUD will seek to review the proposed changes to the facility and provide the results of its evaluation to the customer, in writing, within thirty (30) days of receipt of the customer's proposal. Any items that would prevent Parallel Operation due to violation of applicable safety standards and/or power generation limits shall be identified.

B. If the Interconnecting Customer makes modification or changes to the Interconnecting Facility without BEUD's prior written authorization and the execution of a new Standard Interconnection Agreement, BEUD shall have the right to suspend service due to unsafe conditions until resolved.

C. Interconnecting Customers may be required to make modifications or changes to the Interconnecting Facility at any time when such modifications or changes are necessary to prevent serious harm to persons or property. Such modifications or changes shall be performed within thirty (30) days of notice by BEUD at the expense of the Interconnecting Customer, or sooner when the threat of harm is imminent.

**Rule 4.05 Requirements for Periodic testing.**

The customer shall complete a visual inspectional of the Interconnecting Facility and conduct a Cease to Energize functionality test every year on or before the anniversary of the Interconnecting Facility's initial approval by BEUD. The customer shall also perform any other periodic tests as recommended by the manufacturer(s) of the Interconnecting equipment. The customer shall have these tests performed by a qualified person, keep a log of the inspection and the results, and submit this log to BEUD upon completion every year. BEUD may elect to witness these tests at its own discretion to ensure that the tests are being completed. BEUD may perform an inspection or test of any Interconnecting Facility at intervals of no less than three (3) years, or upon the reasonable belief of a safety or operational risk, at the expense of the Interconnecting Facility Owner.

## SECTION 5. ADMINISTRATIVE IMPLEMENTATION

**Rule 5.01 Standard Interconnection Agreement and Preliminary Interconnection Site Review Request**

Typical standard agreements used by BEUD for interconnection are attached as annexes to these Rules as the Preliminary Interconnection Site Review Request (Appendix A) and the Standard Interconnection Agreement (Appendix B). BEUD may update or improve these forms from time-to-time, in a manner consistent with this regulation.

**Rule 5.02 Filing and Reporting Requirements**

The BEUD Electric Director shall periodically report the number of facilities interconnected with the BEUD distribution system.

**Rule 5.03 Customer Notifications of Consumer Protection Laws.**

The BEUD Electric Director will establish processes to provide customers general information about consumer protection laws related to net metering.

# PRELIMINARY INTERCONNECTION REVIEW REQUEST

## A. Standard Information

**1. Customer Information:**

Name:________________________________________________

Mailing Address:__________________________________________

City:____________________________State:_______Zip Code:_________

Phone Number:______________________Email:____________________

Project Manager/Contractor:____________________________________

Phone Number:______________________Email:____________________

**2. Generation Facility Information:**

Location (if different from above):________________________________

System Type (select one): ☐ Solar ☐ Other: ____________________

Generator Type: ☐ Single Phase -or- ☐ Three Phase

*Report data below in Alternating Current (AC).*

Expected Generator Power Rating (kW):________________

Expected Annual Energy Production (kWh):______________

**NOTICE: AN ADDITIONAL METER IS REQUIRED FOR INTERCONNECTION.**

**3. Interconnection Information**

*Attach a detailed electrical diagram showing the configuration of all generating facility equipment, including protection and control schemes.*

Requested Point of Interconnection: ________________________________

Customer-Site Load (kW) at Interconnecting Facility location (if none, so state): ________

________________________________________________________

Interconnection Request: ☐ Single Phase -or- ☐ Three Phase

**NOTICE**

**BEUD PROHIBITS CUSTOMERS FROM CONSTRUCTING NET-METERING GENERATION FACILITIES THAT HAVE A GENERATING CAPACITY (KW) THAT IS GREATER THAN LIMITATIONS DESCRIBED IN THE NET-METERING RULES. EXCESS GENERATION MAY BE CARRIED FORWARD. BEUD WILL NOT PURCHASE GENERATION CREDITS.**

## B. Preliminary Interconnection Terms & Conditions

1. *Requirements for Request*. For the purpose of requesting that BEUD conduct a preliminary interconnection site review for a proposed Interconnecting Facility, or as otherwise requested by the customer, the customer shall notify BEUD by submitting a completed Preliminary Interconnection Site Review Request. The customer shall submit a separate Preliminary Interconnection Site Review Request for each point of interconnection if information about multiple points of interconnection is requested. Part A, Standard Information, Sections 1 through 3 of the Preliminary Interconnection Site Review Request must be completed for the notification to be valid. If mailed, the date of notification shall be the third day following the mailing of the Preliminary Interconnection Site Review Request. BEUD shall provide a copy of the Preliminary Interconnection Site Review Request to the customer upon request.

2. *Review by BEUD*. Following submission of the Preliminary Interconnection Site Review Request by the customer, BEUD will seek to review the plans of the facility interconnection and provide the results of its review to the customer, in writing, within 30 calendar days. If the customer requests that multiple interconnection site reviews be conducted BEUD will make reasonable efforts to provide the customer with the results of the review within a timely fashion. If BEUD cannot provide results within 90 days, BEUD will provide the customer with an estimated date by which it will complete the review. Any items that would prevent Parallel Operation due to violation of safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy the violations.

3. *Costs*. Any person submitting a preliminary interconnection site review shall be obligated to pay BEUD in advance for the estimated cost, if any, to respond to the request.

4. *Nonbinding Report*. The preliminary interconnection site review is non-binding and need only include existing data and does not require BEUD to conduct a study or other analysis of the proposed interconnection site in the event that data is not readily available. BEUD shall notify the customer if additional site screening may be required prior to interconnection of the facility.

5. *Standard Interconnection Agreement*. The preliminary interconnection site review does not relieve the customer of the requirement to execute a Standard Interconnection Agreement prior to interconnection of the facility.

**I hereby certify that, to the best of my knowledge, all of the information provided in this Preliminary Interconnection Site Review is true and correct and that I am authorized to execute this document on behalf of the Customer identified in Part A, Section 1.**

CUSTOMER

Signature: ________________________

Printed Name: ______________________

Date: ______________________________

***FOR BEUD USE ONLY***

☐ **APPROVED, subject to rule compliance**

☐ **APPROVED subject to rule compliance and attached conditions**

**DISAPPROVED**

**Upgrade Cost: $________________**

**Signature_____________________**

**Name: ________________________**

**Date: _________________________**

# STANDARD INTERCONNECTION AGREEMENT

## A. Standard Information

### 1. Customer Information:

Name:__________________________________________________________

Mailing Address:________________________________________________

City:_________________________________State:______Zip Code:________

Phone Number:____________________Email:__________________________

Electric Account Number to which the Interconnecting Facility is associated:________________

### 2. Generation Facility Information:

Location (if different from above):______________________________________

System Type (select one): ☐ Solar ☐ Other: ______________________

Generation Type: ☐ Single Phase -or- ☐ Three Phase

*Report data below in Alternating Current (AC).*

Generation Power Rating (kW):_________Capacity Factor:____________________

Inverter Manufacturer:_______________Inverter Model:____________________

Inverter Power Rating (kW)_________________

Inverter Location:________________________________________________

Manual Disconnect Location:________________________________________

**NOTICE: AN ADDITIONAL METER IS REQUIRED FOR INTERCONNECTION.**

**Attach a detailed electrical diagram of the Interconnecting Facility**

### 3. **Installation Information**

Electrical Contractor:_______________________License Number:______________

Installed by:_________________________Qualifications/Credentials:_____________

Mailing Address:________________________________________________

City:_________________________________State:______Zip Code:________

Phone Number:____________________Email:__________________________

### 4. Certification & Approval

This system has been installed in compliance with the local Building/Electrical Code of the City of Paragould, Arkansas.

Inspector Signature:__________________________________Date:____________

*(In lieu of signature of inspector, a copy of the final inspection certificate may be attached)*

Facility Interconnection Approved:________________________Date:____________

Metering Facility Verified:_______________________________Date:____________

## **B. Interconnection Agreement Terms & Conditions**

1. *Customer Assurances*. By executing this document below, Customer assures BEUD that the system has been installed in accordance with BEUD Net Metering Rules, that the Customer has been given system warranty information and operation manual, and that Customer has been instructed in the safe operation of the system.

2. *Interruption or Reduction of Deliveries*. BEUD shall not be obligated to accept and may require Customer to interrupt or reduce deliveries when necessary to construct, install, repair, replace, remove, investigate, or inspect any of its equipment or part of its system; or if it reasonably determines that curtailment, interruption, or reduction is necessary because of emergencies, forced outages, force majeure, or compliance with prudent electrical practices. Whenever possible, BEUD shall give Customer reasonable notice of the possibility that interruption or reduction of deliveries may be required. Notwithstanding any other provision of this Agreement, if at any time BEUD reasonably determines that either the facility may endanger the BEUD's personnel or other persons or property, or the continued operation of the Customer's facility may endanger the integrity or safety of BEUD's electric system, BEUD shall have the right to disconnect and lock out Customer's facility from the BEUD electric system. Customer's facility shall remain disconnected until BEUD is reasonably satisfied that the conditions referenced in this Section have been corrected.

3. *Interconnection*. Customer shall deliver the as-available energy to BEUD at BEUD's meter. BEUD shall furnish and install one standard kilowatt hour meter. Customer shall provide and install a suitable meter socket for BEUD's meter and any related interconnection equipment per BEUD's technical requirements, including safety and performance standards. Customer shall submit a Standard Interconnection Agreement to BEUD at least sixty (60) days prior to the date the customer intends to interconnect to BEUD's facilities. Part A, Standard Information, Sections 1 through 3 of the Standard Interconnection Agreement must be completed and valid. Customer must have all equipment necessary to complete the interconnection prior to such notification. If mailed, the date of notification shall be the third day following the mailing of the Standard Interconnection Agreement.

4. *Timely Review*. Following submission of the Standard Interconnection Agreement by Customer, BEUD will seek to review the facility plans and provide the results of its review to Customer, in writing, within thirty (30) calendar days. Any items that would prevent Parallel Operation due to violation of applicable safety standards and/or power generation limits will be explained along with a description of the modifications necessary to remedy the violations.

5. *Required Upgrades*. If BEUD's existing facilities are not adequate for interconnection, the Customer shall pay the cost of additional or reconfigured facilities prior to the installation or reconfiguration of the facilities.

6. *Manual Disconnect*. To prevent an Interconnecting Customer from back-feeding a de-energized line, Customer must install a manual disconnect switch with lockout capability that is accessible to BEUD personnel at all hours.

7. *National Safety Standards*. Customer, at his own expense, shall meet all safety and performance standards established by local and national electrical codes including the National Electrical Code (NEC), the Institute of Electrical and Electronics Engineers (IEEE), the National Electrical Safety Code (NESC), and Underwriters Laboratories (UL).

8. *Local Safety Standards*. Customer, at his own expense, shall meet all safety and performance standards adopted by BEUD that are necessary to assure safe and reliable operation of the Interconnecting Facility to BEUD's system.

9. *Operation Contingent on Inspection and Approval*. Customer shall not commence Parallel Operation of an Interconnecting Facility

until the Facility has been inspected and approved by BEUD. Such approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, BEUD's approval to operate the Customer's Interconnecting Facility in parallel with the BEUD's electrical system should not be construed as an endorsement, confirmation, warranty, guarantee, or representation concerning the safety, operating characteristics, durability, or reliability of Customer's Net-Metering Facility.

10. *Modifications or Changes.* Prior to being made, Customer shall notify BEUD of, and BEUD shall evaluate, any modifications or changes to the Interconnecting Facility described in Part A, Standard Information, Section 2 of the Standard Interconnection Agreement. The notice provided by Customer shall provide detailed information describing the modifications or changes to BEUD in writing, including a revised Standard Interconnection Agreement that clearly identifies the changes to be made. BEUD will seek to review the proposed changes to the facility and provide the results of its evaluation to Customer, in writing, within thirty (30) calendar days of receipt of Customer's proposal. Any items that would prevent Parallel Operation due to violation of applicable safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy the violations. If Customer makes such modification without BEUD's prior written authorization and the execution of a new Standard Interconnection Agreement, BEUD shall have the right to suspend all services.

11. *Maintenance and Permits.* Customer shall obtain any governmental authorizations and permits required for the construction and operation of the Interconnecting Facility and related equipment. Customer shall maintain the Interconnecting Facility and related equipment in a safe and reliable manner and in conformance with all applicable laws and regulations.

12. *Access to Premises.* BEUD may enter the Customer's premises to inspect the Customer's protective devices and read or test the meter. BEUD may disconnect the Interconnecting Facilities without notice if BEUD reasonably believes a hazardous condition exists and such immediate action is necessary to protect persons, or BEUD's facilities, or property of others from damage or interference caused by Customer's facilities, or lack of properly operating protective devices.

**13.** *Liability and Indemnity.* **NEITHER BEUD, ITS OFFICERS, AGENTS OR EMPLOYEES SHALL BE LIABLE FOR ANY CLAIMS, DEMANDS, COSTS, LOSSES, CAUSES OF ACTION, OR ANY OTHER LIABILITY OF ANY NATURE OR KIND, ARISING OUT OF THE ENGINEERING, DESIGN, CONSTRUCTION, OWNERSHIP, MAINTENANCE OR OPERATION OF, OR THE MAKING OF REPLACEMENTS, ADDITIONS OR BETTERMENT TO, OR BY FAILURE OF, CUSTOMER'S FACILITIES BY CUSTOMER OR ANY OTHER PERSON OR ENTITY. CUSTOMER SHALL INDEMNIFY THE CITY OF PARAGOULD, ARKANSAS AND BEUD (COLLECTIVELY REFERRED TO AS "CITY"), ITS DIRECTORS, OFFICERS, AGENTS, AND EMPLOYEES AGAINST ALL LOSS, DAMAGES, EXPENSE AND LIABILITY TO THIRD PERSONS FOR INJURY TO OR DEATH OF PERSONS OR INJURY TO PROPERTY CAUSED BY CUSTOMER'S ENGINEERING, DESIGN, CONSTRUCTION, OWNERSHIP, MAINTENANCE OR OPERATIONS OF, OR THE MAKING OF REPLACEMENTS, ADDITIONS OR BETTERMENT TO, OR BY FAILURE OF, ANY OF CUSTOMER'S WORKS OR FACILITIES USED IN CONNECTION WITH THIS AGREEMENT BY REASON OF OMISSION OR NEGLIGENCE, WHETHER ACTIVE OR PASSIVE. CUSTOMER SHALL, ON CITY'S REQUEST, DEFEND ANY SUIT ASSERTING A CLAIM COVERED BY THIS INDEMNITY. CUSTOMER SHALL PAY ALL COSTS THAT MAY BE INCURRED BY THE CITY IN ENFORCING THIS INDEMNITY.**

14. *Term of Agreement.* This Agreement shall be effective when signed by both parties and continue until modified or terminated in accordance with its terms or applicable ordinances, regulations or other laws.

15. *Assignment.* This Agreement and all provisions hereof shall inure to and be binding upon the respective Parties hereto, their personal representatives, heirs, successors, and assigns. Customer shall not assign this Agreement or any part hereof without the prior written consent of BEUD, and such unauthorized assignment may result in termination of this Agreement.

**16. *WARNING*. POSSIBLE RULES OR RATE CHANGES, OR BOTH, THAT AFFECT THE OPERATION OR FINANCIAL FEASIBILITY OF AN INTERCONNECTING FACILITY COULD OCCUR IN THE FUTURE. INTERCONNECTING FACILITY OWNERS ARE ADVISED THAT THEY MUST REMAIN AWARE OF AND COMPLIANT WITH ALL LAWS AND REGULATIONS.**

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**Customer Certification**

I hereby certify that all information provided is true and correct, to the best of my knowledge, and that I have read and understand the Terms and Conditions of this Agreement.
IN WITNESS WHEREOF, the parties have caused the Agreement to be executed by their duly authorized representatives.

Date: ______________________________

Print: ______________________________

Signed: ____________________________

**BEUD Certification**

I hereby certify that: (1) I am a duly authorized representative of BEUD; (2) I have examined the documents and generating facility proposed for interconnection described in Part A, Sections 1-3; and (3) I have determined that interconnection is authorized in accordance with BEUD's regulations.

Date: ______________________________

Print: ______________________________

Signed: ____________________________

# CUSTOMER BILL CALCULATIONS

A. **Residential and Non-demand Metered Customers**. First, BEUD will determine the Energy Charge applicable to residential and non-demand metered Net-Metering Customers by summing all hourly energy measurements during hours that energy flows from BEUD to the Net Metering Customer and then multiplying that sum by the applicable retail rate. Next, BEUD will determine the Energy Credit by summing all hourly energy measurements during hours that energy flows from the Net Metering Customer to BEUD and multiplying the sum by the Avoided Cost Rate. The Monthly Energy Charge shall be the greater of: (i) $0, and (ii) the Energy Charge as reduced by the Energy Credit and Accumulated Net Excess Generation Credit, if any. Monthly service charges, applicable riders, and the like, shall be applied as shown in the applicable rate schedule without reduction. The steps described above are reflected in the following calculations:

**Energy Charge** = Σ (Hourly Measurements of BEUD Delivered Energy) x Retail Rate
**Energy Credit** = Σ (Hourly Measurements of Customer Delivered Energy) x Avoided Cost Rate
**Net Excess Generation Credit** = The amount which the Energy Credit exceeds the Energy Charge during a billing period, which may accumulate from one month to the next as the Accumulated Net Excess Generation Credit.
**Monthly Energy Charge** = the greater of: (a) $0 and (b) Energy Charge – Energy Credit – Accumulated Net Excess Generation Credit.

**Customer Bill Calculation:**
Monthly Service Charge + Applicable Riders + Monthly Energy Charge = Total Bill

B. **Demand Metered Customers (Avoided Cost Option)**. First, BEUD will determine the Energy Charge applicable to demand metered Net-Metering Customers who select the avoided cost option by summing all hourly energy measurements during hours that energy flows from BEUD to the Net Metering Customer and then multiplying that sum by the applicable retail rate. Next, BEUD will determine the Energy Credit by summing all hourly energy measurements during hours that energy flows from the Net Metering Customer to BEUD and multiplying the sum by the Avoided Cost Rate. The Monthly Energy Charge shall be the greater of: (i) $0, and (ii) the Energy Charge as reduced by the Energy Credit and Accumulated Net Excess Generation Credit, if any. Monthly service charges, demand charges, applicable riders, and the like, shall be applied as shown in the applicable rate schedule without reduction. The steps described above are reflected in the following calculations:

**Energy Charge** = Σ (Hourly Measurements of BEUD Delivered Energy) x Retail Rate
**Energy Credit** = Σ (Hourly Measurements of Customer Delivered Energy) x Avoided Cost Rate
**Net Excess Generation Credit** = The amount which the Energy Credit exceeds the Energy Charge during a billing period, which may accumulate from one month to the next as the Accumulated Net Excess Generation Credit.
**Monthly Energy Charge** = the greater of: (a) $0 and (b) Energy Charge – Energy Credit – Accumulated Net Excess Generation Credit.

**Customer Bill Calculation:**
Monthly Service Charge + Demand Charge + Applicable Riders + Monthly Energy Charge = Total Bill

C. **Demand Metered Customers (Grid Charge Option)**. BEUD will determine the Energy Charge for demand metered Net-Metering Customer who select the Grid Charge Option by applying the applicable retail rate to the amount of energy delivered from BEUC to the Net-Metering Customer less the amount of energy delivered by the Net-Metering Customer to BEUD. The Monthly Energy Charge shall be the greater of: (i) $0, and (ii) the Energy Charge as reduced by Accumulated Net Excess Generation Credit, if any. Monthly service charges, demand charges, grid charges, applicable riders, and the like, shall be applied as shown in the applicable rate schedule without reduction. The steps described above are reflected in the following calculations:

**Energy Charge** = Σ (Hourly Measurements of BEUD Delivered Energy) x Retail Rate
**Energy Credit** = Σ (Hourly Measurements of Customer Delivered Energy) x Avoided Cost Rate
**Carryover Energy Credit** = The amount which the Energy Credit exceeds the Energy Charge during a billing period, which may accumulate from one month to the next.
**Net Energy Charge** = Energy Charge – Energy Credit – Carryover Energy Credit

**Customer Bill Calculation:**
Monthly Service Charge + Demand Charge + Grid Charge + Applicable Riders + Monthly Energy Charge = Total Bill

D. **Expanded Net-Metering Customers.** BEUD will determine the Energy Charge applicable to Expanded Net-Metering Customers by multiplying the energy consumed by the Expanded Net Metering Customer by the applicable retail rate. Next, BEUD will determine the Energy Credit by multiplying the energy generated by the Expanded Net Metering Customer by the Avoided Cost Rate. The Monthly Energy Charge shall be the greater of: (i) $0, and (ii) the Energy Charge as reduced by the Energy Credit. Monthly service charges, demand charges, applicable riders, and the like, shall be applied as shown in the applicable rate schedule without reduction. The steps described above are reflected in the following calculations:

**Energy Charge** = Σ (Hourly Measurements of BEUD Delivered Energy) x Retail Rate
**Energy Credit** = Σ (Hourly Measurements of Customer Delivered Energy) x Avoided Cost Rate
**Carryover Energy Credit** = The amount which the Energy Credit exceeds the Energy Charge during a billing period, which may accumulate from one month to the next.
**Net Energy Charge** = Energy Charge – Energy Credit – Carryover Energy Credit

**Customer Bill Calculation:**
Monthly Service Charge + Demand Charge + Grid Charge + Applicable Riders + Monthly Energy Charge = Total Bill

## ORDINANCE NO. __________

**AN ORDINANCE ADOPTING AND UPDATING BENTONVILLE NET METERING REQUIREMENTS FOR THE CITY OF BENTONVILLE ELECTRIC UTILITY DEPARTMENT; PROVIDING WHEN SUCH REQUIREMENTS SHALL BECOME EFFECTIVE; AND FOR OTHER PURPOSES.**

**BE IT ORDAINED BY THE CITY OF BENTONVILLE, ARKANSAS:**

Section 1. The updated Bentonville Net Metering Requirements, three copies of which have been made available with the City Clerk for public review, in accordance with Arkansas law, should be and the same are hereby adopted:

**BEUD NET METERING REQUIREMENTS**

Section 2: Severability Provision: If any part of this Ordinance is held invalid, the remainder of this Ordinance shall continue in effect as if such invalid portion never existed; and

Section 3: Repeal of Conflicting Provisions: All Ordinances, Resolutions, or Orders of the City Council, or parts of the same, in conflict with this Ordinance are repealed to the extent of such conflict.

Section 4. This ordinance shall become effective thirty (30) days after passage and approval.

**PASSED this __________ day of ________________________, 2024.**

**APPROVED;**

________________________________
**STEPHANIE ORMAN, Mayor**

**ATTEST:**

________________________________
**MALORIE MARRS, City Clerk**