



PROPOSAL

RFP #: WF 2023-05-01

**WATER UTILITY RATE  
STUDY**

JUNE 23, 2023



Prepared for:  
Town of North East  
P.O. Box 528  
106 South Main Street  
North East, MD 21901-0528

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911-A Commerce Road  
Annapolis, MD 21401

June 22, 2023

Ms. Vonnie Stemen  
Director of Finance  
Town of North East  
106 South Main Street, P.O. Box 528  
North East, MD 21901-0528

Subject: **RFP WF 2023-05-01 – Water Utility Rate Study**

Dear Ms. Stemen:

The Town of North East's water utility operates in a complex and ever-evolving landscape to provide a public service that is affordable, reliable, and sustainable. At the same time, the pace of change in the municipal utility market is accelerating, directly impacting your ability to provide quality service to your customers. Navigating the challenges of balancing long-term infrastructure investment, maintaining customer satisfaction, and the sheer amount of data available to drive decision-making is overwhelming. How do you optimize data analysis to identify and inform the best strategic approach to deliver the right services, address stakeholder demands, and ensure public trust?



Understanding your community, your organization, and your data are the three essential elements to developing actionable strategies to sustain your future service. NewGen Strategies and Solutions, LLC (NewGen) believes that strategy dictates everything. Our approach incorporates your data, market, and community to provide an integrated view designed to allow you to make long-term decisions with confidence. We leverage innovative modeling technology and market expertise to solve your most complicated issues. We design strategies to ensure they are responsive, transparent, and reliable while paving the way for successful buy-in across all your stakeholders.

We are pleased to submit our proposal to perform a Water Utility Rate Study for the Town.

This proposal is a firm and irrevocable offer for a period of 60 days from the date of this letter. We look forward to working with you on this important and interesting study. Please contact me on my direct line at (443) 951-0355 or by e-mail at [mmaker@newgenstrategies.net](mailto:mmaker@newgenstrategies.net) if you would like to discuss our project team and approach.

Sincerely,

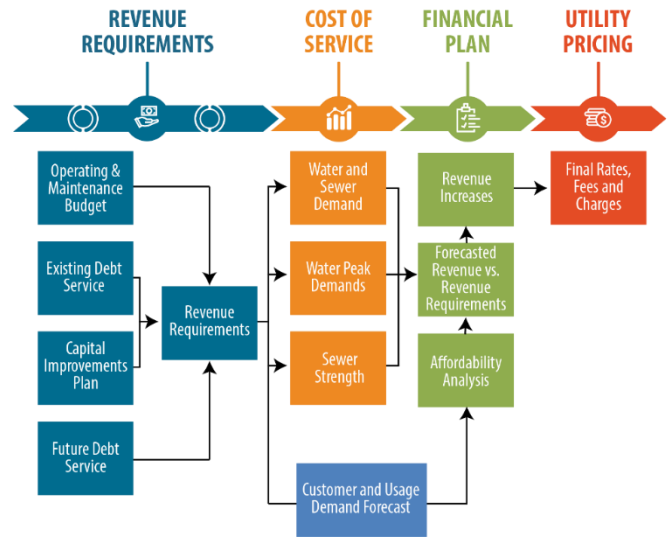
NEWGEN STRATEGIES AND SOLUTIONS, LLC

DocuSigned by:  
*Michael Maker*  
F8F7E68E229E404  
**Michael Maker**  
**Partner**

## 1. APPROACH TO THE PROJECT

While each utility's budgeting, financial reporting and the flow of funds is unique, our standard approach to completing a water and sewer cost of service and rate study is predicated on a four-step process.

- **Revenue Requirements** - Develop and document the annualized full cost of providing each separate service, including those costs that may not be explicitly identified in the utility's budget, such as unfunded repair and replacement costs.
- **Cost of Service** - Allocate revenue requirements to customer classes or types of customers based on the cost of providing service to the extent necessary.
- **Financial Plan** - Develop a financial plan to fund system revenue requirements reflecting usage demands.
- **Utility Pricing** - Review and evaluate rate/fee designs based on revenue needs and policy goals related to rate design (e.g., encouragement of consumption or conservation, support for economic development, affordability, etc.).



We have adapted this general process into a work plan of tasks aligned with the desired outcomes of the Town's RFP.

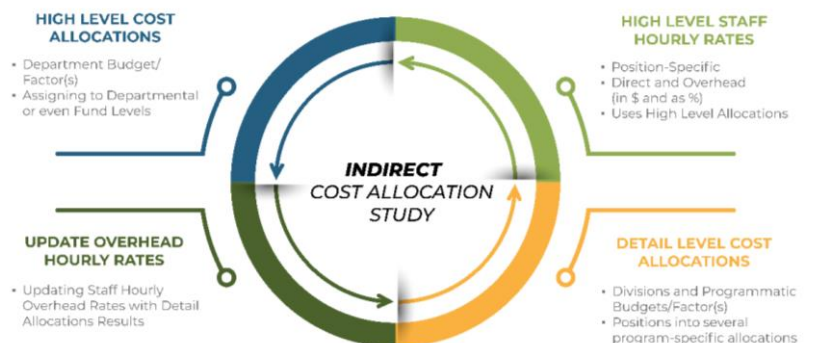
### TASK 1 – DATA REVIEW AND PROJECT KICKOFF

Upon receipt of notice to proceed, NewGen will submit to the Town a detailed data request, identifying the data needed to perform the scope of work. As the Town furnishes this data, it will be loaded onto an online storage site, indexed, and stored to enable access by Town and consultant project personnel and others authorized by the Town. This will ensure that all interested parties have access to all data and the most current data available. We will review all the requested data to ensure we have a solid understanding of the Town's water system.

A project kickoff meeting will be held, with key Town and consultant personnel invited to attend and participate. The purpose of this meeting is to review, update, and validate the proposed workplan, introduce key personnel to one another, and agree to key dates. As part of the kickoff meeting, we will discuss the Town's current financial and rate policies, as they will serve as key guideposts for the study. We will also discuss potential policy issues that may need to be addressed. Based on our experience working with municipal governments, it is vitally important to identify and evaluate the key policy issues early in the study to ensure that consensus is developed regarding the principles that will govern the study. The primary goal of this task is to set a strong foundation for the study, ensuring all parties understand desired outcomes.

### TASK 2 – OVERHEAD COST ALLOCATION

NewGen will review the Town's overhead distribution formulas and recommend an indirect cost allocation approach that allocates costs from the water Enterprise Fund to the Town's General Fund in an equitable manner. We propose two alternate approaches: a top-down approach that allocates indirect costs based on a proxy, typically budgeted expenses and FTE allocations to the Water Fund, or a more detailed approach that looks at all Town services and the appropriate allocation basis for each department. Examples of different bases for allocation include resolutions and ordinances for Board costs, transactions for accounting costs, purchase orders for procurement, paychecks for payroll, FTEs for human resources, etc.



## TASK 3 – REVENUE REQUIREMENTS

One of the primary tasks of the study is identifying the cost of providing water service. Our approach includes a detailed review of each of the costs incurred by the Town (both identified and unidentified) to ensure a true cost of service is developed. The unidentified costs are often those associated with the repair and replacement of buried assets. The cost analysis can be broken down into four main categories of costs: operating and maintenance costs, capital improvements, existing debt service, and any contributions to reserves. The following section of our proposal describes our approach to reviewing and identifying each of these costs. The total amount of cash required annually by the utility for all purposes and from all sources constitutes the revenue requirement. Completing this task will provide a 10-year forecast of system revenue requirements with the ability to change assumptions (inflation, growth, capital financing, etc.) and immediately see the impact on revenue requirements.



### Review O&M Costs

Using the Town's current operating budget as a starting point, we will review the adequacy of budgeted operating and maintenance costs. To the extent that costs are directly identified to specific water system functions, they will be so documented. O&M expenses will be forecast based on estimated annual inflation rates at the budgetary account level.

### Review Capital Improvements Program

We will review the Town's official CIP plus known adjustments to the plan. To the extent projects have not been fully identified, we will assist Town staff in developing estimates for capital projects over a ten-year period. The types and levels of various funding sources to pay for the capital costs of the utility systems will be examined, and the impacts of various approaches will be quantified. There are various approaches to funding capital expenses. They can be paid from various funding sources, such as operating revenues ("pay as you go" funding), long-term debt (e.g., bonds, loans, etc.), existing cash reserves, grants, and developer contributions. Typically, a utility might use a mix of these financing sources. Based on current Town policy and our industry expertise, we will recommend an approach to fund each major capital project or project category within the Town's multi-year capital plan.

### Analyze Current and Projected Debt Service

The annual principal and interest payments for existing debt service related to the utility systems will be documented. Those projects or categories of projects contained in the CIP that are anticipated to be debt-funded will be identified, and debt service projections will be developed. The Town's practices on types of debt (general obligation bonds, revenue bonds, use of SRF loans, frequency of borrowing, etc.) will be determined, as will typical debt structure (e.g., payment term, level principal payments vs. level debt service) and assumed interest rate.

### Evaluate the Adequacy of Reserves

The wise use and management of financial reserves provide many advantages to a utility: rate stabilization, "smooth" rate increases, enhanced credit ratings, and resulting interest savings. We will review the adequacy of the Town's current reserves in light of Town policy and our industry expertise. The analysis will also include developing a repair, replacement, and rehabilitation (3R) reserve for fixed assets. Based on the inventory of current water system assets, we will recommend the appropriate annualized funding for a 3R reserve for each system to provide funds to pay for unexpected major repairs and planned replacement or rehabilitation of system assets. These reserves can be used to pay for capital costs to avoid or minimize the amount that would otherwise be recovered through user fees (possibly resulting in a significant rate increase).

Typically, the annual 3R reserve balance is calculated based either on the estimated useful life of each asset or as a percentage of total assets. We will calculate such a reserve using both methodologies.

**Develop Revenue Requirements**

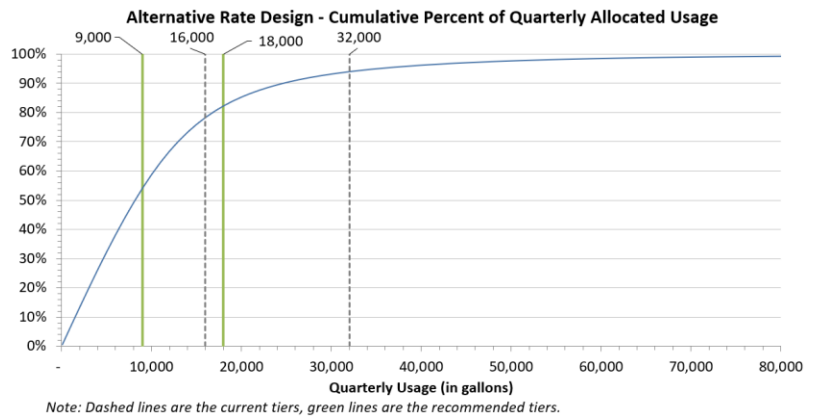
The sum of the O&M costs, annualized capital costs (debt service plus cash purchases of capital assets), and any contributions to reserves constitutes the gross revenue requirement. This amount, less any miscellaneous revenues, results in the net revenue requirement: the amount of revenue needed to be raised from customers.

**TASK 4 – DEMAND FORECAST**

This task consists of two components: a detailed analysis of historical customer usage to examine customer usage patterns and the development of a customer and demand forecast for the Town’s service area.

**Analyze Detailed Usage / Peak Demands**

An integral step in the rate study is to understand the make-up of the customers serviced by the system and how and when they use water and generate sewage throughout the year, particularly how and when various customers peak the system. This is necessary for determining appropriate cost allocations, developing demand projections, evaluating the appropriateness of a new rate structure, or updating of the current rate structure and evaluating potential alternative rate structures. To facilitate this review, NewGen will request at least two years of detailed consumption at the customer account level. The customer usage data will be statistically analyzed to identify usage patterns, including seasonal and customer class peaking. Demand ratios will be identified and considered in this analysis, as will peak demands related to any large customers or customer classes. This will result in a tiered analysis of the Town’s customer base by class, which will provide a basis for any changes to the Town’s current water rate structure.



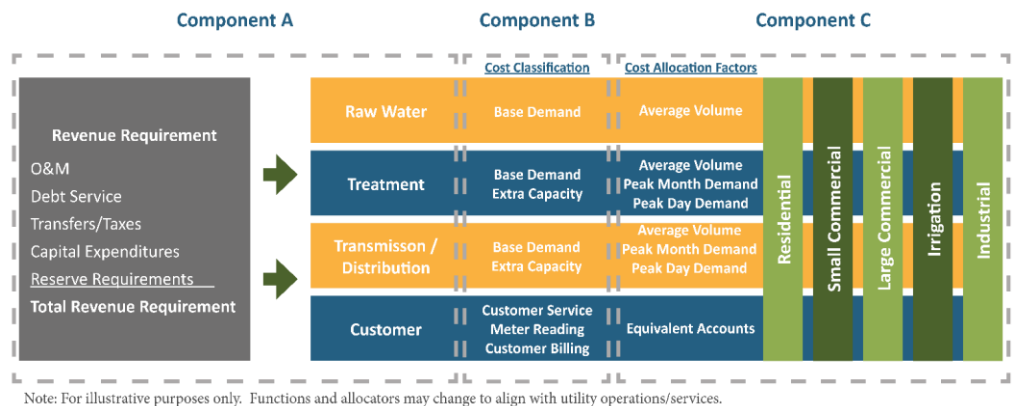
**Forecast Demand**

The demand forecast will be based on historical usage patterns, facilities plans and discussions with Town staff regarding projected water demand and sewage generation. The projections will be developed by customer class for a 10-year period. One of the key variables that must be developed is the rate of growth in the utility, including the numbers and types of new customers to be added year-by-year and increases (or decreases) in water usage over time by existing customers.

**TASK 5 – COST OF SERVICE**

Our general approach to the cost of service analysis is predicated on a three-component process:

- Component A: Functionalization of Revenue Requirement – Development of the full cost of providing service to each class of customers and assigning those costs to system functions. This step defines what services the system provides.
- Component B: Classification to Cost Causative Components – Classification of each system function to the cost causative component. This step defines how the system provides its services.



- Component C: Allocation to Customers – Allocation of functionalized and classified revenue requirements to customer classes based on contributions to units of service. This step defines who the system provides these services to and at what level.

The revenue requirements from rates will be allocated as necessary by class to serve as the basis for rate determination for each class. To complete the cost of service analysis, we propose to follow the methodology described in American Water Works Association (AWWA) Manual M1, *Principles of Water Rates, Fees and Charges*, for allocating water system revenue requirements. To the extent that significantly differing usage or demand patterns among customers or customer classes exist, or to the extent required by external agreements, costs will be functionalized or segregated as necessary. Costs related to water consumption will be allocated to base (average day demand), maximum day, and maximum hour (if data is available) components. Costs unrelated to consumption will be allocated to customers based on factors such as bill counts, meter size, and hydrant and fire line size.

## TASK 6 – FINANCIAL PLAN

The annual water revenue requirements developed in Task 2 and the revenue generated with current water rates based on projected demand developed in Task 3 will be compared to evaluate the sufficiency of the Town's current water rates. NewGen will project water cash flow for a 10-year planning period. Based on this analysis, we will develop a financial plan for revenue adjustments to ensure the financial health and sustainability of the Town's water system.

## TASK 7 – RATE ANALYSIS

We will review each of the Town's various rates and charges (In Town and Out of Town, ensuring compliance with PSC Case #9190, Order #85410) to determine if the rate design structure is appropriate:

- Minimum Charge per ERU (0-5,000 gallons)
- Ready to Serve Charge
- Variable Charge per 1,000 gallons (over 5,000 gallons)
- Bulk Water Sales Charge per 1,000 gallons
- Connection Fee
- Major Facilities Fee

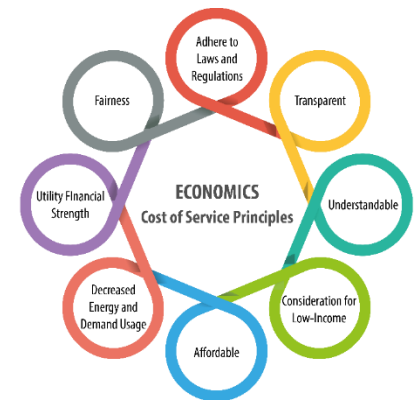
In general, our focus will be on developing a rate schedule that reflects the differences in the cost of providing service to various classes of customers or meter-size equivalents. It must be kept in mind that rate design is a "zero-sum" game; the amount of money raised from rates and fees is the same, regardless of the rate design. All rate designs should produce the same total revenue but will impact different customers or customer classes differently.

Any rate structure developed as a part of the study will identify the fixed and variable portion of the rate structure and the cost components that should be collected from fixed or variable charges. While it may be unrealistic to generate an identical proportion of fixed and variable costs in the revenue structure of the Town, NewGen will strive to increase cash flow stability using fixed charges where appropriate.

Any rate structure changes could have disproportionate impacts on particular customer groups. For example, increasing the proportion of revenue raised from fixed charges disproportionately impacts small users, as a higher proportion of their bill is due to the fixed fee. Conversely, increasing the fixed charge part of the customer bill increases revenue stability and enhances credit ratings. These impacts will be noted and explained for each rate structure recommended as a part of the study, and implementation strategies will be developed to mitigate or phase in each impact.

The financial model will be developed for a ten-year period, with a recommended rate schedule developed for each of the next five years. We will develop an analysis of the rate increase impact on typical customers, customer classes, and the system's largest customers.

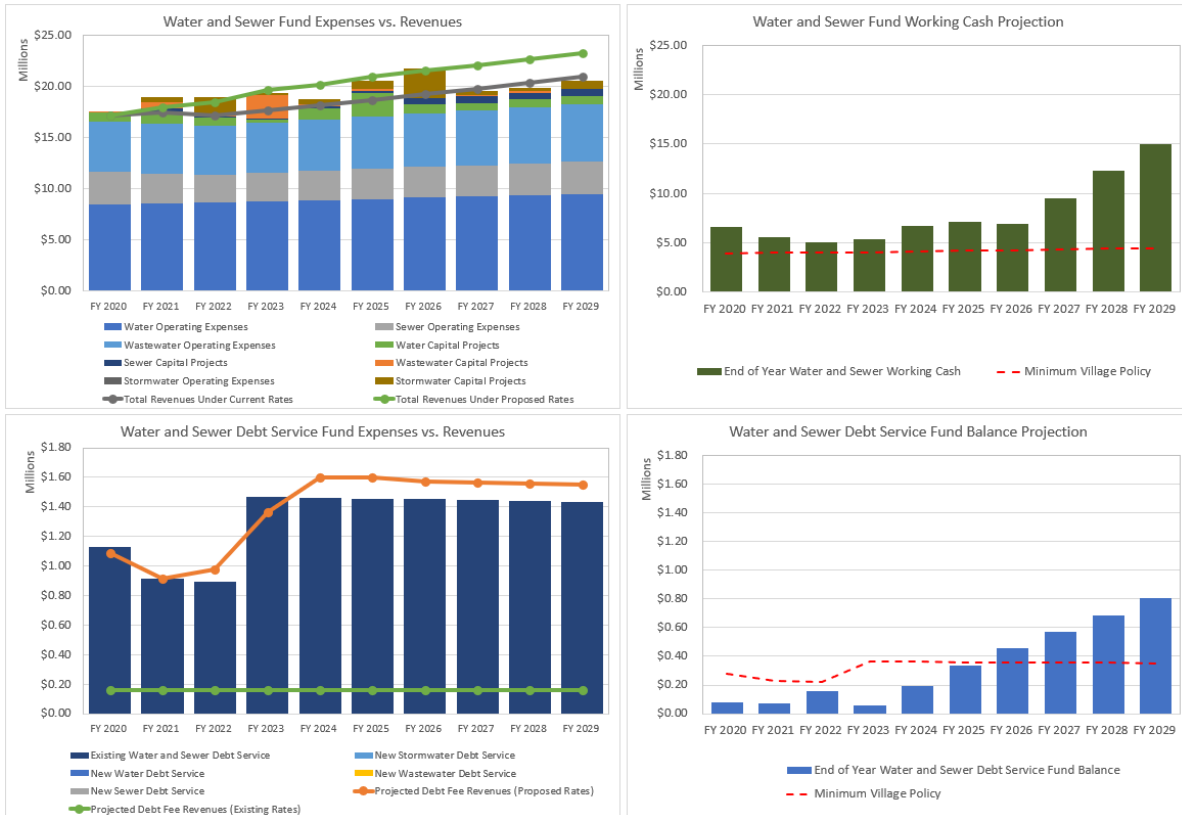
Using the median usage for a Town customer, we will calculate a typical bill calculated with the current and recommended rate designs and compare them to the bills of surrounding utilities. The bill will be calculated using the same usage but with each utility's respective rates.



## TASK 8 – FINANCIAL MODEL

NewGen’s model utilizes Microsoft Excel® software. The model produces a series of interactive schedules, each of which addresses a principal topic (O&M costs, debt service, demand/usage, cost of service, etc.). Every model NewGen develops is fully customized to match the client’s account structures and budget documents. The dynamic financial models enable the optimization of multiple independent variables that will define the financing plan for each utility. Built into the model is a Dashboard of summary-level graphics that show high-level projections of revenues, expenses, and cash flows under the model’s current scenario, as well as key performance indicators. The Dashboard provides instant feedback on rates, revenues, and performance indicators based on assumptions entered by the user.

The model’s schedules are linked to facilitate updating and minimize input errors. NewGen’s financial models are highly user-friendly, and we make every effort to ensure that the model is a useful tool. The model will not be a black box but rather a tool that can easily be used, understood, and updated. NewGen does not charge any form of licensing fee or royalty for ongoing use of the models developed for our clients, but we ask that clients not re-sell or give away the models developed for client use. NewGen will provide training on how to use and maintain the model. The model, combined with training, will enable the Town to readily and easily adjust expenses, revenues, debt financing, capital projects, rates/fees, and other financial assumptions, if necessary, over a multi-year period as circumstances change.



## TASK 9 – REPORTING

We will document all work performed in the water rate study in a concise narrative report. The report will be written in easy-to-understand terms so that it is "public-friendly". All data sources relied upon in the study will be identified and documented, and all assumptions clearly set forth. The report will be delivered to the Town in draft form, and a revised report will be delivered to the Town shortly after receipt of comments on the draft report. The study’s results will be presented as a summary slideshow in Microsoft PowerPoint that will present all study data, results, and recommendations for Board consideration and public understandability.

## 2. EXPERIENCE

### EXPERIENCE IN MARYLAND

We have extensive experience providing cost of service/rate work in the State of Maryland in. NewGen encourages the Town to contact any of the representative professional references listed below. These clients can speak to our ability to provide quality work similar to the services requested by the Town.



#### TOWN OF PERRYVILLE, MD – WATER AND SEWER RATE STUDY

REFERENCE: George Patchell | Town Administrator | (410) 642-6066 |  
gpatchell@perryvillemd.org

The Town of Perryville is situated in Cecil County at the northern tip of the state, along the shores of the Susquehanna River and the head of the Chesapeake Bay. With a population of just under 4,400, Perryville maintains a small-town atmosphere while providing convenient access to larger metropolitan areas. The Town's water and sewer rate design consists of a quarterly minimum charge (with the charge and an allowance varying by meter size) broken into base and O&M components and a consumption rate per 1,000 gallons (over the minimum allowance). NewGen was hired to perform a water and sewer rate study for the Town. As part of the study, NewGen developed a financial plan to address increasing capital costs, including expansion of the Town's water plant. NewGen developed several rate design alternatives (all bringing in the same amount of total revenue) to collect operating, capital, and debt costs with water and sewer rate revenue.



#### TOWN OF ELKTON, MD – WATER AND SEWER RATE STUDY

REFERENCE: Steve Repole | Director of Finance | (410) 398-4170 | steven.repole@elkton.org

NewGen (then operating as MFSG) completed a comprehensive cost of service and rate study for the Town's water and sewer systems in 2006, and updates to the original study were completed in 2010, 2014, and 2018 (as well as a billing analysis completed in 2022). The Town's water and sewer systems are operated by a contract operator, and an important feature of the study was implementing the effects of the contract operator's newly negotiated agreement into the Town's budget and financial plan. Like many towns and cities in Maryland, Elkton faces rising operating costs and the risks of and associated replacement costs of aging infrastructure. To answer residents' concerns, the Town adopted a financial plan that would allow for the gradual increase of water and sewer rates over a five-year period. A key objective of the Town was to ensure that costs associated with serving new customers were being paid for by revenues collected from capital connection charges and were not being subsidized by the Town's existing water and sewer customers. In light of the current economic conditions and decline in the local housing market, the Town's financial plan included a detailed review of the connection fee cash flow and adequacy of fees.



#### CECIL COUNTY, MD – WASTEWATER RATE STUDY

REFERENCE: Scott Flanigan | Director of Public Works | 410.996.5259 | sflanigan@ccgov.org

The County engaged NewGen to develop a financial plan and rate methodology for the County's wastewater fund. NewGen developed a 10-year comprehensive financial model that determined the true cost of operating the wastewater system. After discussions with the County on the difficulty of obtaining meter readings from water providers, NewGen recommended adopting a quarterly flat rate (per equivalent living unit) for wastewater usage. NewGen also recommended the establishment of an Operating and Maintenance (O&M) Reserve and Repair, Renewal, and Replacement (3R) Reserve and calculated Major Facilities Fees; Benefit Assessment Fees; and Extra Strength Surcharges. NewGen recently updated the wastewater analysis and developed a revised financial model.





## CITY OF FROSTBURG, MD – WATER AND SEWER RATE STUDY

REFERENCE: Elizabeth Stahlman | City Administrator | (301) 914-1781 | estahlman@frostburgcity.org

Located in the Allegany Mountains on the eastern slope of Big Savage Mountain, the City of Frostburg has an estimated population of just over 7,000. Through its Department of Public Works, the City provides water treatment and distribution and wastewater collection services to an estimated 12,000 people, including those on campus at Frostburg State University and several outlying communities in Allegany County. The City owns two raw water sources of supply: Piney Reservoir and Savage Springs and Wells. As both sources are located on the other side of Big Savage Mountain, the water must be pumped over the ridge. Maryland Environmental Service is the contract operator of the City's water treatment plant. The City conveys all wastewater through the Braddock Run Sanitary District owned by Allegany County to the LaVale Sanitary Commission and the City of Cumberland. The City hired NewGen to develop a water and sewer utility rate study, including the following scope of services:

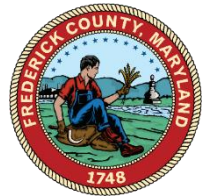


- Identify and analyze the costs (personnel, operating, capital, debt service, etc.) to provide service.
- Compile data to develop the costs associated with each fee area.
- Develop and justify rate and user fee recommendations, considering the factors above.
- Project impact of implementing the rate and fee recommendations.
- Recommend scenarios to meet the City's goals of a user-equitable, self-supporting structure.
- Present to the Mayor and Council the completed study methods, results, and recommendations.

## FREDERICK COUNTY, MD – WATER AND SEWER RATE STUDY

REFERENCE: Tina Hafler | Divisional Finance Manager, Division of Water and Sewer Utilities | (301) 600-2904 | thafler@frederickcountymd.gov

NewGen has provided the County with comprehensive water and sewer rate analyses and rate studies for several years. Frederick County is a fast-growing exurb thirty-five miles outside Washington, DC, which provides water service to over 26,000 customers and sanitary sewer service to 35,000 customers. The studies have provided an approach to phase in necessary water and sewer rate increases over several years to minimize the short-term impact on customer bills. Since the initial study was performed in 2004, NewGen has developed cost of service and rate models for the County and updated rates and fees on several occasions.



## TOWN OF EMMITSBURG, MD – WATER AND SEWER RATE AND CONNECTION FEE STUDY

REFERENCE: Cathy Willets | Town Manager | (301) 600-6300 | cwillets@emmitsburgmd.gov

Located in northern Frederick County, the Town of Emmitsburg has an estimated population of 3,090. Through its Department of Public Works, the Town provides water treatment and distribution and wastewater treatment and collection services to 928 water and sewer connections inside the Town and 71 residential sewer connections (and FEMA's National Emergency Training Center) outside of the Town. The Town's water and sewer rate structure consists of a quarterly minimum ready to serve charge that varies by meter size and includes an allowance of 6,000 gallons. For usage over 6,000 gallons per quarter, there is a six-tier inclining block water and sewer rate structure charged per 1,000 gallons. There is also a water maintenance fee per equivalent per quarter. The Town also charges one-time water and sewer connection capacity fees for new services or connections. The Town hired NewGen to develop a financial plan to adequately recover the operating, debt, and capital costs of the water and sewer systems associated with existing and new customers. As part of the analysis, NewGen reviewed the rates, charges, and fees of the water and sewer systems, provided recommendations based on industry-standard rate and billing policies and procedures, and developed several scenarios to phase in rate increases and mitigate the impact on customer bills.



## 3. QUALIFICATIONS

NewGen employs more than 50 professional staff in 13 offices across the United States and operates on a national level. Our office in Annapolis, Maryland, will serve as the project office for the Town's study. The Annapolis office specializes in water and wastewater work and offers a variety of specialized services, including wholesale and retail cost of service/rate studies, system development charge/availability fee studies, operational reviews, management audits, comparative analyses

and benchmarking, financial feasibility studies, and contract negotiations. The professional staff involved in this project are all employed on a permanent basis. Each member of the team put forth in this proposal has been selected as a knowledgeable professional, and each is uniquely qualified to provide the services specified in the Town's RFP.

### MICHAEL MAKER | PROJECT MANAGER



**EDUCATION:** MBA, Finance, Loyola University (Beta Gamma Sigma Honor Society)  
BA, Economics, University of Rochester, Minor: Electrical Engineering

**AFFILIATIONS:** AWWA, WEF, GFOA | Serves on AWWA Workforce Strategies Committee and AWWA Finance, Accounting & Management Controls Committee | Serves on Chesapeake AWWA Utility Conference Planning Committee

Mr. Mike Maker is the Deputy Director of NewGen's Water and Wastewater Practice and a Partner applying management, financial, and technical experience. He has 19 years of experience and has led dozens of management and financial studies. His day-to-day responsibilities include managing client projects, developing analytical financial models, and compiling comprehensive reports and presentations. Recent client work experience includes water and/or sewer rate consulting and financial planning for Calvert County, Cecil County, Frederick County, the Cities of Fredrick, Frostburg, and Hagerstown, and the Town of Emmitsburg and Perryville in Maryland; the Albemarle County Service Authority, Henrico County, the Cities of Fredericksburg, Charlottesville, Hampton, and Portsmouth, and the Towns of Leesburg and Warrenton in Virginia; Albertson Water District, Carle Place Water District, Fishers Island Water Utility Company, Hicksville Water District, Plainview Water District, and Port Washington Water District in New York; the City of Camden in New Jersey; the Town of Holly Springs in North Carolina; and Clermont County and the Cities of Niles and Perrysburg in Ohio. He is a current member of AWWA's Finance, Accounting & Management Controls Committee, AWWA's Workforce Strategies Committee, Virginia AWWA's Utility Management Committee, and Chesapeake AWWA's Utilities Committee. He is helping to rewrite the latest editions of AWWA's Manual M29 - *Capital Financing* and Manual M5 - *Water Utility Management*. He presented on availability fees at the Virginia WaterJAM 2020 virtual conference, system development charges at the 2021 Chesapeake AWWA Tri-Association Conference, and key performance indicators and benchmarking developed for Fairfax County at the 2022 Chesapeake AWWA Tri-Association Conference in Ocean City.

### ERIC CALLOCCHIA | QA/QC



**EDUCATION:** BA, Economics/Mathematics, Johns Hopkins University

**AFFILIATIONS:** AWWA, WEF, CWEA, GFOA | AWWA Rates and Charges Committee - Cost of Service Subcommittee

Mr. Eric Callocchia has more than ten years of utility rate consulting experience and is an expert in utility cost of service, rate design, and financial management. He has overseen the completion of more than 85 rate studies across the United States. He is a contributing author to the Water Environment Federation's (WEF) most recent edition of the Manual of Practice (MOP) 27 – *Financing and Charges for Wastewater Systems* and the American Water Works Association (AWWA) Manual M1 – *Principles of Water Rates, Fees, and Charges* (8th Edition, currently in development). He frequently presents at industry conferences, having made presentations regarding national utility issues such as proper cost projection methodologies, rate design equity, and affordability. He has been accredited and served as an expert witness regarding utility rate-setting matters.

### NICK SHORT | FINANCIAL MODELING



**EDUCATION:** BS, Economics, Towson University

**AFFILIATIONS:** AWWA, WEF

Mr. Nick Short applies financial modeling skills to a broad range of rate design projects for clients. He has served as lead data analyst for numerous water, sewer, stormwater, and/or solid waste rate studies throughout the United States. In addition to rate design projects, he has also assisted in operation and management, benchmarking, and performance management studies.

## AIDAN OATES | DATA ANALYSIS

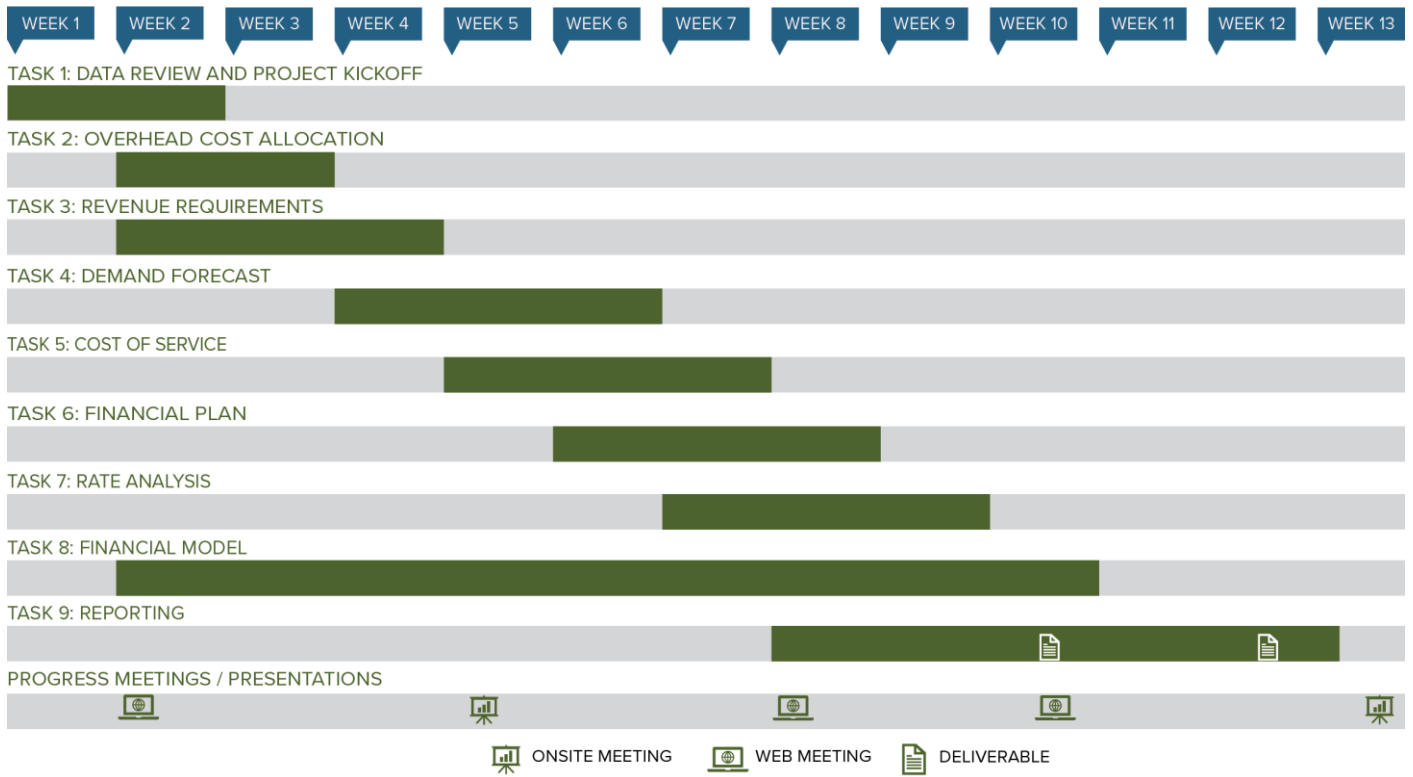


**EDUCATION:** Master of Energy Management, Tulane University  
 Bachelor of Arts in English Literature and Finance, The College of William and Mary

Mr. Aidan Oates joined NewGen in 2021. He provides financial modeling, cost of service and rate design for water, wastewater, and solid waste projects. His experience includes valuation, trading, economics, and investment banking specific to the Energy industry. He earned his BA in English Literature and Finance from William and Mary and a Masters in Energy Management from Tulane University.

### 4. SCHEDULE

The technical approach outlined in this proposal will deliver a draft report ten weeks after delivery of the data necessary to complete the study. Our schedule assumes NewGen will make two onsite visits (e.g., status meeting, Board meeting). All other meetings are anticipated to be held via online video conferencing software (e.g., Zoom, Microsoft Teams, etc.). Of course, NewGen is also willing to adjust expected delivery dates and the number of meetings if needed to accommodate the Town’s schedule.





# APPENDIX A: RESUMES

RFP #: WF 2023-05-01

**WATER UTILITY RATE STUDY**



# Michael **MAKER**

PARTNER

Bringing 19 years of experience, Mr. Maker is Deputy Director of NewGen’s Water Practice and a Partner applying management, financial and technical experience. Day-to-day responsibilities include managing client projects, developing analytical financial models, and compiling comprehensive reports and presentations.

## CONTACT

911-A Commerce Road  
Annapolis, MD 21401

Email: [mmaker@newgenstrategies.net](mailto:mmaker@newgenstrategies.net)  
Website: [www.newgenstrategies.net](http://www.newgenstrategies.net)

## EDUCATION

Master of Business Administration in Finance,  
Loyola University

Bachelor of Arts in Economics, University of  
Rochester, Minor: Electrical Engineering

## PROFESSIONAL MEMBERSHIPS

- American Water Works Association (AWWA)
- Water Environment Federation (WEF)
- Government Finance Officers Association (GFOA)

## KEY EXPERTISE

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

## RELEVANT EXPERIENCE

### Cost of Service and Rate Design

Mr. Maker prepares cost of service and rate studies for water, wastewater, stormwater, and solid waste utilities. His responsibilities included the development of cost of service cash flow model, rate design, fee design, and customer impact analysis. Models developed by Mr. Maker have provided clients with the necessary information to make critical capital financing decisions and rate adjustments to fully finance replacement needs while maintaining a healthy cash balance. He has also provided policy direction based on industry standards regarding reserve levels and line replacement funding. The models developed can assess the impacts of sensitivity analysis of inflation and growth assumptions and various what-if scenarios. Mr. Maker has recommended alternative rate structures and assisted in implementing phased-in rate plans that address each client’s specific issues and maintain the financial health of utility funds.

### Management Studies and Organizational Reviews

Mr. Maker evaluates the performance, efficiency, and effectiveness of organizations and provides recommendations for establishing new organizations or consolidating existing organizations or departments. These efforts include the development of organizational structures and staffing needs, recruitment of key personnel, job descriptions, compensation programs, capital and operating budgets, revenue analysis, etc. Tasks include interviews with management, staff, elected officials, and other stakeholders, benchmarking to comparable organizations, and providing recommendations with a focus on increasing productivity, efficiency, and cost savings.

### Fiscal and Economic Impact Analyses

Mr. Maker evaluates the financial and economic impact of development projects within municipalities. For fiscal impact analyses, the efforts include a comparison of the incremental cost of providing municipal services to planned development communities with the incremental revenues to be realized by the municipality from those developments. For economic impact analyses, the efforts include estimating the direct, indirect, and induced economic impacts of various projects on the local economy.



# Eric CALLOCCHIA

PARTNER

Mr. Eric Callocchia has over eleven years of utility cost of service and financial consulting experience. His expertise involves a broad range of industry issues, including revenue stability, customer affordability, cost of service rate making, and public engagement and education. His expertise in utility cost of service is rooted in his exceptional analytic skills and broad experience, which ensure that the recommendations he develops are understandable and withstand legal scrutiny.

Mr. Callocchia is a contributing author to the most recent edition of the Water Environment Federation's Manual of Practice 27 – Financing and Charges for Wastewater Systems. He is an active member of the American Water Works Association (AWWA) Rates and Charges Committee and a contributing author to the upcoming eighth edition of AWWA's Manual M1 – Principles of Water Rates, Fees, and Charges.

## CONTACT

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## EDUCATION

Bachelor of Arts in Economics and  
Mathematics, Johns Hopkins University

## PROFESSIONAL REGISTRATIONS/ CERTIFICATIONS/ AWARDS

American Water Works Association –  
Active member of the AWWA Rates and  
Charges Committee and Cost of Service  
Subcommittee

Government Finance Officers Association  
Water Environment Federation

## KEY EXPERTISE

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

## > RELEVANT EXPERIENCE

### Water/Sewer/Stormwater Rate Studies

Mr. Callocchia provides water, wastewater, and stormwater industry expertise and policy guidance to NewGen's clients. His models equip clients with the necessary information to make critical capital financing decisions and rate adjustments to fully finance their system's operation, asset maintenance, and replacement needs while maintaining fund balance policies based on industry best practices. The models also have the capability of scenario analysis and can be incorporated with operating and capital expense and revenue projects. Mr. Callocchia develops and recommends alternative rate structures and assists with implementing phased-in rate plans that address client issues and maintain the financial health of utility funds. Mr. Callocchia also provides expert guidance on managing water, sewer, and stormwater utilities, including developing policies and procedures related to customer service, organizational communication, and public outreach.

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

- Anne Arundel County, MD
- Bloomington and Normal Water Reclamation District, IL
- City of Charlottesville, VA
- City of Dover, DE
- City of Frederick, MD
- City of Fredericksburg, VA
- City of Naperville, IL
- City of North Kingstown, RI
- City of Park Ridge, IL
- City of Prospect Heights, IL
- City of Richmond, VA
- City of Rockville, MD
- Village of Addison, IL
- Village of Fox Lake, IL
- Village of Libertyville, IL
- Village of Lindenhurst, IL
- Village of Lombard, IL
- Village of Orland Park, IL
- Village of Westchester, IL
- Washington Suburban Sanitary Commission, MD
- Wise County Public Service Authority, VA



# Nick SHORT

SENIOR CONSULTANT

Mr. Short is a Senior Consultant at NewGen, applying financial modeling skills to a broad range of rate design projects for clients. Mr. Short has extensive experience analyzing utility billing data to project cash flow and financing scenarios as a part of utility rate studies.

## CONTACT

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## EDUCATION

Bachelor of Arts in Economics, Towson University

## KEY EXPERTISE

- Cost of Service Analyses
- Economics
- Financial Modeling
- Operational Benchmarking
- Performance Metrics
- Rates and Fee Design

## > RELEVANT EXPERIENCE

### Water and Sewer Rate Studies

Mr. Short works with NewGen project managers to build financial models for utility clients. These models utilize industry standard cost allocation methodologies and allow clients to project the operating, capital, debt service and reserve requirements of their systems on both a short and long-term basis. Mr. Short provides expert utility billing analysis in order to properly project utility revenues. Clients that Mr. Short has provided these services to include:

- Albemarle County, VA
- Albertson Water District, NY
- Anne Arundel County, MD
- Bristol County Water Authority, RI
- Calvert County, MD
- Carle Place Hamlet, NY
- City of Baltimore, MD
- City of Camden, NJ
- City of Canton, OH
- City of Charlottesville, VA
- City of Dover, DE
- City of Dublin, OH
- City of Frederick, MD
- City of Fredericksburg, VA
- City of Hagerstown, MD
- Town of Highland Park, TX
- Town of Holly Springs, NC
- Town of Middleburg, VA
- Town of Wallingford, CT
- Town of Warrenton, VA
- City of Hampton, VA
- City of Hazelton, PA
- City of Niles, OH
- City of Perrysburg, OH
- City of Portsmouth, VA
- City of Richmond, VA
- City of Tallmadge, OH
- Town of Tyler, TX
- City of Vienna, VA
- City of Waco, TX
- City of Watertown, MA
- Clermont County, OH
- Coachella Valley Water District, CA
- County of Baltimore, MD
- Town of Westlake, TX
- Township of East Brunswick, NJ
- Village of Addison, IL
- Village of Libertyville, IL
- Delaware County Regional Water Quality Control Authority, PA
- Fairfax County, VA
- Fisher's island, NY
- Frederick County, MD
- Hicksville Water Authority, NY
- Jericho Water District, NY
- North Middleton Township, PA
- Ocean City, MD
- Plainview Hamlet, NY
- Port Washington Water District, NY
- Rivanna Water and Sewer Authority, VA
- Town of Barnstable, MA
- Town of Herndon, VA
- Water Authority of Great Neck North, NY
- WCPSA & Town of Pound, VA
- West Hempstead Hamlet, NY





# Aidan OATES

CONSULTANT

Mr. Aidan Oates joined NewGen in 2021, providing financial modeling, cost of service, and rate design assistance. His experience includes valuation, trading, economics, and investment banking specific to the Energy industry.

## CONTACT

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## EDUCATION

Master of Energy Management, Tulane University  
Bachelor of Arts in English Literature and Finance, The College of William and Mary

## KEY EXPERTISE

Cost of Service and Rate Design  
Financial Planning & Budgeting Model  
Renewable Energy Equity

## > RELEVANT EXPERIENCE

### Cost of Service and Rate Design

Mr. Oates works with NewGen project managers to build financial models for clients. These models utilize industry-standard cost allocation methodologies and allow clients to project their systems' operating, capital, debt service, and reserve requirements on both a short and long-term basis. Mr. Oates provides expert utility billing analysis to project utility revenues properly. Clients that Mr. Oates has provided these services to include:

- Albemarle County Service Authority, VA
- City of Frederick, MD
- Town of Middleburg, VA
- Bloomington and Normal Water Reclamation District, IL
- Coachella Valley Water District, CA
- Village of Orland Park, IL
- City of Brea, CA
- Town of Barnstable, MD
- Township of Hamilton, NJ

## > EXPERIENCE PRIOR TO JOINING NEWGEN

### Heikkinen Energy Advisors

Equity Research Associate

- Began the renewable energy equity research division by initiating coverage on several renewable companies operating in different industry subsectors.
- Built financial models to determine the inherent value of businesses operating in various renewable segments, including biomass production, sustainable utility generation, solar inverter manufacturing, battery distribution, and solar installation.
- Updated the models for mergers, acquisitions, debt and equity offerings, and general industry developments.
- Performed market research, valuation alterations, and quarterly report updates for publication.
- Created a system of comparing reporting across solar installation companies.

### Thompson Financial Group

Financial Advisory Associate

- Balanced, designed, and reconstructed individual portfolios based on weighted risk tolerance considerations, market factors, and investment horizon.
- Led a team of new representatives to analyze modern sales trends and the effect of keyword marketing on specific territories within several archetypal Maryland markets.





**THANK YOU!**



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