

CITY OF BELLAIRE TEXAS

MAYOR AND COUNCIL

August 15, 2016
DE AGOSTO DE 15 de, el año 2016
15 Tháng Tám 2016
2016年8月15日

Council Chamber

Regular Session

6:00 PM

7008 S. RICE AVENUE
BELLAIRE, TX 77401



Mayor

Andrew S. Friedberg

Mayor Pro Tem

Roman F. Reed

Council Member

Gus E. Pappas

Council Member

Michael Fife

Council Member

Trisha S. Pollard

Council Member

Pat B. McLaughlan

Council Member

David R. Montague

Mission Statement:

The City of Bellaire is dedicated to outstanding quality service and facilities to ensure an open, progressive, and secure community.

REGULAR SESSION - 6:00 P.M.

- A. Call to Order and Announcement of a Quorum - Andrew S. Friedberg, Mayor.**
- B. Inspirational Reading and/or Invocation - David R. Montague, Council Member.**
- C. Pledges of Allegiance - David R. Montague, Council Member.**

1. U.S. Pledge of Allegiance:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

2. Pledge to the Texas Flag:

Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.

D. Recognition of Proclamation - Andrew S. Friedberg, Mayor.

Issuance of a proclamation by Mayor Andrew S. Friedberg proclaiming August 15, 2016, as Coach Rocky Manuel Day in the City of Bellaire, Texas, in recognition of his legendary career as Bellaire High School Baseball Coach and offering the community's best wishes on the occasion of his well-deserved retirement - Submitted by Andrew S. Friedberg, Mayor.

I. PUBLIC HEARING

- A. Reading of Notice of Public Hearing - Tracy L. Dutton, City Clerk.**
- B. Summary of Public Hearing Procedure - Paul A. Hofmann, City Manager.**
- C. Presentation of Proposal:**

Public hearing regarding the proposed budget for the City of Bellaire, Texas, for the fiscal year beginning October 1, 2016, and ending September 30, 2017 (FY 2017 Budget) - Submitted by Paul A. Hofmann, City Manager.

D. Public Comment.

The Mayor will recognize speakers who have completed a sign-up sheet prior to the commencement of the public hearing. Each speaker shall have a time limit of up to five (5) minutes, with no extension, and with notice after four (4) minutes that one (1) minute is left.

E. Questions from the Mayor and City Council.**F. Close of Public Hearing.**

Oral public comment on the subject matter of the public hearing will not be received following the close of the public hearing. The public may submit written comments to

the City Council prior to its final deliberation. All written comments must be received in the City Clerk's office by noon on the Thursday preceding the meeting of final deliberation for inclusion in the public record of the proceedings. It is anticipated that final deliberation will occur on Monday, September 19, 2016; therefore, written comments should be submitted by noon on Thursday, September 15, 2016.

See Rules of Procedure of the City Council of the City of Bellaire, Texas, as of January 25, 2016.

G. Adjourn.

II. REGULAR MEETING

A. Call to Order and Announcement of a Quorum - Andrew S. Friedberg, Mayor.

B. Approval of Minutes:

Consideration of and possible action on the approval of the minutes of the Regular Session of the City Council of the City of Bellaire, Texas, dated Monday, July 18, 2016 - Submitted by Tracy L. Dutton, City Clerk.

C. Personal/Audience Comments.

In order to address the City Council, please complete a sign-up sheet (located at the entrance to the Council Chamber), and submit it to City Clerk Tracy L. Dutton prior to the time for personal/audience comments. Each speaker shall have a time limit of up to five (5) minutes, with no extension, and with notice after four (4) minutes that one (1) minute is left. In the event of pressing business before the City Council or matters requiring its immediate attention or action, the City Council may, prior to the opening of audience comments, set a different maximum time limit for each speaker by a vote of four (4) members of the City Council.

The purpose of this item is to allow the residents of Bellaire and other interested persons an opportunity to address the City Council on agenda issues and on non-agenda issues that are a matter of the jurisdiction of the City Council (i.e., City policy and legislative issues). Non-agenda issues regarding daily operational or administrative matters should be first dealt with at the administrative level by calling City Hall at (713) 662-8222 during business hours.

[Note: The Texas Open Meetings Act, Texas Government Code, Chapter 551, prohibits the City Council from fully discussing, debating, or considering subjects for which public notice has not been given on the agenda. Issues that cannot be referred to the City Staff for action may be placed on the agenda of a future City Council Session.]

D. Reports:

1. City Manager's Report regarding communication, field and personnel updates, calendar reminders, and notes of appreciation - Submitted by Paul A. Hofmann, City Manager.
2. Monthly Financial Report for the Period Ending July 31, 2016 - Submitted by Terrence Beaman, Chief Financial Officer.
3. Quarterly Report from the Evelyn's Park Conservancy Board - Submitted by Patricia King-Ritter, President, and Lou Waters, Vice President, Evelyn's Park Conservancy Board.

E. New Business:

- Adoption of Ordinance(s)/Resolution(s)
- E. Nuevos Negocios:
Aprobación de la Ordenanza (s) / Resolución (s)
- E. kinh doanh mới
Thông qua Pháp lệnh (s) / Độ phân giải (s)
- E. 新生意
条例(s) 的通过/分辨率(s)

1. Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, authorizing the Mayor of the City of Bellaire, Texas, to execute, for and on behalf of the City of Bellaire, Texas, a Performance Contract Agreement between the City of Bellaire and Siemens Industry, Inc., Building Technologies Division, for work and services in connection with the Bellaire Performance Contracting Project - Requested by Brant Gary, Director of Public Works.
2. Consideration of and possible action on the adoption of a resolution of the City Council of the City of Bellaire, Texas, to publish a notice of intent to issue Certificates of Obligation - Submitted by Paul A. Hofmann, City Manager.
3. Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, calling a bond election within the City of Bellaire, Texas, for the purpose of providing funds for: 1) street and drainage facility improvements, 2) the construction of new municipal buildings (City Hall/Civic Center and Police/Courts Building), 3) water line improvements, and 4) sidewalk improvements; establishing the date of the bond election on the uniform election date designated by the State of Texas as the first Tuesday after the first Monday in November or November 8, 2016; establishing election precincts, polling places, and appointing election officials; and setting forth certain guidelines - Submitted by Tracy L. Dutton, City Clerk. Attached to this agenda is an additional copy with the information relating to this item translated into Spanish, Vietnamese, and Mandarin Chinese. Con este orden del día se adjunta una copia adicional con la información relativa a este punto traducida al español, vietnamita y chino mandarín. Lịch trình này có kèm thêm một bản chuyển ngữ thông tin này sang tiếng Tây ban nha, tiếng Việt, và tiếng Quảng đông. 本議程另附與上文相關的一段文字，已翻譯成西班牙語、越南語及中文普通話

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3. Consideración y posible acción en relación a la adopción de una ordenanza del Consejo Municipal de la Ciudad de Bellaire, Texas, para convocar una elección de bonos dentro de la Ciudad de Bellaire, Texas, con el fin de generar ingresos para: 1) mejoras de instalaciones de calles y drenaje, 2) la construcción de nuevos edificios municipales (Alcaldía/Centro Cívico y edificio para la policía/tribunales), 3) mejoras de la línea de agua, y 4) mejoras de las aceras; fijar la fecha de la elección de bonos para que sea en la fecha uniforme de elecciones designada por el Estado de Texas, el primer martes posterior al primer lunes de noviembre, es decir el día 8 de noviembre de 2016; establecer los precintos electorales y los lugares de votación y designar a los funcionarios electorales; y estipular ciertas pautas - Solicitado por Tracy L. Dutton, Secretaria de la Ciudad. Con este orden del día se adjunta una copia adicional con la información relativa a este punto traducida al Inglés, vietnamita y chino mandarín. Attached to this agenda is an additional copy with the information relating to this item translated into English, Vietnamese, and Mandarin Chinese. Lịch trình này có kèm thêm một bản chuyển ngữ thông tin này sang tiếng Tây ban nha, tiếng Việt, và tiếng Quảng đông.

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3. Xem xét và có thể tiến hành thông qua một sắc lệnh của Hội Đồng Thành Phố thuộc Thành Phố Bellaire, Texas, yêu cầu tổ chức một cuộc bầu cử trái phiếu trong phạm vi Thành Phố Bellaire, Texas, để tài trợ ngân khoản cho: 1) các công trình cải tiến cơ sở vật chất đường phố và cống rãnh thoát nước, 2) xây các tòa nhà thành phố mới (Tòa Thị Chánh/Trung Tâm Dân Sự và Cảnh Sát/Khu Tòa Án), 3) các công trình cải tiến đường ống dẫn nước, và 4) các công trình cải tiến lối đi bộ; ấn định ngày tổ chức cuộc bầu cử trái phiếu vào ngày bầu cử đồng loạt do Tiểu Bang Texas qui định, là ngày thứ Ba đầu tiên sau ngày thứ Hai đầu tiên của tháng Mười Một, hay ngày 8 tháng Mười Một, 2016; thiết lập các phân khu bầu cử, địa điểm bỏ phiếu, và bổ nhiệm các viên chức tuyển cử; và đề ra một số qui định hướng dẫn - Do bà Tracy L. Dutton, Thư Ký Thành Phố đề trình. Lịch trình này có kèm thêm một bản chuyển ngữ thông tin này sang tiếng Tây ban nha, tiếng Việt, và tiếng Quảng đông. Attached to this agenda is an additional copy with the information relating to this item translated into Spanish, Vietnamese, and Mandarin Chinese. Con este orden del día se adjunta una copia adicional con la información relativa a este punto traducida al español, vietnamita y chino mandarín.

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3. 考慮採納Texas州Bellaire市市議會一項法令（並可能採取行動，在Texas州Bellaire市範圍內召集一項債券選舉，藉此為以下活動提供資金：1) 街道及排水設施修繕，2) 建造新的市政大樓（市政廳/文教娛中心和警察/法院大樓），3) 水管線修繕；及
4) 人行道修繕；根據Texas州指定的統一選舉日期確定債券選舉日期，統一選舉日期為11月第一個星期一后的第一個星期二（2016年11月8日）；確定選舉

選區、投票地點並委任選舉官員；及按市書記員Tracy L. Dutton呈報的內容，制定特定指導方針。

本議程另附與上文相關的一段文字，已翻譯成西班牙語、越南語及中文普通話。

Attached to this agenda is an additional copy with the information relating to this item translated into Spanish, Vietnamese, and Mandarin Chinese. Con este orden del día se adjunta una copia adicional con la información relativa a este punto traducida al español, vietnamita y chino mandarín. Lịch trình này có kèm thêm một bản chuyển ngữ thông tin này sang tiếng Tây ban nha, tiếng Việt, và tiếng Quảng đông.

F. Community Interest Items from the Mayor and Council.

It is the intent of this item to provide members of the City Council the opportunity to make a report about items of community interest, which may include expressions of thanks, congratulations, or condolence; information regarding holiday schedules; honorary recognition of City officials, employees, or other citizens or entities; reminders of upcoming events sponsored by the City or another entity that is scheduled to be attended by a City official or City employee; and announcements involving an imminent threat to the public health and safety of people in Bellaire that has arisen after the posting of the agenda.

No action may be taken on a reported item of community interest, and no possible action discussed except a proposal to place the subject on the agenda for a subsequent meeting.

See Texas Government Code, Chapter 551, Open Meetings Act.

G. Adjourn.

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 08/15/16 06:00 PM
Department: City Clerk
Category: Proclamation
Department Head: Tracy L. Dutton
DOC ID: 1988

**SCHEDULED
INFORMATION ITEM (ID
1988)**

Item Title:

Issuance of a proclamation by Mayor Andrew S. Friedberg proclaiming August 15, 2016, as Coach Rocky Manuel Day in the City of Bellaire, Texas - Submitted by Andrew S. Friedberg, Mayor.

Background/Summary:

On August 15, 2016, Mayor Andrew S. Friedberg will present a proclamation he has issued proclaiming August 15, 2016, as Coach Rocky Manuel Day in the City of Bellaire, Texas, in recognition of Coach Manuel's legendary career as Bellaire High School Baseball Coach. Coach Manuel has announced his retirement from coaching high school baseball in the Houston Independent School District for 35 years, including the past 25 years at Bellaire High School. The community offers its best wishes and congratulations on the occasion of his well-deserved retirement.

Previous Council Action Summary:

N/A

Fiscal Impact:

N/A

Recommendation:

Issuance of a proclamation proclaiming August 15, 2016, as Coach Rocky Manuel Day in the City of Bellaire, Texas.

ATTACHMENTS:

- Coach Rocky Manuel Day - BHS - August 15 2016 (PDF)



Proclamation

Whereas, Coach Rocky Manuel has announced his retirement from coaching high school baseball in the Houston Independent School District for 35 years, including the past 25 years at Bellaire High School; and

Whereas, over the course of his career Coach Manuel amassed an HISD-record 998 wins, including two state championships for the Bellaire Cardinals, in 1994 and 1999; and

Whereas, the 1999 team was named National Champions, and Coach Manuel National Coach of the Year, by USA Today; and

Whereas, Coach Manuel's legacy goes far beyond his winning record, as he has served as a mentor to and touched the lives of countless student-athletes, including more than 200 who went on to play Division I college baseball and seven to the major leagues; and

Whereas, the citizens of Bellaire celebrate Coach Manuel's legendary career and his many contributions to Bellaire High School and the surrounding community;

Now, Therefore, I, **Andrew S. Friedberg, Mayor of the City of Bellaire, Texas**, do hereby proclaim **August 15, 2016**, as

Coach Rocky Manuel Day

in the City of Bellaire, Texas, and congratulate Coach Manuel on his many successes and offer him our community's best wishes on the occasion of his well-deserved retirement.



In Witness Whereof, I have hereunto set my hand and caused the seal of the City of Bellaire, Texas, to be affixed this 15th day of August, 2016.

Andrew S. Friedberg
Mayor
City of Bellaire, Texas

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 08/15/16 06:00 PM
Department: City Manager's Office
Category: Budget
Department Head: Diane K White
DOC ID: 1963

**SCHEDULED
ACTION ITEM (ID # 1963)**

Item Title:

Public hearing regarding the proposed budget for the City of Bellaire, Texas, for the fiscal year beginning October 1, 2016, and ending September 30, 2017 (FY 2017 Budget) - Submitted by Paul A. Hofmann, City Manager.

Background/Summary:

On July 18, 2016, City Council adopted Ordinance No. 16-042 calling a public hearing before the City Council of the City of Bellaire, Texas, on Monday, August 15, 2016, at 6:00 p.m. in the Council Chamber, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas 77401, to receive written and oral comments on the proposed budget of the City of Bellaire, Texas, for the fiscal year beginning October 1, 2016, and ending September 30, 2017 (FY 2017 Budget).

Previous Council Action Summary:

On July 18, 2016, Ordinance No. 16-042 was approved calling the public hearing on the FY 2017 proposed budget.

On July 18, 2016, the FY 2017 Proposed Budget was presented to City Council.

Fiscal Impact:

N/A

Recommendation:

N/A

ATTACHMENTS:

- Public Hearing PowerPoint Slides (Monday 08.15.16) (PDF)

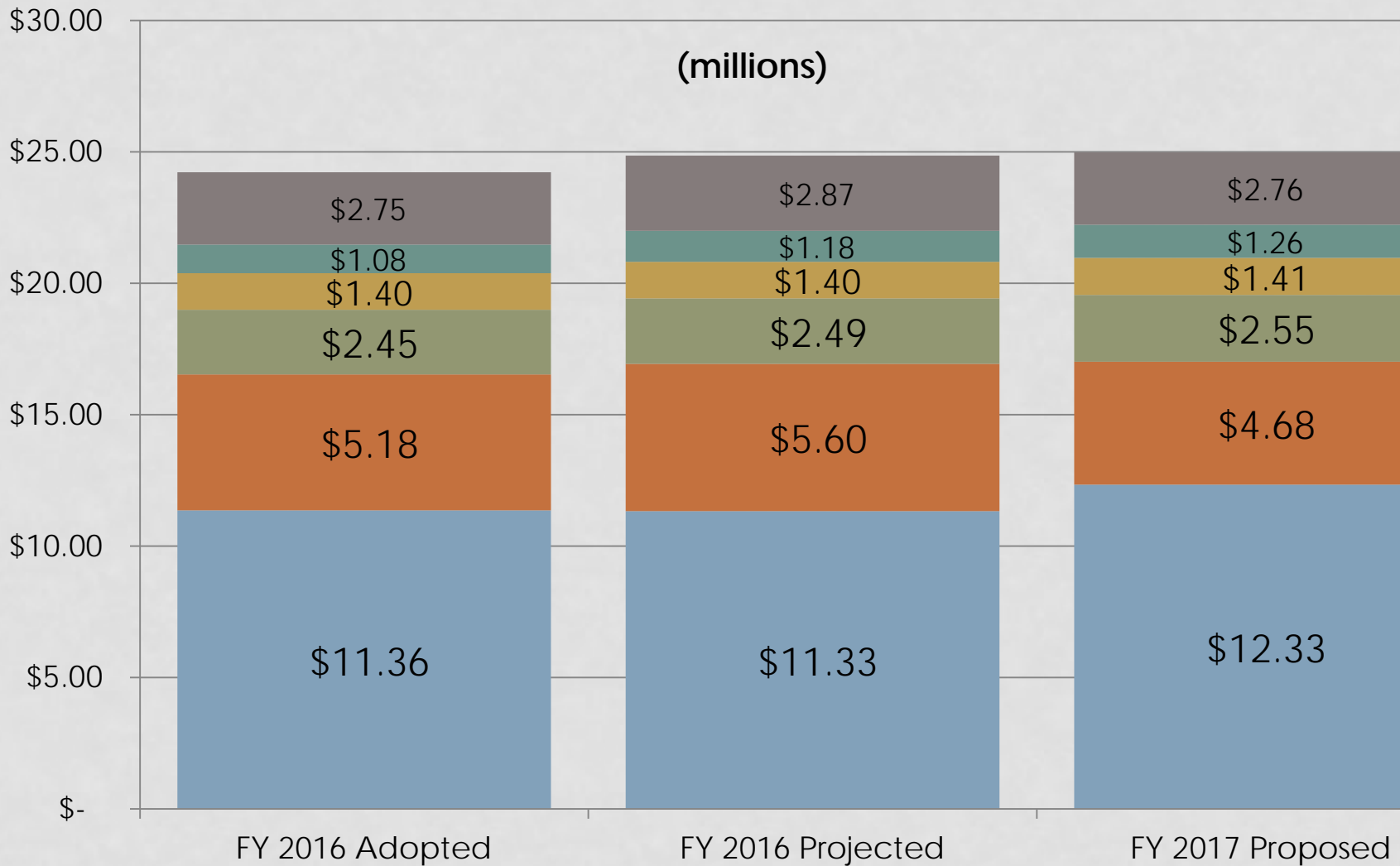
FY2017 PROPOSED BUDGET
PUBLIC HEARING
MONDAY, AUGUST 15, 2016

PRESENTED BY:
PAUL A. HOFMANN – CITY MANAGER

GENERAL FUND

General Fund

Resources - \$763,000 or 3.1% Increase



Property Tax

Sales Tax

Permits and Licenses

Beginning Balance

Franchise Tax

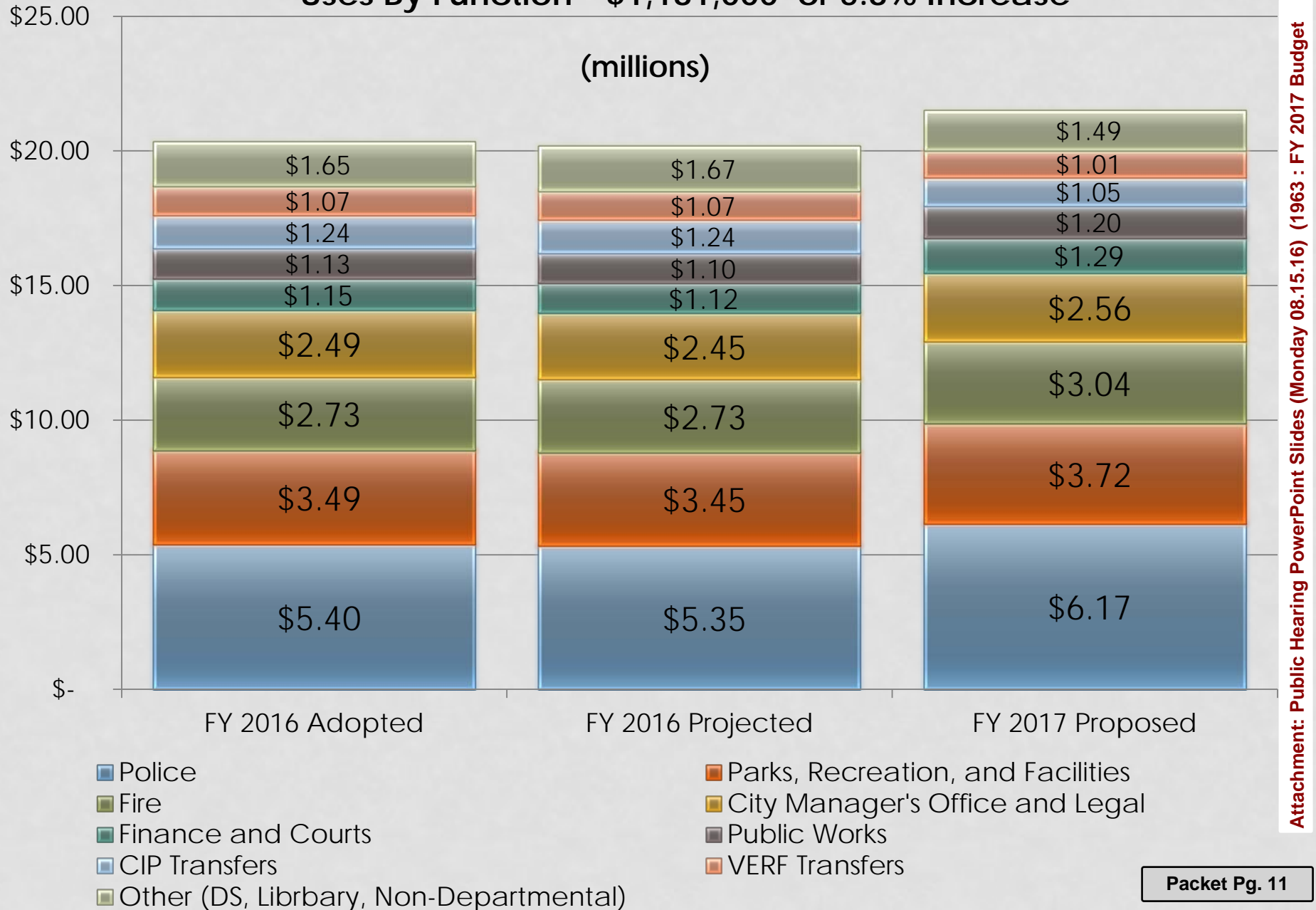
Rec, Fines, Public Safety, Transfers, Other

General Fund

1.C.1

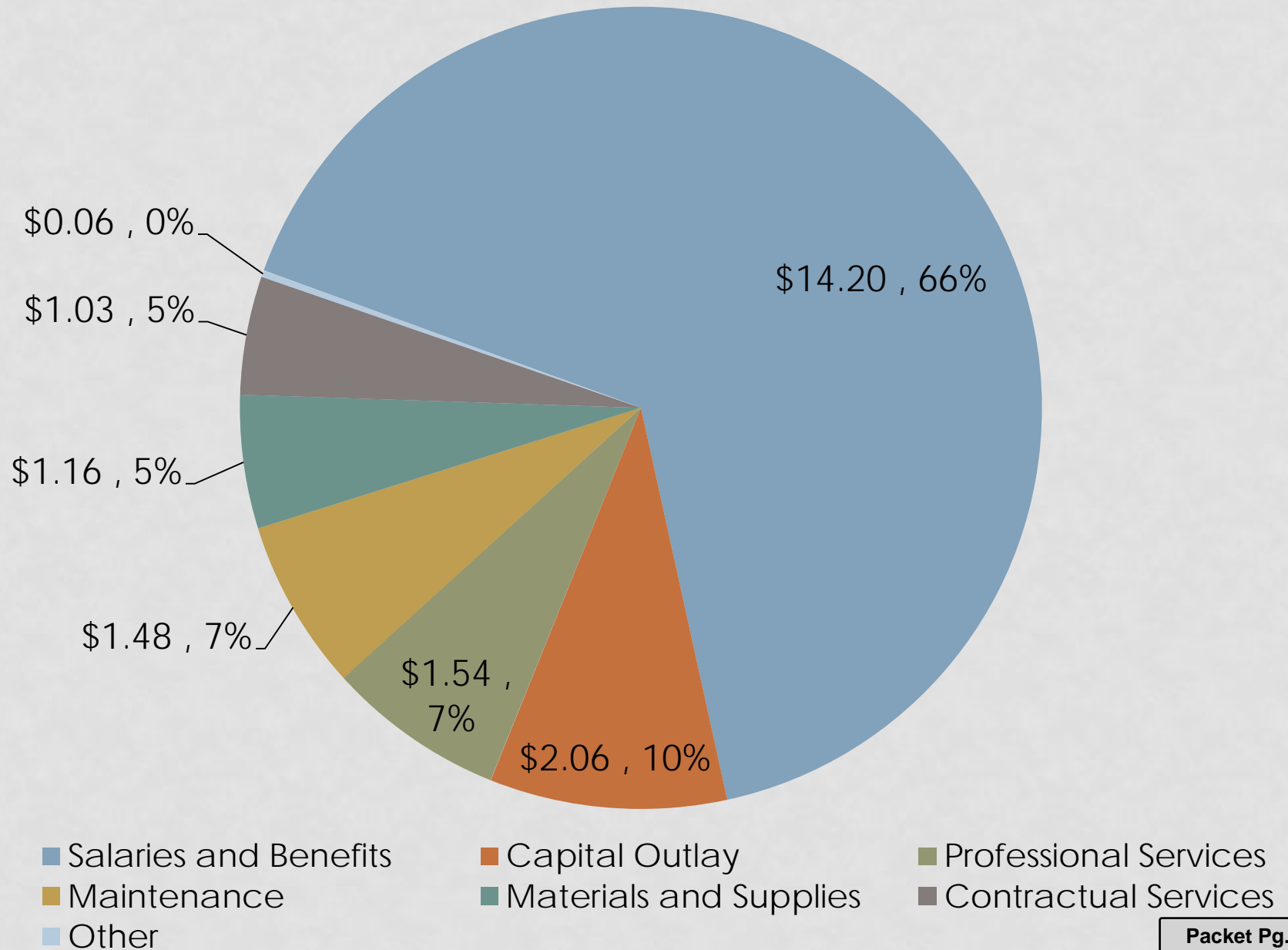
Uses By Function - \$1,181,000 or 5.8% Increase

(millions)



General Fund

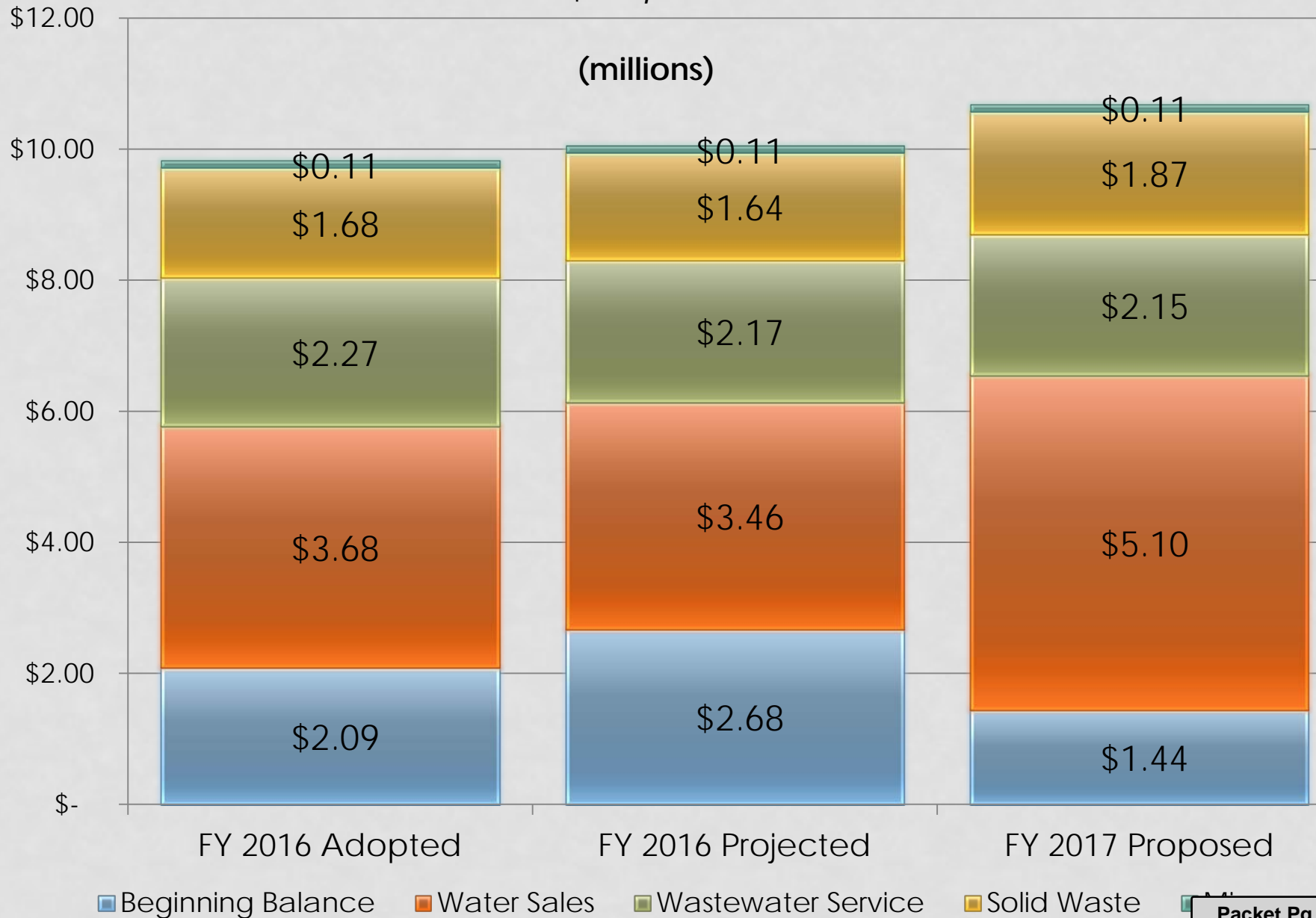
FY 2017 Proposed Expenditures by Category (millions)



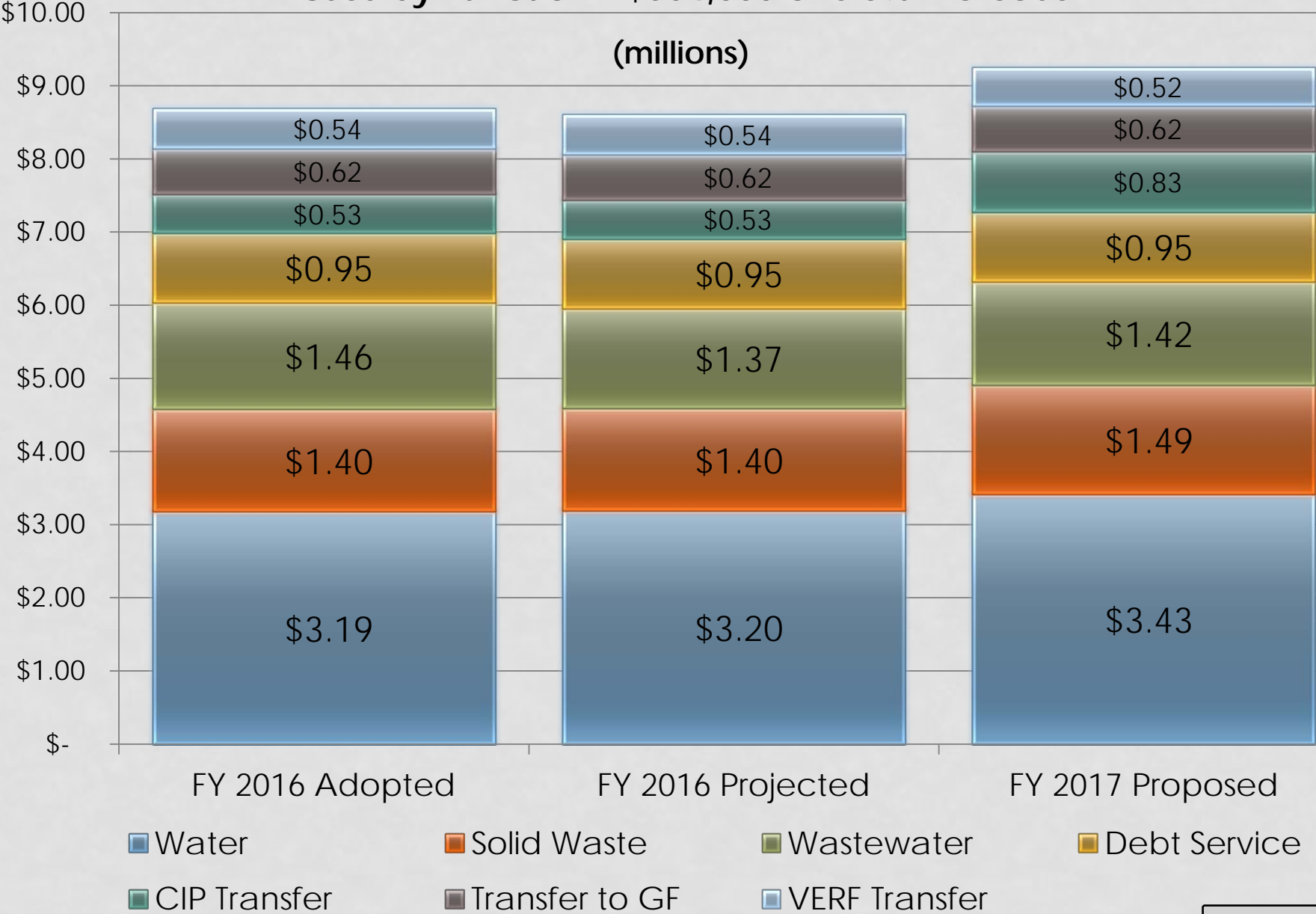
ENTERPRISE FUND

Enterprise Fund

Resources – \$856,000 or 8.7% Increase



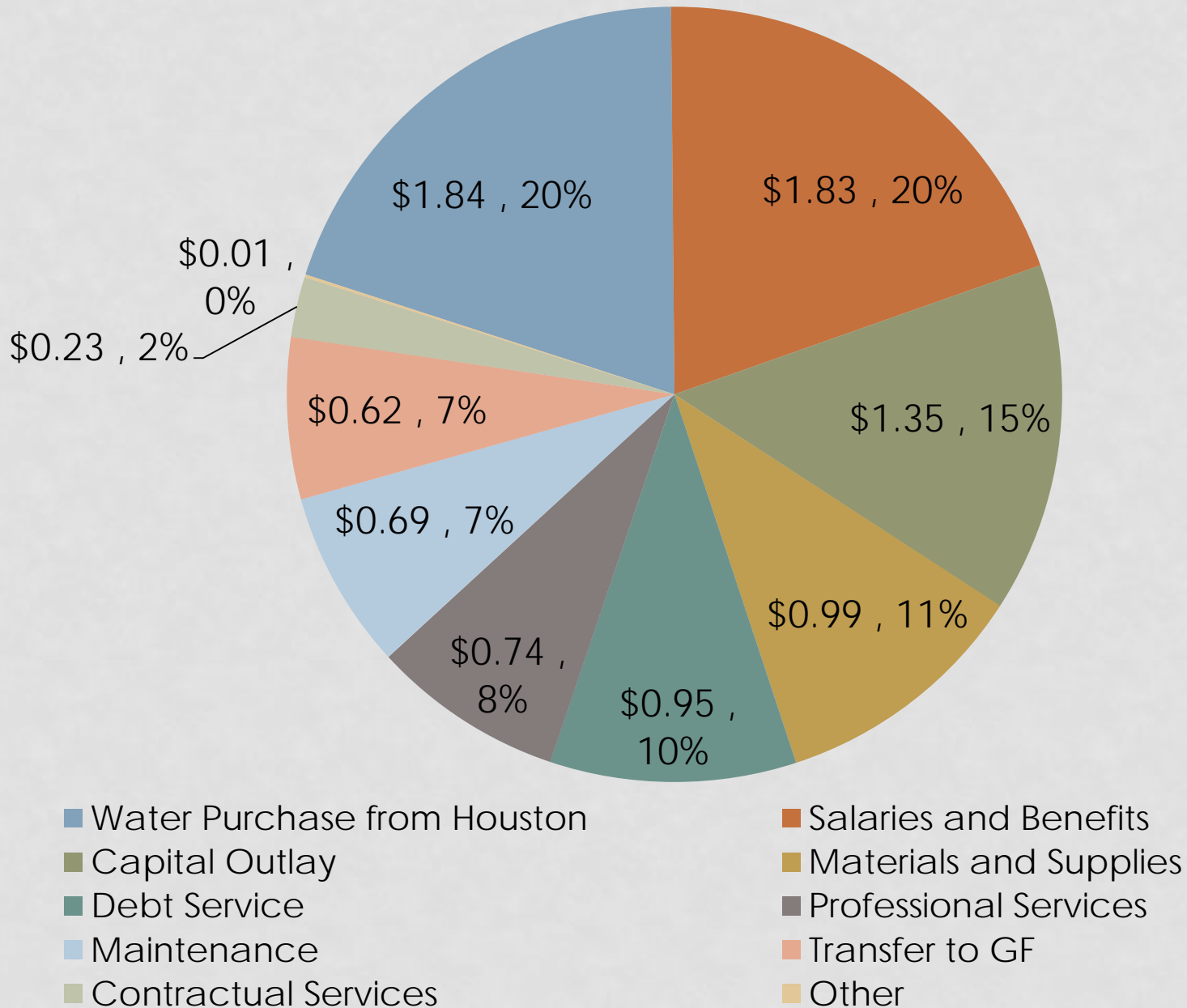
Enterprise Fund
Uses by Function - \$564,000 or 6.5% Increase



Attachment: Public Hearing PowerPoint Slides (Monday 08.15.16) (1963 : FY 2017 Budget

Enterprise Fund

FY 2017 Proposed Expenses by Category (millions)



BUDGET HIGHLIGHTS

FY2017 BUDGET HIGHLIGHTS

GENERAL FUND

- Proposed revenue increase of 6.6%,
- Proposed total tax rate of \$0.3848 vs. current total tax rate of \$0.3805
- Proposed uses increase of 5.8% vs. FY 2016 budgeted uses driven primarily by
 - \$855,839 in Police/Fire salary adjustments (75th percentile)
 - \$175,618 in salary market adjustments (1.5%) and salary step adjustments (3.5%) for other employees
 - \$118,309 in proposed budget enhancements
 - \$81,534 in maintenance for Evelyn's Park
 - \$69,984 in equipment for police communication and investigation
 - The increases noted above are partially offset by a \$190,000 decrease in CIP transfers

FY2017 BUDGET HIGHLIGHTS

ENTERPRISE FUND

- Proposed revenue increase of 19% vs. FY 2016
- Transfers to CIP fund are proposed to increase 56% (\$295,000) to support:
 - SCADA Phase II,
 - wastewater collection line replacement,
 - rehabilitation of the Renwick ground storage tank, and
 - Improvements to the water and wastewater system
- Water purchases from Houston are anticipated to increase 11% (\$187,861)
- Water main maintenance costs are proposed to increase 36% (\$48,792)

TAX RATE

COMPARE TAX RATES

| City | Rate |
|----------------|---------------|
| Bellaire | \$0.38480/100 |
| State Average* | \$0.55116/100 |

*Cities which participated in the 2016 TML Taxation and Debt Survey which have a population between 15,000 and 20,000

| Tax Year 2014 | Tax Year 2015 (Current Rate) | Tax Year 2016 (Proposed Rate) |
|---------------|---------------------------------|----------------------------------|
| \$0.3936/100 | \$0.3805/100 | \$0.3848/100 |

Based on the preliminary roll provided on April 28, 2016:

Tax year 2016 - Average residential taxable value= \$778,442 @ \$0.3848/100 = \$2,995

Tax year 2015 - Average residential taxable value= \$618,997 @ \$0.3805/100 = \$2,355

Tax year 2014 – Average residential taxable value = \$540,606 @ \$0.3936/100 = \$2,127



CITY OF BELLAIRE TEXAS

MAYOR AND COUNCIL

JULY 18, 2016

Council Chamber

Regular Session

7:00 PM

7008 S. RICE AVENUE
BELLAIRE, TX 77401

REGULAR SESSION - 7:00 P.M.

A. Call to Order and Announcement of a Quorum - Andrew S. Friedberg, Mayor.

Andrew S. Friedberg, Mayor, called the Regular Session of the City Council of the City of Bellaire, Texas, to order at 7:09 p.m. on Monday, July 18, 2016. He announced that a quorum of the members of the City Council was present as set forth in the table below:

| Name | Title | Status |
|---------------------|----------------|---------|
| Andrew S. Friedberg | Mayor | Present |
| Roman F. Reed | Mayor Pro Tem | Present |
| Trisha S. Pollard | Council Member | Present |
| Gus E. Pappas | Council Member | Absent |
| Pat B. McLaughlan | Council Member | Present |
| Michael Fife | Council Member | Present |
| David R. Montague | Council Member | Present |

Other officials present were Paul A. Hofmann, City Manager; Martye M. Kendrick, Assistant City Attorney; and Tracy L. Dutton, City Clerk.

Mayor Friedberg briefly touched on the tragic loss of Bellaire Police Officer Marco Zarate, noting that his funeral earlier in the day was a true hero's send off and that the City Council was honored to have been in attendance. Expressions of condolence were given to the family of Officer Zarate, the Bellaire Police Department, City Staff, and the Bellaire community.

B. Inspirational Reading and/or Invocation - Pat B. McLaughlan, Council Member.

Pat B. McLaughlan, Council Member, provided the inspirational reading for the evening.

C. Pledges of Allegiance - Pat B. McLaughlan, Council Member.

Council Member McLaughlan led the City Council and audience in the U.S. Pledge of Allegiance and the Pledge to the Texas Flag.

D. Personal/Audience Comments.

Mayor Friedberg advised that the time limit for public comments was five (5) minutes, with no extension, and with notice after four (4) minutes that there was one (1) minute left. Speakers were reminded that non-agendaed issues regarding operational or

Minutes Acceptance: Minutes of Jul 18, 2016 7:00 PM (Approval of Minutes:)

administrative matters were properly directed first to City Staff.

Lynn McBee:

Ms. McBee addressed City Council regarding the budget presentation to be made later in the evening. She complimented the City Manager and City Staff on the budget documentation, noting that it was well organized and clearly written.

Ms. McBee referenced one item in the budget document that was of particular concern to her. That item related to the hiring of a consultant to assist a proposed Charter Review Commission. She indicated that the last consultant hired by the City to assist the Charter Review Commission had been a disaster, in her opinion. She urged City Council to reconsider that budget item and to allow the City Attorney to provide assistance to a new Charter Review Commission.

Written Comments:

Mayor Friedberg noted that two written comments had been received for the evening's meeting. The first was from **Mark Crawford** who raised a question of priorities and suggested that the City Council should focus on other budgetary needs rather than beautification. The second was from **Robert Riquelmy** who suggested that the Bellaire Police Department needed new and outside leadership.

It was noted by **Mayor Friedberg** that members of the City Council had received complete copies of the written comments for the meeting and said comments were included in the record of the meeting.

E. Reports and Presentations:

1. City Manager's Report regarding communication, field and personnel updates, calendar reminders, and notes of appreciation - Submitted by Paul A. Hofmann, City Manager.

Paul A. Hofmann, City Manager, presented the City Manager's Report dated July 18, 2016, to members of the City Council.

The City Manager's Report included an overview of communications made to residents since his last report. Communications included notice of the death of Bellaire Police Officer Marco Zarate, as well as information regarding arrangements for visitation and the funeral; notice of the rescheduling of the first City-Wide Beautification Workshop; notice of the postponement of the Police Community Meeting; notification of an update of the floor plan detail for the Municipal Facilities Project; and notification regarding the City's mandated Drought Contingency Plan.

Personnel updates included one new hire, Police Officer Delfino Guerra, who was scheduled to start working for the City on July 25, 2016.

City Manager Hofmann provided calendar reminders and an overview of upcoming City Council meetings and agenda items for the month of August.

In closing, City Manager Hofmann thanked Council Members for words of encouragement and the love and support that each of them had exhibited over the last week. He also publicly thanked the following entities that provided support to the City of Bellaire: West University Place Police Officers, Harris County Precinct 5 Sheriff's Department Officers, Houston Police Officers,

representatives from other law enforcement agencies, Harris County District Attorney Devon Anderson, Memorial Hermann Hospital, Prosperity Bank, Patrons for Bellaire Parks, and Rudy's Bar-B-Q. He personally thanked Chief of Police Byron Holloway and his command staff for their focus on Officer Zarate's family over the last few days and Detectives Gil Macedo, Mercedes Santillanes, Juanita Sandoval, and Officer J. W. Edwards who had devoted their time to being with the family.

Mayor Friedberg opened the floor for questions of the City Manager regarding his report. Hearing none, he proceeded to agenda item E(2).

2. Presentation of the FY 2016 Third Quarter Report for the City of Bellaire, Texas - Submitted by Diane K. White, Assistant City Manager.

Diane K. White, Assistant City Manager (ACM), presented the City of Bellaire Quarterly Report for the nine months ended June 30, 2016 (third quarter), to members of the City Council. The report included an overview of projected General Fund revenues and expenditures and projected Enterprise Fund revenues and expenses. With respect to the Vehicle and Equipment Fund, ACM White advised that all vehicles funded for fiscal year 2016 had been purchased.

Mayor Friedberg opened the floor for questions from the City Council regarding the quarterly report. Hearing none, he continued to agenda item E(3).

3. Presentation of the proposed annual budget for the City of Bellaire, Texas, for the fiscal year commencing on October 1, 2016, and ending on September 30, 2017- Submitted by Paul A. Hofmann, City Manager.

Mayor Friedberg, by way of introduction, advised that although the presentation this evening was the first formal presentation of the proposed budget for fiscal year 2017, this was not the first time that City Council and the public had an opportunity to see what was in it. The proposed budget was prepared by the City Manager and City Staff as specified in the City's Charter and based on direction given by the City Council throughout the year; however, the budget document belonged to the citizens. Mayor Friedberg noted that there would be multiple opportunities for citizens to provide input before the proposed budget was formally adopted.

Paul A. Hofmann, City Manager, presented the proposed budget for fiscal year 2017 to members of the City Council. The presentation began with a brief overview of proposed expenditures related to each of the City Council's focus areas (i.e., public infrastructure and facilities, residential and recreational, capital projects, budget and finance, and commercial redevelopment).

General Fund Summary:

City Manager Hofmann advised that the General Fund was structurally balanced. There was an overall increase of 6% in total expenditures (\$1.3 million); however, recurring expenditures would not exceed recurring revenues.

Property Tax Calculation:

City Manager Hofmann advised that, based on **preliminary** information from the Harris County Appraisal District, the City's certified tax roll would increase from \$4.5 billion to \$4.8 billion. The total tax rate was anticipated to increase 8.6% to \$0.3896 per \$100 valuation (or a little less than one cent).

Property Tax Burden:

City Manager Hofmann provided an example of the tax burden on a homeowner with an average home value of \$835,000 and a 20% homestead exemption. That burden was noted to be an annual property tax payment in the amount of \$2,600.

Enterprise Fund:

City Manager Hofmann advised that proposed new water and sewer rates would generate \$1.5 million in new revenues in the Enterprise Fund for fiscal year 2017. It was noted that the proposed increase was driven by: 1) a need to deal with future debt; 2) a need to adequately fund the City's surface water expenses; 3) a need to fund the cash Capital Improvement Program; and 4) a need to manage the ending fund balance in the Enterprise Fund.

Debt Service Fund:

City Manager Hofmann indicated that an assumption had changed with respect to the Debt Service Fund regarding the possibility of lowering the City's bond interest rate and that \$11 million in bond authority for water lines to be voted on in November of 2016 would be general obligation debt subject to the full faith and credit of the City, with the actual debt service revenue stream coming from the water and sewer fund.

Property Tax Calculation:

In determining the tax rate change associated with the Debt Service Fund, City Manager Hofmann referenced the following assumptions that were made: a bond election in November of 2016 along the lines previously discussed, to include \$4 million in new funds for sidewalks.

The proposed budget presentation concluded with an overview of department service plans and the budget calendar for the remainder of the year.

Mayor Friedberg opened the floor for questions from City Council regarding the budget presentation. Following questions, he moved to agenda item F.

F. New Business:**Consent Agenda:****1. Approval of Minutes:**

Consideration of and possible action on the approval of the minutes of the Regular Session of the City Council of the City of Bellaire, Texas, held on Monday, June 20, 2016 - Submitted by Tracy L. Dutton, City Clerk.

Mayor and Council - Regular Session - Jun 20, 2016 5:30 PM

2. Project Closeout:

Minutes Acceptance: Minutes of Jul 18, 2016 7:00 PM (Approval of Minutes:)

Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, authorizing the Mayor of the City of Bellaire, Texas, to execute for and on behalf of the City of Bellaire, Texas, an "Application for Payment - Final (No. 4)" with Batterson LLP, in the amount of \$35,883.56 to a contract for the FY 2014 Street Striping Project and authorizing the City to make the final payment to Batterson LLP, on said project in the amount of \$35,883.56. This final payment results in a final contract amount of \$100,496.91 compared to the original contract amount of \$105,441.00 - Requested by Brant Gary, Director of Public Works.

3. Call of Public Hearing:

Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, calling a FY 2017 budget public hearing before the City Council of the City of Bellaire, Texas, on Monday, August 15, 2016, at 6:00 p.m. in the Council Chamber, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas - Submitted by Diane K. White, Assistant City Manager.

Mayor Friedberg inquired as to whether there were any requests to remove and separately consider any of the three items on the Consent Agenda. Noting none, he called for a motion to adopt the Consent Agenda.

Motion:

To adopt the Consent Agenda dated July 18, 2016.

| | |
|------------------|--|
| RESULT: | ADOPTED [UNANIMOUS] |
| MOVER: | Trisha S. Pollard, Council Member |
| SECONDER: | David R. Montague, Council Member |
| AYES: | Friedberg, Reed, Pollard, McLaughlan, Fife, Montague |
| ABSENT: | Pappas |

G. Community Interest Items from the Mayor and Council:

Community interest items from the Mayor and Council included expressions of thanks, commendations, and appreciation to Chief Byron Holloway, City Manager Paul A. Hofmann, the Bellaire Police Department, City Staff, Bellaire citizens, and the media for their compassionate handling of a difficult and tragic week. Expressions of condolence were also offered to the family of Officer Marco Zarate.

H. Adjourn.

Mayor Friedberg advised that the Regular Session of the City Council of the City of Bellaire, Texas, was adjourned at 8:22 p.m. on Monday, July 18, 2016.

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 08/15/16 06:00 PM
Department: City Manager's Office
Category: Presentation
Department Head: Paul A. Hofmann
DOC ID: 1922

**SCHEDULED
ACTION ITEM (ID # 1922)**

Item Title:

City Manager's Report regarding communication, field and personnel updates, calendar reminders, and notes of appreciation - Submitted by Paul A. Hofmann, City Manager.

Background/Summary:

City Manager's Report regarding communication, field and personnel updates, calendar reminders, and notes of appreciation.

Previous Council Action Summary:

N/A

Fiscal Impact:

N/A

Recommendation:

N/A

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 08/15/16 06:00 PM
Department: City Manager's Office
Category: Report
Department Head: Diane K White
DOC ID: 1912

**SCHEDULED
ACTION ITEM (ID # 1912)**

Item Title:

Monthly Financial Report for the Period Ending July 31, 2016 - Submitted by Terrence Beaman, Chief Financial Officer.

Background/Summary:

In accordance with the Charter of the City of Bellaire, Article VII, Section 4, Paragraph 3, please find attached the monthly financial report for the month of July for FY 2016.

Previous Council Action Summary:

N/A

Fiscal Impact:

N/A

Recommendation:

N/A

ATTACHMENTS:

- July 2016 Monthly Financial Report (PDF)

City of Bellaire

Monthly Financial Report
for the period ending
July 31, 2016

Attachment: July 2016 Monthly Financial Report (1912 : Monthly Financial Report for the Period Ending July 31, 2016)

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City of Bellaire Finance

MEMORANDUM

To: Paul A. Hofmann, City Manager

From: Terrence Beaman, Chief Financial Officer

Date: August 15, 2016

Subject: Financial Analysis for Month Ending July 31, 2016

GENERAL FUND

General Fund Revenues:

| FY 2016 Budget | Actual 07/31/2016 | Allocated Budget | Over/(Under) Allocated Budget |
|-------------------|----------------------|---------------------|----------------------------------|
| \$19,047,107 | \$17,895,708 | \$17,712,402 | \$183,306 |

The allocated budget is a five year average of the percent of revenue collected as of the end of each month in the fiscal year by major categories. In the ten months ending July 31, 2016 the City has collected 94% of its total budgeted revenues and is over its allocated budget for the ten months ending July 31, 2016 by \$183,306.

Approximately 97% of current property taxes are receipted in the months of November through February. The City has collected 99% of its current property tax revenue as of July 31, 2016. However, based on the allocated budget Property tax revenues are under by \$98,880.

Sales tax and Franchise fees are right in line with budget with collection rates at 83% for each of them. Sales tax revenue received through July is over the allocated budget by \$26,977. Franchise fees are over the allocated budget by \$10,880.

Permits, fees and licenses are over the allocated budget by \$52,738 due to a permit fee that was received in January for the Episcopal High School Athletic Facility for \$105,398.

All other revenues are on target.

General Fund Expenditures:

| FY 2016 Budget | Actual 07/31/2016 | Allocated Budget | Over/(Under) Allocated Budget |
|-------------------|----------------------|---------------------|----------------------------------|
| \$20,343,095 | \$16,475,645 | \$16,560,792 | (\$85,147) |

Salary and benefits are 73.0% of the general fund total budget for FY2016. As of July, salary and benefits are slightly under budget to actual at 82% expended.

Purchased services are under the allocated budget by \$162,004, and are tracking under budget at 76%. This category is driven by routine and non-routine maintenance items as well as contract labor.

Supplies are over the allocated budget by \$16,208. This category includes fuel which has been fluctuating this fiscal year. Other line items that impact this category are driven by the timing in which departments make purchases.

The "other" category is mainly the transfers from the General Fund to the Capital and Vehicle and Equipment Replacement fund and those transfers are made monthly and are right on target. Other/transfers is over the allocated budget to due to a one-time overpayment in sales tax.

ENTERPRISE FUND

Enterprise Fund Revenues:

| FY2016 Budget | Actual 07/31/2016 | Allocated Budget | Over/(Under) Allocated Budget |
|------------------|----------------------|---------------------|----------------------------------|
| \$7,746,600 | \$5,856,789 | \$6,237,551 | (\$380,762) |

Water revenues are below the allocated budget by \$218,539 and wastewater revenues are under the allocated budget by \$4,370. Rainfall through July totaled 78.45 inches compared to 58.89 inches in FY2015. Solid Waste fees are slightly above the allocated budget by \$9,375. Overall revenue collection in the Enterprise fund compared to the FY2016 adopted budget is slightly under budget at 76% of total collections.

Enterprise Fund Expenditures:

| FY2016 Budget | Actual 07/31/2016 | Allocated Budget | Over/(Under) Allocated Budget |
|------------------|----------------------|---------------------|----------------------------------|
| \$8,726,146 | \$6,890,956 | \$7,025,306 | (\$134,350) |

Salary and benefits are under the allocated budget due to vacancies. The purchased services & supplies are under the allocated budget which is driven by the timeliness of when items are purchased.

Overall Enterprise Fund Line items are tracking slightly less than budget with total expended through July of 79%.

| | FY2016 | FY2015 | FY2014 | FY2013 |
|-------------------------------|--------|--------|--------|--------|
| Cumulative Rainfall thru July | 79.05 | 58.89 | 45.66 | 23.74 |
| Annual Rainfall | | 71.70 | 57.57 | 30.06 |

City of Bellaire
General Fund
Revenues and Expenditures (Unaudited)
Year-To-Date as of July 2016

| | July | | | Year to Date | | | |
|------------------------------------|-----------------------|-----------------------|----------------|---------------------|---------------------|----------------------------|--------------------|
| | FY 2016 Budget | Actual | % of Budget | Allocated Budget | Actual | Over/(Under) Allocation | YTD % to Budget |
| Revenues | | | | | | | |
| Property | 11,359,339 | 20,291 | 0% | 11,330,850 | 11,231,970 | (98,880) | 99% |
| Franchise Taxes | 1,397,000 | 130,564 | 9% | 1,148,492 | 1,159,372 | 10,880 | 83% |
| Sales Taxes | 2,454,118 | 192,406 | 8% | 2,007,282 | 2,034,259 | 26,977 | 83% |
| Permits, Fees, Licenses | 1,082,550 | 82,920 | 8% | 890,766 | 943,504 | 52,738 | 87% |
| PARD Charges and Fees | 904,200 | 114,140 | 13% | 783,691 | 882,515 | 98,824 | 98% |
| Public Safety | 386,800 | 24,895 | 6% | 325,267 | 383,641 | 58,374 | 99% |
| Fines | 766,500 | 62,031 | 8% | 655,346 | 640,767 | (14,579) | 84% |
| All Other | 696,600 | 60,954 | 9% | 570,708 | 619,680 | 48,972 | 89% |
| Total Operating Revenues | \$ 19,047,107 | 688,202 | 4% | 17,712,402 | 17,895,708 | 183,306 | 94% |
| Expenditures | | | | | | | |
| Salary & Benefits | 13,020,134 | 1,521,279 | 12% | 10,731,108 | 10,624,764 | (106,344) | 82% |
| Purchased Services | 3,708,907 | 214,216 | 6% | 2,964,613 | 2,802,609 | (162,004) | 76% |
| Supplies | 1,173,054 | 103,704 | 9% | 894,224 | 910,432 | 16,208 | 78% |
| Other/Transfers | 2,430,000 | 198,659 | 8% | 1,960,000 | 2,126,993 | 166,993 | 88% |
| Capital Purchases | 11,000 | - | 0% | 10,847 | 10,847 | - | 100% |
| Total Operating Expenditures | 20,343,095 | 2,037,858 | 10% | 16,560,792 | 16,475,645 | (85,147) | 81% |
| Net Revenues/(Expenditures) | \$ (1,295,988) | \$ (1,349,656) | \$ (0) | \$ 1,151,610 | \$ 1,420,063 | \$ 268,453 | |
| | | | | | | | |
| Audited Fund Balance 9/30/15 | \$ 5,604,047 | | | | | | |
| FY 2016 Revenue Budget | 19,047,107 | | | | | | |
| FY 2016 Expenditure Budget | 20,343,095 | | | | | | |
| Projected Ending Fund Balance | <u>\$ 4,308,059</u> | | | | | | |
| | | | | | | | |
| 60 Day Reserve Requirement | \$ 3,004,349 | | | | | | |
| (Includes only operating budget) | | | | | | | |

Attachment: July 2016 Monthly Financial Report (1912 : Monthly Financial Report for the Period Ending July 31, 2016)

City of Bellaire
Enterprise Fund
Revenues and Expenses (Unaudited)
Year-To-Date as of July 2016

| | | July | | Year to Date | | | |
|------------------------------------|---------------------|---------------------|----------------|---------------------|-----------------------|----------------------------|--------------------|
| | FY 2016 Budget | Actual | % of Budget | Allocated Budget | Actual | Over/(Under) Allocation | YTD % to Budget |
| Revenues | | | | | | | |
| Water | 3,595,900 | 255,024 | 7% | 2,797,295 | 2,578,756 | (218,539) | 72% |
| Wastewater | 2,186,000 | 181,583 | 8% | 1,808,209 | 1,803,839 | (4,370) | 83% |
| Solid Waste | 1,666,000 | 140,464 | 8% | 1,388,120 | 1,397,495 | 9,375 | 84% |
| All Other | 298,700 | 7,701 | 3% | 243,927 | 76,700 | (167,227) | 26% |
| Total Revenues | \$ 7,746,600 | \$ 584,773 | 8% | \$ 6,237,551 | \$ 5,856,789 | \$ (380,762) | 76% |
| Expenditures | | | | | | | |
| Salary & Benefits | 1,811,916 | 169,178 | 9% | 1,509,554 | 1,304,099 | (205,455) | 72% |
| Purchased Services | 1,652,730 | 147,559 | 9% | 1,244,804 | 1,268,473 | 23,669 | 77% |
| Supplies | 2,565,400 | 168,899 | 7% | 2,056,781 | 2,104,285 | 47,504 | 82% |
| Other | 2,696,100 | 221,820 | 8% | 2,214,167 | 2,214,099 | (68) | 82% |
| Total Expenditures | 8,726,146 | 707,457 | 8% | 7,025,306 | 6,890,956 | (134,350) | 79% |
| Net Revenues/(Expenditures) | \$ (979,546) | \$ (122,684) | \$ (0) | \$ (787,755) | \$ (1,034,167) | \$ (246,412) | |

| | |
|----------------------------------|---------------------|
| Working Capital 9/30/15 | \$ 2,670,089 |
| FY 2016 Revenue Budget | 7,746,600 |
| FY 2016 Expenditure Budget | 8,726,146 |
| Projected ending Working Capital | <u>\$ 1,690,543</u> |

60 Day Fund Balance \$ 1,275,691
(Includes only operating budget)

Working Capital (current assests minus current liabilities)

Attachment: July 2016 Monthly Financial Report (1912 : Monthly Financial Report for the Period Ending July 31, 2016)

**City of Bellaire
Debt Service Fund
Revenues and Expenditures
Year-To-Date as of July 2016**

| | FY 2016 Budget | YTD Unaudited Actual |
|------------------------------------|---------------------------|-------------------------------------|
| Revenues | | |
| Property Taxes | 5,883,026 | 5,827,941 |
| Investment Earnings | 3,000 | 6,394 |
| Total Operating Revenues | 5,886,026 | 5,834,335 |
| Operating Transfer In | 950,000 | 791,667 |
| Bond Premium | . | . |
| Total Revenues | \$ 6,836,026 | \$ 6,626,002 |
| Expenditures | | |
| Principal Payment | 4,055,000 | 4,055,000 |
| Interest Payment | 2,768,026 | 1,399,340 |
| Other Debt Expense | 13,000 | 4,350 |
| Total Expenditures | \$ 6,836,026 | 5,458,690 |
| Net Revenues/(Expenditures) | \$ - | \$ 1,167,312 |
| Audited Fund Balance 9/30/15 | \$ 514,125 | |
| FY 2016 Revenue Budget | 6,836,026 | |
| FY 2016 Expenditure Budget | 6,836,026 | |
| Projected Ending Fund Balance | <u>\$ 514,125</u> | |

Attachment: July 2016 Monthly Financial Report (1912 : Monthly Financial Report for the Period Ending July 31, 2016)

City of Bellaire
Vehicle/Equipment Replacement Fund
Revenues and Expenditures
Year-To-Date as of July 2016

| | FY 2016 Budget | July Actual | YTD Actual | Encumbrance | FY2016 Budget Balance |
|------------------------------------|---------------------------|------------------------|-----------------------|---------------------|--------------------------------------|
| Revenues | | | | | |
| Transfers - General | 1,066,000 | 88,833 | 888,333 | | 177,667 |
| Transfers - Enterprise | 542,000 | 45,167 | 451,667 | | 90,333 |
| Total Operating Revenues | \$ 1,608,000 | \$ 134,000 | \$ 1,340,000 | \$ - | \$ 268,000 |
| Expenditures | | | | | |
| Development Services | 25,000 | 22,986 | 22,986 | - | 2,014 |
| Fire | 55,000 | - | 40,478 | - | 14,522 |
| Police | 300,000 | 21,238 | 239,443 | 23,703 | 36,853 |
| Parks & Recreation | 50,000 | - | - | 52,157 | (2,157) |
| Public Works | 265,000 | 29,618 | 116,018 | 135,197 | 13,785 |
| Enterprise Public Works | 520,000 | 49,996 | 177,793 | 264,064 | 78,143 |
| Total Capital Expenditures | \$ 1,215,000 | \$ 123,838 | \$ 596,719 | \$ 475,121 | \$ 143,160 |
| Net Revenues/(Expenditures) | \$ 393,000 | \$ 10,162 | \$ 743,281 | \$ (475,121) | \$ 124,840 |
| Audited Fund Balance 9/30/15 | \$ 419,975 | | | | |
| FY 2016 Revenue Budget | 1,608,000 | | | | |
| FY 2016 Expenditure Budget | 1,215,000 | | | | |
| Projected Ending Fund Balance | <u>\$ 812,975</u> | | | | |

Attachment: July 2016 Monthly Financial Report (1912 : Monthly Financial Report for the Period Ending July 31, 2016)

**City of Bellaire
CIP Fund
Revenues and Expenditures
Year-To-Date as of July 2016**

| | FY 2016 Budget | Carryover Funds/Budget | Total Funds/Budget | July Actual | YTD Actual | Encumbrance | FY2016 Budget Balance |
|--|---------------------------|-----------------------------------|-------------------------------|------------------------|-----------------------|---------------------|--------------------------------------|
| Revenues | | | | | | | |
| General Fund Transfer | 1,240,000 | 534,084 | 1,774,084 | 103,333 | 1,033,332 | | 206,668 |
| RBB Facilities | | 751,051 | 751,051 | | | | - |
| RBB Infrastructure | | 1,000,000 | 1,000,000 | | | | - |
| Enterprise Fund Transfer | 530,000 | 1,203,471 | 1,733,471 | 44,167 | 441,667 | | 88,333 |
| Evelyn's Park | 138,638 | 1,488,580 | 1,627,218 | 21,831 | 160,469 | | (21,831) |
| Designated Park Funds | | 351,200 | 351,200 | | | | - |
| Insurance - Flood | | 305,845 | 305,845 | 17,775 | 195,488 | | (195,488) |
| Insurance - Traffic Signal | | 33,693 | 33,693 | | | | - |
| Road Humps | | 702 | 702 | | | | - |
| Total Revenues | \$ 1,908,638 | \$ 5,668,626 | \$ 7,577,264 | \$ 187,106 | \$ 1,830,956 | | \$ 77,682 |
| Projects | | | | | | | |
| FY 2014 City Wide Beautification | | 5,721 | 5,721 | - | 5,721 | | - |
| FY 2014 Street & Drainage Reconstruction - Phase 5B* | 614,057 | 386,862 | 1,000,919 | | | 995,465 | 5,454 |
| FY 2015 Evelyn's Park | 160,469 | 1,488,580 | 1,649,049 | - | | 1,655,744 | (6,695) |
| FY 2015 Municipal Rehab Projects | - | 40,860 | 40,860 | - | 22,097 | | 18,763 |
| FY 2015 Park Improvements | | 279,568 | 279,568 | - | 221,603 | 6,493 | 51,472 |
| FY 2015 Traffic Signal Maintenance | | 33,693 | 33,693 | | 33,693 | | - |
| FY 2016 City Wide Beautification | 300,000 | | 300,000 | - | 17,500 | 12,376 | 270,124 |
| FY 2016 Pavement Mgt Program | 830,618 | | 830,618 | | 421 | | 830,198 |
| FY 2016 Playground/Shade Structure | 70,000 | | 70,000 | | | 69,990 | 10 |
| FY 2016 PW Facilities Assessment | 25,000 | 305,845 | 330,845 | | 23,652 | 348 | 306,845 |
| FY 2016 ROW | 50,000 | | 50,000 | | | | 50,000 |
| FY 2016 Storm Water Drainage | 45,000 | | 45,000 | 36,000 | 40,500 | 4,500 | - |
| Total General Projects | \$ 2,095,144 | \$ 2,541,129 | \$ 4,636,273 | \$ 36,000 | \$ 365,187 | \$ 2,744,917 | \$ 1,526,170 |
| FY 2013 Fine Screen Building | | 149,408 | 149,408 | 23,491 | 34,082 | 28,850 | 86,476 |
| FY 2013 WWT Electrical | | 8,440 | 8,440 | | | 2,216 | 6,224 |
| FY 2015 City Wide Scada System | 150,000 | 94,500 | 244,500 | 4,500 | 42,000 | 48,950 | 153,550 |
| FY 2015 Facility Water Barrier | | 33,000 | 33,000 | | | | 33,000 |
| FY 2015 Water/Sanitary Sewer Program | | 605,875 | 605,875 | 10,843 | 523,048 | 42,167 | 40,660 |
| FY 2016 Rehab Renwick Ground Storage | 55,000 | | 55,000 | | | 43,265 | 11,735 |
| FY 2016 Wendell-Bellaire Lift Station | 55,000 | | 55,000 | 4,879 | 29,735 | 44,143 | (18,878) |
| FY 2016 WW Collection Line | 20,000 | | 20,000 | 5,950 | 5,950 | 13,800 | 250 |
| FY 2016 WW System Upgrades | 250,000 | | 250,000 | 43,037 | 65,601 | 21,927 | 162,472 |
| Total Enterprise Projects | \$ 530,000 | \$ 891,223 | \$ 1,421,223 | \$ 92,699 | \$ 700,416 | \$ 245,318 | \$ 475,489 |
| Total Expenditures/Encumbrances | \$ 2,625,144 | \$ 3,432,352 | \$ 6,057,496 | \$ 128,699 | \$ 1,065,603 | \$ 2,990,234 | \$ 2,001,659 |
| Net Revenues/(Expenditures) | \$ (716,506) | \$ 2,236,274 | \$ 1,519,768 | \$ 58,407 | \$ 765,353 | | |

*Pay as you Go portion of Bonds in Fund 620

| | |
|-------------------------------|---------------------|
| Audited Fund Balance 9/30/15 | \$ 5,668,626 |
| FY 2016 Revenue Budget | 1,908,638 |
| FY 2016 Expenditure Budget | 6,057,496 |
| Projected Ending Fund Balance | <u>\$ 1,519,768</u> |

Attachment: July 2016 Monthly Financial Report (1912 : Monthly Financial Report for the Period Ending July 31, 2016)

**City of Bellaire
Bond Fund
Revenues and Expenditures
Year-To-Date as of July 2016**

| | Preliminary | | | | | | FY 2016 Budget Balance |
|--|-----------------------|---------------------------|----------------------|-----------------------|-----------------------|-------------------|------------------------------|
| | FY 2016 Budget | Carryover Funds/Budget | Total Budget | July Actual | YTD Actual | Encumbrance | |
| Revenues | | | | | | | |
| Interest | | | | 4,444 | 39,903 | | (39,903) |
| Bond Proceeds | | 20,995,926 | 20,995,926 | | | | |
| Total Revenues | \$ - | \$ 20,995,926 | \$ 20,995,926 | \$ 4,444 | \$ 39,903 | | \$ (39,903) |
| Projects | | | | | | | |
| FY 2012 Drainage Phase 5 | | 7,462,026 | 7,462,026 | 554,674 | 5,540,928 | 1,921,098 | 0 |
| FY 2015 Drainage Phase 5B | 7,910,187 | | 7,910,187 | 602,781 | 1,024,446 | 6,885,741 | 0 |
| FY 2013 New City Hall/Police/Municipal Court | | 812,611 | 812,611 | 16,835 | 144,491 | 642,547 | 25,573 |
| FY 2015 Evelyn's Park | | 4,687,159 | 4,687,159 | 781,786 | 2,775,628 | 1,900,752 | 10,780 |
| FY 2015 Nature Discovery Center | | 500,000 | 500,000 | - | 477 | 477 | 499,045 |
| Total Project Expenditures | 7,910,187 | 13,461,796 | 21,371,983 | 1,956,075 | 9,485,971 | 11,350,614 | 535,398 |
| Net Revenues/(Expenditures) | \$ (7,910,187) | \$ 7,534,130 | \$ (376,057) | \$ (1,951,631) | \$ (9,446,067) | | \$ (575,301) |
| Audited Fund Balance 9/30/15 | \$ 20,995,926 | | | | | | |
| FY 2016 Revenue Budget | - | | | | | | |
| FY 2016 Expenditure Budget | 21,371,983 | | | | | | |
| Projected Ending Fund Balance | <u>\$ (376,057)</u> | | | | | | |

Note to ending balance RBB funds from General CIP will be used to reconcile negative balance.

Attachment: July 2016 Monthly Financial Report (2012 : Monthly Financial Report for the Period Ending July 31, 2016)

**City of Bellaire
Metro Fund
Revenues and Expenditures
Year-To-Date as of July 2016**

| | Preliminary | | | | | | FY 2016 Budget Balance |
|---------------------------------------|------------------------|---------------------------|---------------------|---------------------|---------------------|----------------|------------------------------|
| | FY 2016 Budget | Carryover Funds/Budget | Total Budget | July Actual | YTD Actual | Encumbrance | |
| Revenues | | | | | | | |
| Metro Sales Tax | 1,200,000 | 2,898,256 | 4,098,256 | 93,218 | 1,110,256 | - | 89,744 |
| Interest | 1,700 | | 1,700 | 794 | 6,380 | | (4,680) |
| Total Revenues | \$ 1,201,700 | \$ 2,898,256 | \$ 4,099,956 | \$ 94,012 | \$ 1,116,636 | | \$ 85,064 |
| Projects | | | | | | | |
| FY2014 City Wide Trip Hazard | | 471,331 | 471,331 | 126,090 | 224,521 | 246,810 | - |
| FY2014 Sidewalk Projects | | 456,212 | 456,212 | 2,746 | 259,435 | 12,646 | 184,131 |
| FY2015 Street Pavement Mgt Program | 1,200,000 | 1,896,620 | 3,096,620 | 331,021 | 1,372,462 | 646,903 | 1,077,255 |
| FY2015 Street Striping Program | | 75,793 | 75,793 | - | 31,136 | 43,219 | 1,439 |
| Total Project Expenditures | 1,200,000 | 2,899,956 | 4,099,956 | 459,857 | 1,887,554 | 949,578 | 1,262,824 |
| Net Revenues/(Expenditures) | \$ 1,700 | \$ (1,700) | \$ - | \$ (365,845) | \$ (770,918) | | |
| Audited Fund Balance 9/30/15 | \$ 2,901,556 | | | | | | |
| FY 2016 Revenue Budget | 1,201,700 | | | | | | |
| FY 2016 Expenditure Budget | 4,099,956 | | | | | | |
| Projected Ending Fund Balance | <u><u>\$ 3,300</u></u> | | | | | | |

Attachment: July 2016 Monthly Financial Report (1912 : Monthly Financial Report for the Period Ending July 31, 2016)

**CITY OF BELLAIRE
CURRENT PROPERTY TAX COLLECTIONS
FY 2013 - FY 2016**

| <u>Month</u> | <u>FY 2013</u> | <u>FY 2014</u> | <u>FY 2015</u> | <u>FY 2016</u> |
|--------------|----------------|----------------|---|----------------------|
| Oct | \$ - | \$ - | \$ - | \$ - |
| Nov | 501,713 | 652,841 | 585,025 | 131,234 |
| Dec | 3,558,843 | 3,908,433 | 5,450,400 | 3,881,188 |
| Jan | 10,050,022 | 10,346,813 | 11,526,041 | 8,702,108 |
| Feb | 12,978,460 | 13,952,561 | 15,160,981 | 4,005,865 |
| Mar | 13,101,633 | 14,090,483 | 15,457,518 | 206,525 |
| Apr | 13,251,738 | 14,192,561 | 15,521,158 | 90,455 |
| May | 13,284,289 | 14,238,069 | 15,576,794 | 49,017 |
| Jun | 13,307,908 | 14,279,764 | 15,630,176 | 57,865 |
| Jul | 13,319,875 | 14,282,615 | 15,634,846 | 14,076 |
| Aug | 13,339,458 | 14,282,615 | 15,634,846 | |
| Sep | 13,344,243 | 14,282,615 | 15,634,846 | |
| | | | YTD Collections | \$ 17,138,332 |
| | | | % of Budget | 100.05% |
| | | | % of Total Levy | 99.64% |
| | | | FY 2016 Budget - Total Tax Revenue | \$ 17,130,365 |
| | | | 2015 Tax Year Taxable Value - Certified Appraisal Roll* | \$ 4,061,031,301 |
| | | | 2014 Tax Year - Under Protest or not Certified* | 459,542,279 |
| | | | Total | <u>4,520,573,580</u> |
| | | | Total Levy at \$0.3805 / \$100 = | <u>\$ 17,200,782</u> |

Ten Largest Taxpayers in City of Bellaire (Tax Year 2015) *

| | | <u>Taxable Value</u> |
|------------------------------|-------------------|-----------------------|
| Chevron Chemical Company | Oil & Gas | 79,604,253 |
| Pin Oak North Parcels LL LLC | Land/Improvements | 49,900,289 |
| KBS SOR 6565 6575 West Loop | Land/Improvements | 40,675,000 |
| BRI 1833 6330 LLC | Land/Improvements | 39,319,862 |
| Centerpoint Energy Inc. | Electric Utility | 29,510,049 |
| SBC Communications | Utility | 28,734,297 |
| CHP Houston Tx MOB Owner LLC | Land/Improvements | 25,165,006 |
| CHP Houston TX Hospital Land | Hospital | 24,940,369 |
| Pin Oak South Parcel LL LLC | Land/Improvements | 19,941,588 |
| 5909-5959 Realty LTD | Land/Improvements | 12,650,000 |
| | | <u>\$ 350,440,713</u> |

| | |
|-------------------------|---------------------|
| Tax Levy @ \$0.3805/100 | <u>\$ 1,333,427</u> |
| % of Total Levy | 7.75% |

* Source: Municipal Advisory Council of Texas

Attachment: July 2016 Monthly Financial Report (1912 : Monthly Financial Report for the Period Ending July 31, 2016)

**CITY OF BELLAIRE
HOUSING INFORMATION
FY 2016**

July

Houses, Townhomes & Vacant Lots for Sale *

| <u>Price Range</u> | |
|---|--------------|
| \$ 0 - \$ 250,000 | 1 |
| \$ 250,001 - \$ 500,000 | 38 |
| \$ 500,001 - \$ 750,000 | 27 |
| \$ 750,001 - \$ 1,000,000 | 38 |
| > \$ 1,000,000 | 83 |
| Total Units For Sale * | 187 |
| Total HCAD Residential Units/Lots ** | 6,018 |

For Sale as a % of Total Units 3.11%

Highest Listing Price - Home \$ 3,388,888

Lowest Listing Price - TH/Lot \$ 249,900

Houses for Lease * 65

Highest Lease/Month \$ 9,500

Lowest Lease/Month \$ 1,130

Foreclosure History as of end of Quarter Reported by RealtyTrac

| | <u>Auction</u> | <u>Bank Owned</u> |
|-------------------------|----------------|-------------------|
| At Quarter End 12-31-14 | 3 | 2 |
| At Quarter End 03-31-15 | 4 | 2 |
| At Quarter End 06-30-15 | 3 | 2 |
| At Quarter End 09-30-15 | 2 | 2 |
| At Quarter End 12-31-15 | 3 | 2 |
| At Quarter End 03-31-16 | 2 | 2 |
| At Quarter End 06-30-16 | - | 2 |

New Residential Construction

| <u>Fiscal Year</u> | <u>New Units</u> | <u>Dollar Value</u> | |
|--------------------|------------------|---------------------|-----------------|
| | | <u>Construction</u> | <u>Avg/Unit</u> |
| 2007 | 169 | 85,632,703 | 506,702 |
| 2008 | 132 | 75,405,507 | 571,254 |
| 2009 | 49 | 26,026,889 | 531,161 |
| 2010 | *** 64 | 34,682,458 | 541,913 |
| 2011 | 56 | 30,064,905 | 536,873 |
| 2012 | *** 93 | 54,914,376 | 590,477 |
| 2013 | *** 113 | 65,491,037 | 579,567 |
| 2014 | 125 | 78,420,596 | 627,365 |
| 2015 | 98 | 52,190,001 | 532,551 |
| 2016 | 54 | 35,136,794 | 650,681 |

Average Appraised Value (Tax Year 2015) \$ 835,801

* Source: realtor.com does not include for sale or lease by owner

** Based on information provided by the Harris County Tax Assessor-Collector and the Harris County Appraisal District includes estimated values

*** Numbers revised based on system correction

Attachment: July 2016 Monthly Financial Report (1912 : Monthly Financial Report for the Period Ending July 31, 2016)

CITY OF BELLAIRE
SUMMARY OF SALES & MIXED BEVERAGE TAX
FY 2014 - FY 2016

| <u>Payment</u> | | | | | |
|------------------------------|---------------|----|-------------------------|----------------------------|----------------------------|
| <u>Month</u> | <u>Period</u> | | <u>FY 2014</u> | <u>FY 2015</u> | <u>FY 2016</u> |
| <u>Sales Tax</u> | | | | | |
| Oct | Aug | \$ | 506,393 | \$ 168,534 | \$ 153,643 |
| Nov | Sep | | 191,544 | 204,637 | 236,498 |
| Dec | Oct | | 186,277 | 187,620 | 196,711 |
| Jan | Nov | | 178,766 | 168,955 | 253,578 |
| Feb | Dec | | 239,214 | 289,944 | 253,419 |
| Mar | Jan | | 180,302 | 175,468 | 176,377 |
| Apr | Feb | | 168,270 | 168,824 | 171,712 |
| May | Mar | | 189,723 | 201,769 | 210,865 |
| Jun | Apr | | 169,660 | 174,538 | 172,229 |
| Jul | May | | 159,472 | 171,111 | 186,436 |
| Aug | Jun | | 253,895 | 230,014 | - |
| Sep | Jul | | 186,787 | 209,043 | - |
| Sub-Total | | \$ | <u>2,610,303</u> | <u>\$ 2,350,457</u> | <u>\$ 2,011,468</u> |
| <u>Mixed Beverage</u> | | | | | |
| Oct | 1st Qtr | | 4,366 | 5,493 | 6,012 |
| Jan | 2nd Qtr | | 4,730 | 6,053 | 5,238 |
| Apr | 3rd Qtr | | 4,616 | 5,839 | 5,570 |
| Jul | 4th Qtr | | 5,341 | 6,004 | 5,970 |
| Sub-Total | | | <u>19,053</u> | <u>23,389</u> | <u>22,790</u> |
| Total | | \$ | <u><u>2,629,356</u></u> | <u><u>\$ 2,373,846</u></u> | <u><u>\$ 2,034,258</u></u> |

**CITY OF BELLAIRE
SUMMARY OF FRANCHISE FEES
FY 2014 - FY 2016**

| | Total <u>FY 2014</u> | Total <u>FY 2015</u> | YTD <u>FY 2016</u> |
|------------------|---------------------------------|---------------------------------|-------------------------------|
| Electric | \$ 825,798 | \$ 823,552 | \$ 686,412 |
| Gas | 144,037 | 123,933 | 90,735 |
| Telephone | 121,736 | 115,691 | 87,196 |
| Cable | <u>308,268</u> | <u>328,259</u> | <u>295,029</u> |
| Total | <u>\$ 1,399,839</u> | <u>\$ 1,391,435</u> | <u>\$ 1,159,372</u> |

Attachment: July 2016 Monthly Financial Report (1912 : Monthly Financial Report for the Period Ending July 31, 2016)

**CITY OF BELLAIRE
SUMMARY OF PURCHASE ORDERS
FY 2016**

| | Oct-15 | | Nov-15 | | Dec-15 | | 1st Qtr | |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | <u>Issued</u> | <u>Amount</u> | <u>Issued</u> | <u>Amount</u> | <u>Issued</u> | <u>Amount</u> | <u>Issued</u> | <u>Amount</u> |
| Total Purchase Orders | 315 | \$ 4,163,768 | 214 | \$ 997,313 | 243 | \$ 895,582 | 772 | \$ 6,056,663 |
| PO for \$5,000 - \$50,000 | 35 | \$ 565,114 | 27 | \$ 430,626 | 13 | \$ 191,970 | 75 | \$ 1,187,710 |
| % of Total Purchase Orders | 11.11% | 13.57% | 12.62% | 43.18% | 5.35% | 21.44% | 9.72% | 19.61% |
| \$ 5,000 - \$ 25,000 | 30 | \$ 400,456 | 21 | \$ 219,421 | 10 | \$ 101,908 | 61 | \$ 721,785 |
| \$ 25,001 - \$ 50,000 | 5 | \$ 164,658 | 6 | \$ 211,205 | 3 | \$ 90,062 | 14 | \$ 465,925 |
| | Jan-16 | | Feb-16 | | Mar-16 | | 2nd Qtr | |
| | <u>Issued</u> | <u>Amount</u> | <u>Issued</u> | <u>Amount</u> | <u>Issued</u> | <u>Amount</u> | <u>Issued</u> | <u>Amount</u> |
| Total Purchase Orders | 228 | \$ 321,509 | 87 | \$ 8,979,419 | 249 | \$ 2,723,606 | 564 | \$ 12,024,534 |
| PO for \$5,000 - \$50,000 | 11 | \$ 147,807 | 17 | \$ 296,918 | 17 | \$ 329,263 | 45 | \$ 773,988 |
| % of Total Purchase Orders | 4.82% | 45.97% | 19.54% | 3.31% | 6.83% | 12.09% | 7.98% | 6.44% |
| \$ 5,000 - \$ 25,000 | 11 | \$ 147,807 | 14 | \$ 173,228 | 14 | \$ 200,346 | 39 | \$ 521,381 |
| \$ 25,001 - \$ 50,000 | - | \$ - | 3 | \$ 123,690 | 3 | \$ 128,917 | 6 | \$ 252,607 |
| | Apr-16 | | May-16 | | Jun-16 | | 3rd Qtr | |
| | <u>Issued</u> | <u>Amount</u> | <u>Issued</u> | <u>Amount</u> | <u>Issued</u> | <u>Amount</u> | <u>Issued</u> | <u>Amount</u> |
| Total Purchase Orders | 203 | \$ 585,380 | 265 | \$ 840,318 | 217 | \$ 470,615 | 685 | \$ 1,896,313 |
| PO for \$5,000 - \$50,000 | 19 | \$ 260,345 | 17 | \$ 179,478 | 15 | \$ 211,599 | 51 | \$ 651,422 |
| % of Total Purchase Orders | 9.36% | 44.47% | 6.42% | 21.36% | 6.91% | 44.96% | 7.45% | 34.35% |
| \$ 5,000 - \$ 25,000 | 16 | \$ 165,797 | 16 | \$ 153,317 | 14 | \$ 179,367 | 46 | \$ 498,481 |
| \$ 25,001 - \$ 50,000 | 3 | \$ 94,548 | 1 | \$ 26,160 | 1 | \$ 32,232 | 5 | \$ 152,940 |
| | Jul-16 | | Aug-16 | | Sep-16 | | 4th Qtr | |
| | <u>Issued</u> | <u>Amount</u> | <u>Issued</u> | <u>Amount</u> | <u>Issued</u> | <u>Amount</u> | <u>Issued</u> | <u>Amount</u> |
| Total Purchase Orders | 155 | \$ 177,166 | - | \$ - | - | \$ - | 155 | \$ 177,166 |
| PO for \$5,000 - \$50,000 | 4 | \$ 56,611 | - | \$ - | - | \$ - | 4 | \$ 56,611 |
| % of Total Purchase Orders | 2.58% | 31.95% | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | 2.58% | 31.95% |
| \$ 5,000 - \$ 25,000 | 3 | \$ 30,500 | - | \$ - | - | \$ - | 3 | \$ 30,500 |
| \$ 25,001 - \$ 50,000 | 1 | \$ 26,111 | - | \$ - | - | \$ - | 1 | \$ 26,111 |

* Purchases include bids, sole source, and cooperative purchasing.

Attachment: July 2016 Monthly Financial Report (1912 : Monthly Financial Report for the Period Ending July 31, 2016)

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 08/15/16 06:00 PM
Department: City Manager's Office
Category: Report
Department Head: Paul A. Hofmann
DOC ID: 1987

**SCHEDULED
ACTION ITEM (ID # 1987)**

Item Title:

Quarterly Report from the Evelyn's Park Conservancy Board - Submitted by Patricia King-Ritter, President Evelyn's Park Conservancy Board.

Background/Summary:

Per Ordinance No. 14-035, and the Development and Operating Agreement for Evelyn's Park, the Conservancy shall present a quarterly report.

Previous Council Action Summary:

N/A

Fiscal Impact:

None

Recommendation:

N/A

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 08/15/16 06:00 PM
Department: Public Works
Category: Contract
Department Head: Brant Gary
DOC ID: 1979

**SCHEDULED
ACTION ITEM (ID # 1979)**

Item Title:

Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, authorizing the Mayor of the City of Bellaire, Texas, to execute, for and on behalf of the City of Bellaire, Texas, a Performance Contract Agreement between the City of Bellaire and Siemens Industry, Inc., Building Technologies Division, for work and services in connection with the Bellaire Performance Contracting Project - Requested by Brant Gary, Director of Public Works.

Background/Summary:

On May 2, 2016, the Public Works Department presented its proposed projects for FY 2017. Projects and costs identified by Siemens were reviewed by ARKK Engineers, the City's engineer. Additionally, the projects were designed by Jones and Carter, a local engineering firm.

After reviewing the feasibility of projects, on August 2, 2016, Siemens presented to Council the first phase of the project, which includes upgrades to the:

- Water Meter System
- Water/Waste Water System

The next step in this process is the adoption of an ordinance authorizing the Mayor to execute a Performance Contract Agreement with Siemens. Once authorized Siemens would be able to initiate the upgrades to the Water Meter and Water/Waste Water Systems. The project is anticipated to be completed within fifteen (15) months, with the water meter swap out to be completed by May 2017.

Previous Council Action Summary:

Public Works presented this project to Council at its May 2, 2016 meeting. No action was taken.

Siemens presented the final scope of the project to Council at a August 2, 2016 workshop. No action was taken.

Fiscal Impact:

Total costs for the Bellaire Performance Contracting Project, as presented are \$12,781,805.00. The plan is to issue Certificates of Obligation to finance the improvements. Funding for the project is projected to be cost neutral over the life of the improvements, due to a contract guarantee provided by Siemens. Funding will come from multiple sources; 1) an increase in water revenues from new meters 2) reduction in operational and energy costs and 3) reduced transfers out.

The estimated fiscal impacts are based upon the issuance of Certificates of Obligation. Utilization of other potential financing options requiring an election (e.g. General Obligation

Bonds) or additional options not requiring an election (tax exempt lease, certificates of participation, etc.) with different financing costs may result in changes to this statement.

Recommendation:

Brant Gary, Director of Public Works, recommends approval of this item.

ATTACHMENTS:

- Performance Contracting Memo (PDF)
- Performance Agreement Contract Ordinance (DOCX)
- Performance Contracting Agreement (PDF)



City of Bellaire

Department of Public Works

MEMORANDUM

TO: Paul A. Hofmann, City Manager

FROM: Brant Gary, Director of Public Works

DATE: August 11, 2016

SUBJECT: Bellaire's Performance Contract Project History & Overview

Since the initial discussions began regarding the proposed Performance Contracting project, there has been a lot of work dedicated to trying to achieve infrastructure improvements and identify resources necessary to finance these improvements. Some reports and questions asked have involved items that have been discussed, but perhaps not fully understood. In an effort to address some of those questions and misconceptions, the following items are being presented to provide a full overview of the project development and items proposed for formal consideration on August 15th.

TIMELINE

This timeline is intended to demonstrate that a great deal of time has been spent researching the City's needs and communicating those needs at various stages of the process.

In late 2015, the City began the annual process of reviewing its capital needs for the City's Utility System. As a part of that process, the City began discussions regarding a possible Performance Contracting approach that would help to identify a funding source for necessary improvements as well as to guarantee performance and efficiency savings that could offset project costs utilizing those savings and efficiencies to pay for the improvements.

In February 2016, the City entered into a Letter of Intent (LOI) that would provide a project feasibility study from Siemens to review our infrastructure needs (including a meter audit where 70 meters were replaced). This LOI was approved utilizing a contract through Choice Partners purchasing cooperative. Choice Partners had completed the state-mandated RFQ process and awarded the contract to Siemens. There was no upfront cost to the City, but there would be a \$25,000 fee if no projects were selected to move forward by the City.

In May 2016, City Council was presented an overview of this proposed project. This included the identified preliminary scope, the utilization of the Choice Partners contract for the LOI with Siemens, and an overview of Performance Contracting as a procurement method allowed by State law, LGC 302. It also discussed the future timeline for project development and Council review of the proposed contract with Siemens.

In August 2016, Council was presented with the specific scope findings as well as cost estimates for the project. Staff and Siemens representatives were present to answer questions and explain the need behind the proposed project components. Formal contract consideration is scheduled for August 15th.

Attachment: Performance Contracting Memo (1979 : Performance Contract Project Approval)

PERFORMANCE CONTRACTING

This section provides an overview of the Performance Contracting process where proposed infrastructure improvements are implemented by leveraging efficiencies realized. This also includes the legal authority for this approach which has been used across the state of Texas and the nation.

The concept of performance contracting is a procurement method that is similar to the design-build approach and utilizes guaranteed efficiency and energy savings to offset project costs. Local governments are authorized to utilize Performance Contracting as defined in Texas Local Government Code Ch.302. This type of project utilizes a professional services selection process for the “provider”, which is very similar to the way cities select financial advisors and engineers. In addition, the state statute also requires a 3rd party review of the technical calculations and assumptions about the project benefits and scope of work. Since the City Engineer is not involved in the design of the project or the calculations of benefits, the City Engineer is a qualified engineer according to the statute who also has knowledge of our systems and can best serve as an advocate for the City during this process.

This procurement method allows public entities to obtain needed efficiency increases and infrastructure upgrades through the replacement of old and inefficient equipment and processes. A performance contracting project is able to be paid for through energy and efficiency savings, typically within a City’s existing budget. Considering the costs and magnitude of current City infrastructure needs, a solution such as Performance Contracting appears to be the City’s best method for implementation and funding. This approach has been effectively utilized by many cities in the Houston area and around the state. Financing for these types of projects is usually through a tax-exempt lease or some other financing method (such as Certificates of Obligation) not requiring an election. The efficiency and energy savings provide a guaranteed benefit that is used to help pay for the payment of any debt incurred.

CHOICE PARTNERS & SELECTION OF SIEMENS

This section explains the City of Bellaire’s relationship with the Choice Partners purchasing cooperative and how the Choice Partners RFQ process was utilized to select Siemens for the LOI.

There are various purchasing cooperatives in the industry that have been utilized to award numerous performance contracts over many years. Choice Partners, a division of the Harris County Department of Education, has awarded contracts to vendors in this sector for almost 8 years. The City of Bellaire has been a Choice Partners member since the interlocal agreement was approved in 2009. Choice Partners has over 500 public and non-profit agencies that utilize their services. The fee to Choice Partners is paid wholly by Siemens and nothing comes from the member agencies. Their staff has been available as needed throughout this process and are willing to help in any way.

Working through Choice Partners, the City of Bellaire was able to utilize their RFQ process completed by Choice Partners staff members with years of experience in this area. Siemens was awarded the Energy Management and Conservation Contract by choice Partners in 2015 through a competitive Request for Qualifications process, which complied with Local Government Code 302. The six companies that responded to that process include ABM Building, Heat Transfer Solutions, OpTerra Energy Services, Inc., Schneider Electric, Buildings Americas, Siemens Industry, Inc, and Way Service, Ltd. Through that RFQ selection, the City agreed to a Letter of Intent (LOI) with Siemens to study the possibilities of a feasible project.

Siemens has been in the Performance Contracting business for decades helping companies save money and upgrade their facilities. Choice Partners feels very confident that its members will benefit from the services provided by this contract. Similar to the Construction Manager at Risk (CMAR) contract currently utilized by the facilities project, pricing presented by Siemens is guaranteed, and will not change, unless the project scope changes. Additionally, through this contract, Siemens also guarantees the savings.

HISTORY OF UTILITY INFRASTRUCTURE ISSUES

The City has seen an increase in issues related to utility infrastructure over the years. Recently, large projects focusing on water and wastewater lines and the Central Water Plant have taken place. The WWTP has not had a comprehensive overhaul like these other programs.

Over the years, several engineering reports and other studies have identified various immediate and long term needs for the WWTP. These items have outlined many of the same repairs identified in this proposed project; including repairs to the aeration system, controls, pumps, electrical systems, buildings, and other equipment. In 2006, the total estimated costs for repairs identified at the time totaled \$4.2 million according to one engineering report. To address those necessary repairs, the City began to address individual issues utilizing limited capital funding on an annual basis. However, this funding did not address all issues identified or future issues which have resulted since that time. The City has since fallen further behind in terms of WWTP system maintenance and infrastructure renewal.

Planned and unplanned inspections have also highlighted some of the WWTP issues. At times, the City has been found to be out of compliance on certain items during a TCEQ or staff inspection, but avoided a violation by making immediate repairs to those problem areas. Over the past several years, the City has had to continually make emergency repairs to various aspects of the plant to avoid potential TCEQ violations and related fines. Frequent examples of such repairs include our plant processing pumps and motors, RAS pumps, and our control panels. In addition, it should also be noted that if the City attempted to get a new permit, our current plant does not meet current standards and would not be issued a permit in today's regulatory environment.

SCOPE & PRICING DEVELOPMENT

The narrative below highlights the process involved in the development of the proposed scope and project details. The work to be performed, approach used, and pricing identified were all developed with the City's preferences and oversight at the forefront. All recommendations were heavily scrutinized by the City so as to best leverage the guaranteed benefits against the proposed costs of the work to be done.

As mentioned previously, in February 2016, the City Manager signed a Letter of Intent (LOI) with Siemens to start the evaluation process. As a part of this LOI, the City received 70 new water meters to replace the old meters pulled for accuracy testing. If after the evaluation period, the City decided not to move forward with Siemens' proposal; the City would have only had to pay \$25,000 for the work performed.

During the initial study (and throughout this process), Siemens representatives met with City staff and city consultants. This included members of City Administration, Finance, PW Administration, PW Utility System Plant Operations, the City Engineer, and a Plant Operations specialist utilized by the City. Siemens was provided information about outstanding infrastructure needs and toured the WWTP. Based on that input and specific City vendor/equipment preferences, Siemens was able to produce a proposed project scope. Siemens also revisited several aspects of the project scope at the request of City staff and the City Engineer. A separate engineer, Jones & Carter, was selected to perform design engineering tasks. The design and efficiency assumptions were reviewed by the City Engineer as part of the required 3rd party review process.

In order to obtain the best pricing for the City, Siemens conducted a competitive bid process with various vendors and suppliers. Additionally, Siemens procurement department compared the local pricing to their national contracts and pricing in order to further negotiate the best price for the City. Once the project scope was narrowed, the components and costs identified by Siemens were reviewed by ARKK Engineers, the City's engineer, and City staff. The review of that pricing found that the project components were fairly priced. For example, the meter portion was compared to another project at an area city (not done with Siemens) and found to be in line considering cost escalations and differences in equipment. Similar to the Construction Manager at Risk (CMAR) contract currently utilized by the facilities project, pricing presented by Siemens is guaranteed, and will not change, unless the project scope changes. In addition, the performance and efficiencies identified are contractually guaranteed.

PROPOSED PROJECT REVIEW

The following is an overview of the proposed project scope to be considered by Council. It is important to note that the project represents the best combination of infrastructure needs with energy & operational efficiencies so as to minimize any costs outside of the savings realized.

After reviewing the feasibility of the identified projects with the City, including Public Works, City Management and Finance staff, Siemens presented the proposed project details to Council on August 2, 2016. The total cost for the proposed project is \$12,781,805. That total included the following items:

- Project Design & Mgmt-\$ 678,280
 - This portion of the project covers all design engineering and construction management services. These fees as a percentage of project costs are in line with similar projects.
- Water Meter & AMI - \$ 4,591,371
 - Upgrades to the Water Meter System will include the replacement of **ALL** City meters and the incorporation of an Automated Metering Infrastructure (AMI) system. AMI allows for the direct input of meter information into the City's system and does not require each meter to be individually read.
 - The water meter audit found that 67% of the current meter inventory is 15 years old or older. Our existing 5/8 x 3/4 meters are estimated to only have a 76% accuracy.
 - An optional component of the system upgrade is the "customer portal". The Customer Portal will allow residents to get a daily account of the water they are using. The annual cost to the City for this option is \$13,755 (around \$1.79 per meter). This option can be removed at any point during the contract period. So, if after the first year we don't like the service, we do not have to continue it.
 - During the installation of the new meters, the City will still utilize its meter reading contract with Alexanders, to read meters not yet swapped out. As a part of the Performance Contract Siemens will set up the necessary installation and training on the new software. There will be no interruption to billing.
- Aeration System - \$ 2,448,527
 - The Aeration system is currently not functioning as designed. Old piping is leaking, air diffusers in the basins are clogged or broken, and the blowers that produce air are past their useful life and inefficient.
 - The blower control panel is antiquated and not operating properly.
 - Underground piping is leaking hot air.
 - Clogged diffusers have led to uneven and inefficient aeration.

- Digester Upgrades - \$ 1,289,479
 - The MECC (motor electric control center) which provides power to the digester and its controls is past its useful life and obsolete. Without this, the plant cannot process solids.
 - Corroded and exposed electrical equipment presents a safety concern for operators.
 - Blowers in the Digester area are past their useful lifespan and are operating inefficiently.
- Main Lift Station - \$ 2,809,323
 - The main lift station will be converted to a “wet well” from the current “dry well”, which is very narrow and a confined space, making it extremely difficult to maintain.
 - Current pumps are past their useful life. New submersible pumps which can be raised up for maintenance and lowered down for use will be installed.
 - Due to the confined space and aging equipment, some valves cannot be exercised.
 - The MECC serving this area is also past its useful life and is a safety concern for operators.
- Disinfection System - \$ 532,435
 - The disinfection system would be converted from chlorine gas, which is a highly hazardous chemical, to sodium bisulfate (bleach), which is much safer to work with.
 - This is currently the standard approach for new treatment plants today.
- RAS Pumps & Flow Ctrl - \$ 432,390
 - The Return Activated Sludge (RAS) pumps are beyond useful life and require frequent repairs to maintain operations.
 - One pump is out of service; a lack of redundancy is an issue.

The items replaced are expected to lessen the City’s flood plain exposure and provide additional useful life for these plant components of 20-25 years. As mentioned earlier the project and estimated costs have been reviewed by the City staff and City Engineer.

NEXT STEPS

This section outlines the next steps in considering this project and potential impacts from changes.

The next step in this process is the adoption of an ordinance authorizing the Mayor to execute a Performance Contract Agreement with Siemens and the passing of a resolution to provide notification of Council’s intent to issue Certificates of Obligation to fund the project. Once authorized Siemens would be able to initiate the upgrades to the Water Meter and Water/Waste Water Systems. While the receipt of the project funds and corresponding payments to Siemens would have to be added to the upcoming budget, there would be a net-zero impact to the FY17 budget. The City would not, however, pay any debt payments until the construction of the project is complete and savings were being achieved in FY18.

The project is anticipated to be completed within fifteen (15) months, with the water meter swap out to be completed by May 2017, just before our current meter reading contract expires. If the project timing changes, there are some potential impacts. Those impacts could include potential pricing increases, financing rate changes, continued inefficiencies/loss of benefits (meter reading charges, water loss, electricity charges, etc.), and overall plant functionality due to the critical nature of some repairs (e.g. Obsolete Digester MECC-Plant cannot operate as needed without it).

It should be noted that this project and its funding sources are independent of any discussions around the water rate study. This project will not require any tax increases or separate, non-inflationary water rate increases to implement.



ORDINANCE NO. 16-_____

CONSIDERATION OF AND POSSIBLE ACTION ON THE ADOPTION OF AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, AUTHORIZING THE MAYOR OF THE CITY OF BELLAIRE, TEXAS, TO EXECUTE FOR AND ON BEHALF OF THE CITY OF BELLAIRE, TEXAS, A PERFORMANCE CONTRACT AGREEMENT BETWEEN THE CITY OF BELLAIRE AND SIEMENS INDUSTRY, INC., BUILDING TECHNOLOGIES DIVISION FOR WORK AND SERVICES IN CONNECTION WITH THE BELLAIRE PERFORMANCE CONTRACTING PROJECT.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS:

THAT the Mayor of the City of Bellaire, Texas, is hereby authorized to execute, for and on behalf of the City of Bellaire, Texas, a *Performance Contract Agreement* by and between Siemens Industry, Inc., Building Technologies Division and the City of Bellaire, Texas, in a form as attached hereto and marked "Exhibit A," in connection with the Bellaire Performance Contracting Project.

PASSED and APPROVED this 15th day of August, 2016.

(SEAL)

ATTEST:

SIGNED:

Tracy L. Dutton, TRMC
City Clerk

Andrew S. Friedberg
Mayor

APPROVED AS TO FORM:

Alan P. Petrov
City Attorney

Attachment: Performance Agreement Contract Ordinance (1979 : Performance Contract Project Approval)

PERFORMANCE CONTRACTING AGREEMENT

between

City of Bellaire, Texas

and

**Siemens Industry, Inc.,
Building Technologies Division**

TABLE OF ARTICLES

1. Agreement
2. Glossary
3. General
4. Performance Guarantee
5. Work by SIEMENS
6. CLIENT Responsibilities
7. Changes and Delays
8. Compensation
9. Acceptance
10. Insurance and Allocation of Risk
11. Hazardous Material Provisions
12. Miscellaneous Provisions
13. Maintenance Services Program

Attachment: Performance Contracting Agreement (1979 : Performance Contract Project Approval)

PERFORMANCE CONTRACTING AGREEMENT

Number:

Article 1 AGREEMENT

THIS **PERFORMANCE CONTRACTING AGREEMENT** ("Agreement") is made this day of August, 2016 (the "Effective Contract Date", defined below), by and between Siemens Industry, Inc., Building Technologies Division ("SIEMENS") and the party identified below as the CLIENT.

The CLIENT: **City of Bellaire, TX**
 7008 South Rice Ave.
 Bellaire, Texas 77401-4495

DESIGNATED REPRESENTATIVE: Mr. Paul Hofmann
 PHONE: 713-662-8228 FAX:

Siemens Industry, Inc., Building Technologies Division
 1000 Deerfield Parkway
 Buffalo Grove, Illinois 60089

With offices at: 8850 Fallbrook Road
 Houston, Texas 77064

DESIGNATED REPRESENTATIVE: Mr. Robert McMillin
 PHONE: 281-949-3000 FAX:

For Work and Services in connection with the following project (the "Project"):

City of Bellaire, Texas Performance Contracting Project

The CLIENT considered performing the following FIMs but at this time, has determined to exclude them from the Scope of Work and Services, Exhibit A:

1. Additional WWTP Upgrades
2. Lighting Enhancements & Renovations
3. HVAC Replacements
4. Energy Management Control Systems
5. Traffic Signal Upgrades
6. Water Line Replacements

Attachment: Performance Contracting Agreement (1979 : Performance Contract Project Approval)

PERFORMANCE CONTRACTING AGREEMENT

Articles and Attachments

This Agreement consists of this document, which includes the following articles and exhibits which are acknowledged by the CLIENT and SIEMENS and incorporated into the Agreement by this reference:

Articles

1. Agreement
2. Glossary
3. General
4. Performance Guarantee
5. Work BY SIEMENS
6. The CLIENT's Responsibilities
7. Changes and Delays
8. Compensation
9. Acceptance
10. Insurance and Allocation of Risk
11. Hazardous Material Provisions
12. Miscellaneous Provisions
13. Maintenance Services Program

Exhibits

- | | |
|---------------|---|
| Exhibit A | Scope of Work and Services |
| Exhibit B | Payment Schedule(s) |
| Exhibit C | Performance Assurance |
| Exhibit D1 | Form of Certificate of Substantial Completion |
| Exhibit D2 | Form of Certificate of Final Completion |
| Attachment #1 | Water Meter Annual Revenue Calculations |
| Attachment #2 | Water Meter Baseline Account List |
| Attachment #3 | Water Meter Baseline Consumption Data |
| Attachment #4 | Water Meter Baseline Test Results |
| Attachment #5 | Water Meter Warranty Documents |

This Agreement, when executed by an authorized representative of the CLIENT and authorized representatives of SIEMENS, constitutes the entire, complete and exclusive agreement between the Parties relative to the project scope stated in Exhibit A. This Agreement supersedes all prior and contemporaneous negotiations, statements, representations, agreements, letters of intent, awards, or proposals, either written or oral relative to the same, and may be modified only by a written instrument signed by both Parties.

COMPENSATION/TERMS OF PAYMENT:

As full consideration for the performance of the Work and Services set forth in Exhibit A, and for the Performance Assurance set forth in Exhibit C, the CLIENT shall pay SIEMENS in such manner and amounts as agreed to in Exhibit B.

Agreed for **City of Bellaire, Texas**

(Signature) by: _____

Print Name and Title: _____

(Signature) by: _____

Print Name and Title: _____

Agreed for **Siemens Industry, Inc.**

(Signature) by: _____

Print Name and Title: _____

(Signature) by: _____

Print Name and Title: _____

Attachment: Performance Contracting Agreement (1979 : Performance Contract Project Approval)

PERFORMANCE CONTRACTING AGREEMENT

Article 2

Glossary

The following terms shall for all purposes have the meanings stated herein, unless the context otherwise specifies or requires, or unless otherwise defined in the Agreement:

Acceptance means the CLIENT has signed, or is deemed to have signed, a Certificate of Final Completion.

Acceptance Date means the date on which the CLIENT signs or is deemed to have signed a Certificate of Final Completion.

Annual Performance Assurance Report means the document prepared by SIEMENS and submitted to the CLIENT as part of the Performance Assurance Service Program, which identifies the Savings achieved for the applicable Annual Period.

Annual Period means a twelve (12) month period beginning on the Guarantee Date or on any anniversary date thereof.

Annual Realized Savings means the actual Savings achieved by the CLIENT during an Annual Period, calculated as the sum of the Measured & Verified Savings plus the Stipulated Savings.

Applicable Law means laws, ordinances, codes, rules and regulations applicable to the Work and in effect on the Effective Contract Date.

Baseline means the measurements of Facility energy usage taken prior to the Effective Contract Date, and the Facility operating practices in effect prior to the Effective Contract Date, as set forth in the Performance Assurance, Exhibit C.

Baseline Period means the period of time from which data is provided to SIEMENS to derive the Baseline measurements. The Baseline Period is set forth in the Performance Assurance, Exhibit C.

BTU means a British Thermal Unit and is a unit of thermal energy.

Capital Off-Set Savings means a sub-category of Operational Savings where Savings will result in a cost effective upgrade to the Facility to address one or more of the following issues: potential future increased costs, comfort, code non-compliance, usage requirements, user needs and/or expectations.

Certificate of Final Completion means a document, in the form attached as Exhibit D2 hereto, indicating that the Work identified in Article 1 of the Scope of Work and Services-Exhibit A has been completed in accordance with the Agreement, including all items in the Outstanding Items List(s).

Certificate of Substantial Completion means a document, in the form attached as Exhibit D1 hereto, indicating that the Work, or a designated portion of the Work, is Substantially Complete in accordance with the Agreement. A Certificate of Substantial Completion may be accompanied by an Outstanding Items List.

CLIENT Representative means the person identified to SIEMENS by the CLIENT as the person authorized to make decisions on behalf of the CLIENT as set forth in Section 6.1(a) hereof.

Construction Period means the period between the Effective Contract Date and the first day of the month following the Acceptance Date.

Construction Period Savings means the actual accumulated Measured & Verified Savings plus the Stipulated Savings achieved from the Effective Contract Date until the Guarantee Date.

Contracted Baseline means the post-FIM-implementation Facility operating profile based on parameters described in Exhibit C, which the CLIENT shall maintain throughout the Performance Guarantee Period and are relied upon by SIEMENS for the calculation of Guaranteed Savings as provided in the Performance Assurance, Exhibit C. The Contracted Baseline must also include stipulated hours of operation and plug-loads for all Facilities, and must include stipulated blended, or non-blended, utility rates.

Deferred Maintenance means a sub-category of Operational Savings where Savings result from a reduction of current or potential future repair and maintenance costs due to certain work being performed hereunder where such work had been previously postponed.

Deliverables shall mean collectively, (a) any Equipment and any Software Product deliverable to CLIENT from SIEMENS under or in connection with the Work, and (b) any Work Product Deliverables.

Effective Contract Date is the date appearing at the top of this Agreement, unless specifically indicated otherwise.

PERFORMANCE CONTRACTING AGREEMENT

Energy Conservation Measure or **ECM** means the SIEMENS Products and/or other third party equipment, devices, materials and/or software as installed by SIEMENS at the Facilities, or as repaired or replaced by SIEMENS or the CLIENT hereunder, for the purpose of improving the efficiency of utility consumption.

Equipment means the installed physical equipment to be provided by SIEMENS as described in the Scope of Work and Services, Exhibit A.

Escalation Rate means an annual percentage increase to be applied to the previous Annual Period's energy savings, operational savings and service pricing, beginning and occurring on dates outlined in the Performance Assurance, Exhibit C. A different Escalation Rate may be applied to differing Savings calculations and/or payment schedules depending on the percentage agreed upon by the Parties.

Facility or Facilities means the **building(s)** or structure(s) where Work will be installed or implemented.

Facility Improvement Measures or **FIMs** means the (i) Instruments, know-how and Intellectual Property, including but not limited to methods and techniques for energy conservation, owned or licensed by SIEMENS and employed by SIEMENS to perform the Work and Services under this Agreement; and, (ii) the installation of Equipment and Software Products with the intent of generating net savings or efficiencies at or in connection with the operation of the Facilities. A FIM may include one or multiple ECMs as well as any non-conservation-related activities, means or methods.

FEMP means the Federal Energy Management Program managed by the United States Department of Energy.

FEMP Guidelines means the FEMP M&V Guidelines v. 3.0 published by FEMP as M&V Guidelines; Measurement and Verification for Federal Energy Management Projects.

Guarantee Date means the first day of the month following the date on which the CLIENT executes, or is deemed to have executed, the Certificate of Final Completion.

Guaranteed Annual Savings are the Guaranteed Measured & Verified Savings plus the Stipulated Savings that SIEMENS guarantees will be achieved in an Annual Period of the Performance Guarantee Period.

Guaranteed Measured & Verified Savings means the Measured & Verified Savings that SIEMENS guarantees will be achieved, as described in the Performance Assurance, Exhibit C.

Guaranteed Savings means the amount of Savings that SIEMENS guarantees will be achieved at the Facility during the Performance Guarantee Period. as identified in the Performance Assurance, Exhibit C as subject to the limitation identified in Section 4.8.

Hazardous Materials refers to the definition found in Section 11.1.

Instruments means all know-how, tools and related documentation owned or licensed by SIEMENS and used by SIEMENS to install or commission Equipment and Software Products for operation at the Facility, including but not limited to tools for installing any Software Products in Equipment, performing diagnostics on Equipment as installed in the Facility as well as any reports, notes, calculations, data, drawings, estimates, specifications, manuals, documents, all computer programs, codes and computerized materials prepared by or for SIEMENS and used by SIEMENS to provide an ECM or a FIM. Instruments excludes Work Product Deliverables.

Intellectual Property Rights or Intellectual Property means all trade secrets, patents and patent applications, trade marks (whether registered or unregistered and including any goodwill acquired in such trade marks), services marks, trade names, internet domain names, copyrights (including rights in computer software), moral rights, database rights, design rights, rights in know-how, rights in inventions (whether patentable or not) including, but not limited to, any and all renewals or extensions thereof, and all other proprietary rights (whether registered or unregistered, and any application for the foregoing), and all other equivalent or similar rights which may subsist anywhere in the world, including, but not limited to, any and all renewals or extensions thereof.

IPMVP means the International Performance Measurement and Verification Protocol, Volume 1, EVO 10000-1.2007 as prepared by the Efficiency Valuation Organization.

kW and **kWh** means kilowatt and kilowatt hour, respectively.

Maintenance Services Program or **MSP** means the Services performed by SIEMENS to maintain the Equipment in good working order. The MSP may also contain Services unrelated to the maintenance of the Equipment. If applicable, the MSP is more fully described in the Scope of Work and Services, Exhibit A.

Material Change means a measurable deviation in the Contracted Baseline such that there is an adverse impact on the Annual Realized Savings which results or will result in a Savings Shortfall.

PERFORMANCE CONTRACTING AGREEMENT

Measured & Verified Savings means those Savings that can be calculated and ascertained by the methodology set forth in the Performance Assurance, Exhibit C.

Oil refers to the definition found in Section 11.1.

Operational Savings means Savings derived from reduced operational expenses, including but not limited to, Deferred Maintenance, or Capital Off-Set Savings. Operational Savings can only be expressed in monetary value and are Stipulated Savings.

Outstanding Items List means a list of items in need of completion or correction that relates to the Work, or a designated portion thereof that is Substantially Complete. The absence of such items does not deprive the CLIENT of the ability to put such Work, or a designated portion thereof to beneficial use. An Outstanding Items List may be attached to a Certificate of Substantial Completion.

Parties means the CLIENT and SIEMENS.

Performance Assurance is the process of ascertaining whether the FIMs are performing at the level necessary to achieve the Guaranteed Savings.

Performance Assurance Services Program or PASP means the Services required to monitor the operation of the FIMs so that SIEMENS can provide the Annual Performance Assurance Report detailing the Annual Realized Savings and comparing the same to the Annual Guaranteed Savings based upon the calculations agreed to by the Parties in the Performance Assurance, Exhibit C. The Services provided under the PASP are described in the Scope of Work and Services, Exhibit A.

Performance Guarantee means the guarantee that SIEMENS makes to the CLIENT which is reconciled and confirmed through the Performance Assurance process set forth in the Performance Assurance, Exhibit C.

Performance Guarantee Period means the timeframe from the Guarantee Date to the last day of the final Annual Period as described in Table 1.1 of the Performance Assurance, Exhibit C, or the period from the Guarantee Date until the termination of this Agreement, whichever occurs earlier.

Permitted Users means the CLIENT, its employees and agents.

Savings means the Parties' intended result from implementing all FIMs. Savings can be derived from reductions in energy or utility consumption, reductions in operating expenses, a changed utility rate classification or a combination thereof. The Savings that are achieved from reduced energy or utility consumption are converted to a dollar figure based upon the calculation in Article 4.1.1 and as detailed in the Performance Assurance, Exhibit C. When converted to a dollar figure, these Savings become energy cost savings. Operational Savings are only expressed in a dollar figure.

Savings Shortfall means the Annual Realized Savings less the Guaranteed Annual Savings for the Annual Period resulting in an amount less than zero.

Services means those services to be provided by SIEMENS as described in the Scope of Work and Services, Exhibit A.

SIEMENS Pre-existing Intellectual Property means any Intellectual Property: (i) that has been conceived or developed by an employee or subcontractor of SIEMENS before SIEMENS performs any Work or Services under this Agreement; (ii) that is conceived or developed by such employee or subcontractor at any time wholly independently of SIEMENS performing the Work under this Agreement; or, (iii) if developed while performing the Work under this Agreement, where the development of Intellectual Property for the benefit of the CLIENT is not expressly identified as a FIM or part of a FIM. SIEMENS Pre-existing Property is included in all reports, notes, calculations, data, drawings, estimates, specifications, manuals, documents, all computer programs, codes and computerized materials prepared by or for SIEMENS.

SIEMENS Product means a product, including Software Product and/or Equipment, offered for sale or license by SIEMENS or its affiliates or subsidiaries and developed prior to performing the Work or SIEMENS rendering services in connection with this Agreement. A SIEMENS Product also includes improvements or modifications to any Equipment and any Software Product developed by SIEMENS or developed as part of the Work, including any SIEMENS Product that is configured or modified for operation at a site specified by the CLIENT. Any information that is provided by the CLIENT and incorporated into a SIEMENS Product is not, by itself, a SIEMENS Product. A compilation of such information and the product of such compilation, however, is a SIEMENS Product.

Software Product means any software that is owned or licensed by SIEMENS or its affiliates and that is either separately deliverable for use in the Equipment or for use in a computer system owned by the CLIENT or delivered as firmware embedded in the Equipment.

Stipulated Savings are a sub-category of Guaranteed Savings that do not require post-FIM implementation measurement and verification because they are agreed upon by the Parties based upon representations made to SIEMENS by the CLIENT

PERFORMANCE CONTRACTING AGREEMENT

and through the application of generally accepted analytical formulae. As such, Stipulated Savings are agreed upon in advance by the Parties and cannot be changed. When used as a methodology for representing a FIM's energy savings, such methodology is not recognized as a measurement and verification methodology under IPMVP. Therefore, where the IPMVP measurement methodologies are required, a methodology other than Stipulated Savings must be used to calculate energy savings.

Substantial Completion or Substantially Complete means the Work, or any identifiable portion thereof, which is sufficiently complete, in accordance with the provisions of this Agreement relating to the Scope of the Work and Services, Exhibit A, such that the CLIENT will be able to realize from such Work substantially all of the practical benefits intended to be gained therefrom, or otherwise employ the Work or the FIMs for their intended purposes.

Therm is a measure of energy equal to 100,000 BTUs.

Total Guaranteed Savings means the sum of the Savings that are guaranteed for all Annual Periods during the Performance Guarantee Period (inclusive of the Construction Period, if applicable). The Total Guaranteed Savings are reflected in Tables 1.1 and 1.2 in the Performance Assurance, Exhibit C.

Work means collective labor, Equipment and services comprising the FIMs to be performed by SIEMENS, as described in the Scope of Work and Services, Exhibit A.

Work Product Deliverable means the tangible form of a report or drawing specifically developed for, commissioned by and deliverable to the CLIENT in connection with the Work to be performed by SIEMENS under this Agreement.

Article 3 General

- 3.1 The Parties hereto acknowledge and agree that this Agreement has been negotiated at arm's length and among the Parties equally sophisticated and knowledgeable as to the subject matter of this Agreement. Each party has conferred, or has had the opportunity to confer, with their respective legal counsel. Accordingly, in the event any claim is made relating to any conflict, omission, or ambiguity in this Agreement, no presumption, burden of proof, or persuasion shall be implied by virtue of the fact that this Agreement was drafted by or at the request of a particular party or its legal counsel.
- 3.2 The CLIENT hereby engages and SIEMENS hereby accepts the engagement to perform and to provide the Work and Services set forth in Exhibit A in accordance with the terms and conditions of this Agreement.
- 3.3 SIEMENS shall perform the Work as an independent contractor with exclusive control of the manner and means of performing the Work in accordance with the requirements of this Agreement. SIEMENS has no authority to act or make any agreements or representations on behalf of the CLIENT. This Agreement is not intended, and shall not be construed to create, between the CLIENT and SIEMENS, the relationship of principal and agent, joint-venturers, co-partners or any other such relationship, the existence of which is hereby expressly denied. No employee or agent of SIEMENS shall be, or shall be deemed to be, an employee or agent of the CLIENT.
- 3.4 SIEMENS represents, warrants and covenants to the CLIENT that:
 - (a) It has all requisite corporate power to enter into this Agreement, and that its execution hereof has been duly authorized and does not and will not constitute a breach or violation of any of SIEMENS organizational documents, any Applicable Law, or any agreements with third parties;
 - (b) It has done and will continue to do all things necessary to preserve and keep in full force and effect its existence and the Agreement;
 - (c) This Agreement is the legal, valid and binding obligation of SIEMENS, in accordance with its terms, and all requirements have been met and procedures have been followed by SIEMENS to ensure the enforceability of the Agreement;
 - (d) To SIEMENS best knowledge, there is no pending or threatened, suit, action, litigation or proceeding against or affecting SIEMENS that affects the validity or enforceability of this Agreement; and,
 - (e) It is duly authorized to do business in all locations where the Work and Services are to be performed.
- 3.5 The CLIENT represents, warrants and covenants to SIEMENS that:

PERFORMANCE CONTRACTING AGREEMENT

- (a) It has all requisite corporate power and/or statutory authority to enter into this Agreement, and that its execution hereof has been duly authorized and does not and will not constitute a breach or violation of any of the CLIENT's organizational documents, any Applicable Law, or any agreements with third parties;
- (b) It has done and will continue to do all things necessary to preserve and keep in full force and effect its existence and the Agreement;
- (c) This Agreement is the legal, valid and binding obligation of the CLIENT, in accordance with its terms, and all requirements have been met and procedures have been followed by the CLIENT to ensure the enforceability of the Agreement;
- (d) To the CLIENT's best knowledge, there is no pending or threatened, suit, action, litigation or proceeding against or affecting the CLIENT that affects the validity or enforceability of this Agreement; and,
- (e) The CLIENT has consulted with its legal counsel and is relying on the advice of its counsel concerning all legal issues related to this Agreement, and is not relying on SIEMENS in this regard.

Article 4

Performance Guarantee

- 4.1 The Annual Realized Savings generated during each Annual Period will be no less than the Guaranteed Annual Savings as shown in Tables 1.1 and 1.2 of the Performance Assurance, Exhibit C, subject to the limits in Section 4.8. The measurement and verification calculation methodology for determining the Savings is set forth in the Performance Assurance, Exhibit C.
- 4.1.1 General. Except as otherwise provided, energy savings will be calculated for each month of each Annual Period as the product of (a) "units of energy saved" (kWh, Therms, GJ, etc.) multiplied by (b) "cost of energy."
- (a) Units of energy saved are calculated by 1) assuming the Contracted Baseline has been maintained per Section 4.3 below, and 2) subtracting the then current period measured units of energy consumed from the Baseline units of energy defined in Article 5 of Exhibit C.
 - (b) Costs of energy are defined in Article 6 of Exhibit C-Utility Rate Structures and Escalation Rates.
- 4.2 Any future Escalation Rates to be applied to utility, energy or other costs are set forth in Exhibit C. SIEMENS and the CLIENT agree that the Baseline data set forth in Exhibit C is a full and accurate reflection of the existing Facility, equipment, operation, business use and energy usage, and that such Baseline data will be the basis on which all future energy use will be compared in order to determine the Annual Realized Savings.
- 4.3 SIEMENS and the CLIENT agree that the Contracted Baseline fully described in Exhibit C will represent the new operating and/or equipment profile of the Facility resulting from the FIM implementation. The Performance Guarantee is dependent upon and is subject to the express condition that the CLIENT operates and maintains its Facilities within the Contracted Baseline parameters, as may be adjusted in accordance with the terms herein, during the entire term of the Performance Guarantee Period.
- 4.4 The CLIENT agrees to notify SIEMENS prior to or within thirty (30) days of CLIENT's knowledge of any Material Change.
- 4.5 Within thirty (30) days of notice of a Material Change, SIEMENS' discovery of a Material Change and with prompt notice to CLIENT, SIEMENS will either:
- (a) Require an adjustment to the Performance Assurance and the Performance Guarantee as a result of the Material Change; or,
 - (b) Where a commercially reasonable adjustment to the Performance Guarantee is unavailable, terminate both the Performance Assurance and the Performance Guarantee.
- 4.6 A Performance Guarantee Period savings reconciliation as identified in Section 4.1 will be performed at the end of each Annual Period as follows:
- (a) Within ninety (90) days of the Guarantee Date, the Construction Period Savings shall be reconciled and applied to the calculation of the first Annual Period's Annual Realized Savings.

PERFORMANCE CONTRACTING AGREEMENT

Attachment: Performance Contracting Agreement (1979 : Performance Contract Project Approval)

- (b) At the conclusion of each Annual Period, SIEMENS will calculate the Annual Realized Savings and compare the calculated amount to the applicable Guaranteed Annual Savings amount.
- (c) Where the Annual Realized Savings are less than the Guaranteed Annual Savings, a Savings Shortfall shall be recorded for the applicable Annual Period.
- (d) A Savings Shortfall shall be paid by SIEMENS within sixty (60) days following the CLIENT's acceptance of the reconciliation and once paid SIEMENS shall have fulfilled its obligations under the Performance Guarantee for the applicable Annual Period.

4.6.1 As the mutual goal of the Parties is to maximize Savings, if SIEMENS can correct a Savings Shortfall through an operational improvement at no expense or material inconvenience to the CLIENT and without future operational expenses, and the CLIENT declines to allow such operational improvement, then any future Savings Shortfall that the improvement would have corrected will be negated by deeming the value of the Savings Shortfall as Savings achieved and adding the amount of same to the Annual Realized Savings calculations for each Annual Period thereafter.

- 4.7 The Performance Guarantee is dependent upon and is subject to the express condition that the CLIENT maintains the PASP during the entire Performance Guarantee Period. If the CLIENT fails to maintain, breaches, cancels or otherwise causes the termination of the PASP then; (a) The Performance Guarantee shall terminate immediately and be void and of no force or effect; or, (b) Where termination of the Performance Guarantee acts to render the Agreement in violation of Applicable Law, all Guaranteed Savings thereafter shall be determined to have been achieved and SIEMENS shall have been deemed to have met its Performance Guarantee obligations under this Agreement for each and every Annual Period thereafter without the obligation to provide the CLIENT, or any third-party as the case may be, with any further Annual Performance Assurance Reports.
- 4.8 The payments and credits based on Savings Shortfalls, if any, are the sole remedy of the CLIENT under this Performance Guarantee. ANY PAYMENTS MADE OR TO BE MADE TO THE CLIENT UNDER THE TERMS OF THIS PERFORMANCE GUARANTEE SHALL NOT EXCEED THE PAYMENTS ACTUALLY MADE BY CLIENT TO EITHER SIEMENS AND/OR A THIRD-PARTY (IN THE EVENT THAT THE CLIENT HAS FINANCED THE TRANSACTION) FOR THE AGGREGATE OF: THE PRICE, AS DEFINED IN EXHIBIT B, ARTICLE 1.1; THE PASP PAYMENTS; THE MSP PAYMENTS, IF ANY; AND, IF APPLICABLE, THE CLIENT'S COST OF FINANCING THE WORK. The CLIENT's cost of financing the Work is the cost of financing calculated either: (a) On the date that the escrow account is funded in accordance with Exhibit B, Article 1.2; or, (b) On the Effective Contract Date if the escrow requirement is expressly waived by SIEMENS.
- 4.9 The CLIENT represents that all existing equipment that is not installed by SIEMENS under this Agreement but is deemed necessary to achieve the Performance Guarantee, is in satisfactory working condition. Prior to the beginning of the Performance Guarantee Period, SIEMENS will have inspected all such existing equipment and reported any deficiencies to the CLIENT. To the extent that the deficiencies are not remedied by the CLIENT prior to the Guarantee Date, the adverse effect on the ability of the Project to attain the necessary Guaranteed Savings shall be factored into the Annual Performance Assurance Report and, if necessary, the Performance Guarantee shall be adjusted accordingly.
- 4.10 If the Equipment or the existing equipment is altered or moved by any person (including the CLIENT) other than SIEMENS or a person authorized by SIEMENS, the CLIENT shall immediately notify SIEMENS in writing, and SIEMENS reserves the right to perform a reacceptance test on, or if necessary a re-commissioning of, the system at the CLIENT's expense in order to determine if a Material Change has occurred.
- 4.11 SIEMENS will have no liability or obligation to continue providing PASP Services or any Guaranteed Savings under the Performance Guarantee in the event that the CLIENT fails to:
- (a) Authorize a re-acceptance test or re-commissioning that SIEMENS reasonably deems necessary in order to determine if a Material Change has occurred;
 - (b) Provide access to any Facility where Work is to be performed;
 - (c) Service and maintain all Equipment in accordance with the manufacturers' recommendations in order to prevent a Savings Shortfall; or,

PERFORMANCE CONTRACTING AGREEMENT

- (d) Provide SIEMENS with accurate Facility operating information as soon as such information becomes reasonably available to the CLIENT, including energy usage and cost, executed preventive maintenance and repair records, building or equipment additions, and occupancy levels during each Annual Period.
- 4.12 Unless expressly contrary to Applicable Law, should the CLIENT decide to discontinue the PASP before the end of the Performance Guarantee Period, the CLIENT will give SIEMENS thirty (30) days prior written notice and in such notice indicate that the CLIENT has selected one of the following:
- (a) The CLIENT will re-invest the avoided cost of cancellation of the PASP into Facility improvements and services that improve the overall Facility's performance and which improvements and services are implemented by SIEMENS; or,
 - (b) The CLIENT will pay to SIEMENS 100% of the remaining value left in the PASP Annual Period, as a liquidated damage and not as a penalty, to compensate SIEMENS for SIEMENS' up-front costs and expenses in preparing to perform the PASP as contracted for the Annual Period.
- 4.13 Unless expressly contrary to Applicable Law, any disputes concerning the calculation of the Annual Realized Savings or changes to the Contracted Baseline that are not resolved by negotiation between the Parties within thirty (30) days of the notice of the dispute, will be resolved by a third-party professional engineering firm which is reasonably acceptable to both SIEMENS and the CLIENT. The determination of such firm will be final and binding upon CLIENT and SIEMENS. SIEMENS and the CLIENT will each be responsible for half of the fees of such firm.

Article 5

Work by SIEMENS

- 5.1 SIEMENS will perform the Work expressly described in this Agreement and in any work release documents or change orders that are issued under this Agreement and signed by both Parties. The Work performed by SIEMENS shall be conducted in a workmanlike manner and in accordance with industry standards.
- 5.2 SIEMENS shall perform the Work during its normal hours, Monday through Friday inclusive, excluding holidays, from 7am to 6pm, unless otherwise agreed herein. The CLIENT shall make the Facility available so Work may proceed in an efficient manner.
- 5.3 SIEMENS is not required to conduct safety, reacceptance or other tests, install new devices or equipment or make modifications to any Equipment unless expressly made a part of the Work identified in the Scope of Work and Services, Exhibit A. Any CLIENT request to change the scope or the nature of the Work or Services must be in the form of a mutually agreed change order, effective only when executed by the Parties.
- 5.4 All Work Product Deliverables shall become the CLIENT's property upon receipt by CLIENT. SIEMENS may retain file copies of such Work Product Deliverables. If any Instruments are provided to the CLIENT under this Agreement, any such Instruments shall remain SIEMENS' property, including the Intellectual Property conceived or developed by SIEMENS in the Instruments. All SIEMENS' Pre-existing Intellectual Property that may be included in the Deliverables provided to the CLIENT under this Agreement shall also remain SIEMENS property including the SIEMENS Pre-existing Intellectual Property included in the Work Product Deliverables. All Work Product Deliverables and any Instruments provided to the CLIENT are for Permitted Users' use and only for the purposes disclosed to SIEMENS. SIEMENS hereby grants the CLIENT a royalty-free (once payments due under this Agreement are paid to SIEMENS), non-transferable, perpetual, nonexclusive license to use any SIEMENS Pre-existing Intellectual Property solely as incorporated into the Deliverables and SIEMENS' Intellectual Property as incorporated into any Instruments provided to the CLIENT under this Agreement. Under such license, and following agreement to be bound to such separate confidentiality provisions that may exist between the Parties, Permitted Users shall have a right to:
- (a) Use, in object code form only, the Software Products included in the Deliverables ("Software Deliverables");
 - (b) Make and retain archival and emergency copies of such Software Deliverables (subject to any confidentiality provisions) except if the Software Deliverable is embedded in the Equipment; and,
 - (c) Use all such Deliverables and such Instruments, provided however, the Deliverables and Instruments shall not be used or relied upon by any parties other than Permitted Users, and such use shall be limited to the particular project and location for which the Deliverables are provided. All Deliverables provided to the CLIENT are for Permitted Users' use only for the purposes disclosed to SIEMENS, and the CLIENT shall not transfer them to

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others or use them or permit them to be used for any extension of the Work or any other project or purpose, without SIEMENS' express written consent.

5.4.1 Any reuse of such Deliverables or such Instruments for other projects or locations without the written consent of SIEMENS, or use by any party other than Permitted Users will be at Permitted Users' risk and without liability to SIEMENS; and, the CLIENT shall indemnify, to the extent permitted by law, defend and hold SIEMENS harmless from any claims, losses or damages arising therefrom.

5.4.2 In consideration of such license, CLIENT agrees not to reverse engineer any Equipment or Software Product to reconstruct or discover any source code, object code, firmware, underlying ideas, or algorithms of such Equipment or Software Product even to the extent such restriction is allowable under Applicable Law.

5.4.3 Nothing contained in this Agreement shall be interpreted or construed to convey to the CLIENT the pre-existing Intellectual Property rights of any third party incorporated into the Deliverables. CLIENT agrees to take delivery of any Software Deliverables subject to any applicable SIEMENS or third party end-user license agreement accompanying such Software Deliverable.

5.5 SIEMENS shall be responsible for any portion of the Work performed by any subcontractor of SIEMENS. SIEMENS shall not have any responsibility, duty or authority to direct, supervise or oversee any contractor of the CLIENT or their work or to provide the means, methods or sequence of their work or to stop their work. SIEMENS' work and/or presence at the Facility shall not relieve others of their responsibility to the CLIENT or to others.

5.6 SIEMENS warrants that:

- (a) Unless otherwise agreed, all Equipment shall be new and of good quality. Until one year from the date the Equipment is installed, all Equipment manufactured by SIEMENS or bearing its nameplate will be free from defects in material and workmanship arising from normal use and service.
- (b) Labor for all Work, excluding PASP or MSP Services, is warranted to be free from defects in workmanship for one year after the Work is performed. PASP Services and MSP Services are warranted to be free from defects in workmanship for ninety (90) days after the Services are performed.

5.7 Warranty Limitation:

- (a) The limited warranties set forth in Section 5.6 will be void as to, and shall not apply to, any Equipment (i) repaired, altered or improperly installed by any person other than SIEMENS or its authorized representative; (ii) which the CLIENT or a third party subjects to unreasonable or improper use or storage, uses beyond rated conditions, operates other than per SIEMENS or the manufacturer's instructions, or otherwise subjects to improper maintenance, negligence or accident; (iii) damaged because of any use of the Equipment after the CLIENT has, or should have had, knowledge of any defect in the Equipment; or (iv) not manufactured, fabricated and assembled by SIEMENS or not bearing SIEMENS nameplate. However, SIEMENS assigns to the CLIENT, without recourse, any and all assignable warranties available from any manufacturer, supplier, or subcontractor of such Equipment.
- (b) Any claim under the limited warranty granted above must be made in writing to SIEMENS within thirty (30) days after discovery of the claimed defect unless discovered directly by SIEMENS. Such limited warranty only extends to the CLIENT and not to any subsequent owner of the Equipment. The CLIENT's sole and exclusive remedy for any Equipment or Services not conforming with this limited warranty is limited to, at SIEMENS' option: (i) repair or replacement of defective components of covered Equipment; (ii) re-performance of the defective portion of the Services; or (iii) to the extent previously paid and itemized, the issuance of a credit or refund for the original purchase price of such defective component or portion of the Equipment or Services.
- (c) SIEMENS shall not be required to repair or replace more than the component(s) of the Equipment or the portion of the Work and Services actually found to be defective. SIEMENS' warranty liability shall not exceed the purchase price of such item. Repaired or replaced Equipment or Services will be warranted hereunder only for the remaining portion of the original warranty period.

5.8 THE EXPRESS LIMITED WARRANTIES PROVIDED ABOVE ARE IN LIEU OF AND EXCLUDE ALL OTHER WARRANTIES, STATUTORY, EXPRESS, OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WHICH ARE HEREBY EXPRESSLY

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DISCLAIMED. THE LIMITED EXPRESS WARRANTIES AND REPRESENTATIONS SET FORTH IN THIS AGREEMENT MAY ONLY BE MODIFIED OR SUPPLEMENTED IN A WRITING EXECUTED BY A DULY AUTHORIZED SIGNATORY OF EACH PARTY.

5.9 SIEMENS will not be responsible for the maintenance, repair or replacement of, or Services necessitated by reason of:

- (a) Non-maintainable, non-replaceable or obsolete parts of the Equipment, including but not limited to: ductwork, shell and tubes, heat exchangers, coils, unit cabinets, casings, refractory material, electrical wiring, water and pneumatic piping, structural supports, cooling tower fill, slats and basins, etc., unless covered by the warranty provisions herein or otherwise specifically stated herein; or
- (b) The CLIENT's or a third-party's negligence, abuse, misuse, improper or inadequate repairs or modifications, improper operation, lack of operator maintenance or skill, corrosion, erosion, improper or inadequate water treatment, electrolytic action, chemical action, failure to comply with manufacturer's operating and environmental requirements, Acts of God, or other reasons beyond SIEMENS' control. Unless expressly agreed in writing, SIEMENS is not responsible for the removal or reinstallation of replacement valves, dampers, or waterflow and tamper switches with respect to pipes and ductwork, including vent or drain system. SIEMENS ASSUMES NO RESPONSIBILITY FOR ANY SERVICE PERFORMED ON ANY EQUIPMENT OTHER THAN THAT PERFORMED BY SIEMENS OR ITS AGENTS.

Article 6

CLIENT Responsibilities

6.1 The CLIENT, without cost to SIEMENS, shall:

- (a) Designate a contact person with authority to make decisions for the CLIENT regarding the Work and provide SIEMENS with information sufficient to contact such person in an emergency;
- (b) Coordinate the work of contractors under CLIENT's sole control so as not to disrupt the Work and Services proceeding in an efficient manner;
- (c) Provide or arrange for access from 7am to 6pm, Monday through Friday and make all reasonable provisions for SIEMENS to enter any Facility where Work is to be performed so that Work may proceed in an efficient manner;
- (d) Permit SIEMENS to control and/or operate all building controls, systems, apparatus, equipment and machinery necessary to perform the Work;
- (e) Furnish SIEMENS with blueprints, surveys, legal descriptions, waste management plans and all other available information pertinent to the Work and any Facility where the Work is to be performed as may be reasonably requested by SIEMENS. Such plans and blueprints, along with an executed copy of this Agreement, with its Exhibits, shall be kept and maintained in CLIENT's files for a period of fifteen (15) years from the Effective Contract Date;
- (f) Furnish SIEMENS with all approvals, permits and consents from government authorities and others as may be required for performance of the Work, except for those SIEMENS has expressly agreed in writing to obtain;
- (g) In accordance with Article 11 hereof, promptly notify SIEMENS of all known or suspected Hazardous Materials at the Facility, of any contamination of the Facility by Oil or Hazardous Material, and of any other conditions requiring special care or which may reasonably be expected to affect the Work, and provide SIEMENS with any available documents describing the quantity, nature, location and extent of such materials, contamination or conditions;
- (h) Comply with Applicable Law and provide any notices required to be given to any government authorities in connection with the Work, except such notices SIEMENS has expressly agreed in writing to give;
- (i) Provide SIEMENS with legally required materials and information (including but not limited to Material Safety Data Sheets) related to all Hazardous Materials located at any Facility where the Work is to be performed;
- (j) Furnish SIEMENS with any contingency plans, safety programs and other policies, plans or programs related to any Facility where the Work is to be performed;
- (k) Operate, service and maintain all Equipment according to the manufacturer's recommendations including those set forth in the manufacturer's operating manuals or instructions, as well as all requirements of Applicable Law or

Attachment: Performance Contracting Agreement (1979 : Performance Contract Project Approval)

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of authorities having jurisdiction. The CLIENT shall furnish all needed servicing and parts for said FIMs, which parts shall become part of the FIMs. Such Equipment shall be operated only in the specified operating environment, which shall be supplied by the CLIENT, including without limitation: (1) suitable electrical service, including clean, stable, properly conditioned power, to all Equipment; (2) telephone lines, capacity and connectivity as required by such Equipment; and (3) heat, light, air conditioning or other environmental controls, and other utilities in accordance with the specifications for the Equipment;

- (l) Promptly notify SIEMENS of any unusual operating conditions, hours of usage, system malfunctions, installed equipment or building alterations that may affect the Equipment or energy usage or any Services; and,
- (m) If applicable, provide and pay for a dedicated voice grade dial-up phone line, or a mutually agreed communication method, and install a terminal block, or an equivalent communication mechanism, in a mutually agreed upon location. All on-line service Equipment (excluding the phone line) will remain the property of SIEMENS unless otherwise stated herein.

6.2 Unless contrary to Applicable Law, and in accordance with the requirements of the Texas Public Records Act, the CLIENT acknowledges that the technical and pricing information contained in this Agreement is confidential and proprietary to SIEMENS and agrees not to disclose it or otherwise make it available to others without SIEMENS' express written consent.

6.3 The CLIENT acknowledges that it is now and shall at all times remain in control of the Facility. Except as expressly provided herein, SIEMENS shall not be responsible for the adequacy of the health or safety programs or precautions related to the CLIENT's activities or operations, the CLIENT's other contractor(s), the work of any other person or entity, or Facility conditions. SIEMENS shall not be responsible for inspecting, observing, reporting or correcting health or safety conditions or deficiencies of the CLIENT or others at the Facility. So as not to discourage SIEMENS from voluntarily addressing health or safety issues while at the Facility, in the event SIEMENS does address such issues by making observations, reports, suggestions or otherwise, the CLIENT shall not hold, or attempt to hold, SIEMENS liable or responsible on account thereof.

Article 7

Changes and Delays

- 7.1 As the Work is performed, Applicable Law or conditions may change, or circumstances outside SIEMENS' reasonable control may develop, which would require SIEMENS to expend additional costs, effort or time to complete the Work, in which case SIEMENS will notify the CLIENT and subject to Client's agreement, an equitable adjustment will be made to SIEMENS' compensation and the time for performance. In the event such changes require the Work to be suspended or terminated, SIEMENS shall be compensated for Work previously performed and for costs reasonably incurred in connection with the suspension or termination.
- 7.2 Either party may request additions, deletions, modifications or changes to the Work. Any such requests shall only become effective upon execution of a written agreement by authorized representatives of both Parties.
- 7.3 SIEMENS may, in its sole discretion, substitute alternative parts, goods or equipment in the performance of the Work, provided that any such substitution shall be of an equal or better quality.
- 7.4 SIEMENS shall not be responsible for loss, delay, injury, damage or failure of performance that may be caused by circumstances beyond its control, including but not restricted to acts or omissions by the CLIENT or its employees, agents or contractors, Acts of God, war, civil commotion, acts or omissions of government authorities, fire, theft, corrosion, flood, water damage, lightning, freeze-ups, strikes, lockouts, differences with workmen, riots, explosions, quarantine restrictions, delays in transportation, or shortage of vehicles, fuel, labor or materials. In the event of such delay or failure, the time for performance shall be extended by a period equal to the time lost plus a reasonable recovery period and the compensation shall be equitably adjusted to compensate for additional costs SIEMENS incurs due to such delay. If any such delay exceeds sixty (60) days, SIEMENS may terminate this Agreement upon three (3) days notice to the CLIENT and the CLIENT shall promptly pay SIEMENS for the allocable portion of the Work completed, for any costs and expenses of termination, and for any loss or damage incurred with respect to materials, equipment, tools and machinery, including reasonable overhead and profit.

Article 8

Compensation

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- 8.1 The aggregate amount paid by CLIENT provides for and is solely in consideration of the Scope of Work and Services described in Exhibit A, and is detailed in Exhibit B.
- 8.2 SIEMENS will invoice the CLIENT in accordance with the schedules set forth in Exhibit B. Unless otherwise agreed in writing, invoices are due and payable upon receipt by the CLIENT. If the CLIENT disagrees with any portion of an invoice, it shall notify SIEMENS in writing of the amount in dispute and the reason for its disagreement within 21 days of receipt of the invoice, and shall pay the portion not in dispute.
- 8.3 SIEMENS may suspend or terminate the Work or Services at any time if payment is not received when due. In such event, SIEMENS shall be entitled to compensation for the Work or Services previously performed and for costs reasonably incurred in connection with the suspension or termination provided that Siemens was not in breach of any provision of this Agreement at the time of suspension or termination.
- 8.4 On amounts not paid within thirty (30) days of invoice date, the CLIENT shall pay interest from invoice date until payment is received at the lesser of 12% per annum or the maximum rate allowed by law. The CLIENT shall reimburse SIEMENS for SIEMENS' costs and expenses (including reasonable attorney and witness fees) incurred for collection under this Agreement.
- 8.5 Except to the extent expressly agreed herein, SIEMENS' fees do not include any taxes, excises, fees, duties or other government charges related to the Work or Services. The CLIENT shall pay such amounts or reimburse SIEMENS for any such amounts SIEMENS pays to the extent such charges are lawfully due and payable by CLIENT and have been paid or incurred by SIEMENS in furtherance thereof. If the CLIENT claims that the Work or Services is subject to a tax exemption or direct payment permit, it shall provide SIEMENS with a valid exemption certificate or permit and, unless specifically prohibited by law, shall indemnify, defend and hold SIEMENS harmless from any taxes, costs and penalties arising out of the use or acceptance of same.
- 8.6 All other work or services requested by the CLIENT, including but not limited to the following, shall be separately billed or surcharged on a time and materials basis:
 - (a) Emergency services, if inspection does not reveal any deficiency covered by the Scope of Work and Services, Exhibit A;
 - (b) Work and/or services performed at times other than during SIEMENS' normal working hours, unless otherwise agreed to in Exhibit A; or
 - (c) Work and/or services performed on equipment not covered by the Scope of Work and Services, Exhibit A.

Article 9

Acceptance

- 9.1 When SIEMENS believes that all or an independent definable phase or portion of the Work is Substantially Complete, SIEMENS will submit a Certificate of Substantial Completion to the CLIENT which shall be subject to the following:
 - (a) If the CLIENT concurs that the described portion of the Work as performed is Substantially Complete, the CLIENT will sign the Certificate of Substantial Completion and return it to SIEMENS;
 - (b) A Certificate of Substantial Completion may include, as an attachment to it, an Outstanding Items List prepared by SIEMENS;
 - (c) If the CLIENT does not concur that the Work is Substantially Complete, then, within five (5) business days of receiving the Certificate of Substantial Completion, the CLIENT shall notify SIEMENS in writing of the reasons it believes the Work is not Substantially Complete;
 - (d) If SIEMENS disagrees with the CLIENT as to whether the Work is Substantially Complete, SIEMENS shall notify the CLIENT in writing of a dispute and such dispute shall be resolved in accordance with Section 9.3 herein;
 - (e) If, within five (5) business days of receiving the Certificate of Substantial Completion the CLIENT fails to sign the Certificate, and within the same period the CLIENT's Representative does not deliver to SIEMENS a written notice of the reasons the CLIENT believes that the Work is not Substantially Complete, then in the mutual interests of the Project proceeding in a timely manner, the CLIENT will be deemed to have agreed to, signed and returned the Certificate of Substantial Completion.

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9.2 After the CLIENT signs and returns, or is deemed to have signed and returned to SIEMENS all of the Certificates of Substantial Completion relating to the Work, and after SIEMENS corrects and completes all of the items on all of the Outstanding Items Lists, if any, SIEMENS will submit to the CLIENT a Certificate of Final Completion which shall be subject to the following:

- (a) If the CLIENT concurs that all of the items on all of the Outstanding Items Lists have been completed or corrected, the CLIENT will indicate its final acceptance of the Work by signing the Certificate of Final Completion and returning it to SIEMENS;
- (b) If the CLIENT does not concur that all of the items on all of the Outstanding Items Lists have been completed or corrected, then the CLIENT shall, within five (5) business days of receiving the Certificate of Final Completion, identify in writing the items that, it believes, were not completed or corrected;
- (c) If SIEMENS disagrees that the items identified by the CLIENT have not been completed or corrected, SIEMENS shall notify the CLIENT in writing of a dispute and such dispute shall be resolved in accordance with section 9.3 herein;
- (d) If, within five (5) business days of receiving a Certificate of Final Completion, the CLIENT fails to sign that Certificate, and, within the same period the CLIENT's Representative does not deliver to SIEMENS a written notice identifying the items on the Outstanding Items List(s) that, the CLIENT believes, were not completed or corrected, then the CLIENT will be deemed to have agreed to and signed and returned the Certificate of Final Completion.

9.3 Any disputes concerning the Substantial Completion or the Final Completion of the Work will be resolved by submitting the issue to a third party professional engineering firm and which is reasonably acceptable to both SIEMENS and the CLIENT. The determination of this firm with respect to Final Completion or Substantial Completion will be final and binding upon the Parties. SIEMENS and the CLIENT shall share equally the costs or fees for such firm in connection with such dispute resolution process.

Article 10

Insurance and Allocation of Risk

10.1 SIEMENS shall maintain, at SIEMENS' expense, the following insurances while performing the Work and shall add the CLIENT as an "Additional Insured" to each policy that is referenced in subsections (c) through and including (e) hereof:

- (a) Workers' Compensation at the statutory amounts and limits as prescribed by Applicable Law.
- (b) Employer's Liability insurance (and, where applicable, Stop Gap extended protection endorsement) limits of liability shall be:
 - \$1,000,000 per occurrence
 - \$1,000,000 Disease Policy
 - \$1,000,000 Each Employee
- (c) SIEMENS shall carry, in the Occurrence Coverage Form, Comprehensive General Liability or Commercial General Liability, insurance covering SIEMENS' operations and providing insurance for bodily injury and property damage with limits of liability stated below and including coverage for:
 - Products and Completed Operations
 - Contractual Liability insuring the obligations assumed by SIEMENS in this Agreement
 - Broad Form Property Damage (including Completed Operations)
 - Explosion, Collapse and Underground Hazards
 - Personal Injury Liability:
 - Limits of liability shall be \$1,000,000 per occurrence/aggregate
- (d) SIEMENS shall carry Automobile Liability Insurance in the Occurrence Coverage Form covering all owned, hired and non-owned automobiles and trucks used by or on behalf of SIEMENS providing insurance for bodily injury liability and property damage liability for the limits of:
 - \$1,000,000 per occurrence/aggregate
- (e) SIEMENS shall carry Excess Liability Insurance in the Occurrence Coverage Form with limits of:

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- \$5,000,000 per occurrence/aggregate

10.2 The CLIENT will either maintain at its own expense, or self-insure for the equivalent risks, property insurance written on a builder's "all-risk" or equivalent policy form in an amount no less than the Price identified in Exhibit B, Article 1.1, plus the value of subsequent modifications and cost of materials supplied or installed by others, on a replacement cost basis without optional deductibles. Such property insurance shall be maintained, unless otherwise provided in the Contract Documents or otherwise agreed in writing by SIEMENS, until final payment has been made to SIEMENS or no person or entity other than the CLIENT has an insurable interest in the property, whichever is later. The policy form shall include without limitation, insurance against the perils of fire (with extended coverage) and physical loss or damage including, without duplication of coverage, theft, vandalism, malicious mischief, collapse, earthquake, flood, windstorm, falsework, testing and start-up, rebuilding and debris removal including demolition occasioned by enforcement of any applicable legal requirements, and shall cover reasonable compensation for SIEMENS' services and expenses required as result of such insured loss. If the insurance requires deductibles or retentions, the CLIENT shall pay costs not covered because of such deductibles or retentions. This insurance shall cover portions of the Work off the Facility, and also portions of the Work in transit. Partial occupancy or use shall not commence unless the insurance company providing this insurance has consented to such partial occupancy or use by endorsement for otherwise. The CLIENT shall purchase and maintain boiler and machinery insurance which shall specifically cover such insured objects during installation and until Acceptance by the CLIENT. The insurance required by this section shall include the interests of the CLIENT, SIEMENS, subcontractor and sub-subcontractor in the Work. SIEMENS shall be included as an additional insured on each such insurance coverage. The CLIENT and SIEMENS waive all rights against each other and any of their subcontractors, sub-subcontractors, agents and employees for damages caused by fire or other causes of loss to the extent covered by the insurance required by this section and for any other property insurance applicable to the Work, except such rights as they have to proceeds of such insurance held by the CLIENT as fiduciary. A waiver of subrogation shall be effective as to a person or entity even though that person or entity would otherwise have duty of indemnification, contractual or otherwise, did not pay the insurance premium directly or indirectly, and whether or not the person or entity had an insurable interest in the property damaged. Insurance certificates shall be furnished upon request.

10.3 Title and risk of loss of materials and Equipment furnished by SIEMENS shall pass to the CLIENT upon their delivery to the Facility, and the CLIENT shall be responsible for protecting them against theft and damage.

10.4 SIEMENS will indemnify the CLIENT from and against losses, claims, expenses and damages (including reasonable attorney's fees) for personal injury or physical damage to property (collectively "Damages"). Such indemnification shall be solely to the extent the Damages are caused by or arise directly from SIEMENS or its employees', consultants' or agents' negligent acts or omissions or willful misconduct in connection with SIEMENS' performance of the Work or Services. SIEMENS' obligations under this indemnity shall not extend to Damages arising out of or in any way attributable to the negligence of the CLIENT or its agents, contractors or employees. SIEMENS reserves the right to control the defense and settlement of any claim for which SIEMENS has an obligation to indemnify hereunder. UNLESS CONTRARY TO APPLICABLE LAW, IN NO EVENT SHALL THE CLIENT OR SIEMENS BE LIABLE UNDER THIS INDEMNITY OR OTHERWISE UNDER THIS AGREEMENT FOR SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES, INCLUDING COMMERCIAL LOSS, LOSS OF USE, OR LOST PROFITS, HOWEVER CAUSED, EVEN IF SIEMENS OR THE CLIENT HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND, IN ANY EVENT, UNLESS CONTRARY TO APPLICABLE LAW, SIEMENS' AGGREGATE LIABILITY FOR ANY AND ALL CLAIMS, LOSSES OR EXPENSES ARISING OUT OF THIS AGREEMENT, OR OUT OF ANY GOODS OR SERVICES FURNISHED UNDER THIS AGREEMENT, WHETHER BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, AGENCY, WARRANTY, TRESPASS, INDEMNITY OR ANY OTHER THEORY OF LIABILITY, SHALL BE LIMITED TO THE LESSER OF \$1,500,000 OR THE TOTAL COMPENSATION RECEIVED BY SIEMENS FROM THE CLIENT UNDER THIS AGREEMENT. The preceding limit shall not apply to the CLIENT's remedy under the Performance Guarantee as such is limited by Section 4.8.

10.5 As to Patents and Copyrights:

- (a) SIEMENS will, at its own expense, defend or at its option settle any suit or proceeding brought against the CLIENT in so far as it is based on an allegation that any Work (including parts thereof), or use thereof for its intended purpose, constitutes an infringement of any United States patent or copyright, if SIEMENS is promptly provided notice and given authority, information, and assistance in a timely manner for the defense of said suit or proceeding. SIEMENS will pay the damages and costs awarded in any suit or proceeding so defended.

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SIEMENS will not be responsible for any settlement of such suit or proceeding made without its prior written consent. In case the Work, or any part thereof, as a result of any suit or proceeding so defended is held to constitute infringement or its use by the CLIENT is enjoined, SIEMENS will, at its option and its own expense, either: (i) procure for the CLIENT the right to continue using said Work; (ii) replace it with substantially equivalent non-infringing Work; or (iii) modify the Work so it becomes non-infringing.

- (b) SIEMENS will have no duty or obligation to the CLIENT under Section 10.5(a) to the extent that the Work is: (i) supplied according to the CLIENT's design or instructions, wherein compliance therewith has caused SIEMENS to deviate from its normal course of performance; (ii) modified by the CLIENT or its contractors after delivery; or, (iii) combined by the CLIENT or its contractors with items not furnished hereunder, and by reason of said design, instruction, modification, or combination, a suit is brought against the CLIENT. If by reason of such design, instruction, modification or combination, a suit or proceeding is brought against SIEMENS, unless expressly prohibited by law, the CLIENT shall protect SIEMENS in the same manner and to the same extent that SIEMENS has agreed to protect the CLIENT under the provisions of Section 10.5(a) above.
- (c) THIS SECTION 10.5 IS AN EXCLUSIVE STATEMENT OF ALL THE DUTIES OF THE PARTIES RELATING TO PATENTS AND COPYRIGHTS, AND DIRECT OR CONTRIBUTORY PATENT OR COPYRIGHT AND OF ALL THE REMEDIES OF THE CLIENT RELATING TO ANY CLAIMS, SUITS, OR PROCEEDINGS INVOLVING PATENTS AND COPYRIGHTS. Compliance with Section 10.5 as provided herein shall constitute fulfillment of all liabilities of the Parties under the Agreement with respect to the intellectual property indemnification.

10.6 The Parties acknowledge that the price for which SIEMENS has agreed to perform the Work and obligations under this Agreement was calculated based upon the foregoing allocations of risk, and that each Party has expressly relied on and would not have entered into this Agreement but for such allocations of risk.

Article 11

Hazardous Materials Provisions

- 11.1 The Work does not include directly or indirectly performing or arranging for the detection, testing, handling, storage, removal, treatment, transportation, disposal, monitoring, abatement or remediation of any contamination of any Facility at which Work is performed and any soil or groundwater at the Facility by petroleum or petroleum products (collectively called "Oil"), asbestos, PCBs or hazardous, toxic, radioactive or infectious substances, including any substances regulated under RCRA, CERCLA or any other Applicable Law (collectively called "Hazardous Materials"), including without limitation: ionization smoke detectors, ballasts, mercury bulb thermostats, used oil, contaminated filters, contaminated absorbents, and refrigerant. Except as expressly disclosed pursuant to Section 11.2, the CLIENT represents and warrants that, to the best of its knowledge following due inquiry, there are no Hazardous Materials or Oil present where the Work is to be performed. SIEMENS will notify the CLIENT immediately if it discovers or reasonably suspects the presence of any previously undisclosed Oil or Hazardous Material. All Services have been priced and agreed to by SIEMENS in reliance on the CLIENT's representations as set forth in this Article. The discovery or reasonable suspicion of Hazardous Materials or hazardous conditions at a Facility where SIEMENS is to perform Work, or of contamination of the Facility by Oil or Hazardous Materials not previously disclosed pursuant to Section 11.2, shall entitle SIEMENS to suspend the Work immediately, subject to mutual agreement of terms and conditions applicable to any further Work, or to terminate the Work and to be paid for Work previously performed.
- 11.2 The CLIENT warrants that, prior to the execution of the Agreement, it notified SIEMENS in writing of any and all Oil or Hazardous Materials, to the best of its knowledge following due inquiry, known to be present, potentially present or likely to become present at the Facility and provided a copy of any Facility safety policies and information, including but not limited to lock-out and tag procedures, chemical hygiene plan, material safety data sheets, and other items covered or required to be disclosed or maintained by Applicable Law.
- 11.3 Regardless of whether Oil or Hazardous Material was disclosed pursuant to Section 11.2, the CLIENT shall be solely responsible for properly testing, abating, encapsulating, removing, disposing, remedying or neutralizing such Oil or Hazardous Materials, and for the costs thereof. Even if an appropriate change order has been entered into pursuant to Section 11.1, SIEMENS shall have the right to stop the Work until the Facility is free from Oil or Hazardous Materials. In such event, SIEMENS will receive an equitable extension of time to complete the Work, and compensation for delays caused by Oil or Hazardous Materials remediation. In no event shall SIEMENS be required or construed to take title, ownership or responsibility for such Oil or Hazardous Materials. The CLIENT shall sign any required waste manifests in

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conformance with all government regulations, listing the CLIENT as the generator of the waste. If someone other than the CLIENT is the generator of the waste, the CLIENT shall arrange for such other person to sign such manifests.

- 11.4 Except where expressly prohibited by Applicable Law and only to the extent permitted by law, for separate consideration of \$10 and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the CLIENT shall indemnify, defend and hold SIEMENS harmless from and against any damages, losses, costs, liabilities or expenses (including attorneys' fees) arising out of any Oil or Hazardous Materials or from the CLIENT's breach of, or failure to perform its obligations under this Article.
- 11.5 For purposes of this Article 11, in the context of the phrase "to the best of its knowledge following due inquiry"; "knowledge" means actual awareness of the facts by the CLIENT's directors, officers, employees or agents, or the presence of relevant information contained in the CLIENT's books or records; and, "due inquiry" means inquiry of those persons under the CLIENT's control who should have knowledge of the subject matter of such inquiry.

Article 12

Miscellaneous Provisions

- 12.1 Notices between the Parties shall be in writing and shall be hand-delivered or sent by certified mail, express courier, or acknowledged telefax properly addressed to the appropriate party. Any such notice shall be deemed to have been received when delivered in-person or when sent by telefax, or five (5) business days subsequent to deposit in the U.S. mails, or one (1) day after deposit with express courier.
- 12.2 Neither the CLIENT nor SIEMENS shall assign or transfer any rights or obligations under this Agreement, except that either party may assign this Agreement to its affiliates and SIEMENS may use subcontractors in the performance of the Work or Services. Nothing contained in this Agreement shall be construed to give any rights or benefits to anyone other than the CLIENT and SIEMENS without the express written consent of both Parties.
- 12.3 This Agreement shall be governed by and construed in accordance with the laws of the state or commonwealth within which the Facilities are located.
- 12.4 This Agreement and all provisions of this Agreement allocating responsibility or liability between the Parties shall survive the completion of the Work, the Services, and the termination of this Agreement.
- 12.5 Unless contrary to Applicable Law and with the exception of disputes arising under Article 4 or Article 9, all disputes not resolved by negotiation between the Parties shall be resolved in accordance with the Commercial Rules of the American Arbitration Association in effect at that time, except as modified herein. All disputes shall be decided by a single arbitrator. A decision shall be rendered by the arbitrator no later than nine months after the demand for arbitration is filed, and the arbitrator shall state in writing the factual and legal basis for the award. No discovery shall be permitted. The arbitrator shall issue a scheduling order that shall not be modified except by the mutual agreement of the Parties. Except as provided in Article 8.4, the arbitrator shall have no authority to award, and shall not award, attorneys' fees. Judgment may be entered upon the award in the highest state or federal court having jurisdiction over the matter.
- 12.6 SIEMENS' performance of the Work and Services is expressly conditioned on the Parties assenting to all of the terms of this Agreement, notwithstanding any different or additional terms contained in any writing at any time submitted or to be submitted by a Party to the other Party relating to the Work or Services, even if signed by the Parties, unless the written statement expressly indicates that such terms supersede the terms of this Agreement.
- 12.7 Any provision of this Agreement found to be invalid, unlawful or unenforceable by a court of law shall be ineffective to the extent of such invalidity, and deemed severed herefrom, without invalidating the remainder of this Agreement. All other provisions hereof shall remain in full force and effect.
- 12.8 The waiver by a party of any breach by the other party of any term, covenant or condition hereof shall not operate as a waiver of any subsequent breach hereof. No waiver shall operate or be effective unless made in writing and executed by the party to be bound thereby.
- 12.9 In the event that Applicable Law or the CLIENT requires that SIEMENS procure a performance bond and/or a payment bond, SIEMENS shall provide a performance and payment bond in the amount of the Contract price defined in Exhibit B. The performance and payment bond will solely apply to the Work performed during the Construction Period and to the required statutory lien filing period thereafter. The performance and payment bond will not apply to any of the obligations included in the Performance Assurance, Exhibit C. Furthermore, the CLIENT's funding source may be named as "Co-Obligee" on the performance bond if so requested by the CLIENT.

PERFORMANCE CONTRACTING AGREEMENT

Article 13

Maintenance Services Program

- 13.1 If applicable, the scope of Services provided by SIEMENS for the Maintenance Services Program is stated in Exhibit A.
- 13.2 The CLIENT represents that all equipment not installed by SIEMENS under this Agreement and subject to a MSP is in satisfactory working condition. SIEMENS will have inspected all such equipment within the first thirty (30) days of MSP commencement or no later than the first scheduled inspection. Testing and inspection will not be deemed to be complete until all such equipment has been so tested and inspected.
- 13.3 If the equipment is altered or moved by any person, including the CLIENT, other than SIEMENS or a person authorized by SIEMENS, the CLIENT shall immediately notify SIEMENS in writing, and SIEMENS reserves the right to perform a reacceptance test on, or if necessary a re-commissioning of, the system at the CLIENT's expense.
- 13.4 If SIEMENS reasonably determines as a result of such inspection and/or testing that any equipment requires repair or replacement, the CLIENT will be so notified and shall take corrective action within thirty (30) days, or such equipment shall be removed from coverage hereunder without further action by the Parties. SIEMENS is not liable or responsible for the continued testing, maintenance, repair, replacement or operating capabilities of any portion of the equipment until it has been inspected and/or tested and has been, if necessary, restored to an acceptable initial condition at the CLIENT's sole expense. Any services provided by SIEMENS in the course of such restoration will be separately charged on a time and materials basis, and not included in fees paid hereunder. If individual items of equipment cannot, in SIEMENS' sole determination, be properly repaired or replaced due to age, obsolescence, lack of availability of refrigerant gas, halon gas, necessary parts, materials, compatibility or otherwise, or as a result of excessive wear or deterioration, SIEMENS may, within ten (10) days of such inspection, give written notice that it is withdrawing such items from coverage under the MSP and adjust the MSP payments due hereunder accordingly.
- 13.5 If the removal of equipment from coverage would compromise or impair the integrity of the Work, Services or compliance with law of any system, then SIEMENS will provide a written statement thereof for execution by the CLIENT. The CLIENT's failure to execute such statement within ten (10) days will void the MSP and release SIEMENS from any further obligations with respect to the MSP.
- 13.6 If the MSP scope of Services provides for equipment maintenance, repairs and/or replacements of equipment by SIEMENS, those Services are limited to restoring the proper working condition of such equipment. SIEMENS will not be obligated to provide replacement equipment that represents significant capital improvement compared to the original. Exchanged components become the property of SIEMENS, except Hazardous Materials, which under all circumstances remain the property and responsibility of the CLIENT.

Attachment: Performance Contracting Agreement (1979 : Performance Contract Project Approval)

Exhibit A - Scope of Work and Services
City of Bellaire, TX

Article 1: Scope of Work

1.1 Description: SIEMENS shall provide the following measures, which are further described in Section 1.2 (collectively, the "Work"):

- Water Meter Replacement;
- Advanced Meter Infrastructure (AMI);
- Enhanced Water Management Dashboard;
- WWTP Aeration System Improvements;
- Digester MCC Replacement;
- Digester Blower Replacement;
- Main Lift Station Rehabilitation;
- Gaseous Disinfection;
- Digester / Thickener Rehabilitation;
- RAS Pump Replacement;
- WAS Flow Meter and Control Valve Replacement;

FIMs by Facility Names & Locations:

| Infrastructure Improvements | Facility # 101 Waste Water Treatment Plant | Facility # 102 City Wide Improvements |
|-------------------------------------|--|--|
| Water Meter Replacement | | X |
| Advanced Meter Infrastructure (AMI) | | X |
| Enhanced Water Management Dashboard | | X |
| Aeration System Improvements | X | |
| Digester MCC Replacement | X | |
| Digester Blower Replacement | X | |
| Main Lift Station Rehabilitation | X | |
| Gaseous Disinfection Conversion | X | |
| Digester / Thickener Rehabilitation | X | |
| RAS Pump Replacement | X | |
| WAS Automation Replacement | X | |

Attachment: Performance Contracting Agreement (1979 : Performance Contract Project Approval)

Exhibit A - Scope of Work and Services
City of Bellaire, TX

1.2 Specific Elements: The Work shall include the following:

1.2.1 Replacement of Water Meters with Advance Meter Infrastructure (AMI)

In accordance with the CLIENT's selection of meter manufacture, SIEMENS will install new Neptune water meters, and any required modifications to existing meter boxes, lids, etc. as outlined below. Meter quantities and types, as determined from CLIENT database on April 20, 2016 are listed in Table 1.1.

Table 1.1 – Water Meter Breakdown

| Qty | Size | Type | Description |
|------|---------|--------------------------------------|--|
| 5400 | 3/4" SL | Neptune T-10 PD Meter with R900i | Fixed Base Water Meter and Transmitter Replacement |
| 2125 | 1" | Neptune T-10 PD Meter with R900i | Fixed Base Water Meter and Transmitter Replacement |
| 45 | 1.5" | Neptune T-10 PD Meter with R900i | Fixed Base Water Meter and Transmitter Replacement |
| 78 | 2" | Neptune T-10 PD Meter with R900i | Fixed Base Water Meter and Transmitter Replacement |
| 1 | 2" | Neptune HPT Turbine Meter with R900i | Fixed Base Water Meter and Transmitter Replacement |
| 5 | 2" | Neptune Compound Meter with R900i | Fixed Base Water Meter and Transmitter Replacement |
| 1 | 3" | Neptune HPT Turbine Meter with R900i | Fixed Base Water Meter and Transmitter Replacement |
| 6 | 3" | Neptune Compound Meter with R900i | Fixed Base Water Meter and Transmitter Replacement |
| 2 | 4" | Neptune HPT Turbine Meter with R900i | Fixed Base Water Meter and Transmitter Replacement |
| 17 | 4" | Neptune Compound Meter with R900i | Fixed Base Water Meter and Transmitter Replacement |
| 4 | 6" | Neptune Compound Meter with R900i | Fixed Base Water Meter and Transmitter Replacement |

SIEMENS shall also include the following items and/or services in locations where it determines that the existing equipment/infrastructure is insufficient for use in accordance with this Scope of Work and applicable specifications:

- Meter box and/or lid replacement for meters 2" and below;
- Dig up box for new box install ;
- New meter lid ;
- Dig up box and reposition for install;
- Cut concrete/asphalt to access meter within two feet of meter box;
- Replace curb stop;
- Repair line breaks within a 2 feet radius of meter;
- Strainers

It is understood by SIEMENS that the components of the AMI system will properly fit inside of CLIENT's meter pit environment where applicable unless lay-length or other rework is specifically stated in the scope of work. Any rework to ensure AMI components will properly fit in meter pit environment is the responsibility of SIEMENS.

Where applicable, SIEMENS will provide meter boxes and lids in accordance with the terms of this Agreement and will be of substantially similar material and quality as the current meter boxes and lids. Due to a significant number of small metal meter boxes, found during the meter testing phase, that were deemed too small to house the proposed meters, SIEMENS and the CLIENT have agreed to use a Dallas Specialties DS1200 meter boxes to replace existing metal meter box. The DS1200 will be also be used to replace existing damaged meter boxes where applicable. SIEMENS has included box replacements of up to 40% of total meters 2" and smaller population.

Exhibit A - Scope of Work and Services
City of Bellaire, TX

CLIENT shall be responsible for the testing and approval of all meter lids, meter boxes, and associated locking mechanisms installed during this project. SIEMENS shall not be required to correct and/or repair and deficiencies for meter lid characteristics that are unwanted or otherwise unexpected including specific gravity, propensity to float, load-bearing properties, impact bearing properties or the like. Any such deficiencies shall be corrected or repaired by CLIENT. Locking meter lids are not included as part of the scope of this project.

SIEMENS will install the meter quantities listed in Table 1.1. If any changes in water meter quantities are discovered prior to installation, SIEMENS reserves the right to develop and price these additional changes to the Scope of Work and will provide CLIENT with revised cost and savings calculations.

In order to verify meter quantities and to maintain system integrity for measurement and verification purposes, after substantial completion CLIENT shall allow SIEMENS reasonable access to its meter database as long as a performance assurance agreement exists between the CLIENT and SIEMENS. If the performance assurance agreement is cancelled by the CLIENT, the CLIENT reserves the right to rescind SIEMENS access to its water meter database.

SIEMENS will be responsible for line breaks within two (2) feet of the meter set, while the CLIENT will be responsible for line breaks outside of this area, unless the break results from the negligent acts of SIEMENS in which SIEMENS will be responsible for said repair.

The final reading of the old meter removed will be provided from the direct read dial face of the meter. If the reading is illegible due to dial face condition, SIEMENS will break the glass of the dial face to obtain the final reading.

Meter Access Procedure for the Project is outlined below:

- SIEMENS will attempt to access the meter a total of three (3) times with a minimum of 24 hours between each access attempt.
- On each of the three access attempts, SIEMENS will “tag” the door with information on how to contact SIEMENS to allow access to meter in order to perform work.
- Each attempt to access the meter will be documented with a date and time – recorded electronically into the SIEMENS database
- After the third documented attempt, SIEMENS will submit inaccessible account to CLIENT for access assistance.
- CLIENT will take reasonable actions, including phone calls, PR announcements, and finally discontinuing water service, as a means to gain access to the inaccessible facility
- If the account remains inaccessible for a period not to exceed 15 business days following submission to CLIENT, the account will be deemed permanently inaccessible and removed from the project scope.

SIEMENS will coordinate closely and routinely with the CLIENT staff for scheduling and workflow as each route is installed. Install crews will document the customer account number, service address, serial number, size, and the final reading from the existing

Exhibit A - Scope of Work and Services
City of Bellaire, TX

register prior to removal; and will document the new meter serial number, new meter size, and GPS latitude and longitude. SIEMENS will also configure, program and verify communication of each new set of meters upon installation. Unless specified otherwise in this contract, GPS coordinates will typically be accurate within consumer grade equipment specifications or sub-meter accuracy, which is typically within 9 to 10 feet. As each route is completed, the commissioning and acceptance plan will be performed to verify proper performance.

All removed meters shall remain property of CLIENT, and will be placed in a storage location as mutually agreed between CLIENT and SIEMENS, at CLIENT'S sole risk. CLIENT shall provide bins/storage containers for removed meters and meters will be transferred into provided bins on a daily basis and stored on Client's property.

A successful and complete meter installation is defined as any meter installed to manufacturer specifications where the data has been accurately transferred into utility billing database and reads one or more times electronically on the reading network. At the point of a successful and complete meter installation, the installation labor warranty begins and system benefits may be realized.

Upon Substantial Completion of each route in CLIENT's system, SIEMENS shall notify CLIENT in writing and request a Certificate of Substantial Completion for that route in accordance with Article 9 of the Agreement.

Exclusions:

- Any existing leaks found prior to beginning the meter retrofit;
- Any leaks which occur outside of the 2' radius from the meter;
- Any repairs or upgrades to the existing system required by the applicable inspecting authority. In the event Siemens is required to perform such work, it shall be considered an extra and subject to additional compensation to Siemens.

1.2.2 Automatic Metering Infrastructure Upgrade

SIEMENS will provide all Equipment, material, and labor to install the following:

Install new Neptune ARB® Fixed Base R900i System and provide material and labor to make the system functional. The new fixed base system will include the following (see Table 1.2):

- Three (3) Neptune R4900 Gateways
- One (1) Monopole Installation;
- Neptune N_Sight 5.0 Software;
- One (1) Trimble 1050b Handheld with Cradle;
- One (1) Belt clip Transceiver;
- One (1) Mobile MRX920 Mobile Data Collector;
- Training and Implementation;

Table 1.2 – Collector Locations

| Name | Coordinates | Antenna Height (ft) | Description |
|------|-------------|---------------------|-------------|
|------|-------------|---------------------|-------------|

Exhibit A - Scope of Work and Services
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| | | | |
|-----------------------|-----------------------|---------|-----------------------|
| Central Water Tower | 29.702299, -95.468326 | 130 ft. | Elevated Storage Tank |
| Feld Park Water Tower | 29.711397, -95.457433 | 130 ft. | Elevated Storage Tank |
| Public Works Monopole | 29.690508, -95.450908 | 75 ft. | Monopole |

For base station and new data collector sites, SIEMENS shall coordinate with installer and any utility companies as required prior to digging footings. CLIENT shall provide access for digging equipment and SIEMENS shall temporarily remove any fencing as required to provide adequate space to installation of base station.

All required electrical work, mass data transfer and system commissioning is included in this scope. Global positioning system coordinates will be provided for each data collector location. Unless specified otherwise in this contract, GPS coordinates will typically be accurate within consumer grade specifications or sub-meter accuracy, which is typically within 9 to 10 feet.

The parties acknowledge that once the Neptune Gateways are installed and communicating properly with AMI server, SIEMENS shall notify CLIENT in writing and request a Certificate of Substantial Completion for AMI infrastructure in accordance with Article 9 of the Agreement.

The parties acknowledge that if a meter or group of meters installed by SIEMENS has consistent communication problems with the data collectors installed by SIEMENS during the one-year warranty period, then SIEMENS shall be required to resolve the issue, including any costs or additional equipment required to ensure proper communication with data collectors.

The parties acknowledge that all meter data will be required to properly communicate with AMI system as well as CLIENT's billing software to ensure proper functionality of installed AMI system and water meters. However, Siemens will not be responsible for pre-existing defects or deficiencies in CLIENT'S computer network, billing software or system.

CLIENT acknowledges that Neptune will host all meter data on a cloud-based server and that this hosting service requires acceptance of Neptune's terms and conditions and an annual service fee to be paid to Neptune by CLIENT.

SIEMENS shall also include:

- Interface program to facilitate communication between Neptune ARB N_Sight Software and CLIENT's Incode version 9 Billing System;
- All required integration and setup of data transfer;
- Turnkey AMI system start up/testing/commissioning;
- Neptune System Setup and Training
 - Two days of hands-on training for CLIENT personnel;
 - In-field shadow of SIEMENS personnel for troubleshooting training;
- Installation of backhaul communications;
- Electric power connection to data collectors.

Exclusions:

- Deficiencies in CLIENT'S existing billing system
- Any additional new customer accounts the CLIENT acquires;

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City of Bellaire, TX

- Any ongoing service fees charged by manufactures of software, meters, or AMI system;
- Any ongoing backhaul communication fees, such as monthly cellular fees;
- Any deficiencies in electrical system at sites chosen for collectors, including proper grounding.
- Any repairs or upgrades to the existing system required by the applicable inspecting authority. In the event Siemens is required to perform such work, it shall be considered an extra and subject to additional compensation to Siemens.

1.2.3 Enhanced Water Management Dashboard

SIEMENS will provide all labor, software, database integration, and training required to provide the CLIENT's water utility department with AquaHawk software or equivalent. This online water account dashboard is designed to report water usage on individual accounts, using a web based server that obtains daily consumption data via an export file from the AMI/billing system.

SIEMENS shall also include:

- All required integration and setup of data transfer;
- Initial setup and 1 day training;

CLIENT acknowledges that AquaHawk will host AquaHawk software on a cloud-based server and that this hosting service requires acceptance of the AquaHawk terms and conditions and an annual service fee to be paid to AquaHawk by CLIENT.

Exclusions:

- Any ongoing service fees charged by manufacturer of customer dashboard software
- Any fees associated with adding additional accounts to dashboard software
- Any ongoing or post installation technical support or assistance beyond the initial training sessions for the dashboard software.

1.2.4 WWTP Aeration System Upgrades

SIEMENS will provide all equipment, material, and labor to upgrade the wastewater treatment plant aeration systems as defined below. The upgrades or replacements will encompass the aeration blower, piping, and diffuser systems.

- **Replace Existing Blowers For Aeration Basin**
 - Removal of two existing blowers. Provide as salvage to CLIENT.
 - Install two new Atlas Copco Turbo Blowers.
 - Provide for blower pad modifications and additional discharge piping to accommodate additional pad height. Concrete pad TOC (Top of Outer Casing) elevation to be 53.36 inches. Existing building finished floor elevation is 50.16 inches.
 - Provide elevated platform around new Atlas Copco Turbo Blowers with access to all panel and doors.

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- Provide and install discharge piping from blower to proposed air piping air header (including installation of Atlas Copco valves on discharge line, and connection to main air header).
- Install Blower Room Ventilation Fans:
 - Install two ventilation fans (aluminum, beehive ventilation box, 5000 scfm at ¼-inch static pressure) in blower room with integral louvers.
 - Cut out existing concrete masonry unit block in location of fan and install fan and frame.
- Electrical Items of Work:
 - Blower Building – Aeration Blowers No. 1 and 2
 - Demo existing above ground conduit and wire from MECC-1 to existing Blowers 1 and 2 (Closest to Aeration Basins)
 - Demo two (2) existing Blower Size 4 full voltage non-reversing buckets in MECC-1.
 - Demo two (2) existing Blower power factor correction capacitors.
 - Provide and install two (2) 400AF/3P/300AT feeder buckets with thermal magnetic breaker for proposed Aeration Blowers
 - Provide and install new conduit and wire from MECC-1 feeder buckets to proposed Aeration Blower locations.
 - Connect new blowers / local control panels.
 - Connect alarms.
 - Blower Building (Control Room) – Atlas Copco ES Central Controller
 - Modify existing lighting panel circuits to accommodate new panel feeder breakers for new low voltage equipment.
 - Provide and install new 30AT 120V feeder breaker in lighting panel for LV power to Central Controller.
 - Install proposed ES Central Controller in Control Room.
 - Provide and install new conduit and power wire from LVP to ES Central Controller.
 - Provide and install new conduit and signal wire from ES Central Controller to new Aeration Blowers Nos. 1 and 2.
 - Modification of Existing Aeration Blower Controls
 - The ES Central Controller shall provide a lag call output to start an existing multi-stage blower in the event that the Atlas Copco Turbo blower does not have enough capacity to reach the target D.O. setpoint.
 - The controller shall provide a lag call output for each remaining blower and shall call additional lag blowers as needed.
 - Provide and install all necessary wiring, relays, and controls in MECC-1 to connect the start circuit of each existing multi-stage blower to the lag call outputs in the ES Central Controller.

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- The existing multi-stage blowers that are selected will then run at full speed when called and the turbo blowers will trim speed to maintain the D.O. setpoint.
- Pre-Aeration Basin – D.O. Controller
 - Install D.O. Controller and one (1) D.O. probe in downstream end of Pre-Aeration Basin.
 - Provide and install new conduit, signal wire, and duct bank (as necessary) from D.O. Controller to proposed ES Central Controller.
 - Provide and install new 20AT 120V feeder breaker in lighting panel for LV power to ALL proposed D.O. Controllers.
 - Provide and install new conduit, power wire, and duct bank (as necessary) from lighting panel LVP to Pre-Aeration D.O. Controller.
- Aeration Basin – D.O. Controller
 - Install D.O. Controller and two (2) D.O. probes in the Aeration Basins.
 - Provide and install new conduit, signal wire, and duct bank (as necessary) from D.O. Controller to proposed ES Central Controller.
 - Provide and install new conduit, power wire, and duct bank (as necessary) from lighting panel LVP to D.O. Controller.
- Blower Building – Vent Fans
 - Modify existing MECC-1 and provide and install two (2) FVNR type starter buckets and starter equipment in MECC-1 for estimated 5 HP motors for two fan units.
 - Starter buckets shall include Green “RUN” light, Elapsed Time Meter, and On/Off Switch.
 - Provide and install new conduit and power wire from MECC-1 to two ventilation fans in Blower Building.
- Aeration Basin – CCB Flowmeter and Actuated Valve
 - Install one thermal mass flow meter and one electric actuated butterfly valve on a 6-inch air header to control and monitor air flow to the non-aeration basins and equipment (CCB, RAS box, and grit chamber).
 - Provide and install conduit, signal wiring, and duct bank from the flowmeter and actuated valve to the Atlas Copco ES Central Controller. The ES Central Controller shall be programmed to allow the user to set a CFM flow target to the non-aeration areas and modulate the valve as needed to reach the target.
 - Provide and install all necessary low voltage breakers in the MECC-1 lighting panel to power the flowmeter and motor operated valve.
 - Provide and install conduit, power wiring, and duct bank to connect the low voltage lighting panel to the flowmeter and motor operated valve.

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- Blower Building (Control Room) – Aeration Basin Blower Alarms
 - Provide and install a NEMA 3R Cellular Autodialer capable of interpreting alarms provided by the Blower ES Central Controller. Include all wiring, conduit, breakers, hardware, communications hardware, programming, testing, and startup. The cellular antenna shall be mounted to the exterior of the control room. The autodialer shall have a minimum of 16 discrete input channels available to read alarms provided by the Central Controller. Provide connection and programming for up to 16 alarms through discrete wiring or hi-level communication wiring.
 - Provide for the following alarms to be wired to the autodialer:
 - Blower No. 1 General Alarm
 - Blower No. 2 General Alarm
 - Blower No. 1 Low Air Header Pressure Alarm
 - Blower No. 2 Low Air Header Pressure Alarm
 - Low D.O. Level
- Blower Building – Aeration Blowers No. 1 and 2 Instrumentation
 - The following instrumentation will be shipped loose with the blowers and shall be installed as part of this scope:
 - Blower No. 1 Flowmeter
 - Blower No. 1 Air Header Pressure Switch
 - Blower No. 2 Flowmeter
 - Blower No. 2 Air Header Pressure Switch
 - Provide and install all conduit, fittings, power wiring, and signal wiring to connect each instrument to the Atlas Copco ES Central Controller.
- **Replace underground air piping to Aeration Basin**
 - Demolish existing air header installed inside buried concrete chase from Blower Building to Aeration Basin.
 - Install piping with expansion joints where deemed necessary.
 - Connect existing 4" CCB air line, 6" RAS box air line, and 6" grit removal air line on a single common 6" branch-off from the main air header in the concrete chase. Allow for a portion of the 6" common air line to be installed above ground for the proposed 6" flow control valve and thermal mass flow meter to be installed. Provide new manual butterfly valves on the 4" CCB air line, the 6" RAS box air line, and the 6" grit removal air line.
 - Install 1-inch diameter threaded outlet with threaded plug on air lines to the CCB, RAS box, and grit removal chamber. Install 1-inch diameter outlet with threaded plug on all fine bubble aeration drop legs.
 - Install condensate drains at the end of the aeration pipe run serving each of the two aeration basins and the single pre-aeration basin.
 - Ensure piping material is of high quality and designed to withstand plant conditions for at least 15 years.

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- Provide new galvanized steel pipe and necessary galvanized steel supports from blower building to Aeration Basin and from Aeration Basin to Pre-Aeration Basin.
- Cap existing air piping where piping is removed.
- Remove and dispose of demolition spoils.
- **Replace Existing Pre-Aeration Basin Air Diffuser System**
 - Clean, remove, and dispose of up to two (2) feet of accumulated solids and debris. Additional volumes of solids and debris will be removed at the rate of \$130 per cubic yard of material.
 - Remove and dispose of all air headers and laterals, valves, air drops.
 - Furnish and install a six inch (6") isolation butterfly valve on two (2) air drop legs. Fittings will be provided where necessary.
 - Install new Sanitaire Silver Series fine bubble diffusers and grids.
- **Replace Existing Aeration Basin Air Diffuser System**
 - Clean, remove, and dispose of up to two (2) feet of accumulated solids and debris. Additional volumes of solids and debris will be removed at the rate of \$130 per cubic yard of material.
 - Remove and dispose of all air headers and laterals, valves, air drops.
 - Furnish and install a six-inch (6") isolation butterfly valve on four (4) air drop legs and a four-inch (4") isolation butterfly valve on two (2) drop legs. Fittings will be provided where necessary.
 - Install new Sanitaire Silver Series fine bubble diffusers and grids.

Exclusions:

- Does not include working on equipment while running, including aeration blowers and aeration basins;
- Does not include improvements for the MCC serving the aeration blowers, this MCC is located in the main building.
- Does not include tie in to any existing SCADA system that may be implemented during the SIEMENS construction period.
- SIEMENS will be responsible for the removal and disposal of up to two (2) feet of accumulated solids and debris in the pre-aeration and aeration basins. Any solids and debris needing removal in addition to the above stated volume of two (2) feet multiplied by the area of the basins will be removed and disposed of at the rate of \$130 per cubic yard.
- Does not include clearing of material and debris in current blower building. Material owned by CLIENT will need to be removed and enough space cleared for construction before installation of the blowers can begin.

1.2.5 WWTP Digester MECC Replacement

SIEMENS will provide all equipment, material, and labor to upgrade the MECC-4 serving the digester blowers and the belt press building as defined below:

- Demolish the existing MECC-4.

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- Provide and install replacement motor control center "MECC-4" in a new outdoor rated, NEMA 4X Stainless Steel drop-over enclosure. MCC is to be installed on an elevated concrete slab/structure a minimum of 18" above the 100 year floodplain (estimated 4 feet above natural ground). MECC-4 shall also provide bucket space for future loads.
- Provide and install a canopy or overhang attached to the existing belt press building that extends out a minimum of four (4) feet in front of the face of MECC-4.
- Provide and install all conduit, wire, gutters, terminal boxes, and hardware to connect all existing pumps, motors, control panels, instrumentation, lighting, and receptacles to MECC-4.
- Splice and reconnect main feeder from MECC-1 to MECC-4 in gutter.
- Provide temporary backup power as needed to operate belt press, digester blowers, and all peripheral equipment fed by MECC-4.

Exclusions:

- Does not include working on equipment while running, including digester blowers, digester basins, and thickener;
- Does not include tie in to any existing SCADA system that may be implemented during the SIEMENS construction period.

1.2.6 WWTP Digester Blower Replacement

SIEMENS will provide all equipment, material, and labor to replace the two (2) existing multi-stage centrifugal blowers serving the digester mixing aeration process as defined below:

- Removal of two (2) existing blowers. Provide to CLIENT as salvage.
- Install two (2) new multi-stage centrifugal blowers.
- Provide for blower pad modifications if needed.
- Provide and install discharge piping from blower to existing main air header (including installation of valves on discharge line, and connection to main air header).
- Electrical Items of Work:
 - Disconnect all conduit, wiring, and instrumentation from existing blowers to be removed.
 - Reconnect all conduit, wiring, and instrumentation to new centrifugal blowers.
 - Install instrumentation furnished including 1 x Motor Current Transducer, 2 x Blower Inboard/Outboard Bearing RTDs, and 2 x Blower Inboard/Outboard Bearing Vibration Sensors for each blower.
 - Provide and install conduit and wiring to all instrumentation.
 - Replace MCC bucket overload devices for new blower FLA.
 - Provide and install conduit and power wiring to connect two (2) blower local control panels. Includes installation of local control panels. Provide and install breakers and circuits as necessary in proposed MECC-4.

Exclusions:

Exhibit A - Scope of Work and Services
City of Bellaire, TX

- Does not include working on equipment while running, including digester blowers, digester basins, and thickener;
- Does not include tie in to any existing SCADA system that may be implemented during the SIEMENS construction period.

1.2.7 WWTP Main Lift Station Rehabilitation

Except as otherwise expressly provided herein, SIEMENS will provide all equipment, material, and labor to upgrade and rehabilitate the main lift station located at the northeast corner of the wastewater treatment plant. The upgrades or replacements will encompass the wet/dry pit to wet pit conversion, wet pit wall rehabilitation, existing well pump, existing MECC.

- Furnish, install and operate temporary bypass pumps, plugs, HDPE pipe, and connection to Headworks, to allow onsite lift station to be taken out of service for the period required to complete the modifications described above.
- Demolish 6 existing vertical centrifugal pumps, line shaft, motors, suction and discharge piping and valves, stairs, hatches, wiring and controls. Demolish existing CMU/brick veneer building over wet well / dry pit.
- Repair corroded wet well concrete walls and top slab; provide a SewperCoat protective coating or equivalent.
- Cut two 4 ft. square openings in the existing wet well / dry pit divider wall. Core drill 3-inch diameter holes in divider walls to maintain air flow. All exposed rebar to be coated with SIKARMA-TEC 110 or equal.
- Cut five openings in the top slab for access hatches of sizes shown in lift station plan sheet. All exposed rebar to be coated with SIKARMA-TEC 110 or equal.
- Seal concrete joints in existing dry well so it becomes suitable as a long-term water-retaining structure. Apply a SewperCoat protective coating or equivalent on the walls and top slab.
- Furnish and install two submersible jockey pumps (Flygt NP 3153 LT 3~ 413 with 217 mm impeller) and three submersible pumps (Flygt NP 3202 LT 3~ 615 with 342 mm impeller).
- Furnish and install wet well accessories: pump base elbows, guide rails, ductile iron pipe risers, stainless steel supports, lift chains, floats, ultrasonic level transducer, cable holder, and pump hatches with safety grating.
- Furnish and install a 12-inch thick valve slab, pump discharge headers with air and vacuum valves, pressure gauges, air release valves, plug valves, hose station, cushioned swing check valves, concrete thrust blocks and adjustable steel pipe supports.
- Coat all piping in the wet well with a 100% high solids epoxy protective coating. Coat all non-submerged piping with a polyurethane protective coating.
- Relocate two existing air compressor/receivers to new electrical enclosure/building.
- Provide startup and testing for the station.
- Provide and install ductile iron discharge piping from individual pump headers to existing below-grade meter vault.
- Extend 8' wood fence around lift station to existing building.
- Electrical Items of Work:

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City of Bellaire, TX

- Lift Station:
 - Demolish the existing MECC-2, VFDs, controls, control panel, lighting, receptacles, and all miscellaneous conduit, wire, and hardware in the existing lift station building (to be demolished).
 - Provide and install replacement motor control center "MECC-2" in a new outdoor rated, walk-in enclosure or pre-fabricated building with air conditioning to house replacement motor control center with VFDs. Building is to be installed on an elevated concrete slab/structure a minimum of 18" above the 100 year floodplain (estimated 4 feet above natural ground).
 - Provide and install all conduit, wire, terminal boxes, and hardware to connect new lift station pumps and instrumentation. Provide and install seven (7) terminal boxes for field connection to pumps and instrumentation, one (1) for each pump, one (1) for the transducer, and one (1) for the float system.
 - Provide and install all conduit, wire, junction boxes, and hardware to connect relocated air compressors, solenoids, lighting, receptacles, and miscellaneous equipment to MECC-2.
 - Provide and install all conduit, wire, and hardware to connect MECC-2 and all lift station instrumentation to the lift station control panel. Provide space in new MECC-2 for installation of control panel and controls. Control panel, controls, and instrumentation shall also be included with MECC-2. It is acceptable to provide the controls in a separate enclosure. Splice and reconnect main feeder from MECC-1 to MECC-2 in gutter.
 - Provide and install a Cellular Autodialer located in the lift station control panel capable of interpreting alarms provided by the lift station controls. Include all wiring, conduit, breakers, hardware, communications hardware, programming, testing, and startup. The cellular antenna shall be mounted to the exterior of the MECC-2 building. The autodialer shall have a minimum of 16 discrete input channels available to read alarms provided by the lift station controls. Provide connection and programming for up to 16 alarms through discrete wiring or hi-level communication wiring. The alarms shall include the following:
 - Wet Well High Level
 - Lift Pump No. 1 Fail
 - Lift Pump No. 2 Fail
 - Lift Pump No. 3 Fail
 - Lift Pump No. 4 Fail
 - Lift Pump No. 5 Fail
 - Lift Station in Float Backup
 - Lift Station Transducer Failure
 - Provide and install a rotating beacon located on the exterior of the new building. The beacon shall be wired to a "general" alarm output from the lift station control panel. Provide all conduit and wire necessary to connect the beacon to the control panel.
- Headworks:

Exhibit A - Scope of Work and Services
City of Bellaire, TX

- Provide and install a NEMA 1 control panel located inside the new building that will control the existing fine screens and grit classifier system. Trace all field wiring from existing control panel and provide matching controls in new control panel for all existing instrumentation, pumps, motors, and field devices. Provide all programming, startup, and training on new control system.
- Provide and install all conduit, wire, gutters, junction boxes, and hardware to connect MECC-2 to the existing grit and fine screen systems.

Exclusions:

- Does not include working on equipment while equipment serving the main lift station pumps are running; including pumps, VFD, and air compressors.
- Does not include tie in to any existing SCADA system that may be implemented during the SIEMENS construction period.
- Any autodialer cellular fees incurred for operation of proposed alarm panel.

1.2.8 WWTP Gaseous Disinfection System Conversion

Except as otherwise expressly provided herein, SIEMENS will provide all equipment, material, and labor for conversion from the current chlorine disinfection system to a bleach disinfection system.

- Demolish existing ton container storage facilities for chlorine and sulfur dioxide.
- Retain existing super-structure and roof canopy.
- Furnish and install two (2) 1,400-gallon double-wall, HDPE chemical storage tanks for sodium hypochlorite and two (2) 400-gallon double-wall HDPE chemical storage tank for sodium bisulfite, provide fill stations for both chemicals with isolation valves, check valves, strainers, and quick-connect hose couplings.
- Extend existing concrete pad and canopy to the west of the chemical building to fit the two (2) sodium hypochlorite storage tanks.
- Demolish existing chlorinators and sulfonators in chemical feed rooms, along with water and chemical solution piping within the rooms.
- Furnish and install two sodium hypochlorite and two sodium bisulfite skid-mounted pump assemblies complete with peristaltic pumps, VFDs, pump controller, suction piping, calibration columns, backpressure valves, pulsation dampeners, pressure gages, pressure switches, diaphragm seals, diaphragm isolation valves, and hydrogen degassing valves and vents.
- Furnish and install 3/8" polytube in Sch 80 PVC piping with FRP supports inside the chemical rooms and from the chemical rooms out to the existing chemical injection locations. Connect to existing chemical diffusers.
- Provide startup and testing for the systems.
- Electrical Items of Work:
 - Demolish all conduit, wire, and hardware to all existing feed equipment and instrumentation to be removed.
 - Provide and install all conduit, wire, receptacles, and hardware to connect all peristaltic pumps, pump controller, alarm equipment, pressure switches, level equipment, and miscellaneous instrumentation.

Exhibit A - Scope of Work and Services
City of Bellaire, TX

- Provide and install a NEMA 4X flow signal enclosure capable of receiving one (1) existing effluent flow signal and splitting the signal for up to four (4) identical flow outputs to be wired to the proposed pumps.
- Extend the existing effluent flow signal wiring as necessary to the new flow signal enclosure. Provide and install all conduit and signal wiring to connect the flow signal enclosure to the proposed chemical feed pumps. Modify existing low voltage panel to add circuits as needed for the new flow signal enclosure.
- Modify existing low voltage panel to add circuits as needed for new pump equipment.
- Provide and install a NEMA 4X alarm panel that has as inputs all available alarms from the peristaltic pumps, pump controller, tank level equipment, leak detection equipment, and pressure switches and combines these alarm inputs to one output for connection to a new alarm rotating beacon.
- Provide and install rotating alarm beacon on exterior of building and provide conduit and wire to connect alarm beacon to alarm panel.
- Provide and install a Cellular Autodialer located in the alarm panel capable of interpreting alarms provided by the chemical feed equipment. Include all wiring, conduit, breakers, hardware, communications hardware, programming, testing, and startup. The cellular antenna shall be mounted to the exterior of the chemical building. The autodialer shall have a minimum of 16 discrete input channels available to read alarms provided by the chemical feed equipment. Provide connection and programming for up to 16 alarms through discrete wiring or hi-level communication wiring. The alarms shall include the following:
 - Chemical Pump Failure (All 4 Pumps)
 - Leak Detection (All 4 tanks)
 - Pressure Switch High Level (All 4 Pumps)
 - Tube Leak Detection (All 4 pumps)
- Pressure switch alarm outputs shall be wired to power feed or start circuit to shut down pump on pressure increase.
- Provide and install conduit, wire, and breakers in lighting panel for heat trace of sodium bisulfite tanks as required.
- Install heat tracing and insulation for bisulfite tank and all bisulfite piping.
- Install level and leak detection control panel rack.
- Provide and install all conduit, fittings, power wiring, and signal wiring to connect the control panel racks to the pump skid and alarm panel accordingly.

Exclusions:

- Does not include working on equipment while equipment running;
- Any autodialer cellular fees incurred for operation of proposed alarm panel.

1.2.9 Digester / Thickener Rehabilitation

Exhibit A - Scope of Work and Services City of Bellaire, TX

Except as otherwise expressly provided herein, SIEMENS will provide all equipment, material, and labor for the rehabilitation work on the digester and thickener basins at the Bellaire Wastewater Treatment Plant.

- Provide surface prep for existing concrete wall surfaces in three digesters and two gravity thickeners. Provide environmental containment of blast material.
- Furnish and install cementitious mortar to repair concrete if needed.
- Furnish and install a 100% high solids epoxy protective coating on the concrete walls
- Repair and coat, or replace, existing 2 ft square sluice gate isolating Digester 2 from 3.

Exclusions:

- Does not include working on equipment while running, including digesters blower, digester aeration, thickeners;

1.2.10 WWTP Return Activated Sludge (RAS) Pump Replacement

Except as otherwise expressly provided herein, SIEMENS will provide all equipment, material, and labor for the installation of a return activated sludge (RAS) pump to replace one pump the CLIENT had previously demolished and removed.

- Remove one (1) existing RAS pump, line shaft, and motor, if necessary, and other miscellaneous equipment the CLIENT had abandoned in place. SIEMENS to return to CLIENT any material removed as salvage.
- Remove one (2) existing RAS pump, line shaft, and motor. SIEMENS to return to CLIENT any material removed as salvage.
- Furnish and install three (3) FLYGT dry/wet pit submersible RAS pump, or equal, to match existing pump function.
- Furnish and install all necessary piping and fitting modifications as required for new pump.
- Electrical Items of Work:
 - Disconnect all conduit, wiring, and instrumentation from existing pump to be removed.
 - Reconnect all conduit, wiring, and instrumentation to new pump.
 - Furnish and install all other electrical or control modifications required for replacement of pump.

Exclusions:

- Does not include working on equipment while running, including RAS pumps and associated electrical and control equipment;
- Does not include tie in to any existing SCADA system that may be implemented during the SIEMENS construction period.

1.2.11 WWTP Waste Activated Sludge Control Valve and Flow Meter Replacement

Exhibit A - Scope of Work and Services City of Bellaire, TX

Except as otherwise expressly provided herein, SIEMENS will provide all equipment, material, and labor for the replacement of the currently non-functioning waste activated sludge (WAS) control valve and flow meter.

- Demolish one existing WAS magnetic flow meter and two electric actuated plug valves.
- Furnish and install one WAS magnetic flow meter and two electric actuated plug valves.
- Modify existing ductile iron piping as needed.
- Furnish and install protective coating on proposing piping and valves.
- Electrical Items of Work:
 - Furnish and install one programmable logic controller (PLC) based NEMA 4X local control panel to control WAS wasting operation.
 - The control operation of the WAS valve shall be the following:
 - The CLIENT operator shall enter desired total daily flow amount to be wasted as a setpoint. The PLC will close the valves when the total daily amount is reached as read from the flowmeter and will keep them closed until the 24 hour/daily timer is reset. While the total daily flow has not been reached, the PLC shall open and close the valve based on a time interval and duration of multiple daily waste cycles as set by the user on the Human Machine Interface (HMI).
 - An HMI shall be provided for setpoint input by the CLIENT operator and shall also show on the screen the Valve Open/Close status, Valve Alarms, Flow Rate, Total Daily Flow (Reset to Zero every 24 hours), Timer Status, Number of Intervals
 - Provide and install all necessary conduit, power wire, and breakers to power the PLC control panel.
 - Provide and install all necessary conduit, power wire, and signal wire to connect the PLC control panel to each valve and flow meter.

Exclusions:

- Does not include working on equipment while running, including the RAS pump that the WAS control valve is diverting off and associated electrical and control equipment;
- Does not include tie in to any existing SCADA system that may be implemented during the SIEMENS construction period.

1.3 Technical Specifications, Drawings, and Exhibits:

- All electrical work to comply with applicable NEC guidelines;
- All relevant product datasheets, O&M manuals, wiring diagrams, and manufacturer's warranties to be supplied to CLIENT;
- All relevant drawings generated for the WWTP during the design process will be supplied to CLIENT;

1.4 CLIENT's Responsibilities:

Exhibit A - Scope of Work and Services
City of Bellaire, TX

- Provide a designated representative to interface with SIEMENS on all issues related to the project;
- Provide for timely review of project schedules and submittals, typically a 5 business day approval turn-around unless otherwise specified;
- Provide access to buildings, with 3 business day advance notice of work schedules, including coordination with building occupants and stakeholders, provide escorts as required in secure areas;
- Provide for timely review and approval of completed work;
- Provide assistance for electrical utility shutdowns of sections of the facilities that may be required. SIEMENS intends to minimize disturbances and will coordinate with site management personnel to implement project with reasonable disturbances.
- Provide remote access to CLIENT's water meter database to allow SIEMENS, and/or its subcontractors, to monitor system functionality and consumption history.
- During implementation of water meters, CLIENT will be required to upload meter data file(s) provided by SIEMENS in a timely fashion, at least once a week.

Article 2: FIM Work Implementation Period

- 2.1 Commencement of Work: SIEMENS shall commence the Work 60 calendar days from the Notice to Proceed Date, and shall perform the Work diligently and shall complete the Work no later than 450 calendar days from the day of commencement.
- 2.2 *Milestones:* Specific scheduling milestones and coordination requirements will be defined in the project schedule to be provided at Commencement of Work.

Article 3: Scope of Services-Performance Assurance Services Program

- 3.1 The Performance Assurance Services Program (PASP) shall be performed during the Performance Guarantee Period unless terminated in accordance with terms and conditions of Article 4 of the Performance Contracting Agreement.
- 3.2 Siemens will provide, as a part of the Performance Assurance Services Program, the following services and deliverables as described in the Performance Assurance, Exhibit C of this contract but not limited to:
- 3.2.1 One annual inspection of facilities and infrastructure associated with the scope of work of this contract. An annual inspection report will be included with the Annual Performance Assurance Report.
- 3.2.2 One Annual Performance Assurance Report for all FIMs contributing to the savings achieved for the applicable Annual Period. Except as otherwise provided, energy savings will be calculated for each month of each Annual Period.
- 3.3 The Annual Performance Assurance Report will be provided within 90 calendar days of the annual anniversary of the Guarantee Date.

Exhibit A - Scope of Work and Services
City of Bellaire, TX

Article 4: Scope of Maintenance Services Technical Support Program

- 4.1 CLIENT has elected to self-implement maintenance. Therefore, SIEMENS shall not perform any on-going maintenance services, although the Parties may negotiate a separate agreement for such services at a later date. CLIENT agrees that it will maintain the equipment per manufacturer specifications and that it will operate the Equipment in accordance with the Contracted Baseline described in Article 7 of Exhibit C. If CLIENT fails to properly maintain or operate the Equipment, SIEMENS shall have the right to modify the Performance Guarantee pursuant to Article 4 of the Agreement.

By signing below, this Exhibit is attached to and made a part of the Agreement between SIEMENS and the CLIENT.

CLIENT: City of Bellaire, TX

Signature: _____
 Printed Name: _____
 Title: _____
 Date: _____

Signature: _____
 Printed Name: _____
 Title: _____
 Date: _____

SIEMENS: Siemens Industry, Inc.

Signature: _____
 Printed Name: _____
 Title: _____
 Date: _____

Signature: _____
 Printed Name: _____
 Title: _____
 Date: _____

Attachment: Performance Contracting Agreement (1979 : Performance Contract Project Approval)

Exhibit B – Payment Schedules
City of Bellaire, Texas

Article 1: Payment for Scope of Work

- 1.1 **Price:** As full consideration of the Work as described in Exhibit A, Article 1: Scope of Work, the CLIENT shall pay to SIEMENS \$12,781,805.00 (plus taxes, if applicable).
- 1.2 CLIENT represents and warrants that it has sufficient funding to pay for all sums set forth in this Exhibit B. CLIENT further represents and warrants that it shall do all acts required of it to ensure funding is timely secured and segregated to ensure timely payment to SIEMENS for its services under this Agreement. CLIENT shall issue a Notice to Proceed to SIEMENS upon receipt of funding. In the event that a notice to proceed is not issued within ninety (90) days of the execution of this Agreement, Siemens shall be entitled to terminate this Agreement. In the event that Siemens terminates the Agreement as described in this paragraph, CLIENT shall be obligated to reimburse SIEMENS for all for the Work performed through the date of termination.
- 1.3 **Timely Payments:** The CLIENT agrees to pay SIEMENS monthly pursuant to SIEMENS payment requests. The monthly payments shall be based upon the applicable percentage of work completed through the date indicated on SIEMENS' written payment request. Other than the Mobilization and Audit Payment set forth below, Table B.1 table represents an anticipated schedule of progress payments. CLIENT agrees to pay the Mobilization and Audit payment within 45 days of Notice to Proceed of this Agreement. CLIENT agrees to pay all invoices submitted by SIEMENS per Article 8 of the Agreement.

Table B.1 – FIM Work Payment Schedule Sample

| Project Phase | Payments (\$) | Payments (%) | Schedule |
|---------------------------|-------------------------|--------------|----------------|
| Audit & Mobilization | \$ 511,272.20 | 4.00% | Month 1 |
| Progress Payment #1 | \$ 255,636.10 | 2.00% | Month 2 |
| Progress Payment #2 | \$ 1,917,270.75 | 15.00% | Month 3 |
| Progress Payment #3 | \$ 766,908.30 | 6.00% | Month 4 |
| Progress Payment #4 | \$ 1,278,180.50 | 10.00% | Month 5 |
| Progress Payment #5 | \$ 383,454.15 | 3.00% | Month 6 |
| Progress Payment #6 | \$ 639,090.25 | 5.00% | Month 7 |
| Progress Payment #7 | \$ 894,726.35 | 7.00% | Month 8 |
| Progress Payment #8 | \$ 1,022,544.40 | 8.00% | Month 9 |
| Progress Payment #9 | \$ 1,022,544.40 | 8.00% | Month 10 |
| Progress Payment #10 | \$ 1,278,180.50 | 10.00% | Month 11 |
| Progress Payment #11 | \$ 894,726.35 | 7.00% | Month 12 |
| Progress Payment #12 | \$ 639,090.25 | 5.00% | Month 13 |
| Progress Payment #13 | \$ 639,090.25 | 5.00% | Month 14 |
| Retainage & Final Payment | \$ 639,090.25 | 5.00% | End of Project |
| PROJECT TOTAL: | \$ 12,781,805.00 | 100% | |

Article 1 of Exhibit B is attached to and made a part of the Agreement between SIEMENS and the CLIENT.

Exhibit B – Payment Schedules
City of Bellaire, Texas

CLIENT: City of Bellaire, Texas

Signature: _____
Printed Name: _____
Title: _____
Date: _____

SIEMENS: Siemens Industry, Inc.

Signature: _____
Printed Name: _____
Title: _____
Date: _____

Signature: _____
Printed Name: _____
Title: _____
Date: _____

Article 2: Payment for Performance Assurance Services Program (PASP)

- 2.1 **Price:** As full consideration of the Services as described in Exhibit A, Article 3, the CLIENT shall pay to SIEMENS the amounts identified in Table B.2 plus taxes, if applicable, on the dates identified therein. CLIENT will be billed the annual amount in the first month of the PASP period.
- 2.2 **Performance Assurance Services Program Term:** The term of the PASP shall commence on the Guarantee Date and shall extend for either: (a) the term of the Performance Guarantee Period where multi-year obligations are allowed; or (b) for twelve (12) month periods corresponding to the term of each Annual Period.
- 2.3 **Automatic Renewal:** Where the PASP term is limited to an Annual Period, the PASP shall automatically renew for successive Annual Periods beginning on the anniversary date of Guarantee Date. Either party may request to amend the PASP at the end of an Annual Period by giving the other party at least sixty (60) days prior written notice of such amendments and such amendment shall be mutually negotiated by the Parties and effective upon a written amendment signed by both Parties prior to commencement of the next Annual Period. Each automatic renewal shall be and remain subject to the terms and conditions of this Agreement. SIEMENS obligations under the Performance Guarantee are dependent upon and subject to the express condition that the CLIENT maintains the PASP during the entire Performance Guarantee Period.
- 2.4 **Termination:** See Section 4.7 of the Agreement.

Table B.2 – Performance Assurance Program Payment Schedule

| Date | Annual Payments (\$) | Notes |
|---------|----------------------|------------------------------------|
| Year 1 | \$47,505 | Year 1 Measurement & Verification |
| Year 2 | \$48,930 | Year 2 Measurement & Verification |
| Year 3 | \$50,400 | Year 3 Measurement & Verification |
| Year 4 | \$51,910 | Year 4 Measurement & Verification |
| Year 5 | \$53,470 | Year 5 Measurement & Verification |
| Year 6 | \$59,000 | Year 6 Measurement & Verification |
| Year 7 | \$60,700 | Year 7 Measurement & Verification |
| Year 8 | \$62,515 | Year 8 Measurement & Verification |
| Year 9 | \$64,390 | Year 9 Measurement & Verification |
| Year 10 | \$72,950 | Year 10 Measurement & Verification |
| Year 11 | \$75,145 | Year 11 Measurement & Verification |
| Year 12 | \$77,400 | Year 12 Measurement & Verification |
| Year 13 | \$79,720 | Year 13 Measurement & Verification |

Exhibit B – Payment Schedules
City of Bellaire, Texas

| | | |
|---------|-----------|------------------------------------|
| Year 14 | \$82,110 | Year 14 Measurement & Verification |
| Year 15 | \$84,600 | Year 15 Measurement & Verification |
| Year 16 | \$93,060 | Year 16 Measurement & Verification |
| Year 17 | \$95,852 | Year 17 Measurement & Verification |
| Year 18 | \$100,644 | Year 18 Measurement & Verification |
| Year 19 | \$105,677 | Year 19 Measurement & Verification |
| Year 20 | \$116,244 | Year 20 Measurement & Verification |

Article 2 of Exhibit B is attached to and made a part of the Agreement between SIEMENS and the CLIENT.

CLIENT: City of Bellaire, Texas

Signature: _____
Printed Name: _____
Title: _____
Date: _____

SIEMENS: Siemens Industry, Inc.

Signature: _____
Printed Name: _____
Title: _____
Date: _____

Signature: _____
Printed Name: _____
Title: _____
Date: _____

Article 3: Payment for Maintenance Services Program (MSP)

- 3.1 **Not Applicable:** Per exhibit A, Article 4, a Maintenance Service Program, (MSP) is not included in the scope of this agreement. If the Parties later agree, SIEMENS may perform maintenance services for additional fees on a Time and Materials basis or as established in a separate maintenance agreement.

Article 3 of Exhibit B is attached to and made a part of the Agreement between SIEMENS and the CLIENT.

CLIENT: City of Bellaire, Texas

Signature: _____
Printed Name: _____
Title: _____
Date: _____

SIEMENS: Siemens Industry, Inc.

Signature: _____
Printed Name: _____
Title: _____
Date: _____

Signature: _____
Printed Name: _____
Title: _____
Date: _____

Exhibit C – Performance Assurance

City of Bellaire, TX

The following Articles and Tables are hereby included and made part of this Exhibit C:

Article 1: Summary of Articles and Total Guaranteed Savings

| | |
|--------------|---|
| Article 1 | Summary of Articles and Total Guaranteed Savings |
| Article 2 | Measurement and Verification Options |
| Article 3 | Performance Guarantee Period Responsibilities of CLIENT |
| Article 4 | Measurement and Verification Plan |
| Article 5 | Baseline Data |
| Article 6 | Utility Rate Structures and Escalation Rates |
| Article 7 | Contracted Baseline Data |
| Attachment 1 | Water Meter Annual Revenue Calculations |
| Attachment 2 | Water Meter Account List |
| Attachment 3 | Water Meter Baseline Consumption Data |
| Attachment 4 | Water Meter Baseline Test Results |
| Attachment 5 | Water Meter Manufacturer's Warranty |

Table 1.1 - Total Guaranteed Savings (Units)

| Performance Period | Electric Energy Saved (kWh) | Electric Power Demand Saved (kVA, 12 month sum) ¹ | Increased Billable Water and Sewer (hundred gallon) ² |
|--------------------|-----------------------------|--|--|
| Construction | 0 | 0 | 0 |
| Annual Period 1 | 604,333 | 0 | 1,010,474 |
| Annual Period 2 | 604,333 | 800 | 1,058,753 |
| Annual Period 3 | 604,333 | 800 | 1,101,791 |
| Annual Period 4 | 604,333 | 800 | 1,148,032 |
| Annual Period 5 | 604,333 | 800 | 1,194,279 |
| Annual Period 6 | 604,333 | 800 | 1,173,354 |
| Annual Period 7 | 604,333 | 800 | 1,193,488 |
| Annual Period 8 | 604,333 | 800 | 1,213,706 |
| Annual Period 9 | 604,333 | 800 | 1,234,008 |
| Annual Period 10 | 604,333 | 800 | 1,254,395 |
| Annual Period 11 | 604,333 | 800 | 1,274,865 |
| Annual Period 12 | 604,333 | 800 | 1,295,418 |
| Annual Period 13 | 604,333 | 800 | 1,275,926 |
| Annual Period 14 | 604,333 | 800 | 1,295,129 |
| Annual Period 15 | 604,333 | 800 | 1,314,409 |
| Annual Period 16 | 604,334 | 800 | 1,333,766 |
| Annual Period 17 | 604,334 | 800 | 1,353,199 |
| Annual Period 18 | 604,334 | 800 | 1,372,708 |
| Annual Period 19 | 604,334 | 800 | 1,392,292 |
| Annual Period 20 | 604,334 | 800 | 1,411,953 |
| Total | 12,086,680 | 15,200 | 24,901,945 |

1. Demand savings are not guaranteed in Period 1 Annual Savings due to the ratchet clause in Centerpoint Electric Rate Structure. If the construction period aligns such that Demand reductions are realized, Siemens will report the actual reductions on the year one PASP report. Demand Savings are included for Periods 2-20.

2. Increased billable water and sewer volumes from annual period 16 onward are stipulated values and verified under M&V Option 'E' during years 16-20.

Exhibit C – Performance Assurance

City of Bellaire, TX

- 1.1 Table 1.1 above shows the Annual Total Guaranteed Savings in units for each year of the Performance Guarantee Period. In order to achieve these unit savings, the CLIENT must operate the Facility in accordance with the Contracted Baselines identified in Article 7. 2.
- 1.2 Client represents and warrants that it is paying Siemens with available capital funds pursuant to Texas Local Government Code 302.004(a-1). Accordingly, Client acknowledges that the costs of the project will not be covered solely out of the savings realized by Client under the Agreement. Client has requested Siemens to install certain measures that are related to, connected with or otherwise ancillary to the FIM's as set forth in Exhibit A. Exhibit A depicts all items to be installed by Siemens.

Table 1.2 – Total Guaranteed Savings and Operational Savings

| Performance Period | Energy/Utility Savings (\$) | Billable Water/Sewer Increase (\$)² | Operational Savings (\$) |
|--------------------|-----------------------------|-------------------------------------|--------------------------|
| Construction | 0 | 0 | 0 |
| Annual Period 1¹ | 36,720 | 491,733 | 126,800 |
| Annual Period 2 | 42,729 | 523,007 | 130,604 |
| Annual Period 3 | 44,010 | 552,523 | 134,522 |
| Annual Period 4 | 45,331 | 584,410 | 138,558 |
| Annual Period 5 | 46,691 | 617,133 | 142,715 |
| Annual Period 6 | 48,091 | 615,366 | 146,996 |
| Annual Period 7 | 49,534 | 635,333 | 151,406 |
| Annual Period 8 | 51,020 | 655,806 | 155,948 |
| Annual Period 9 | 52,551 | 676,796 | 160,626 |
| Annual Period 10 | 54,127 | 698,315 | 165,445 |
| Annual Period 11 | 55,751 | 720,375 | 170,409 |
| Annual Period 12 | 57,424 | 742,988 | 175,521 |
| Annual Period 13 | 59,146 | 742,888 | 180,786 |
| Annual Period 14 | 60,921 | 765,412 | 186,210 |
| Annual Period 15 | 62,748 | 788,492 | 191,796 |
| Annual Period 16 | 64,631 | 812,137 | 197,550 |
| Annual Period 17 | 66,570 | 836,363 | 203,477 |
| Annual Period 18 | 68,567 | 861,180 | 209,581 |
| Annual Period 19 | 70,624 | 886,602 | 215,869 |
| Annual Period 20 | 72,743 | 912,641 | 222,345 |
| Total | 1,109,929 | 14,119,500 | 3,407,163 |

1. Demand savings are not guaranteed in Period 1 Annual Savings due to the ratchet clause in Centerpoint Electric Rate Structure. If the construction period aligns such that Demand reductions are realized, Siemens will report the actual reductions on the year one PASP report. Demand Savings are included for Periods 2-20.

2. Increased billable water and sewer revenue increases from annual period 16 onward are stipulated values and verified under M&V Option 'E' during years 16-20.

- 1.3 Table 1.2 shows the CLIENT'S guaranteed cost Savings for each Annual Period that are extrapolated from the guaranteed energy/utility unit Savings shown in Table 1.1 by multiplying the energy/utility Savings by the Baseline energy/utility rates including the stipulated Escalation Rates found in Article 6.
- 1.4 SIEMENS cannot and does not predict fluctuations in utility rates or the cost of energy. Therefore, the CLIENT and SIEMENS agree that the energy/utility cost Savings for each

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Annual Period will be calculated by multiplying the verified units of energy/utility Savings by the Annual Period's stipulated energy/utility rate and Escalation Rates and not the Annual Period's actual utility rate.

- 1.5 It is the CLIENT's responsibility to bill and collect for all increased meter accuracies. Should the CLIENT decide to forgive any increased accuracy impact outlined in this contract, it is at their sole discretion and shall not impact the benefit described herein.
- 1.6 The determination of energy/utility Savings will follow current best practice, as defined in the IPMVP, or the FEMP Guidelines where required, unless otherwise agreed to by the Parties.
- 1.7 The Performance Guarantee does not operate to guarantee the Savings per-FIM. Rather, the calculation of Savings is based on aggregate performance of all of the FIMs contained in the Project. The projected value of such aggregate performance is contained in Table 1.2 above representing the Total Guaranteed Savings as monetized.

Article 2: Measurement and Verification (“M&V”) Options

- 2.1 There are five options to measure and verify energy/utility Savings: Option A - Retrofit Isolation: Key Parameter Measurement; Option B - Retrofit Isolation: All Parameter Measurement; Option C - Whole Facility; and, Option D - Calibrated Simulation. Options A through and including D are part of the IPMVP. Option E-Stipulated is based on industry accepted engineering standards and is the Option used for purposes of calculating Operational Savings.

Option A - Retrofit Isolation, Key Parameter Measurement: Savings are determined by field measurement of the key performance parameter(s) which define the energy use of the FIM’s affected system(s) and/or the success of the Project. Measurement frequency ranges from short-term to continuous, depending on the expected variations in the measured parameter and the length of the reporting period. Parameters not selected for field measurement are estimated. Estimates can be based on historical data, manufacturer’s specifications, or engineering judgment. Documentation of the source or justification of the estimated parameter is required. The plausible savings error arising from estimation rather than measurement is evaluated. If applicable, the predetermined schedule for data collection, evaluation, and reporting is defined in Exhibit A, Article 3-Performance Assurance Services Program.

Option B - Retrofit Isolation, All Parameter Measurement: Savings are determined by field measurement of the energy use of the FIM-affected system. Measurement frequency ranges from short-term to continuous, depending on the expected variations in the savings and the length of the reporting period. If applicable, the predetermined schedule for data collection, evaluation, and reporting is defined in Exhibit A, Article 3-Performance Assurance Services Program.

Option C - Whole Facility: Savings are determined by measuring energy use at the whole Facility or sub-Facility level. Continuous measurements of the entire Facility’s energy use are taken throughout the reporting period. If applicable, the predetermined schedule for data collection, evaluation, and reporting is defined in Exhibit A, Article 3-Performance Assurance Services Program.

Option D - Calibrated Simulation: Savings are determined through simulation of the energy use of the whole Facility, or of a sub-Facility. Simulation routines are demonstrated to adequately model actual energy performance measured in the Facility. This Option usually requires considerable skill in calibrated simulation. If applicable, the predetermined schedule for data collection, evaluation, and reporting is defined in Exhibit A, Article 3-Performance Assurance Services Program.

Option E - Stipulated: This Option is the method of measurement and verification applicable to FIMS consisting either of Operational Savings or where the end use capacity or operational efficiency; demand, energy consumption or power level; or manufacturer’s measurements, industry standard efficiencies or operating hours are known in advance, and used in a calculation or analysis method that will stipulate the outcome. Both CLIENT and SIEMENS agree to the stipulated inputs and outcome(s) of the analysis methodology. Based on the established analytical methodology the Savings stipulated will be achieved upon completion of the FIM and

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no further measurements or calculations will be performed during the Performance Guarantee Period. If applicable, the methodology and calculations to establish Savings value will be defined in Section 4.6 of this Exhibit C.

- 2.2 Table 2.1 below summarizes the first Annual Period's Guaranteed Savings (See Article 1, Tables 1.1 and 1.2) utilizing the applicable Measurement and Verification Options as applied to the referenced FIMs valued pursuant to the agreed upon amounts identified in Article 6 hereof.

Table 2.1 – Savings for First Annual Period by M&V Option

| FIM | Energy/Utility Savings \$ | | | | | | Operational Savings \$ | Total Savings \$ |
|--|--|--|---------------------|----------------------------|-----------------|------------------------------|------------------------|------------------|
| | M&V Options | | | | | | | |
| | A Retrofit Isolation: Key Parameter Measurement | B Retrofit Isolation: All Parameter Measurement | C Whole Facility | D Calibrated Simulation | E Stipulated | Total Energy/Utility Savings | E Stipulated | |
| Water Meter / AMI | \$491,733 | \$0 | \$0 | \$0 | \$0 | \$491,733 | \$76,800 | \$568,533 |
| WWTP Aeration System Improvements | \$35,459 | \$0 | \$0 | \$0 | \$0 | \$35,459 | \$15,000 | \$50,459 |
| WWTP Digester Upgrades | \$1,261 | \$0 | \$0 | \$0 | \$0 | \$1,261 | \$12,500 | \$13,761 |
| WWTP Main Lift Station Rehabilitation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$10,000 | \$10,000 |
| WWTP RAS Pump Replacement & WAS Controls | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$12,500 | \$12,500 |
| TOTAL | \$528,453 | \$0 | \$0 | \$0 | \$0 | \$528,453 | \$126,800 | \$655,253 |

- 2.3 Table 2.2 identifies the source of Operational Savings defined and quantified by the Parties. The Parties affirm that such amounts are Stipulated Savings for purposes of calculating Annual Realized Savings and acknowledge that the Guaranteed Savings identified herein have been based on CLIENT'S affirmation. **OPERATIONAL SAVINGS SHALL NOT BE MEASURED OR MONITORED DURING THE PERFORMANCE GUARANTEE PERIOD.** SIEMENS has explained to the CLIENT and the CLIENT has satisfied itself as to how Operational Savings are incorporated into the Annual Realized Savings.

Table 2.2 - Source of Operational Savings

| FIM | Description | First Year Savings | # of Annual Periods Savings Are Applied | Annual Period Savings Begin |
|-------------------|---|--------------------|---|-----------------------------|
| Water Meter / AMI | Cancellation of 3 rd party Meter Reading Contract = Cost Reduction | \$76,800 | 20 | 1 |

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| FIM | Description | First Year Savings | # of Annual Periods Savings Are Applied | Annual Period Savings Begin |
|---|--|--------------------|---|-----------------------------|
| WWTP Aeration System Improvements | Reduction in maintenance labor and replacement materials due to aeration system rehabilitation and new blowers. | \$ 15,000 | 20 | 1 |
| WWTP Digester Upgrades | Reduction in maintenance labor and replacement materials due to digester upgrades, new blowers, and new MECC equipment. | \$ 12,500 | 20 | 1 |
| WWTP Main Lift Station Rehabilitation | Reduction in maintenance labor and replacement materials due to pump & motor upgrades, new piping, new controls, and new MECC equipment. | \$ 10,000 | 20 | 1 |
| WWTP RAS Pump Replacements & WAS Controls | Reduction in maintenance labor and replacement materials due to pump & motor upgrades, new controls and new valves. | \$ 12,500 | 20 | 1 |
| Total | | \$126,800 | | |

2.4 The Escalation Rate applicable to the Operational Savings is 3.0%.

Attachment: Performance Contracting Agreement (1979 : Performance Contract Project Approval)

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Article 3: Performance Guarantee Period Responsibilities of the CLIENT

In addition to the CLIENT'S responsibilities under Article 6 of the Agreement, this Article details the responsibilities of the CLIENT in connection with the management and administration of the Performance Guarantee.

- 3.1 The CLIENT will provide a representative at each Facility to coordinate work and provide the required data described below.
- 3.2 The CLIENT will provide SIEMENS with accurate Facility operating information (as defined below and Article 7 of this Exhibit C) during each Annual Period, as soon as such information becomes available to the CLIENT.
 - (a) Any Material Change to energy consuming or regulating equipment, operating schedules, business/services conducted occupancy, or hours of operation.
 - (b) Any malfunctions, failures and related changes in energy consuming or regulating equipment. Any damage to, destruction of, or condemnation of the Work.
 - (c) Executed preventive maintenance and repair records.
 - (d) Energy usage and cost.
 - (e) Annually provide copies of all water, sewer, and electric rate schedules used for billing during the previous 12 month period if changed from the previous year.
 - (f) Annually provide monthly number of water meter accounts.

In order to verify meter quantities and to verify system integrity for measurement and verification purposes, after substantial completion CLIENT shall allow SIEMENS reasonable access to its meter database as long as a performance assurance agreement exists between the CLIENT and SIEMENS. If the performance assurance agreement is cancelled by the CLIENT, the CLIENT reserves the right to rescind SIEMENS access to its water meter database. No changes shall be made to the database by SIEMENS.

Additionally, CLIENT must annually provide Siemens with a list of all water accounts in the system. The list must be in electronic format and include the following (Privacy limitations apply within local, state and federal and the information shall only be used for the sole purpose of this agreement):

- Monthly Metering Dates (specific 12 month period requested by Siemens)
- Monthly Billing Dates (specific 12 month period requested by Siemens)
- Monthly Billed Water (specific 12 month period requested by Siemens)
- Meter Serial Number stamped on "Brass Body"
- Meter Installation Date
- Meter Size (3/4, 1", 2" etc.)
- Last Meter Reading
- Last Meter Read Date
- Meter Read Units (kgal, hgal, gallons etc)
- Multiplier on Readings (x10, x100, x1000, etc.)
- Meter Manufacturer Brand
- Meter Type (PD / Turbine /Compound)
- Transceiver Number
- Account Number

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- Name of Account Holder
 - Account Service Address
 - Account Type (irrigation etc.)
 - Account Type (Residential, Commercial etc.)
 - Account Status (Active / Inactive etc.)
 - Sewer Charges Apply (Y/N)
 - Water Rate Code
 - Sewer Rate Code
 - Billed Dollar Amount for Water (specific 12 month period requested by Siemens)
 - Billed Dollar Amount for Sewer (specific 12 month period requested by Siemens)
 - Billed Consumption Amount for Water (specific 12 month period requested by Siemens)
 - Billed Consumption Amount for Sewer (specific 12 month period requested by Siemens)
- 3.3 The manufacturer's warranties are passed on to the CLIENT. See Attachment 5- Water Meter Manufacturer's Warranty, for the manufacturer's water meter warranty.
- 3.4 CLIENT understands that maintenance of the water meters is crucial to maintaining system performance and shall be responsible for water meters which exceed the warranty limits shown in Attachment 5. Replacement, repair, testing and return to service or continuation of use of water meters are potential valid approaches; however, SIEMENS will remove these meters from the potential test list.
- 3.5 A baseline adjustment will be made to the Siemens guarantee if it is found that installed equipment are not properly maintained per manufacturer's requirements as defined in the manufactures operations and maintenance manuals.
- 3.6 CLIENT shall be responsible for maintaining the water meter database to include but not limited to meter replacements, meter repairs, meter disconnects, new meter installs, and all associated changes in regards to the water meter infrastructure.
- 3.7 CLIENT will maintain water quality levels on an annual basis equal to or greater than standards outlined by Texas Commission on Environmental Quality and provide SIEMENS a copy of annual water ratings.
- 3.8 If applicable, the CLIENT will provide SIEMENS with copies of utility bills within thirty (30) days of receipt by the CLIENT or provide access to utility vendor information to allow SIEMENS to include a utility bill analysis in the Annual Performance Assurance Report. The utility bill analysis does not take the place of the Measurement and Verification Plan identified in Article 4 of this Exhibit C and is not used to measure the Project's performance.
- 3.9 CLIENT will annually facilitate and coordinate utility meter testing including providing a listing of all meters installed in the system, providing access, notification and scheduling of meter replacements as deemed necessary by the CLIENT.

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Article 4: Measurement and Verification (“M&V”) Plan

The following information is applicable to this Agreement:

Article 4.1 General Overview

Article 4.2 Option A - Retrofit Isolation: Key Parameter Measurement

4.1 General Overview –

The purpose of the M&V Plan is to identify the methods, measurements, procedures and tools that will be used to verify the Savings for each FIM which has energy/utility Savings. Savings are determined by comparing prior usage, consumption accuracy or efficiencies (defined as the “Baseline”) against the post-FIM implementation usage, consumption, accuracy or efficiencies. The Baseline usage, consumption, accuracy or efficiencies are described in this Exhibit C, Article 5. The post-FIM implementation usage, consumption, accuracy or efficiencies is defined as the Contracted Baseline and are described in this Exhibit C, Article 7.

4.2 Option A - Retrofit Isolation: Key Parameter Measurement**4.2.1 Water Meter Replacement**Description

The underlying premise of the Performance Guarantee and the M&V process is that SIEMENS expects a new, positive displacement, residential water meter to mechanically wear in response to two primary factors: the amount of cumulative water and age. The meters with greater amounts of cumulative water measured at any given time are likely to be less accurate than meters with lower accumulated reading meters due to increased wear accompanying the increased amount of measured water. Secondly, age can be a contributing factor in meter accuracy. In the M&V phase, the bulk of the meters will be the same age. Thus targeting high cumulative flow meters each year as the sampling approach for the total population of meters provides at least three levels of benefit: first, the meters with the highest cumulative flow are likely to be the meters closest to falling out of warranty so these are the best candidates for replacement; second, the meters with high cumulative flow are expected to be the lowest accuracy meters so if they pass the guarantee threshold, there is little doubt that the overall system meets the guarantee; and thirdly, replacement of the lowest accuracy meters with new calibrated meters provides an improvement to the overall system accuracy. This methodology is further discussed in the Calculations section below.

Apparent water losses are non-physical losses that occur in utility operations due to meter inaccuracies and systematic data handling errors in billing systems; thus minimizing this apparent water loss yields an increase in billable water. External influences may affect the predicted increase in billable water and the associated revenue. These influences may come from reductions in water and sewer rates or reductions in overall consumption relative to the Baseline Period. Mandatory water use restrictions, drought conditions, and change of customer or business type are other factors beyond SIEMENS control that may affect the realized increase in billable water.

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Variables such as decreases in water rates, reduction in overall customer consumption, or weather conditions may affect the amount of increased billable water and associated revenue through no fault of SIEMENS or the Project, thus **SIEMENS GUARANTEES THE PERFORMANCE OF SIEMENS-INSTALLED WATER METER ACCURACIES PRESENTED IN ARTICLES 5 AND 7.**

Calculations

Accuracy testing will be performed annually for the length of the PASP term on a target sampling of meters to provide assurance that the overall meter system is maintaining the desired level of accuracy. The meter information will be tested to American Water Works Association (AWWA) standards and the sampling approach provides a high confidence level that the system is maintaining the desired accuracies.

SIEMENS will remove and replace a sample of meters from each of the following groups for accuracy testing. This sample of meters is selected based upon the group of meter sizes and types listed below:

- 3/4" positive displacement meters;
- 1" positive displacement meters;
- 1.5" positive displacement meters;
- 2" positive displacement meters;

Meters to be tested will be determined by registered volumetric readings. For the first five years, meters with registered volume flow closest to, but less than, the manufacturer's warranty new meter volume flow limit, will be tested. For the following ten years a random sampling will be conducted to determine the meters to be tested. Given this selection process, the resultant accuracies are theoretically the worst amongst the population of meters while the full warranty is in effect and representative of the system thereafter. Therefore, a regression will be created to extrapolate the meter accuracy for each individual meter in the associated usage group population.

For each group of meters tested, a best fit linear regression equation for accuracy will be calculated based upon the cumulative flow through each meter. A y-intercept point of the regression line will be defined as a new meter with an accuracy of 100% and a flow of zero (0) gallons. That is to say, a water meter is 100% accurate until the commencement of flow. The straight-line regression is used to interpolate the accuracy of each individual meter within the usage group based upon the cumulative flow through the meter. The arithmetic average of the entire testable meter population will define the annual post-installation accuracy.

The accuracy tests are to be based on AWWA standards for testing residential water meters per AWWA Manual M6 fifth edition. The formulation for that testing is as follows:

For a true test of a water meter at all flow rates, AWWA standards specify first testing low, medium, and high flow rates and then calculating the aggregate meter efficiency by weighted formula. For PD meters, the three test points (High, Med, and Low flow) are weighted 15%, 70%, and 15% respectively. The formula for meter accuracy is as follows:

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$$\begin{aligned}
 & (15\% \times \text{Measured Accuracy @ High flow}) \\
 & + (70\% \times \text{Measured Accuracy @ Medium flow}) \\
 & + (15\% \times \text{Measured Accuracy @ Low flow}) \\
 & \text{Average Weighted Accuracy of the Meter*}
 \end{aligned}$$

(*reference: AWWA Meter Manual M6, Fifth Edition; pg 54, "Meter Testing")

The positive displacement (PD) meters will be bench tested in a laboratory which requires they be pulled and replaced with new meters each time tested. All tested meters that pass the accuracy limits for warranty purposes will be returned to the CLIENT for reuse. For meters that are outside the acceptable meter performance parameters as determined by the meter manufacturer warranty, SIEMENS will return the meters for repair or replacement under warranty and ultimately return to the CLIENT's inventory.

The quantity of meters to be tested will be selected based upon a confidence and precision level of 80% and 20% respectively. The sampling guidelines of Table 4.1 will be used to select the appropriate number of meters to be tested.

Table 4.1- Sampling Guidelines

| | |
|-------------------|--------------------------|
| Confidence | 80% |
| Precision | 20% |
| Population | Number of Samples |
| 1 | 1 |
| 2 | 2 |
| 3 | 3 |
| 4 | 3 |
| 5-6 | 4 |
| 7-9 | 5 |
| 10-13 | 6 |
| 14-19 | 7 |
| 20-29 | 8 |
| 30-49 | 9 |
| 50-110 | 10 |
| >110 | 11 |

The calculation of total additional water billed resulting from the meter retrofit project will be based on the ratio of the tested accuracy of the new meters and the average accuracy of the old meter population less 1. The accuracy ratio less 100% is multiplied by the Baseline annual cumulative water registered for the system or meter size grouping (Table 4.2), as applicable. The result is the amount of increased billable water for the system or that meter group. This process is repeated for each meter group in the baseline listing, if applicable. The sum of these amounts of increased billable water is the total amount of increased billable water for guarantee. This calculated amount of increased billable water is compared to the amount of increased billable water guaranteed. If the calculated amount is higher than the guaranteed accuracy, then the Performance Guarantee is deemed achieved for that Annual Period.

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Baseline consumption will be established based on the most recent available consumption data, from Feb 2015 – Jan 2016. This baseline consumption is used as an assumed flow condition, since total quantity of flow is beyond SIEMENS control. SIEMENS will guarantee meter accuracy, and then apply the measured accuracy to the baseline data to determine if the guarantee has been met, and the extent of shortfall, if any.

Both water and sewage revenue associated with the increased billed water calculated will be included in the revenue reconciliation and are considered part of the Performance Guarantee. This approach ensures the CLIENT that the projected performance will be maintained throughout the Performance Guarantee Period. From a calculation perspective, the estimated billable water increase and associated value is found from:

$$\text{MeteredWaterIncrease} = \sum_{i=1}^n \left(\frac{\eta_{\text{post},i}}{\eta_{\text{base},i}} - 100\% \right) \times \text{Water}_{\text{base-billed},i}$$

$$\text{MeteredWaterIncrease\$} = \sum_{i=1}^n [\text{MeteredWaterIncrease}_i \times (\$Water_i + \$Sewer_i)]$$

Where:

$\eta_{\text{post},i}$ = arithmetic average tested meter accuracy for group i

$\eta_{\text{base},i}$ = arithmetic average baseline meter accuracy for group i from Table 4.2

$\text{Water}_{\text{base-billed},i}$ = the baseline annual cumulative water registered for group i, kgal

MeteredWaterIncrease = total increased billable water, kgal

$\$Water_i$ = Cost per kGal of water sold to customers in group i from Article 6

$\$Sewer_i$ = Cost per kGal of sewerage sold to customers in group i from Article 6

MeteredWaterIncrease\$ = estimated total increased billable water revenue

If the average of the meters tested within any Annual Period is above the guaranteed accuracy listed in Table 7.1 – Water Meter Accuracy, the meter accuracy will be deemed acceptable. In the event that the average tested meter accuracy is below the guaranteed accuracy, SIEMENS will perform the calculation procedure identified in this Section 4.2.1 to identify the average system or subsystem accuracy. If the weighted average accuracy within any Annual Period is above the guaranteed accuracy listed in Table 7.1 – Water Meter Accuracy, the meter accuracy will be deemed acceptable. In the event that the average system accuracy is below the guaranteed accuracy, SIEMENS will conduct a review of the test data. Any test meter that tests below the manufacturer's accuracy guarantee will be repaired or replaced through the manufacturer's warranty process. Additional rounds of testing at SIEMENS' expense may be conducted to determine if the increased precision and accuracy of the sample affects the resultant system accuracy.

If the additional testing is performed and SIEMENS determines that the results do not prove to be equal or greater than the guaranteed accuracy, SIEMENS may choose one of two courses of action:

1. Perform a meter replacement program on the population of meters that are not meeting the guaranteed accuracy, or;

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2. Discontinue the testing and accept the financial responsibility as calculated in the Annual Performance Assurance Report. The revenue calculation will be based on the difference between the guaranteed accuracy as defined in Table 7.1 – Water Meter Accuracy and the average accuracy for that Annual Period as further defined in this Section 4.2.1. The revenue calculation will be based on the dollar rate schedule contained in the Baseline data listed below in Table 6.1.3 – Water/Sewer rate structures.

Population, installed meters and the interaction of the two are the key indicators that the capability of the water system to sell water is maintained.

Population: 17,849*

*As of 2013, data provided by United States Census Bureau

If the population increases, it is reasonable to assume that the water consumption may increase. Alternately, if the population decreases, it is reasonable to assume the district water consumption may decrease through no fault of SIEMENS.

Installed meters: 7,684*

*Refer to Exhibit A for Quantities by Size

If the number of installed meters increases, it is reasonable to assume that the water consumption may increase. Alternately, if the meter population decreases, it is reasonable to assume the district water consumption may decrease at no fault of SIEMENS.

The amount of annual rainfall can affect the overall consumption by the residents, by changing the amount of irrigation required to keep their lawns healthy. For the Baseline Period the amount of precipitation was:

Baseline (Feb 2015 to Jan 2016) Actual Precipitation = 69.02 inches for Houston, TX.

*Source: NOAA.gov for Houston, TX,

The 30 year average annual rainfall for CLIENT'S location is approximately 49.77 inches, based on data provided by the National Oceanic and Atmospheric Administration (NOAA). If the rainfall increases, there may be less water use for irrigation; conversely if it is a particularly dry year, there may be an increase in irrigation. As a result of any water restrictions imposed by the CLIENT or its water authority, there may be less water use for irrigation, even though the lack of rain and higher temperatures may trend otherwise.

The population and the number of installed meters are key indicators of the capability of the system to provide water. However, if one is reduced and the other increases, a method to evaluate whether the system's capability has increased or decreased may be required. SIEMENS will use Table 4.2 to evaluate whether the system capacity has effectively increased or decreased.

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The basis of the calculation is that meter size is an indication of cross sectional flow area. If the flow area is greater, then it is reasonable to assume that more flow can be provided than through smaller meters.

The potential for sufficient increased revenues for the CLIENT from water and sewer charges will be confirmed to meet or exceed the Baseline revenues by verifying that the meter size calculation as presented in Table 4.2 for any Annual Period is greater than or equal to the Baseline Period. If any of these factors are not maintained, the actual volume of the water sold cannot be tied to accuracy improvements and any comparison to actual sold water is not valid.

Table 4.2 - Evaluation of Change in System Capacity

| Size | Base Year Number of Meters | Base Year Calculation | Completed Calculation | Post Installation Year Number of Meters | Post Year Calculation | Post Calculation |
|---|----------------------------|------------------------------------|-----------------------|---|-----------------------------------|---------------------|
| 0.625 | 2673 | $0.625 \times 0.625 \times 2673 =$ | 1044.141 | AAA | $0.625 \times 0.625 \times AAA =$ | $0.390625 \times A$ |
| 0.75 | 2727 | $0.75 \times 0.75 \times 2727 =$ | 1533.938 | BBB | $0.75 \times 0.75 \times BBB =$ | $0.562 \times BBB$ |
| 1 | 2125 | $1 \times 1 \times 2125 =$ | 2125 | CCC | $1 \times 1 \times CCC =$ | $1 \times CCC$ |
| 1.5 | 45 | $1.5 \times 1.5 \times 45 =$ | 101.25 | DDD | $1.5 \times 1.5 \times DDD =$ | $2.25 \times DDD$ |
| 2 | 84 | $2 \times 2 \times 84 =$ | 336 | EEE | $2 \times 2 \times EEE =$ | $4 \times EEE$ |
| TOTALS | 7654 | | 5140.328125 | SUM(AAA:EEE) | | SUM |
| IF SUM > 5140.328125 then the system capacity is assumed greater or equal to the base year. | | | | | | |

*The sum of meters may not match the actual scope of work, this is because the quantity provided in the table above are the basis of savings calculations. Actual quantity of meters to be replaced/retrofitted is greater than the Base Year Number of meters.

4.2.1.1 Parameters to be maintained during the Performance Guarantee Period are:

- (a) Water quality at or above average quality over the most recent 12 month period;
- (b) Source of water supply at or above average quality water over the most recent 12 month period from previous source of water supply used;
- (c) Water distribution integrity at or above Baseline maintenance levels; and,
- (d) Meter/AMI system compatibility with the new system.

4.2.1.2 The meter performance Baseline used for ongoing comparison of future meter test results is as follows:

- (a) Baseline Period (full 12 months) = Feb 2015 to Jan 2016

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- (b) Specific meter accounts included in the baseline are attached in Attachment 2 - Water Meter Account List.
- (c) The baseline meter testing data are included as Attachment 4- Water Meter Baseline Test Results.
- (d) Details of water consumed for a consecutive 12 month period of each tested meter account, and a grand total of water consumed by these accounts is included is detailed in Article 5. Baseline account meters are 5/8", 3/4", 1", 1.5", and 2" in size. These Baseline accounts remain fixed and are the basis for comparison throughout the Performance Guarantee Period. After implementation of the project is completed and the sizes for each meter are verified, the baseline and projected consumption increases will be reconciled.
- (e) The water district's water and sewer billing rate schedules in force at the beginning of installation are used for revenue calculations and are documented in Article 6. This will be the basis used for any financial calculations henceforth, not a water billing rate schedule from any other year.
- (f) Total population (people) in the water service area at the beginning of this guarantee period was 17,849 based on estimates for 2013 based on the United States Census Bureau.

4.2.1.3 The Baseline Period is chosen using the most recent 12 months of continuous data available for each account through the existing utility billing system at the start of the detailed audit. The baseline period use for establishing baseline consumption is from February 2015 to January 2016.

4.2.1.4 Baseline number of meters and sizes is documented as part of the Baseline. This is to assure that variances in installed meter counts and associated meter sizes are not inconsistent with the Baseline. SIEMENS does not assume responsibility for loss of water consumption within the water district due to declines in installed capability to supply water.

4.2.1.5 Baseline period population (people) is documented as part of the Baseline. This is to assure that variances in population increases or declines are not considered in the Baseline. SIEMENS does not assume responsibility for loss of water consumption within the water district due to population declines.

4.2.1.6 Meter testing was performed on a representative sampling of meters to provide the pre-measurement system average level of accuracy for all meters. The meters were tested to AWWA standards and the sampling approach provides a high confidence level that the meters are indeed inefficient with comparison to new meter accuracies.

The CLIENT provided a complete account download of historical data for each metered account including monthly consumption, meter size, meter installation data, meter serial number, billed charges, account number, account ID, etc.

Based on AWWA guidelines for meter sampling and testing, a random sample of the meters were selected, removed from service, delivered to a third-party testing facility with the results presented in Attachment 4 - Water Meter Baseline Test Results. The

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accuracy tests are to be based on AWWA standards for testing residential water meters per AWWA Manual M6. For a true test of a water meter at all flow rates, AWWA standards recommend first testing low, medium, and high flow rates and then calculating the aggregate meter Accuracy by weighted formula. The three test points (High, Med, and Low flow) are weighted 15%, 70%, and 15% for PD meters. The formula for PD meter accuracy is as follow:

$$\begin{aligned} & (15\% \times \text{Measured Accuracy @ High flow}) \\ & + (70\% \times \text{Measured Accuracy @ Medium flow}) \\ & + (15\% \times \text{Measured Accuracy @ Low flow}) \\ & \text{Average Weighted Accuracy of the Meter*} \end{aligned}$$

(*reference: AWWA Meter Manual M6, Fifth Edition; pg 54, "Meter Testing")

4.2.1.7 New meter accuracy is based upon the manufacturer warranty. For positive displacement (PD) meters of 1" and smaller, the meter accuracy is guaranteed for the first five (5) Annual Periods. After Annual Period 5, it is assumed that the meter accuracy will decline at a fixed percentage for the remainder of its service life to approximate the ongoing loss of accuracy of the meter as it ages. For 1 ½" and 2" meters, the meter accuracy is guarantee for the first two (2) Annual Periods. After Annual Period 2, it is assumed that the meter accuracy will decline at a fixed percentage for the remainder of its service life to approximate the ongoing loss of accuracy of the meter as it ages. Articles 5 and 7 show the estimated accuracies of the meters throughout Performance Guarantee Period.

4.2.2 Blower and Aeration Efficiency Improvements

Description

The energy savings generated by this FIM are realized by displacing the use of two (2) 100 hp multi-stage centrifugal blowers with two (2) high efficiency magnetic bearing turbo blowers with integrated motors. One new blower will be sufficient to fulfill the aeration requirements of the system for the majority of the year, while the other will act as a secondary for instances where extra aeration is required. The coarse bubble diffusers in the pre-aeration basin will be replaced with fine bubble diffusers while the existing fine bubble diffusers in the aeration basin will be removed and replaced with brand new equipment. Dissolved oxygen level will be used to control the volume of air produced by the aeration blowers. In order to verify the energy savings, the pre-retrofit kW will be compared to the post-retrofit kW. The kWh savings will be calculated from the kW measurements as well as operating hours. The savings will be tabulated on a monthly basis and reported annually.

Measurement or Reference Tables

Pre-Retrofit Measurements

1. Aeration blower kW measurements (one out of four blowers was in inoperable condition during period of measurement):
 - Average kW for measured period

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- Blower 3: 50.15 kW
- Blower 2/4: 71.55 kW, blower 2 and 4 alternated in operation during the measurement period and never operated at the same time.

Post-Retrofit Measurements

1. Aeration blower kW measured over the post-retrofit period
2. Automatic control override status
3. Post-retrofit annual hours of operation

Stipulated

1. Pre-retrofit annual hours of operation = 8760 hours
2. Maximum dissolved oxygen level setpoint = 2.0 mg/l
3. Estimated theoretical blower turndown at design point = 66.3%

Calculations

$$kW_{saved} = \left[\left(\frac{\sum_{i=1}^{n-pre} kW_{pre}}{n - pre} \right) - \left(\frac{\sum_{i=1}^{n-post} kW_{post}}{n - post} \right) \right]$$

$$kWh_{saved} = kW_{saved} \times [\text{hours of operation}]$$

$$Utility\ Cost_{saved} = (kW_{saved} \times 12 \times (\$/kW)_{contract}) + (kWh_{saved} \times (\$/kWh)_{contract})$$

Where,

n-pre = number of periods in baseline year (366)

n-post = number of aeration blower kW measurements (from cellular logger)

kW_{pre} = pre-retrofit aeration blower measured kW draw

kW_{post} = post-retrofit aeration blower measured kW draw

kW_{saved} = total demand savings

kWh_{pre} = sum of pre-retrofit blower energy consumption

kWh_{post} = sum of post-retrofit blower energy consumption

kWh_{saved} = total consumption energy savings

Utility Cost_{saved} = calculated utility savings for this FIM

\$/kW_{contract} = kW unit cost from contract

\$/kWh_{contract} = kWh unit cost from contract

Responsibility for SIEMENS and CLIENT:

The CLIENT will notify SIEMENS of any problems with the equipment installed by SIEMENS and provide the necessary access to the affected equipment and systems. SIEMENS shall then determine the best course of action to ensure correct operation and to maintain the Performance Guarantee. Unintended changes in operation of systems associated with the FIMs by the CLIENT may require Baseline adjustments.

Baseline Adjustments:

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Changes in equipment operation due to fluctuating weather conditions, extended or contracted operating schedules, population changes, or changes in functionality; may change power and energy consumption and require adjustments to the pre-retrofit Baseline models. The Annual Performance Assurance Report will document changes in conditions that may affect Savings persistence.

Specifications on Measurement Tools:

- Cellular Power Logger

4.2.3 WWTP Digester Blower Replacement

Description:

Replacement of the two (2) old 100 hp digester blowers with two (2) new 125 hp digester blowers with the same duty conditions. Verification of the electric savings shall be based on the blower's estimated pre-retrofit motor efficiency estimate, the post-retrofit motor efficiency as stated by the equipment manufacturer, the estimated percent loading on the motor equipment, and the annual operating hours as measured in the baseline condition.

Measurement or Reference Tables:*Pre-retrofit measurements:*

- Digester blower kW measurements

Post-retrofit measurements:

- Digester blower kW measurements
- Post-retrofit annual operating hours

Stipulated

- Motor efficiency of existing blower = 90% efficient
- Motor efficiency of new blower = 95% (manufacturer datasheet)
- Pre-retrofit annual operating hours of each unit = 8760 hours

Calculations:

The following calculations will be performed to determine the annual demand and electrical energy reduction. Pre-retrofit standard operating procedure is to have only one blower in operation at a time and the post-retrofit operating procedure is assumed to be the same.

Formulas for Demand Savings (kW) Savings:

kW_{pre} = average of measured kW over the pre-retrofit measurement period

kW_{post} = average of measured kW over the post-retrofit measurement period

$kW_{saved} = kW_{pre} - kW_{post}$

Formulas for Electrical (kWh) Savings:

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$$kWh_{pre} = kW_{pre} * \text{Pre-retrofit Operating Hours}$$

$$kWh_{pre} = kW_{post} * \text{Post-retrofit Operating Hours}$$

$$kWh_{saved} = kWh_{pre} - kWh_{post}$$

Formulas for Utility Cost (\$) Savings:

$$\text{Total Utility \$ Savings} = [(kWh)_{saved} * (\$/kWh)_{contract}] + [(kW)_{saved} * (\$/kW)_{contract} * 12 \text{ (months per year that kW is billed)}]$$

Where:

- kW_{Pre} = Pre-retrofit motor power demand
- kW_{Post} = Post-retrofit motor power demand
- kW_{saved} = Resulting electrical demand savings
- Operating Hours = stipulated operating hours
- kWh_{Pre} = Pre-retrofit motor electrical consumption
- kWh_{Post} = Post-retrofit motor electrical consumption
- kWh_{saved} = Resulting electrical consumption savings
- $\$/kWh_{contract}$ = Cost of electrical energy consumption based on relevant rate tables in Article and stipulated escalations
- $\$/kW_{contract}$ = Cost of electrical power demand based on the relevant rate tables in Article 6 and stipulated escalations

Responsibility for SIEMENS and CLIENT:

The CLIENT will notify SIEMENS of any problems with the equipment installed by SIEMENS and provide the necessary access to the affected equipment and systems. SIEMENS shall then determine the best course of action to ensure correct operation and to maintain the Performance Guarantee. Unintended changes in operation of systems associated with the FIMs by the CLIENT may require Baseline adjustments.

Baseline Adjustments:

Changes in equipment operation due to fluctuating weather conditions, extended or contracted operating schedules, population changes, or changes in functionality; may change power and energy consumption and require adjustments to the pre-retrofit Baseline models. The Annual Performance Assurance Report will document changes in conditions that may affect Savings persistence.

Specifications on Measurement Tools:

- Cellular Power Logger

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Article 5: Baseline Data

- 5.1 The year selected as the Baseline Period for the Water Meter/AMI FIM starts February 2015 and ends January 2016. Table 5.1 outlines the water volumes metered during this Baseline Period for each billing tier. This Baseline Period's water consumption will be used as the reference for comparing the calculated metered water volumes during the Performance Guarantee Period in order to determine the Annual Realized Savings.

Table 5.1 – Baseline Metered Water Volume for Each Billing Tier

| TIER NUMBER | TIER NAME | V _{pre} [kgal] Metered Data @ current accuracy |
|-------------|-------------------------------------|--|
| 1 | Water - Residential - 5/8" - Tier 1 | 502,616 |
| 2 | Water - Residential - 5/8" - Tier 2 | 754,815 |
| 3 | Water - Residential - 5/8" - Tier 3 | 313,437 |
| 4 | Water - Residential - 3/4" - Tier 1 | 491,231 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,110,835 |
| 6 | Water - Residential - 3/4" - Tier 3 | 729,545 |
| 7 | Water - Residential - 1" - Tier 1 | 394,765 |
| 8 | Water - Residential - 1" - Tier 2 | 1,031,179 |
| 9 | Water - Residential - 1" - Tier 3 | 1,068,777 |
| 10 | Water - Residential - 1.5" - Tier 1 | 940 |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,381 |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,201 |
| 13 | Water - Residential - 2" - Tier 1 | 1,112 |
| 14 | Water - Residential - 2" - Tier 2 | 2,011 |
| 15 | Water - Residential - 2" - Tier 3 | 332 |
| 16 | Non-Residential - 5/8" - Tier 1 | 52,656 |
| 17 | Non-Residential - 5/8" - Tier 2 | 472 |
| 18 | Non-Residential - 3/4" - Tier 1 | 37,164 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 |
| 20 | Non-Residential - 1" - Tier 1 | 169,409 |
| 21 | Non-Residential - 1" - Tier 2 | 47,859 |
| 22 | Non-Residential - 1.5" - Tier 1 | 31,129 |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,049 |
| 24 | Non-Residential - 2" - Tier 1 | 208,128 |
| 25 | Non-Residential - 2" - Tier 2 | 123,723 |
| 26 | Sprinkler - 5/8" - Tier 1 | 155,872 |
| 27 | Sprinkler - 5/8" - Tier 2 | 735 |
| 28 | Sprinkler - 3/4" - Tier 1 | 547,510 |
| 29 | Sprinkler - 3/4" - Tier 2 | 7,658 |
| 30 | Sprinkler - 1" - Tier 1 | 361,839 |
| 31 | Sprinkler - 1" - Tier 2 | 10,306 |
| 32 | Sprinkler - 1.5" - Tier 1 | 59,202 |

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| TIER NUMBER | TIER NAME | V _{pre} [kgal] Metered Data @ current accuracy |
|--|---------------------------|--|
| 33 | Sprinkler - 1.5" - Tier 2 | 56,519 |
| 34 | Sprinkler - 2" - Tier 1 | 79,576 |
| 35 | Sprinkler - 2" - Tier 2 | 81,807 |
| Note: Column V _{pre} is baseline data for baseline time period at current accuracies listed in Table 5.2. | | |

As previously mentioned, the calculation of total additional water billed resulting from the meter retrofit FIM will be based on a comparison between the average efficiency of the old meter population (those meters in the Baseline) and the tested efficiency of the new meters. The increase in efficiency (differential meter efficiency) is multiplied by the Baseline annual cumulative water for the system or meter size grouping, as applicable. The result is the amount of recaptured water for the system or that meter group. The table above shows the results of the Baseline analysis and shows the amount of recaptured water for the system associated with the given meter sizes and classifications.

This process is repeated for each meter group in the Baseline listing, if applicable. The sum of these amounts of reclaimed water is the total amount of unbilled water under the Performance Guarantee.

The water meter Baseline accuracy for each year of the Performance Guarantee Period is defined in Table 5.2 while the aggregate Baseline accuracy for all meters tested is shown in Equation 5.1.

Table 5.2 – Existing Meter Accuracy From Test Data

| Item | Description | Baseline | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 |
|------|-------------------------------------|----------|--------|--------|--------|--------|--------|--------|--------|
| 1 | Water - Residential - 5/8" - Tier 1 | 76.00% | 76.00% | 75.50% | 75.00% | 74.50% | 74.00% | 73.50% | 73.00% |
| 2 | Water - Residential - 5/8" - Tier 2 | 76.00% | 76.00% | 75.50% | 75.00% | 74.50% | 74.00% | 73.50% | 73.00% |
| 3 | Water - Residential - 5/8" - Tier 3 | 76.00% | 76.00% | 75.50% | 75.00% | 74.50% | 74.00% | 73.50% | 73.00% |
| 4 | Water - Residential - 3/4" - Tier 1 | 94.40% | 94.40% | 93.90% | 93.40% | 92.90% | 92.40% | 91.90% | 91.40% |
| 5 | Water - Residential - 3/4" - Tier 2 | 94.40% | 94.40% | 93.90% | 93.40% | 92.90% | 92.40% | 91.90% | 91.40% |
| 6 | Water - Residential - 3/4" - Tier 3 | 94.40% | 94.40% | 93.90% | 93.40% | 92.90% | 92.40% | 91.90% | 91.40% |
| 7 | Water - Residential - 1" - Tier 1 | 87.70% | 87.70% | 87.20% | 86.70% | 86.20% | 85.70% | 85.20% | 84.70% |
| 8 | Water - Residential - 1" - Tier 2 | 87.70% | 87.70% | 87.20% | 86.70% | 86.20% | 85.70% | 85.20% | 84.70% |
| 9 | Water - Residential - 1" - Tier 3 | 87.70% | 87.70% | 87.20% | 86.70% | 86.20% | 85.70% | 85.20% | 84.70% |
| 10 | Water - Residential - 1.5" - Tier 1 | 96.80% | 96.80% | 96.30% | 95.80% | 95.30% | 94.80% | 94.30% | 93.80% |
| 11 | Water - Residential - 1.5" - Tier 2 | 96.80% | 96.80% | 96.30% | 95.80% | 95.30% | 94.80% | 94.30% | 93.80% |
| 12 | Water - Residential - 1.5" - Tier 3 | 96.80% | 96.80% | 96.30% | 95.80% | 95.30% | 94.80% | 94.30% | 93.80% |
| 13 | Water - Residential - 2" - Tier 1 | 93.90% | 93.90% | 93.40% | 92.90% | 92.40% | 91.90% | 91.40% | 90.90% |
| 14 | Water - Residential - 2" - Tier 2 | 93.90% | 93.90% | 93.40% | 92.90% | 92.40% | 91.90% | 91.40% | 90.90% |
| 15 | Water - Residential - 2" - Tier 3 | 93.90% | 93.90% | 93.40% | 92.90% | 92.40% | 91.90% | 91.40% | 90.90% |
| 16 | Non-Residential - 5/8" - Tier 1 | 76.00% | 76.00% | 75.50% | 75.00% | 74.50% | 74.00% | 73.50% | 73.00% |

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| Item | Description | Baseline | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 |
|------|---------------------------------|----------|--------|--------|--------|--------|--------|--------|--------|
| 17 | Non-Residential - 5/8" - Tier 2 | 76.00% | 76.00% | 75.50% | 75.00% | 74.50% | 74.00% | 73.50% | 73.00% |
| 18 | Non-Residential - 3/4" - Tier 1 | 94.40% | 94.40% | 93.90% | 93.40% | 92.90% | 92.40% | 91.90% | 91.40% |
| 19 | Non-Residential - 3/4" - Tier 2 | 94.40% | 94.40% | 93.90% | 93.40% | 92.90% | 92.40% | 91.90% | 91.40% |
| 20 | Non-Residential - 1" - Tier 1 | 87.70% | 87.70% | 87.20% | 86.70% | 86.20% | 85.70% | 85.20% | 84.70% |
| 21 | Non-Residential - 1" - Tier 2 | 87.70% | 87.70% | 87.20% | 86.70% | 86.20% | 85.70% | 85.20% | 84.70% |
| 22 | Non-Residential - 1.5" - Tier 1 | 96.80% | 96.80% | 96.30% | 95.80% | 95.30% | 94.80% | 94.30% | 93.80% |
| 23 | Non-Residential - 1.5" - Tier 2 | 96.80% | 96.80% | 96.30% | 95.80% | 95.30% | 94.80% | 94.30% | 93.80% |
| 24 | Non-Residential - 2" - Tier 1 | 93.90% | 93.90% | 93.40% | 92.90% | 92.40% | 91.90% | 91.40% | 90.90% |
| 25 | Non-Residential - 2" - Tier 2 | 93.90% | 93.90% | 93.40% | 92.90% | 92.40% | 91.90% | 91.40% | 90.90% |
| 26 | Sprinkler - 5/8" - Tier 1 | 76.00% | 76.00% | 75.50% | 75.00% | 74.50% | 74.00% | 73.50% | 73.00% |
| 27 | Sprinkler - 5/8" - Tier 2 | 76.00% | 76.00% | 75.50% | 75.00% | 74.50% | 74.00% | 73.50% | 73.00% |
| 28 | Sprinkler - 3/4" - Tier 1 | 94.40% | 94.40% | 93.90% | 93.40% | 92.90% | 92.40% | 91.90% | 91.40% |
| 29 | Sprinkler - 3/4" - Tier 2 | 94.40% | 94.40% | 93.90% | 93.40% | 92.90% | 92.40% | 91.90% | 91.40% |
| 30 | Sprinkler - 1" - Tier 1 | 87.70% | 87.70% | 87.20% | 86.70% | 86.20% | 85.70% | 85.20% | 84.70% |
| 31 | Sprinkler - 1" - Tier 2 | 87.70% | 87.70% | 87.20% | 86.70% | 86.20% | 85.70% | 85.20% | 84.70% |
| 32 | Sprinkler - 1.5" - Tier 1 | 96.80% | 96.80% | 96.30% | 95.80% | 95.30% | 94.80% | 94.30% | 93.80% |
| 33 | Sprinkler - 1.5" - Tier 2 | 96.80% | 96.80% | 96.30% | 95.80% | 95.30% | 94.80% | 94.30% | 93.80% |
| 34 | Sprinkler - 2" - Tier 1 | 93.90% | 93.90% | 93.40% | 92.90% | 92.40% | 91.90% | 91.40% | 90.90% |
| 35 | Sprinkler - 2" - Tier 2 | 93.90% | 93.90% | 93.40% | 92.90% | 92.40% | 91.90% | 91.40% | 90.90% |

| Item | Description | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 |
|------|-------------------------------------|--------|--------|---------|---------|---------|---------|---------|---------|
| 1 | Water - Residential - 5/8" - Tier 1 | 72.50% | 72.00% | 71.50% | 71.00% | 70.50% | 70.00% | 69.50% | 69.00% |
| 2 | Water - Residential - 5/8" - Tier 2 | 72.50% | 72.00% | 71.50% | 71.00% | 70.50% | 70.00% | 69.50% | 69.00% |
| 3 | Water - Residential - 5/8" - Tier 3 | 72.50% | 72.00% | 71.50% | 71.00% | 70.50% | 70.00% | 69.50% | 69.00% |
| 4 | Water - Residential - 3/4" - Tier 1 | 90.90% | 90.40% | 89.90% | 89.40% | 88.90% | 88.40% | 87.90% | 87.40% |
| 5 | Water - Residential - 3/4" - Tier 2 | 90.90% | 90.40% | 89.90% | 89.40% | 88.90% | 88.40% | 87.90% | 87.40% |
| 6 | Water - Residential - 3/4" - Tier 3 | 90.90% | 90.40% | 89.90% | 89.40% | 88.90% | 88.40% | 87.90% | 87.40% |
| 7 | Water - Residential - 1" - Tier 1 | 84.20% | 83.70% | 83.20% | 82.70% | 82.20% | 81.70% | 81.20% | 80.70% |
| 8 | Water - Residential - 1" - Tier 2 | 84.20% | 83.70% | 83.20% | 82.70% | 82.20% | 81.70% | 81.20% | 80.70% |
| 9 | Water - Residential - 1" - Tier 3 | 84.20% | 83.70% | 83.20% | 82.70% | 82.20% | 81.70% | 81.20% | 80.70% |
| 10 | Water - Residential - 1.5" - Tier 1 | 93.30% | 92.80% | 92.30% | 91.80% | 91.30% | 0.00% | 0.00% | 0.00% |
| 11 | Water - Residential - 1.5" - Tier 2 | 93.30% | 92.80% | 92.30% | 91.80% | 91.30% | 0.00% | 0.00% | 0.00% |
| 12 | Water - Residential - 1.5" - Tier 3 | 93.30% | 92.80% | 92.30% | 91.80% | 91.30% | 0.00% | 0.00% | 0.00% |
| 13 | Water - Residential - 2" - Tier 1 | 90.40% | 89.90% | 89.40% | 88.90% | 88.40% | 0.00% | 0.00% | 0.00% |
| 14 | Water - Residential - 2" - Tier 2 | 90.40% | 89.90% | 89.40% | 88.90% | 88.40% | 0.00% | 0.00% | 0.00% |
| 15 | Water - Residential - 2" - Tier 3 | 90.40% | 89.90% | 89.40% | 88.90% | 88.40% | 0.00% | 0.00% | 0.00% |
| 16 | Non-Residential - 5/8" - Tier 1 | 72.50% | 72.00% | 71.50% | 71.00% | 70.50% | 70.00% | 69.50% | 69.00% |
| 17 | Non-Residential - 5/8" - Tier 2 | 72.50% | 72.00% | 71.50% | 71.00% | 70.50% | 70.00% | 69.50% | 69.00% |
| 18 | Non-Residential - 3/4" - Tier 1 | 90.90% | 90.40% | 89.90% | 89.40% | 88.90% | 88.40% | 87.90% | 87.40% |

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| Item | Description | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 |
|------|---------------------------------|--------|--------|---------|---------|---------|---------|---------|---------|
| 19 | Non-Residential - 3/4" - Tier 2 | 90.90% | 90.40% | 89.90% | 89.40% | 88.90% | 88.40% | 87.90% | 87.40% |
| 20 | Non-Residential - 1" - Tier 1 | 84.20% | 83.70% | 83.20% | 82.70% | 82.20% | 81.70% | 81.20% | 80.70% |
| 21 | Non-Residential - 1" - Tier 2 | 84.20% | 83.70% | 83.20% | 82.70% | 82.20% | 81.70% | 81.20% | 80.70% |
| 22 | Non-Residential - 1.5" - Tier 1 | 93.30% | 92.80% | 92.30% | 91.80% | 91.30% | 0.00% | 0.00% | 0.00% |
| 23 | Non-Residential - 1.5" - Tier 2 | 93.30% | 92.80% | 92.30% | 91.80% | 91.30% | 0.00% | 0.00% | 0.00% |
| 24 | Non-Residential - 2" - Tier 1 | 90.40% | 89.90% | 89.40% | 88.90% | 88.40% | 0.00% | 0.00% | 0.00% |
| 25 | Non-Residential - 2" - Tier 2 | 90.40% | 89.90% | 89.40% | 88.90% | 88.40% | 0.00% | 0.00% | 0.00% |
| 26 | Sprinkler - 5/8" - Tier 1 | 72.50% | 72.00% | 71.50% | 71.00% | 70.50% | 70.00% | 69.50% | 69.00% |
| 27 | Sprinkler - 5/8" - Tier 2 | 72.50% | 72.00% | 71.50% | 71.00% | 70.50% | 70.00% | 69.50% | 69.00% |
| 28 | Sprinkler - 3/4" - Tier 1 | 90.90% | 90.40% | 89.90% | 89.40% | 88.90% | 88.40% | 87.90% | 87.40% |
| 29 | Sprinkler - 3/4" - Tier 2 | 90.90% | 90.40% | 89.90% | 89.40% | 88.90% | 88.40% | 87.90% | 87.40% |
| 30 | Sprinkler - 1" - Tier 1 | 84.20% | 83.70% | 83.20% | 82.70% | 82.20% | 81.70% | 81.20% | 80.70% |
| 31 | Sprinkler - 1" - Tier 2 | 84.20% | 83.70% | 83.20% | 82.70% | 82.20% | 81.70% | 81.20% | 80.70% |
| 32 | Sprinkler - 1.5" - Tier 1 | 93.30% | 92.80% | 92.30% | 91.80% | 91.30% | 0.00% | 0.00% | 0.00% |
| 33 | Sprinkler - 1.5" - Tier 2 | 93.30% | 92.80% | 92.30% | 91.80% | 91.30% | 0.00% | 0.00% | 0.00% |
| 34 | Sprinkler - 2" - Tier 1 | 90.40% | 89.90% | 89.40% | 88.90% | 88.40% | 0.00% | 0.00% | 0.00% |
| 35 | Sprinkler - 2" - Tier 2 | 90.40% | 89.90% | 89.40% | 88.90% | 88.40% | 0.00% | 0.00% | 0.00% |

| Item | Description | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 |
|------|-------------------------------------|---------|---------|---------|---------|---------|
| 1 | Water - Residential - 5/8" - Tier 1 | 68.50% | 68.00% | 67.50% | 67.00% | 66.50% |
| 2 | Water - Residential - 5/8" - Tier 2 | 68.50% | 68.00% | 67.50% | 67.00% | 66.50% |
| 3 | Water - Residential - 5/8" - Tier 3 | 68.50% | 68.00% | 67.50% | 67.00% | 66.50% |
| 4 | Water - Residential - 3/4" - Tier 1 | 86.90% | 86.40% | 85.90% | 85.40% | 84.90% |
| 5 | Water - Residential - 3/4" - Tier 2 | 86.90% | 86.40% | 85.90% | 85.40% | 84.90% |
| 6 | Water - Residential - 3/4" - Tier 3 | 86.90% | 86.40% | 85.90% | 85.40% | 84.90% |
| 7 | Water - Residential - 1" - Tier 1 | 80.20% | 79.70% | 79.20% | 78.70% | 78.20% |
| 8 | Water - Residential - 1" - Tier 2 | 80.20% | 79.70% | 79.20% | 78.70% | 78.20% |
| 9 | Water - Residential - 1" - Tier 3 | 80.20% | 79.70% | 79.20% | 78.70% | 78.20% |
| 10 | Water - Residential - 1.5" - Tier 1 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 11 | Water - Residential - 1.5" - Tier 2 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 12 | Water - Residential - 1.5" - Tier 3 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 13 | Water - Residential - 2" - Tier 1 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 14 | Water - Residential - 2" - Tier 2 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 15 | Water - Residential - 2" - Tier 3 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 16 | Non-Residential - 5/8" - Tier 1 | 68.50% | 68.00% | 67.50% | 67.00% | 66.50% |
| 17 | Non-Residential - 5/8" - Tier 2 | 68.50% | 68.00% | 67.50% | 67.00% | 66.50% |
| 18 | Non-Residential - 3/4" - Tier 1 | 86.90% | 86.40% | 85.90% | 85.40% | 84.90% |
| 19 | Non-Residential - 3/4" - Tier 2 | 86.90% | 86.40% | 85.90% | 85.40% | 84.90% |
| 20 | Non-Residential - 1" - Tier 1 | 80.20% | 79.70% | 79.20% | 78.70% | 78.20% |

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| Item | Description | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 |
|------|---------------------------------|---------|---------|---------|---------|---------|
| 21 | Non-Residential - 1" - Tier 2 | 80.20% | 79.70% | 79.20% | 78.70% | 78.20% |
| 22 | Non-Residential - 1.5" - Tier 1 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 23 | Non-Residential - 1.5" - Tier 2 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 24 | Non-Residential - 2" - Tier 1 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 25 | Non-Residential - 2" - Tier 2 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 26 | Sprinkler - 5/8" - Tier 1 | 68.50% | 68.00% | 67.50% | 67.00% | 66.50% |
| 27 | Sprinkler - 5/8" - Tier 2 | 68.50% | 68.00% | 67.50% | 67.00% | 66.50% |
| 28 | Sprinkler - 3/4" - Tier 1 | 86.90% | 86.40% | 85.90% | 85.40% | 84.90% |
| 29 | Sprinkler - 3/4" - Tier 2 | 86.90% | 86.40% | 85.90% | 85.40% | 84.90% |
| 30 | Sprinkler - 1" - Tier 1 | 80.20% | 79.70% | 79.20% | 78.70% | 78.20% |
| 31 | Sprinkler - 1" - Tier 2 | 80.20% | 79.70% | 79.20% | 78.70% | 78.20% |
| 32 | Sprinkler - 1.5" - Tier 1 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 33 | Sprinkler - 1.5" - Tier 2 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 34 | Sprinkler - 2" - Tier 1 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 35 | Sprinkler - 2" - Tier 2 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Table 5.3 shows the Baseline Utility demand and consumption for the following FIMs: WWTP Aeration System Improvements, and WWTP Digester replacements. The baseline used for WWTP FIMs

Table 5.3 – Baseline Utility Consumption for Non Water Meter FIMs

| FIM | Electrical Consumption (kWh) | Electrical Demand (kW) |
|-----------------------|------------------------------|------------------------|
| WWTP Aeration System | 2,374,560 | 4,626 |
| WWTP Digester Blowers | 414,918 | 48.8 |

- 5.2 The operating practices during the Baseline Period determine the utility consumption shown in Table 5.1 and 5.3. This data indicates the operating characteristics that were in effect during the Baseline Period. The Guaranteed Savings provided under this Agreement are based on the efficiencies gained by implementing the Work and implementing the Contracted Baseline in Article 7 of this Exhibit C.

Changes in equipment operation due to fluctuating weather conditions, extended or contracted operating schedules, population changes, or changes in functionality; may change power and energy consumption and require adjustments to the pre-retrofit Baseline models. The Annual Performance Assurance Report will document changes in conditions that may affect Savings persistence.

- 5.3 Applicable codes - Federal, State, County or Municipal codes or regulations are applicable to the use and operation of the Facility. SIEMENS will maintain the current level of Facility compliance relative to applicable codes. Unless specifically set forth in the Scope

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of Work and Services, Exhibit A, nothing herein should be construed as to require SIEMENS to provide additional work or services in the event that the current applicable code or regulation is modified.

- 5.3.1 Current code compliance (identify the applicable code citation): SIEMENS will comply with applicable electrical codes.
- 5.3.2 Code changes: In the event code changes are made after execution of the Agreement, SIEMENS reserves the right to adjust its pricing to accommodate the new code requirements. Alternatively, the CLIENT may waive new code compliance so that no adjustment to the pricing is necessary.

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Article 6: Utility Rate Structures and Escalation Rates

- 6.1 Utility costs used for Savings calculations will be based on the utility rates and rate escalation percentages, as provided in the table(s) below.

A one and a half percent (1.5%) escalation rate will be applied to the water rates while a three percent (3%) escalation rate will be applied annually to the electric utility rate.

Table 6.1.1 shows the water and sewer rates that are applicable to this project.

Table 6.1.1 – Water and Sewer Rate Structure

| Rate Increase Percentage | | 2015 | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% |
|--------------------------|-------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|
| Item | Description | Baseline | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 |
| 1 | Water - Residential - 5/8" - Tier 1 | \$0.390 | \$0.396 | \$0.402 | \$0.408 | \$0.414 | \$0.420 | \$0.426 | \$0.433 |
| 2 | Water - Residential - 5/8" - Tier 2 | \$0.490 | \$0.497 | \$0.505 | \$0.512 | \$0.520 | \$0.528 | \$0.536 | \$0.544 |
| 3 | Water - Residential - 5/8" - Tier 3 | \$0.590 | \$0.599 | \$0.608 | \$0.617 | \$0.626 | \$0.636 | \$0.645 | \$0.655 |
| 4 | Water - Residential - 3/4" - Tier 1 | \$0.390 | \$0.396 | \$0.402 | \$0.408 | \$0.414 | \$0.420 | \$0.426 | \$0.433 |
| 5 | Water - Residential - 3/4" - Tier 2 | \$0.490 | \$0.497 | \$0.505 | \$0.512 | \$0.520 | \$0.528 | \$0.536 | \$0.544 |
| 6 | Water - Residential - 3/4" - Tier 3 | \$0.590 | \$0.599 | \$0.608 | \$0.617 | \$0.626 | \$0.636 | \$0.645 | \$0.655 |
| 7 | Water - Residential - 1" - Tier 1 | \$0.390 | \$0.396 | \$0.402 | \$0.408 | \$0.414 | \$0.420 | \$0.426 | \$0.433 |
| 8 | Water - Residential - 1" - Tier 2 | \$0.490 | \$0.497 | \$0.505 | \$0.512 | \$0.520 | \$0.528 | \$0.536 | \$0.544 |
| 9 | Water - Residential - 1" - Tier 3 | \$0.590 | \$0.599 | \$0.608 | \$0.617 | \$0.626 | \$0.636 | \$0.645 | \$0.655 |
| 10 | Water - Residential - 1.5" - Tier 1 | \$0.390 | \$0.396 | \$0.402 | \$0.408 | \$0.414 | \$0.420 | \$0.426 | \$0.433 |
| 11 | Water - Residential - 1.5" - Tier 2 | \$0.490 | \$0.497 | \$0.505 | \$0.512 | \$0.520 | \$0.528 | \$0.536 | \$0.544 |
| 12 | Water - Residential - 1.5" - Tier 3 | \$0.590 | \$0.599 | \$0.608 | \$0.617 | \$0.626 | \$0.636 | \$0.645 | \$0.655 |
| 13 | Water - Residential - 2" - Tier 1 | \$0.390 | \$0.396 | \$0.402 | \$0.408 | \$0.414 | \$0.420 | \$0.426 | \$0.433 |
| 14 | Water - Residential - 2" - Tier 2 | \$0.490 | \$0.497 | \$0.505 | \$0.512 | \$0.520 | \$0.528 | \$0.536 | \$0.544 |
| 15 | Water - Residential - 2" - Tier 3 | \$0.590 | \$0.599 | \$0.608 | \$0.617 | \$0.626 | \$0.636 | \$0.645 | \$0.655 |
| 16 | Non-Residential - 5/8" - Tier 1 | \$0.515 | \$0.523 | \$0.531 | \$0.539 | \$0.547 | \$0.555 | \$0.563 | \$0.572 |
| 17 | Non-Residential - 5/8" - Tier 2 | \$0.590 | \$0.599 | \$0.608 | \$0.617 | \$0.626 | \$0.636 | \$0.645 | \$0.655 |
| 18 | Non-Residential - 3/4" - Tier 1 | \$0.515 | \$0.523 | \$0.531 | \$0.539 | \$0.547 | \$0.555 | \$0.563 | \$0.572 |
| 19 | Non-Residential - 3/4" - Tier 2 | \$0.590 | \$0.599 | \$0.608 | \$0.617 | \$0.626 | \$0.636 | \$0.645 | \$0.655 |
| 20 | Non-Residential - 1" - Tier 1 | \$0.515 | \$0.523 | \$0.531 | \$0.539 | \$0.547 | \$0.555 | \$0.563 | \$0.572 |
| 21 | Non-Residential - 1" - Tier 2 | \$0.590 | \$0.599 | \$0.608 | \$0.617 | \$0.626 | \$0.636 | \$0.645 | \$0.655 |
| 22 | Non-Residential - 1.5" - Tier 1 | \$0.515 | \$0.523 | \$0.531 | \$0.539 | \$0.547 | \$0.555 | \$0.563 | \$0.572 |
| 23 | Non-Residential - 1.5" - Tier 2 | \$0.590 | \$0.599 | \$0.608 | \$0.617 | \$0.626 | \$0.636 | \$0.645 | \$0.655 |
| 24 | Non-Residential - 2" - Tier 1 | \$0.515 | \$0.523 | \$0.531 | \$0.539 | \$0.547 | \$0.555 | \$0.563 | \$0.572 |
| 25 | Non-Residential - 2" - Tier 2 | \$0.590 | \$0.599 | \$0.608 | \$0.617 | \$0.626 | \$0.636 | \$0.645 | \$0.655 |
| 26 | Sprinkler - 5/8" - Tier 1 | \$0.350 | \$0.355 | \$0.361 | \$0.366 | \$0.371 | \$0.377 | \$0.383 | \$0.388 |
| 27 | Sprinkler - 5/8" - Tier 2 | \$0.400 | \$0.406 | \$0.412 | \$0.418 | \$0.425 | \$0.431 | \$0.437 | \$0.444 |
| 28 | Sprinkler - 3/4" - Tier 1 | \$0.350 | \$0.355 | \$0.361 | \$0.366 | \$0.371 | \$0.377 | \$0.383 | \$0.388 |

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| Rate Increase Percentage | | 2015 | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% |
|--------------------------|---------------------------|----------|---------|---------|---------|---------|---------|---------|---------|
| Item | Description | Baseline | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 |
| 29 | Sprinkler - 3/4" - Tier 2 | \$0.400 | \$0.406 | \$0.412 | \$0.418 | \$0.425 | \$0.431 | \$0.437 | \$0.444 |
| 30 | Sprinkler - 1" - Tier 1 | \$0.350 | \$0.355 | \$0.361 | \$0.366 | \$0.371 | \$0.377 | \$0.383 | \$0.388 |
| 31 | Sprinkler - 1" - Tier 2 | \$0.400 | \$0.406 | \$0.412 | \$0.418 | \$0.425 | \$0.431 | \$0.437 | \$0.444 |
| 32 | Sprinkler - 1.5" - Tier 1 | \$0.350 | \$0.355 | \$0.361 | \$0.366 | \$0.371 | \$0.377 | \$0.383 | \$0.388 |
| 33 | Sprinkler - 1.5" - Tier 2 | \$0.400 | \$0.406 | \$0.412 | \$0.418 | \$0.425 | \$0.431 | \$0.437 | \$0.444 |
| 34 | Sprinkler - 2" - Tier 1 | \$0.350 | \$0.355 | \$0.361 | \$0.366 | \$0.371 | \$0.377 | \$0.383 | \$0.388 |
| 35 | Sprinkler - 2" - Tier 2 | \$0.400 | \$0.406 | \$0.412 | \$0.418 | \$0.425 | \$0.431 | \$0.437 | \$0.444 |

| Rate Increase Percentage | | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% |
|--------------------------|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Item | Description | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 |
| 1 | Water - Residential - 5/8" - Tier 1 | \$0.439 | \$0.446 | \$0.453 | \$0.459 | \$0.466 | \$0.473 | \$0.480 | \$0.488 |
| 2 | Water - Residential - 5/8" - Tier 2 | \$0.552 | \$0.560 | \$0.569 | \$0.577 | \$0.586 | \$0.595 | \$0.604 | \$0.613 |
| 3 | Water - Residential - 5/8" - Tier 3 | \$0.665 | \$0.675 | \$0.685 | \$0.695 | \$0.705 | \$0.716 | \$0.727 | \$0.738 |
| 4 | Water - Residential - 3/4" - Tier 1 | \$0.439 | \$0.446 | \$0.453 | \$0.459 | \$0.466 | \$0.473 | \$0.480 | \$0.488 |
| 5 | Water - Residential - 3/4" - Tier 2 | \$0.552 | \$0.560 | \$0.569 | \$0.577 | \$0.586 | \$0.595 | \$0.604 | \$0.613 |
| 6 | Water - Residential - 3/4" - Tier 3 | \$0.665 | \$0.675 | \$0.685 | \$0.695 | \$0.705 | \$0.716 | \$0.727 | \$0.738 |
| 7 | Water - Residential - 1" - Tier 1 | \$0.439 | \$0.446 | \$0.453 | \$0.459 | \$0.466 | \$0.473 | \$0.480 | \$0.488 |
| 8 | Water - Residential - 1" - Tier 2 | \$0.552 | \$0.560 | \$0.569 | \$0.577 | \$0.586 | \$0.595 | \$0.604 | \$0.613 |
| 9 | Water - Residential - 1" - Tier 3 | \$0.665 | \$0.675 | \$0.685 | \$0.695 | \$0.705 | \$0.716 | \$0.727 | \$0.738 |
| 10 | Water - Residential - 1.5" - Tier 1 | \$0.439 | \$0.446 | \$0.453 | \$0.459 | \$0.466 | \$0.473 | \$0.480 | \$0.488 |
| 11 | Water - Residential - 1.5" - Tier 2 | \$0.552 | \$0.560 | \$0.569 | \$0.577 | \$0.586 | \$0.595 | \$0.604 | \$0.613 |
| 12 | Water - Residential - 1.5" - Tier 3 | \$0.665 | \$0.675 | \$0.685 | \$0.695 | \$0.705 | \$0.716 | \$0.727 | \$0.738 |
| 13 | Water - Residential - 2" - Tier 1 | \$0.439 | \$0.446 | \$0.453 | \$0.459 | \$0.466 | \$0.473 | \$0.480 | \$0.488 |
| 14 | Water - Residential - 2" - Tier 2 | \$0.552 | \$0.560 | \$0.569 | \$0.577 | \$0.586 | \$0.595 | \$0.604 | \$0.613 |
| 15 | Water - Residential - 2" - Tier 3 | \$0.665 | \$0.675 | \$0.685 | \$0.695 | \$0.705 | \$0.716 | \$0.727 | \$0.738 |
| 16 | Non-Residential - 5/8" - Tier 1 | \$0.580 | \$0.589 | \$0.598 | \$0.607 | \$0.616 | \$0.625 | \$0.634 | \$0.644 |
| 17 | Non-Residential - 5/8" - Tier 2 | \$0.665 | \$0.675 | \$0.685 | \$0.695 | \$0.705 | \$0.716 | \$0.727 | \$0.738 |
| 18 | Non-Residential - 3/4" - Tier 1 | \$0.580 | \$0.589 | \$0.598 | \$0.607 | \$0.616 | \$0.625 | \$0.634 | \$0.644 |
| 19 | Non-Residential - 3/4" - Tier 2 | \$0.665 | \$0.675 | \$0.685 | \$0.695 | \$0.705 | \$0.716 | \$0.727 | \$0.738 |
| 20 | Non-Residential - 1" - Tier 1 | \$0.580 | \$0.589 | \$0.598 | \$0.607 | \$0.616 | \$0.625 | \$0.634 | \$0.644 |
| 21 | Non-Residential - 1" - Tier 2 | \$0.665 | \$0.675 | \$0.685 | \$0.695 | \$0.705 | \$0.716 | \$0.727 | \$0.738 |
| 22 | Non-Residential - 1.5" - Tier 1 | \$0.580 | \$0.589 | \$0.598 | \$0.607 | \$0.616 | \$0.625 | \$0.634 | \$0.644 |
| 23 | Non-Residential - 1.5" - Tier 2 | \$0.665 | \$0.675 | \$0.685 | \$0.695 | \$0.705 | \$0.716 | \$0.727 | \$0.738 |
| 24 | Non-Residential - 2" - Tier 1 | \$0.580 | \$0.589 | \$0.598 | \$0.607 | \$0.616 | \$0.625 | \$0.634 | \$0.644 |
| 25 | Non-Residential - 2" - Tier 2 | \$0.665 | \$0.675 | \$0.685 | \$0.695 | \$0.705 | \$0.716 | \$0.727 | \$0.738 |
| 26 | Sprinkler - 5/8" - Tier 1 | \$0.394 | \$0.400 | \$0.406 | \$0.412 | \$0.418 | \$0.425 | \$0.431 | \$0.438 |
| 27 | Sprinkler - 5/8" - Tier 2 | \$0.451 | \$0.457 | \$0.464 | \$0.471 | \$0.478 | \$0.485 | \$0.493 | \$0.500 |
| 28 | Sprinkler - 3/4" - Tier 1 | \$0.394 | \$0.400 | \$0.406 | \$0.412 | \$0.418 | \$0.425 | \$0.431 | \$0.438 |

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| Item | Rate Increase Percentage | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% |
|------|---------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Description | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 |
| 29 | Sprinkler - 3/4" - Tier 2 | \$0.451 | \$0.457 | \$0.464 | \$0.471 | \$0.478 | \$0.485 | \$0.493 | \$0.500 |
| 30 | Sprinkler - 1" - Tier 1 | \$0.394 | \$0.400 | \$0.406 | \$0.412 | \$0.418 | \$0.425 | \$0.431 | \$0.438 |
| 31 | Sprinkler - 1" - Tier 2 | \$0.451 | \$0.457 | \$0.464 | \$0.471 | \$0.478 | \$0.485 | \$0.493 | \$0.500 |
| 32 | Sprinkler - 1.5" - Tier 1 | \$0.394 | \$0.400 | \$0.406 | \$0.412 | \$0.418 | \$0.425 | \$0.431 | \$0.438 |
| 33 | Sprinkler - 1.5" - Tier 2 | \$0.451 | \$0.457 | \$0.464 | \$0.471 | \$0.478 | \$0.485 | \$0.493 | \$0.500 |
| 34 | Sprinkler - 2" - Tier 1 | \$0.394 | \$0.400 | \$0.406 | \$0.412 | \$0.418 | \$0.425 | \$0.431 | \$0.438 |
| 35 | Sprinkler - 2" - Tier 2 | \$0.451 | \$0.457 | \$0.464 | \$0.471 | \$0.478 | \$0.485 | \$0.493 | \$0.500 |

| Item | Rate Increase Percentage | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% |
|------|-------------------------------------|---------|---------|---------|---------|---------|
| | Description | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 |
| 1 | Water - Residential - 5/8" - Tier 1 | \$0.495 | \$0.502 | \$0.510 | \$0.518 | \$0.525 |
| 2 | Water - Residential - 5/8" - Tier 2 | \$0.622 | \$0.631 | \$0.641 | \$0.650 | \$0.660 |
| 3 | Water - Residential - 5/8" - Tier 3 | \$0.749 | \$0.760 | \$0.771 | \$0.783 | \$0.795 |
| 4 | Water - Residential - 3/4" - Tier 1 | \$0.495 | \$0.502 | \$0.510 | \$0.518 | \$0.525 |
| 5 | Water - Residential - 3/4" - Tier 2 | \$0.622 | \$0.631 | \$0.641 | \$0.650 | \$0.660 |
| 6 | Water - Residential - 3/4" - Tier 3 | \$0.749 | \$0.760 | \$0.771 | \$0.783 | \$0.795 |
| 7 | Water - Residential - 1" - Tier 1 | \$0.495 | \$0.502 | \$0.510 | \$0.518 | \$0.525 |
| 8 | Water - Residential - 1" - Tier 2 | \$0.622 | \$0.631 | \$0.641 | \$0.650 | \$0.660 |
| 9 | Water - Residential - 1" - Tier 3 | \$0.749 | \$0.760 | \$0.771 | \$0.783 | \$0.795 |
| 10 | Water - Residential - 1.5" - Tier 1 | \$0.495 | \$0.502 | \$0.510 | \$0.518 | \$0.525 |
| 11 | Water - Residential - 1.5" - Tier 2 | \$0.622 | \$0.631 | \$0.641 | \$0.650 | \$0.660 |
| 12 | Water - Residential - 1.5" - Tier 3 | \$0.749 | \$0.760 | \$0.771 | \$0.783 | \$0.795 |
| 13 | Water - Residential - 2" - Tier 1 | \$0.495 | \$0.502 | \$0.510 | \$0.518 | \$0.525 |
| 14 | Water - Residential - 2" - Tier 2 | \$0.622 | \$0.631 | \$0.641 | \$0.650 | \$0.660 |
| 15 | Water - Residential - 2" - Tier 3 | \$0.749 | \$0.760 | \$0.771 | \$0.783 | \$0.795 |
| 16 | Non-Residential - 5/8" - Tier 1 | \$0.654 | \$0.663 | \$0.673 | \$0.683 | \$0.694 |
| 17 | Non-Residential - 5/8" - Tier 2 | \$0.749 | \$0.760 | \$0.771 | \$0.783 | \$0.795 |
| 18 | Non-Residential - 3/4" - Tier 1 | \$0.654 | \$0.663 | \$0.673 | \$0.683 | \$0.694 |
| 19 | Non-Residential - 3/4" - Tier 2 | \$0.749 | \$0.760 | \$0.771 | \$0.783 | \$0.795 |
| 20 | Non-Residential - 1" - Tier 1 | \$0.654 | \$0.663 | \$0.673 | \$0.683 | \$0.694 |
| 21 | Non-Residential - 1" - Tier 2 | \$0.749 | \$0.760 | \$0.771 | \$0.783 | \$0.795 |
| 22 | Non-Residential - 1.5" - Tier 1 | \$0.654 | \$0.663 | \$0.673 | \$0.683 | \$0.694 |
| 23 | Non-Residential - 1.5" - Tier 2 | \$0.749 | \$0.760 | \$0.771 | \$0.783 | \$0.795 |
| 24 | Non-Residential - 2" - Tier 1 | \$0.654 | \$0.663 | \$0.673 | \$0.683 | \$0.694 |
| 25 | Non-Residential - 2" - Tier 2 | \$0.749 | \$0.760 | \$0.771 | \$0.783 | \$0.795 |
| 26 | Sprinkler - 5/8" - Tier 1 | \$0.444 | \$0.451 | \$0.458 | \$0.464 | \$0.471 |
| 27 | Sprinkler - 5/8" - Tier 2 | \$0.508 | \$0.515 | \$0.523 | \$0.531 | \$0.539 |
| 28 | Sprinkler - 3/4" - Tier 1 | \$0.444 | \$0.451 | \$0.458 | \$0.464 | \$0.471 |

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| | Rate Increase Percentage | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% |
|------|---------------------------|---------|---------|---------|---------|---------|
| Item | Description | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 |
| 29 | Sprinkler - 3/4" - Tier 2 | \$0.508 | \$0.515 | \$0.523 | \$0.531 | \$0.539 |
| 30 | Sprinkler - 1" - Tier 1 | \$0.444 | \$0.451 | \$0.458 | \$0.464 | \$0.471 |
| 31 | Sprinkler - 1" - Tier 2 | \$0.508 | \$0.515 | \$0.523 | \$0.531 | \$0.539 |
| 32 | Sprinkler - 1.5" - Tier 1 | \$0.444 | \$0.451 | \$0.458 | \$0.464 | \$0.471 |
| 33 | Sprinkler - 1.5" - Tier 2 | \$0.508 | \$0.515 | \$0.523 | \$0.531 | \$0.539 |
| 34 | Sprinkler - 2" - Tier 1 | \$0.444 | \$0.451 | \$0.458 | \$0.464 | \$0.471 |
| 35 | Sprinkler - 2" - Tier 2 | \$0.508 | \$0.515 | \$0.523 | \$0.531 | \$0.539 |

NAME OF ELECTRIC UTILITY:

- Unregulated Retail Electric Provider: Texas General Land Office
- Regulated Transmission and Distribution Service Provider: Centerpoint Energy

TABLE 6.1.2 - SUMMARY OF APPLICABLE TDSP RATE CODES

| Rate Class/Code | Rate Description | \$/kWh ¹ | \$/kVA |
|-----------------|--|---------------------|-----------|
| 360 | Secondary Service 51 KVA or Greater / LF > 10% | \$0.06076 | \$5.93628 |

The \$/kWh component includes the fixed REP contracted rate of \$0.05147.

TABLE 6.1.3 - SUMMARY OF APPLICABLE ELECTRIC BILLING ACCOUNTS

| ESI ID | Rate Class/Code | \$/kWh | \$/kVA | Function |
|------------------------|-----------------|-----------|-----------|----------|
| 1008901024900592470112 | 360 | \$0.06076 | \$5.93628 | WWTP |

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Article 7: Contracted Baseline Data

- 7.1 The following tables details the water meter and electrical operating parameters that are required to be implemented on the Guarantee Date or on such time as agreed upon by the Parties. This specific configuration of facility operating parameters is the Contracted Baseline. The failure of the CLIENT to maintain the Contracted Baseline may result in a Material Change which may require a modification of the Performance Guarantee pursuant to Article 4 of the Agreement.

Table 7.1 – Proposed Water Meter Accuracy

| Item | Description | Baseline | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 |
|------|-------------------------------------|----------|--------|--------|--------|--------|--------|--------|--------|
| 1 | Water - Residential - 5/8" - Tier 1 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |
| 2 | Water - Residential - 5/8" - Tier 2 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |
| 3 | Water - Residential - 5/8" - Tier 3 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |
| 4 | Water - Residential - 3/4" - Tier 1 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |
| 5 | Water - Residential - 3/4" - Tier 2 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |
| 6 | Water - Residential - 3/4" - Tier 3 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |
| 7 | Water - Residential - 1" - Tier 1 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |
| 8 | Water - Residential - 1" - Tier 2 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |
| 9 | Water - Residential - 1" - Tier 3 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |
| 10 | Water - Residential - 1.5" - Tier 1 | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% | 96.64% | 96.35% | 96.06% |
| 11 | Water - Residential - 1.5" - Tier 2 | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% | 96.64% | 96.35% | 96.06% |
| 12 | Water - Residential - 1.5" - Tier 3 | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% | 96.64% | 96.35% | 96.06% |
| 13 | Water - Residential - 2" - Tier 1 | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% | 96.64% | 96.35% | 96.06% |
| 14 | Water - Residential - 2" - Tier 2 | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% | 96.64% | 96.35% | 96.06% |
| 15 | Water - Residential - 2" - Tier 3 | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% | 96.64% | 96.35% | 96.06% |
| 16 | Non-Residential - 5/8" - Tier 1 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |
| 17 | Non-Residential - 5/8" - Tier 2 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |
| 18 | Non-Residential - 3/4" - Tier 1 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |
| 19 | Non-Residential - 3/4" - Tier 2 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |
| 20 | Non-Residential - 1" - Tier 1 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |
| 21 | Non-Residential - 1" - Tier 2 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |
| 22 | Non-Residential - 1.5" - Tier 1 | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% | 96.64% | 96.35% | 96.06% |
| 23 | Non-Residential - 1.5" - Tier 2 | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% | 96.64% | 96.35% | 96.06% |
| 24 | Non-Residential - 2" - Tier 1 | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% | 96.64% | 96.35% | 96.06% |
| 25 | Non-Residential - 2" - Tier 2 | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% | 96.64% | 96.35% | 96.06% |
| 26 | Sprinkler - 5/8" - Tier 1 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |
| 27 | Sprinkler - 5/8" - Tier 2 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |
| 28 | Sprinkler - 3/4" - Tier 1 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |
| 29 | Sprinkler - 3/4" - Tier 2 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |
| 30 | Sprinkler - 1" - Tier 1 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |
| 31 | Sprinkler - 1" - Tier 2 | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% |

Exhibit C – Performance Assurance

City of Bellaire, TX

| Item | Description | Baseline | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 |
|------|---------------------------|----------|--------|--------|--------|--------|--------|--------|--------|
| 32 | Sprinkler - 1.5" - Tier 1 | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% | 96.64% | 96.35% | 96.06% |
| 33 | Sprinkler - 1.5" - Tier 2 | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% | 96.64% | 96.35% | 96.06% |
| 34 | Sprinkler - 2" - Tier 1 | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% | 96.64% | 96.35% | 96.06% |
| 35 | Sprinkler - 2" - Tier 2 | 97.98% | 97.98% | 97.98% | 97.23% | 96.93% | 96.64% | 96.35% | 96.06% |

| Item | Description | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 |
|------|-------------------------------------|--------|--------|---------|---------|---------|---------|---------|---------|
| 1 | Water - Residential - 5/8" - Tier 1 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 2 | Water - Residential - 5/8" - Tier 2 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 3 | Water - Residential - 5/8" - Tier 3 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 4 | Water - Residential - 3/4" - Tier 1 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 5 | Water - Residential - 3/4" - Tier 2 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 6 | Water - Residential - 3/4" - Tier 3 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 7 | Water - Residential - 1" - Tier 1 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 8 | Water - Residential - 1" - Tier 2 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 9 | Water - Residential - 1" - Tier 3 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 10 | Water - Residential - 1.5" - Tier 1 | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% | 0.00% | 0.00% | 0.00% |
| 11 | Water - Residential - 1.5" - Tier 2 | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% | 0.00% | 0.00% | 0.00% |
| 12 | Water - Residential - 1.5" - Tier 3 | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% | 0.00% | 0.00% | 0.00% |
| 13 | Water - Residential - 2" - Tier 1 | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% | 0.00% | 0.00% | 0.00% |
| 14 | Water - Residential - 2" - Tier 2 | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% | 0.00% | 0.00% | 0.00% |
| 15 | Water - Residential - 2" - Tier 3 | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% | 0.00% | 0.00% | 0.00% |
| 16 | Non-Residential - 5/8" - Tier 1 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 17 | Non-Residential - 5/8" - Tier 2 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 18 | Non-Residential - 3/4" - Tier 1 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 19 | Non-Residential - 3/4" - Tier 2 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 20 | Non-Residential - 1" - Tier 1 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 21 | Non-Residential - 1" - Tier 2 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 22 | Non-Residential - 1.5" - Tier 1 | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% | 0.00% | 0.00% | 0.00% |
| 23 | Non-Residential - 1.5" - Tier 2 | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% | 0.00% | 0.00% | 0.00% |
| 24 | Non-Residential - 2" - Tier 1 | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% | 0.00% | 0.00% | 0.00% |
| 25 | Non-Residential - 2" - Tier 2 | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% | 0.00% | 0.00% | 0.00% |
| 26 | Sprinkler - 5/8" - Tier 1 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 27 | Sprinkler - 5/8" - Tier 2 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 28 | Sprinkler - 3/4" - Tier 1 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 29 | Sprinkler - 3/4" - Tier 2 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 30 | Sprinkler - 1" - Tier 1 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 31 | Sprinkler - 1" - Tier 2 | 96.64% | 96.35% | 96.06% | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% |
| 32 | Sprinkler - 1.5" - Tier 1 | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% | 0.00% | 0.00% | 0.00% |
| 33 | Sprinkler - 1.5" - Tier 2 | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% | 0.00% | 0.00% | 0.00% |
| 34 | Sprinkler - 2" - Tier 1 | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% | 0.00% | 0.00% | 0.00% |

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| Item | Description | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 |
|------|-------------------------|--------|--------|---------|---------|---------|---------|---------|---------|
| 35 | Sprinkler - 2" - Tier 2 | 95.78% | 95.49% | 95.20% | 94.92% | 94.63% | 0.00% | 0.00% | 0.00% |

| Item | Description | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 |
|------|-------------------------------------|---------|---------|---------|---------|---------|
| 1 | Water - Residential - 5/8" - Tier 1 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 2 | Water - Residential - 5/8" - Tier 2 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 3 | Water - Residential - 5/8" - Tier 3 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 4 | Water - Residential - 3/4" - Tier 1 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 5 | Water - Residential - 3/4" - Tier 2 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 6 | Water - Residential - 3/4" - Tier 3 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 7 | Water - Residential - 1" - Tier 1 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 8 | Water - Residential - 1" - Tier 2 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 9 | Water - Residential - 1" - Tier 3 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 10 | Water - Residential - 1.5" - Tier 1 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 11 | Water - Residential - 1.5" - Tier 2 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 12 | Water - Residential - 1.5" - Tier 3 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 13 | Water - Residential - 2" - Tier 1 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 14 | Water - Residential - 2" - Tier 2 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 15 | Water - Residential - 2" - Tier 3 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 16 | Non-Residential - 5/8" - Tier 1 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 17 | Non-Residential - 5/8" - Tier 2 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 18 | Non-Residential - 3/4" - Tier 1 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 19 | Non-Residential - 3/4" - Tier 2 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 20 | Non-Residential - 1" - Tier 1 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 21 | Non-Residential - 1" - Tier 2 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 22 | Non-Residential - 1.5" - Tier 1 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 23 | Non-Residential - 1.5" - Tier 2 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 24 | Non-Residential - 2" - Tier 1 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 25 | Non-Residential - 2" - Tier 2 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 26 | Sprinkler - 5/8" - Tier 1 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 27 | Sprinkler - 5/8" - Tier 2 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 28 | Sprinkler - 3/4" - Tier 1 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 29 | Sprinkler - 3/4" - Tier 2 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 30 | Sprinkler - 1" - Tier 1 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 31 | Sprinkler - 1" - Tier 2 | 94.35% | 94.06% | 93.78% | 93.50% | 93.22% |
| 32 | Sprinkler - 1.5" - Tier 1 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 33 | Sprinkler - 1.5" - Tier 2 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 34 | Sprinkler - 2" - Tier 1 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 35 | Sprinkler - 2" - Tier 2 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

The manufacturer's warranty based on repaired meter accuracy expires in year 15. Therefore the accuracies stated in Table 7.1 for year 16 through year 20 are stipulated values that estimate

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City of Bellaire, TX

repaired meter accuracy in those years. Since SIEMENS cannot be certain of degradation from year 16 onwards, consumption and revenue increases calculated for years 16 through 20 are therefore stipulated and measured using M&V Option E.

Table 7.2 – Contracted Baseline Utility Consumption for Non Water Meter FIMs

| FIM | Electrical Consumption (kWh) | Electrical Demand (kW) |
|-----------------------|------------------------------|------------------------|
| WWTP Aeration System | 1,790,973 | 3,829 |
| WWTP Digester Blowers | 394,172 | 46.8 |

This Exhibit C is attached to and made a part of the Agreement between SIEMENS and the CLIENT. BY SIGNING BELOW, THE PARTIES CONFIRM THAT THEY HAVE REVIEWED THE INCLUDED MEASUREMENT AND VERIFICATION OPTIONS AND THEIR APPLICATION TO BE USED IN CALCULATING SAVINGS UNDER THE AGREEMENT.

CLIENT: City of Bellaire, Texas **SIEMENS:** Siemens Industry, Inc.

Signature: _____
 Printed Name: _____
 Title: _____
 Date: _____

Signature: _____
 Printed Name: _____
 Title: _____
 Date: _____

Attachment: Performance Contracting Agreement (1979 : Performance Contract Project Approval)

| Year 1 - Annual Revenue Calculations | | | | | | | | |
|--------------------------------------|-------------------------------------|---|---------------------------|----------------------------|----------------------|--|-----------------------------------|----------------------------------|
| Item | Description | Existing Consumption at 100% Accuracy (HCF) | Existing Meter Accuracy % | Existing Consumption (HCF) | New Meter Accuracy % | Consumption Billed with New Meters (HCF) | Annual Consumption Increase (HCF) | Annual Consumption Increase (\$) |
| 1 | Water - Residential - 5/8" - Tier 1 | 661,337 | 76.00% | 502,616 | 97.98% | 647,945 | 145,329 | \$ 57,528.39 |
| 2 | Water - Residential - 5/8" - Tier 2 | 993,178 | 76.00% | 754,815 | 97.98% | 973,066 | 218,251 | \$ 108,547.03 |
| 3 | Water - Residential - 5/8" - Tier 3 | 412,417 | 76.00% | 313,437 | 97.98% | 404,066 | 90,629 | \$ 54,272.97 |
| 4 | Water - Residential - 3/4" - Tier 1 | 520,372 | 94.40% | 491,231 | 97.98% | 509,834 | 18,603 | \$ 7,364.11 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,176,732 | 94.40% | 1,110,835 | 97.98% | 1,152,903 | 42,068 | \$ 20,922.60 |
| 6 | Water - Residential - 3/4" - Tier 3 | 772,823 | 94.40% | 729,545 | 97.98% | 757,173 | 27,628 | \$ 16,545.28 |
| 7 | Water - Residential - 1" - Tier 1 | 450,131 | 87.70% | 394,765 | 97.98% | 441,016 | 46,251 | \$ 18,308.45 |
| 8 | Water - Residential - 1" - Tier 2 | 1,175,803 | 87.70% | 1,031,179 | 97.98% | 1,151,993 | 120,814 | \$ 60,086.71 |
| 9 | Water - Residential - 1" - Tier 3 | 1,218,674 | 87.70% | 1,068,777 | 97.98% | 1,193,996 | 125,219 | \$ 74,987.24 |
| 10 | Water - Residential - 1.5" - Tier 1 | 971 | 96.80% | 940 | 97.98% | 951 | 11 | \$ 4.52 |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,460 | 96.80% | 2,381 | 97.98% | 2,410 | 29 | \$ 14.37 |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,274 | 96.80% | 2,201 | 97.98% | 2,228 | 27 | \$ 16.00 |
| 13 | Water - Residential - 2" - Tier 1 | 1,184 | 93.90% | 1,112 | 97.98% | 1,160 | 48 | \$ 19.10 |
| 14 | Water - Residential - 2" - Tier 2 | 2,142 | 93.90% | 2,011 | 97.98% | 2,098 | 87 | \$ 43.40 |
| 15 | Water - Residential - 2" - Tier 3 | 354 | 93.90% | 332 | 97.98% | 346 | 14 | \$ 8.63 |
| 16 | Non-Residential - 5/8" - Tier 1 | 69,284 | 76.00% | 52,656 | 97.98% | 67,881 | 15,225 | \$ 7,958.60 |
| 17 | Non-Residential - 5/8" - Tier 2 | 621 | 76.00% | 472 | 97.98% | 608 | 136 | \$ 81.73 |
| 18 | Non-Residential - 3/4" - Tier 1 | 39,369 | 94.40% | 37,164 | 97.98% | 38,571 | 1,407 | \$ 735.70 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 | 94.40% | 0 | 97.98% | 0 | 0 | \$ - |
| 20 | Non-Residential - 1" - Tier 1 | 193,169 | 87.70% | 169,409 | 97.98% | 189,257 | 19,848 | \$ 10,375.09 |
| 21 | Non-Residential - 1" - Tier 2 | 54,571 | 87.70% | 47,859 | 97.98% | 53,466 | 5,607 | \$ 3,357.87 |
| 22 | Non-Residential - 1.5" - Tier 1 | 32,158 | 96.80% | 31,129 | 97.98% | 31,507 | 378 | \$ 197.52 |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,447 | 96.80% | 12,049 | 97.98% | 12,195 | 146 | \$ 87.59 |
| 24 | Non-Residential - 2" - Tier 1 | 221,649 | 93.90% | 208,128 | 97.98% | 217,160 | 9,032 | \$ 4,721.35 |
| 25 | Non-Residential - 2" - Tier 2 | 131,760 | 93.90% | 123,723 | 97.98% | 129,092 | 5,369 | \$ 3,215.37 |
| 26 | Sprinkler - 5/8" - Tier 1 | 205,095 | 76.00% | 155,872 | 97.98% | 200,942 | 45,070 | \$ 16,010.96 |
| 27 | Sprinkler - 5/8" - Tier 2 | 967 | 76.00% | 735 | 97.98% | 948 | 213 | \$ 86.28 |
| 28 | Sprinkler - 3/4" - Tier 1 | 579,989 | 94.40% | 547,510 | 97.98% | 568,245 | 20,735 | \$ 7,365.97 |
| 29 | Sprinkler - 3/4" - Tier 2 | 8,112 | 94.40% | 7,658 | 97.98% | 7,948 | 290 | \$ 117.75 |
| 30 | Sprinkler - 1" - Tier 1 | 412,587 | 87.70% | 361,839 | 97.98% | 404,232 | 42,393 | \$ 15,060.23 |
| 31 | Sprinkler - 1" - Tier 2 | 11,751 | 87.70% | 10,306 | 97.98% | 11,513 | 1,207 | \$ 490.23 |
| 32 | Sprinkler - 1.5" - Tier 1 | 61,159 | 96.80% | 59,202 | 97.98% | 59,921 | 719 | \$ 255.29 |
| 33 | Sprinkler - 1.5" - Tier 2 | 58,387 | 96.80% | 56,519 | 97.98% | 57,205 | 686 | \$ 278.54 |
| 34 | Sprinkler - 2" - Tier 1 | 84,745 | 93.90% | 79,576 | 97.98% | 83,029 | 3,453 | \$ 1,226.81 |
| 35 | Sprinkler - 2" - Tier 2 | 87,121 | 93.90% | 81,807 | 97.98% | 85,357 | 3,550 | \$ 1,441.38 |
| TOTALS | | 9,655,794 | | 8,449,790 | | 9,460,264 | 1,010,474 | \$ 491,733.07 |

| Year 2 - Annual Revenue Calculations | | | | | | | | |
|--------------------------------------|-------------------------------------|---|---------------------------|----------------------------|----------------------|--|-----------------------------------|----------------------------------|
| Item | Description | Existing Consumption at 100% Accuracy (HCF) | Existing Meter Accuracy % | Existing Consumption (HCF) | New Meter Accuracy % | Consumption Billed with New Meters (HCF) | Annual Consumption Increase (HCF) | Annual Consumption Increase (\$) |
| 1 | Water - Residential - 5/8" - Tier 1 | 661,337 | 75.50% | 499,309 | 97.98% | 647,945 | 148,635 | \$ 59,719.91 |
| 2 | Water - Residential - 5/8" - Tier 2 | 993,178 | 75.50% | 749,849 | 97.98% | 973,066 | 223,217 | \$ 112,682.06 |
| 3 | Water - Residential - 5/8" - Tier 3 | 412,417 | 75.50% | 311,375 | 97.98% | 404,066 | 92,691 | \$ 56,340.47 |
| 4 | Water - Residential - 3/4" - Tier 1 | 520,372 | 93.90% | 488,629 | 97.98% | 509,834 | 21,205 | \$ 8,519.97 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,176,732 | 93.90% | 1,104,951 | 97.98% | 1,152,903 | 47,952 | \$ 24,206.57 |
| 6 | Water - Residential - 3/4" - Tier 3 | 772,823 | 93.90% | 725,681 | 97.98% | 757,173 | 31,493 | \$ 19,142.20 |
| 7 | Water - Residential - 1" - Tier 1 | 450,131 | 87.20% | 392,514 | 97.98% | 441,016 | 48,502 | \$ 19,487.36 |
| 8 | Water - Residential - 1" - Tier 2 | 1,175,803 | 87.20% | 1,025,300 | 97.98% | 1,151,993 | 126,693 | \$ 63,955.80 |
| 9 | Water - Residential - 1" - Tier 3 | 1,218,674 | 87.20% | 1,062,684 | 97.98% | 1,193,996 | 131,312 | \$ 79,815.80 |
| 10 | Water - Residential - 1.5" - Tier 1 | 971 | 96.30% | 935 | 97.98% | 951 | 16 | \$ 6.54 |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,460 | 96.30% | 2,369 | 97.98% | 2,410 | 41 | \$ 20.80 |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,274 | 96.30% | 2,190 | 97.98% | 2,228 | 38 | \$ 23.15 |
| 13 | Water - Residential - 2" - Tier 1 | 1,184 | 93.40% | 1,106 | 97.98% | 1,160 | 54 | \$ 21.77 |
| 14 | Water - Residential - 2" - Tier 2 | 2,142 | 93.40% | 2,000 | 97.98% | 2,098 | 98 | \$ 49.46 |
| 15 | Water - Residential - 2" - Tier 3 | 354 | 93.40% | 330 | 97.98% | 346 | 16 | \$ 9.83 |
| 16 | Non-Residential - 5/8" - Tier 1 | 69,284 | 75.50% | 52,310 | 97.98% | 67,881 | 15,572 | \$ 8,261.77 |
| 17 | Non-Residential - 5/8" - Tier 2 | 621 | 75.50% | 469 | 97.98% | 608 | 140 | \$ 84.84 |
| 18 | Non-Residential - 3/4" - Tier 1 | 39,369 | 93.90% | 36,967 | 97.98% | 38,571 | 1,604 | \$ 851.17 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 | 93.90% | 0 | 97.98% | 0 | 0 | \$ - |
| 20 | Non-Residential - 1" - Tier 1 | 193,169 | 87.20% | 168,443 | 97.98% | 189,257 | 20,814 | \$ 11,043.16 |
| 21 | Non-Residential - 1" - Tier 2 | 54,571 | 87.20% | 47,586 | 97.98% | 53,466 | 5,880 | \$ 3,574.09 |
| 22 | Non-Residential - 1.5" - Tier 1 | 32,158 | 96.30% | 30,968 | 97.98% | 31,507 | 539 | \$ 285.79 |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,447 | 96.30% | 11,987 | 97.98% | 12,195 | 208 | \$ 126.73 |
| 24 | Non-Residential - 2" - Tier 1 | 221,649 | 93.40% | 207,020 | 97.98% | 217,160 | 10,140 | \$ 5,380.16 |
| 25 | Non-Residential - 2" - Tier 2 | 131,760 | 93.40% | 123,064 | 97.98% | 129,092 | 6,028 | \$ 3,664.04 |
| 26 | Sprinkler - 5/8" - Tier 1 | 205,095 | 75.50% | 154,847 | 97.98% | 200,942 | 46,095 | \$ 16,620.89 |
| 27 | Sprinkler - 5/8" - Tier 2 | 967 | 75.50% | 730 | 97.98% | 948 | 217 | \$ 89.57 |
| 28 | Sprinkler - 3/4" - Tier 1 | 579,989 | 93.90% | 544,610 | 97.98% | 568,245 | 23,635 | \$ 8,522.12 |
| 29 | Sprinkler - 3/4" - Tier 2 | 8,112 | 93.90% | 7,617 | 97.98% | 7,948 | 331 | \$ 136.23 |
| 30 | Sprinkler - 1" - Tier 1 | 412,587 | 87.20% | 359,776 | 97.98% | 404,232 | 44,456 | \$ 16,029.99 |
| 31 | Sprinkler - 1" - Tier 2 | 11,751 | 87.20% | 10,247 | 97.98% | 11,513 | 1,266 | \$ 521.79 |
| 32 | Sprinkler - 1.5" - Tier 1 | 61,159 | 96.30% | 58,896 | 97.98% | 59,921 | 1,024 | \$ 369.38 |
| 33 | Sprinkler - 1.5" - Tier 2 | 58,387 | 96.30% | 56,227 | 97.98% | 57,205 | 978 | \$ 403.02 |
| 34 | Sprinkler - 2" - Tier 1 | 84,745 | 93.40% | 79,152 | 97.98% | 83,029 | 3,877 | \$ 1,398.00 |
| 35 | Sprinkler - 2" - Tier 2 | 87,121 | 93.40% | 81,371 | 97.98% | 85,357 | 3,986 | \$ 1,642.51 |
| TOTALS | | 9,655,794 | | 8,401,511 | | 9,460,264 | 1,058,753 | \$ 523,006.95 |

| Year 3 - Annual Revenue Calculations | | | | | | | | |
|--------------------------------------|-------------------------------------|---|---------------------------|----------------------------|----------------------|--|-----------------------------------|----------------------------------|
| Item | Description | Existing Consumption at 100% Accuracy (HCF) | Existing Meter Accuracy % | Existing Consumption (HCF) | New Meter Accuracy % | Consumption Billed with New Meters (HCF) | Annual Consumption Increase (HCF) | Annual Consumption Increase (\$) |
| 1 | Water - Residential - 5/8" - Tier 1 | 661,337 | 75.00% | 496,003 | 97.98% | 647,945 | 151,942 | \$ 61,964.22 |
| 2 | Water - Residential - 5/8" - Tier 2 | 993,178 | 75.00% | 744,883 | 97.98% | 973,066 | 228,183 | \$ 116,916.73 |
| 3 | Water - Residential - 5/8" - Tier 3 | 412,417 | 75.00% | 309,313 | 97.98% | 404,066 | 94,753 | \$ 58,457.78 |
| 4 | Water - Residential - 3/4" - Tier 1 | 520,372 | 93.40% | 486,027 | 97.98% | 509,834 | 23,807 | \$ 9,708.85 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,176,732 | 93.40% | 1,099,068 | 97.98% | 1,152,903 | 53,835 | \$ 27,584.36 |
| 6 | Water - Residential - 3/4" - Tier 3 | 772,823 | 93.40% | 721,817 | 97.98% | 757,173 | 35,357 | \$ 21,813.30 |
| 7 | Water - Residential - 1" - Tier 1 | 450,131 | 86.70% | 390,264 | 97.98% | 441,016 | 50,752 | \$ 20,697.52 |
| 8 | Water - Residential - 1" - Tier 2 | 1,175,803 | 86.70% | 1,019,421 | 97.98% | 1,151,993 | 132,572 | \$ 67,927.44 |
| 9 | Water - Residential - 1" - Tier 3 | 1,218,674 | 86.70% | 1,056,590 | 97.98% | 1,193,996 | 137,405 | \$ 84,772.34 |
| 10 | Water - Residential - 1.5" - Tier 1 | 971 | 95.80% | 930 | 97.23% | 944 | 14 | \$ 5.64 |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,460 | 95.80% | 2,356 | 97.23% | 2,391 | 35 | \$ 17.96 |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,274 | 95.80% | 2,178 | 97.23% | 2,211 | 32 | \$ 19.99 |
| 13 | Water - Residential - 2" - Tier 1 | 1,184 | 92.90% | 1,100 | 97.23% | 1,151 | 51 | \$ 20.89 |
| 14 | Water - Residential - 2" - Tier 2 | 2,142 | 92.90% | 1,990 | 97.23% | 2,082 | 93 | \$ 47.46 |
| 15 | Water - Residential - 2" - Tier 3 | 354 | 92.90% | 328 | 97.23% | 344 | 15 | \$ 9.43 |
| 16 | Non-Residential - 5/8" - Tier 1 | 69,284 | 75.00% | 51,963 | 97.98% | 67,881 | 15,918 | \$ 8,572.26 |
| 17 | Non-Residential - 5/8" - Tier 2 | 621 | 75.00% | 466 | 97.98% | 608 | 143 | \$ 88.03 |
| 18 | Non-Residential - 3/4" - Tier 1 | 39,369 | 93.40% | 36,770 | 97.98% | 38,571 | 1,801 | \$ 969.94 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 | 93.40% | 0 | 97.98% | 0 | 0 | \$ - |
| 20 | Non-Residential - 1" - Tier 1 | 193,169 | 86.70% | 167,477 | 97.98% | 189,257 | 21,780 | \$ 11,728.94 |
| 21 | Non-Residential - 1" - Tier 2 | 54,571 | 86.70% | 47,313 | 97.98% | 53,466 | 6,153 | \$ 3,796.04 |
| 22 | Non-Residential - 1.5" - Tier 1 | 32,158 | 95.80% | 30,807 | 97.23% | 31,266 | 458 | \$ 246.78 |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,447 | 95.80% | 11,925 | 97.23% | 12,102 | 177 | \$ 109.43 |
| 24 | Non-Residential - 2" - Tier 1 | 221,649 | 92.90% | 205,912 | 97.23% | 215,498 | 9,586 | \$ 5,162.46 |
| 25 | Non-Residential - 2" - Tier 2 | 131,760 | 92.90% | 122,405 | 97.23% | 128,104 | 5,699 | \$ 3,515.78 |
| 26 | Sprinkler - 5/8" - Tier 1 | 205,095 | 75.00% | 153,821 | 97.98% | 200,942 | 47,121 | \$ 17,245.52 |
| 27 | Sprinkler - 5/8" - Tier 2 | 967 | 75.00% | 725 | 97.98% | 948 | 222 | \$ 92.94 |
| 28 | Sprinkler - 3/4" - Tier 1 | 579,989 | 93.40% | 541,710 | 97.98% | 568,245 | 26,535 | \$ 9,711.30 |
| 29 | Sprinkler - 3/4" - Tier 2 | 8,112 | 93.40% | 7,577 | 97.98% | 7,948 | 371 | \$ 155.24 |
| 30 | Sprinkler - 1" - Tier 1 | 412,587 | 86.70% | 357,713 | 97.98% | 404,232 | 46,519 | \$ 17,025.45 |
| 31 | Sprinkler - 1" - Tier 2 | 11,751 | 86.70% | 10,188 | 97.98% | 11,513 | 1,325 | \$ 554.20 |
| 32 | Sprinkler - 1.5" - Tier 1 | 61,159 | 95.80% | 58,590 | 97.23% | 59,462 | 872 | \$ 318.96 |
| 33 | Sprinkler - 1.5" - Tier 2 | 58,387 | 95.80% | 55,935 | 97.23% | 56,767 | 832 | \$ 348.01 |
| 34 | Sprinkler - 2" - Tier 1 | 84,745 | 92.90% | 78,729 | 97.23% | 82,394 | 3,665 | \$ 1,341.43 |
| 35 | Sprinkler - 2" - Tier 2 | 87,121 | 92.90% | 80,936 | 97.23% | 84,704 | 3,768 | \$ 1,576.05 |
| TOTALS | | 1,641,676 | | 1,468,330 | | 1,605,258 | 1,101,791 | \$ 552,522.65 |

| Year 5 - Annual Revenue Calculations | | | | | | | | |
|--------------------------------------|-------------------------------------|---|---------------------------|----------------------------|----------------------|--|-----------------------------------|----------------------------------|
| Item | Description | Existing Consumption at 100% Accuracy (HCF) | Existing Meter Accuracy % | Existing Consumption (HCF) | New Meter Accuracy % | Consumption Billed with New Meters (HCF) | Annual Consumption Increase (HCF) | Annual Consumption Increase (\$) |
| 1 | Water - Residential - 5/8" - Tier 1 | 661,337 | 74.50% | 492,696 | 97.98% | 647,945 | 155,249 | \$ 64,262.42 |
| 2 | Water - Residential - 5/8" - Tier 2 | 993,178 | 74.50% | 739,917 | 97.98% | 973,066 | 233,148 | \$ 121,253.08 |
| 3 | Water - Residential - 5/8" - Tier 3 | 412,417 | 74.50% | 307,251 | 97.98% | 404,066 | 96,815 | \$ 60,625.94 |
| 4 | Water - Residential - 3/4" - Tier 1 | 520,372 | 92.90% | 483,425 | 97.98% | 509,834 | 26,409 | \$ 10,931.47 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,176,732 | 92.90% | 1,093,184 | 97.98% | 1,152,903 | 59,719 | \$ 31,058.03 |
| 6 | Water - Residential - 3/4" - Tier 3 | 772,823 | 92.90% | 717,953 | 97.98% | 757,173 | 39,221 | \$ 24,560.22 |
| 7 | Water - Residential - 1" - Tier 1 | 450,131 | 86.20% | 388,013 | 97.98% | 441,016 | 53,003 | \$ 21,939.60 |
| 8 | Water - Residential - 1" - Tier 2 | 1,175,803 | 86.20% | 1,013,542 | 97.98% | 1,151,993 | 138,451 | \$ 72,003.84 |
| 9 | Water - Residential - 1" - Tier 3 | 1,218,674 | 86.20% | 1,050,497 | 97.98% | 1,193,996 | 143,499 | \$ 89,859.63 |
| 10 | Water - Residential - 1.5" - Tier 1 | 971 | 95.30% | 925 | 96.93% | 941 | 16 | \$ 6.57 |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,460 | 95.30% | 2,344 | 96.93% | 2,384 | 40 | \$ 20.89 |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,274 | 95.30% | 2,167 | 96.93% | 2,204 | 37 | \$ 23.26 |
| 13 | Water - Residential - 2" - Tier 1 | 1,184 | 92.40% | 1,094 | 96.93% | 1,148 | 54 | \$ 22.22 |
| 14 | Water - Residential - 2" - Tier 2 | 2,142 | 92.40% | 1,979 | 96.93% | 2,076 | 97 | \$ 50.49 |
| 15 | Water - Residential - 2" - Tier 3 | 354 | 92.40% | 327 | 96.93% | 343 | 16 | \$ 10.04 |
| 16 | Non-Residential - 5/8" - Tier 1 | 69,284 | 74.50% | 51,617 | 97.98% | 67,881 | 16,264 | \$ 8,890.19 |
| 17 | Non-Residential - 5/8" - Tier 2 | 621 | 74.50% | 463 | 97.98% | 608 | 146 | \$ 91.30 |
| 18 | Non-Residential - 3/4" - Tier 1 | 39,369 | 92.90% | 36,573 | 97.98% | 38,571 | 1,998 | \$ 1,092.09 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 | 92.90% | 0 | 97.98% | 0 | 0 | \$ - |
| 20 | Non-Residential - 1" - Tier 1 | 193,169 | 86.20% | 166,511 | 97.98% | 189,257 | 22,746 | \$ 12,432.81 |
| 21 | Non-Residential - 1" - Tier 2 | 54,571 | 86.20% | 47,040 | 97.98% | 53,466 | 6,426 | \$ 4,023.84 |
| 22 | Non-Residential - 1.5" - Tier 1 | 32,158 | 95.30% | 30,647 | 96.93% | 31,172 | 525 | \$ 287.10 |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,447 | 95.30% | 11,862 | 96.93% | 12,066 | 203 | \$ 127.31 |
| 24 | Non-Residential - 2" - Tier 1 | 221,649 | 92.40% | 204,803 | 96.93% | 214,851 | 10,048 | \$ 5,492.29 |
| 25 | Non-Residential - 2" - Tier 2 | 131,760 | 92.40% | 121,747 | 96.93% | 127,720 | 5,973 | \$ 3,740.40 |
| 26 | Sprinkler - 5/8" - Tier 1 | 205,095 | 74.50% | 152,796 | 97.98% | 200,942 | 48,146 | \$ 17,885.14 |
| 27 | Sprinkler - 5/8" - Tier 2 | 967 | 74.50% | 720 | 97.98% | 948 | 227 | \$ 96.38 |
| 28 | Sprinkler - 3/4" - Tier 1 | 579,989 | 92.90% | 538,810 | 97.98% | 568,245 | 29,434 | \$ 10,934.23 |
| 29 | Sprinkler - 3/4" - Tier 2 | 8,112 | 92.90% | 7,536 | 97.98% | 7,948 | 412 | \$ 174.78 |
| 30 | Sprinkler - 1" - Tier 1 | 412,587 | 86.20% | 355,650 | 97.98% | 404,232 | 48,582 | \$ 18,047.16 |
| 31 | Sprinkler - 1" - Tier 2 | 11,751 | 86.20% | 10,130 | 97.98% | 11,513 | 1,384 | \$ 587.46 |
| 32 | Sprinkler - 1.5" - Tier 1 | 61,159 | 95.30% | 58,285 | 96.93% | 59,284 | 999 | \$ 371.08 |
| 33 | Sprinkler - 1.5" - Tier 2 | 58,387 | 95.30% | 55,643 | 96.93% | 56,597 | 954 | \$ 404.87 |
| 34 | Sprinkler - 2" - Tier 1 | 84,745 | 92.40% | 78,305 | 96.93% | 82,147 | 3,842 | \$ 1,427.14 |
| 35 | Sprinkler - 2" - Tier 2 | 87,121 | 92.40% | 80,500 | 96.93% | 84,450 | 3,949 | \$ 1,676.74 |
| TOTALS | | 1,641,676 | | 1,460,122 | | 1,604,024 | 1,148,032 | \$ 584,410.00 |

| Year 5 - Annual Revenue Calculations | | | | | | | | |
|--------------------------------------|-------------------------------------|---|---------------------------|----------------------------|----------------------|--|-----------------------------------|----------------------------------|
| Item | Description | Existing Consumption at 100% Accuracy (HCF) | Existing Meter Accuracy % | Existing Consumption (HCF) | New Meter Accuracy % | Consumption Billed with New Meters (HCF) | Annual Consumption Increase (HCF) | Annual Consumption Increase (\$) |
| 1 | Water - Residential - 5/8" - Tier 1 | 661,337 | 74.00% | 489,389 | 97.98% | 647,945 | 158,556 | \$ 66,615.63 |
| 2 | Water - Residential - 5/8" - Tier 2 | 993,178 | 74.00% | 734,951 | 97.98% | 973,066 | 238,114 | \$ 125,693.22 |
| 3 | Water - Residential - 5/8" - Tier 3 | 412,417 | 74.00% | 305,189 | 97.98% | 404,066 | 98,877 | \$ 62,845.98 |
| 4 | Water - Residential - 3/4" - Tier 1 | 520,372 | 92.40% | 480,824 | 97.98% | 509,834 | 29,011 | \$ 12,188.59 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,176,732 | 92.40% | 1,087,300 | 97.98% | 1,152,903 | 65,603 | \$ 34,629.70 |
| 6 | Water - Residential - 3/4" - Tier 3 | 772,823 | 92.40% | 714,089 | 97.98% | 757,173 | 43,085 | \$ 27,384.65 |
| 7 | Water - Residential - 1" - Tier 1 | 450,131 | 85.70% | 385,762 | 97.98% | 441,016 | 55,254 | \$ 23,214.29 |
| 8 | Water - Residential - 1" - Tier 2 | 1,175,803 | 85.70% | 1,007,663 | 97.98% | 1,151,993 | 144,330 | \$ 76,187.24 |
| 9 | Water - Residential - 1" - Tier 3 | 1,218,674 | 85.70% | 1,044,404 | 97.98% | 1,193,996 | 149,592 | \$ 95,080.45 |
| 10 | Water - Residential - 1.5" - Tier 1 | 971 | 94.80% | 921 | 96.64% | 938 | 18 | \$ 7.52 |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,460 | 94.80% | 2,332 | 96.64% | 2,377 | 45 | \$ 23.92 |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,274 | 94.80% | 2,156 | 96.64% | 2,197 | 42 | \$ 26.63 |
| 13 | Water - Residential - 2" - Tier 1 | 1,184 | 91.90% | 1,088 | 96.64% | 1,144 | 56 | \$ 23.60 |
| 14 | Water - Residential - 2" - Tier 2 | 2,142 | 91.90% | 1,968 | 96.64% | 2,070 | 102 | \$ 53.61 |
| 15 | Water - Residential - 2" - Tier 3 | 354 | 91.90% | 325 | 96.64% | 342 | 17 | \$ 10.66 |
| 16 | Non-Residential - 5/8" - Tier 1 | 69,284 | 74.00% | 51,270 | 97.98% | 67,881 | 16,611 | \$ 9,215.74 |
| 17 | Non-Residential - 5/8" - Tier 2 | 621 | 74.00% | 460 | 97.98% | 608 | 149 | \$ 94.64 |
| 18 | Non-Residential - 3/4" - Tier 1 | 39,369 | 92.40% | 36,377 | 97.98% | 38,571 | 2,195 | \$ 1,217.68 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 | 92.40% | 0 | 97.98% | 0 | 0 | \$ - |
| 20 | Non-Residential - 1" - Tier 1 | 193,169 | 85.70% | 165,546 | 97.98% | 189,257 | 23,711 | \$ 13,155.15 |
| 21 | Non-Residential - 1" - Tier 2 | 54,571 | 85.70% | 46,768 | 97.98% | 53,466 | 6,699 | \$ 4,257.63 |
| 22 | Non-Residential - 1.5" - Tier 1 | 32,158 | 94.80% | 30,486 | 96.64% | 31,078 | 593 | \$ 328.73 |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,447 | 94.80% | 11,800 | 96.64% | 12,029 | 229 | \$ 145.77 |
| 24 | Non-Residential - 2" - Tier 1 | 221,649 | 91.90% | 203,695 | 96.64% | 214,207 | 10,512 | \$ 5,831.93 |
| 25 | Non-Residential - 2" - Tier 2 | 131,760 | 91.90% | 121,088 | 96.64% | 127,337 | 6,249 | \$ 3,971.70 |
| 26 | Sprinkler - 5/8" - Tier 1 | 205,095 | 74.00% | 151,770 | 97.98% | 200,942 | 49,171 | \$ 18,540.07 |
| 27 | Sprinkler - 5/8" - Tier 2 | 967 | 74.00% | 716 | 97.98% | 948 | 232 | \$ 99.91 |
| 28 | Sprinkler - 3/4" - Tier 1 | 579,989 | 92.40% | 535,910 | 97.98% | 568,245 | 32,334 | \$ 12,191.67 |
| 29 | Sprinkler - 3/4" - Tier 2 | 8,112 | 92.40% | 7,496 | 97.98% | 7,948 | 452 | \$ 194.89 |
| 30 | Sprinkler - 1" - Tier 1 | 412,587 | 85.70% | 353,587 | 97.98% | 404,232 | 50,645 | \$ 19,095.70 |
| 31 | Sprinkler - 1" - Tier 2 | 11,751 | 85.70% | 10,071 | 97.98% | 11,513 | 1,442 | \$ 621.59 |
| 32 | Sprinkler - 1.5" - Tier 1 | 61,159 | 94.80% | 57,979 | 96.64% | 59,106 | 1,127 | \$ 424.89 |
| 33 | Sprinkler - 1.5" - Tier 2 | 58,387 | 94.80% | 55,351 | 96.64% | 56,427 | 1,076 | \$ 463.58 |
| 34 | Sprinkler - 2" - Tier 1 | 84,745 | 91.90% | 77,881 | 96.64% | 81,900 | 4,019 | \$ 1,515.39 |
| 35 | Sprinkler - 2" - Tier 2 | 87,121 | 91.90% | 80,065 | 96.64% | 84,196 | 4,132 | \$ 1,780.43 |
| TOTALS | | 9,655,794 | | 8,256,674 | | 9,450,953 | 1,194,279 | \$ 617,132.76 |

| Year 6 - Annual Revenue Calculations | | | | | | | | |
|--------------------------------------|-------------------------------------|---|---------------------------|----------------------------|----------------------|--|-----------------------------------|----------------------------------|
| Item | Description | Existing Consumption at 100% Accuracy (HCF) | Existing Meter Accuracy % | Existing Consumption (HCF) | New Meter Accuracy % | Consumption Billed with New Meters (HCF) | Annual Consumption Increase (HCF) | Annual Consumption Increase (\$) |
| 1 | Water - Residential - 5/8" - Tier 1 | 661,337 | 73.50% | 486,083 | 97.23% | 642,985 | 156,902 | \$ 66,909.81 |
| 2 | Water - Residential - 5/8" - Tier 2 | 993,178 | 73.50% | 729,986 | 97.23% | 965,617 | 235,631 | \$ 126,248.28 |
| 3 | Water - Residential - 5/8" - Tier 3 | 412,417 | 73.50% | 303,127 | 97.23% | 400,973 | 97,846 | \$ 63,123.51 |
| 4 | Water - Residential - 3/4" - Tier 1 | 520,372 | 91.90% | 478,222 | 97.23% | 505,932 | 27,710 | \$ 11,816.65 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,176,732 | 91.90% | 1,081,417 | 97.23% | 1,144,078 | 62,661 | \$ 33,572.95 |
| 6 | Water - Residential - 3/4" - Tier 3 | 772,823 | 91.90% | 710,224 | 97.23% | 751,377 | 41,153 | \$ 26,548.99 |
| 7 | Water - Residential - 1" - Tier 1 | 450,131 | 85.20% | 383,512 | 97.23% | 437,640 | 54,128 | \$ 23,082.61 |
| 8 | Water - Residential - 1" - Tier 2 | 1,175,803 | 85.20% | 1,001,784 | 97.23% | 1,143,174 | 141,390 | \$ 75,755.10 |
| 9 | Water - Residential - 1" - Tier 3 | 1,218,674 | 85.20% | 1,038,310 | 97.23% | 1,184,856 | 146,546 | \$ 94,541.14 |
| 10 | Water - Residential - 1.5" - Tier 1 | 971 | 94.30% | 916 | 96.35% | 936 | 20 | \$ 8.50 |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,460 | 94.30% | 2,320 | 96.35% | 2,370 | 50 | \$ 27.05 |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,274 | 94.30% | 2,144 | 96.35% | 2,191 | 47 | \$ 30.11 |
| 13 | Water - Residential - 2" - Tier 1 | 1,184 | 91.40% | 1,082 | 96.35% | 1,141 | 59 | \$ 25.01 |
| 14 | Water - Residential - 2" - Tier 2 | 2,142 | 91.40% | 1,957 | 96.35% | 2,064 | 106 | \$ 56.83 |
| 15 | Water - Residential - 2" - Tier 3 | 354 | 91.40% | 323 | 96.35% | 341 | 18 | \$ 11.30 |
| 16 | Non-Residential - 5/8" - Tier 1 | 69,284 | 73.50% | 50,924 | 97.23% | 67,362 | 16,438 | \$ 9,256.44 |
| 17 | Non-Residential - 5/8" - Tier 2 | 621 | 73.50% | 456 | 97.23% | 604 | 147 | \$ 95.06 |
| 18 | Non-Residential - 3/4" - Tier 1 | 39,369 | 91.90% | 36,180 | 97.23% | 38,276 | 2,096 | \$ 1,180.52 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 | 91.90% | 0 | 97.23% | 0 | 0 | \$ - |
| 20 | Non-Residential - 1" - Tier 1 | 193,169 | 85.20% | 164,580 | 97.23% | 187,808 | 23,229 | \$ 13,080.53 |
| 21 | Non-Residential - 1" - Tier 2 | 54,571 | 85.20% | 46,495 | 97.23% | 53,057 | 6,562 | \$ 4,233.48 |
| 22 | Non-Residential - 1.5" - Tier 1 | 32,158 | 94.30% | 30,325 | 96.35% | 30,985 | 660 | \$ 371.70 |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,447 | 94.30% | 11,738 | 96.35% | 11,993 | 255 | \$ 164.83 |
| 24 | Non-Residential - 2" - Tier 1 | 221,649 | 91.40% | 202,587 | 96.35% | 213,564 | 10,977 | \$ 6,181.61 |
| 25 | Non-Residential - 2" - Tier 2 | 131,760 | 91.40% | 120,429 | 96.35% | 126,955 | 6,526 | \$ 4,209.85 |
| 26 | Sprinkler - 5/8" - Tier 1 | 205,095 | 73.50% | 150,745 | 97.23% | 199,403 | 48,659 | \$ 18,621.94 |
| 27 | Sprinkler - 5/8" - Tier 2 | 967 | 73.50% | 711 | 97.23% | 940 | 229 | \$ 100.35 |
| 28 | Sprinkler - 3/4" - Tier 1 | 579,989 | 91.90% | 533,010 | 97.23% | 563,895 | 30,884 | \$ 11,819.63 |
| 29 | Sprinkler - 3/4" - Tier 2 | 8,112 | 91.90% | 7,455 | 97.23% | 7,887 | 432 | \$ 188.94 |
| 30 | Sprinkler - 1" - Tier 1 | 412,587 | 85.20% | 351,524 | 97.23% | 401,138 | 49,614 | \$ 18,987.39 |
| 31 | Sprinkler - 1" - Tier 2 | 11,751 | 85.20% | 10,012 | 97.23% | 11,425 | 1,413 | \$ 618.06 |
| 32 | Sprinkler - 1.5" - Tier 1 | 61,159 | 94.30% | 57,673 | 96.35% | 58,928 | 1,255 | \$ 480.43 |
| 33 | Sprinkler - 1.5" - Tier 2 | 58,387 | 94.30% | 55,059 | 96.35% | 56,258 | 1,198 | \$ 524.18 |
| 34 | Sprinkler - 2" - Tier 1 | 84,745 | 91.40% | 77,457 | 96.35% | 81,654 | 4,197 | \$ 1,606.25 |
| 35 | Sprinkler - 2" - Tier 2 | 87,121 | 91.40% | 79,629 | 96.35% | 83,944 | 4,315 | \$ 1,887.18 |
| TOTALS | | 9,655,794 | | 8,208,395 | | 9,381,749 | 1,173,354 | \$ 615,366.22 |

| Year 7 - Annual Revenue Calculations | | | | | | | | |
|--------------------------------------|-------------------------------------|---|---------------------------|----------------------------|----------------------|--|-----------------------------------|----------------------------------|
| Item | Description | Existing Consumption at 100% Accuracy (HCF) | Existing Meter Accuracy % | Existing Consumption (HCF) | New Meter Accuracy % | Consumption Billed with New Meters (HCF) | Annual Consumption Increase (HCF) | Annual Consumption Increase (\$) |
| 1 | Water - Residential - 5/8" - Tier 1 | 661,337 | 73.00% | 482,776 | 96.93% | 641,056 | 158,280 | \$ 68,509.79 |
| 2 | Water - Residential - 5/8" - Tier 2 | 993,178 | 73.00% | 725,020 | 96.93% | 962,720 | 237,700 | \$ 129,267.20 |
| 3 | Water - Residential - 5/8" - Tier 3 | 412,417 | 73.00% | 301,064 | 96.93% | 399,770 | 98,705 | \$ 64,632.96 |
| 4 | Water - Residential - 3/4" - Tier 1 | 520,372 | 91.40% | 475,620 | 96.93% | 504,414 | 28,794 | \$ 12,463.12 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,176,732 | 91.40% | 1,075,533 | 96.93% | 1,140,645 | 65,112 | \$ 35,409.69 |
| 6 | Water - Residential - 3/4" - Tier 3 | 772,823 | 91.40% | 706,360 | 96.93% | 749,123 | 42,763 | \$ 28,001.45 |
| 7 | Water - Residential - 1" - Tier 1 | 450,131 | 84.70% | 381,261 | 96.93% | 436,327 | 55,066 | \$ 23,834.74 |
| 8 | Water - Residential - 1" - Tier 2 | 1,175,803 | 84.70% | 995,905 | 96.93% | 1,139,745 | 143,840 | \$ 78,223.52 |
| 9 | Water - Residential - 1" - Tier 3 | 1,218,674 | 84.70% | 1,032,217 | 96.93% | 1,181,301 | 149,084 | \$ 97,621.69 |
| 10 | Water - Residential - 1.5" - Tier 1 | 971 | 93.80% | 911 | 96.06% | 933 | 22 | \$ 9.51 |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,460 | 93.80% | 2,307 | 96.06% | 2,363 | 56 | \$ 30.28 |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,274 | 93.80% | 2,133 | 96.06% | 2,184 | 51 | \$ 33.70 |
| 13 | Water - Residential - 2" - Tier 1 | 1,184 | 90.90% | 1,076 | 96.06% | 1,138 | 61 | \$ 26.47 |
| 14 | Water - Residential - 2" - Tier 2 | 2,142 | 90.90% | 1,947 | 96.06% | 2,057 | 111 | \$ 60.14 |
| 15 | Water - Residential - 2" - Tier 3 | 354 | 90.90% | 321 | 96.06% | 340 | 18 | \$ 11.95 |
| 16 | Non-Residential - 5/8" - Tier 1 | 69,284 | 73.00% | 50,577 | 96.93% | 67,159 | 16,582 | \$ 9,477.78 |
| 17 | Non-Residential - 5/8" - Tier 2 | 621 | 73.00% | 453 | 96.93% | 602 | 149 | \$ 97.33 |
| 18 | Non-Residential - 3/4" - Tier 1 | 39,369 | 91.40% | 35,983 | 96.93% | 38,161 | 2,178 | \$ 1,245.11 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 | 91.40% | 0 | 96.93% | 0 | 0 | \$ - |
| 20 | Non-Residential - 1" - Tier 1 | 193,169 | 84.70% | 163,614 | 96.93% | 187,245 | 23,631 | \$ 13,506.75 |
| 21 | Non-Residential - 1" - Tier 2 | 54,571 | 84.70% | 46,222 | 96.93% | 52,898 | 6,676 | \$ 4,371.42 |
| 22 | Non-Residential - 1.5" - Tier 1 | 32,158 | 93.80% | 30,164 | 96.06% | 30,892 | 728 | \$ 416.05 |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,447 | 93.80% | 11,676 | 96.06% | 11,957 | 282 | \$ 184.49 |
| 24 | Non-Residential - 2" - Tier 1 | 221,649 | 90.90% | 201,479 | 96.06% | 212,923 | 11,445 | \$ 6,541.57 |
| 25 | Non-Residential - 2" - Tier 2 | 131,760 | 90.90% | 119,770 | 96.06% | 126,574 | 6,803 | \$ 4,454.99 |
| 26 | Sprinkler - 5/8" - Tier 1 | 205,095 | 73.00% | 149,719 | 96.93% | 198,805 | 49,086 | \$ 19,067.24 |
| 27 | Sprinkler - 5/8" - Tier 2 | 967 | 73.00% | 706 | 96.93% | 937 | 231 | \$ 102.75 |
| 28 | Sprinkler - 3/4" - Tier 1 | 579,989 | 91.40% | 530,110 | 96.93% | 562,203 | 32,093 | \$ 12,466.27 |
| 29 | Sprinkler - 3/4" - Tier 2 | 8,112 | 91.40% | 7,415 | 96.93% | 7,864 | 449 | \$ 199.27 |
| 30 | Sprinkler - 1" - Tier 1 | 412,587 | 84.70% | 349,461 | 96.93% | 399,935 | 50,473 | \$ 19,606.07 |
| 31 | Sprinkler - 1" - Tier 2 | 11,751 | 84.70% | 9,953 | 96.93% | 11,391 | 1,438 | \$ 638.20 |
| 32 | Sprinkler - 1.5" - Tier 1 | 61,159 | 93.80% | 57,367 | 96.06% | 58,752 | 1,384 | \$ 537.75 |
| 33 | Sprinkler - 1.5" - Tier 2 | 58,387 | 93.80% | 54,767 | 96.06% | 56,089 | 1,322 | \$ 586.72 |
| 34 | Sprinkler - 2" - Tier 1 | 84,745 | 90.90% | 77,034 | 96.06% | 81,410 | 4,376 | \$ 1,699.79 |
| 35 | Sprinkler - 2" - Tier 2 | 87,121 | 90.90% | 79,193 | 96.06% | 83,692 | 4,499 | \$ 1,997.08 |
| TOTALS | | 9,655,794 | | 8,160,116 | | 9,353,604 | 1,193,488 | \$ 635,332.87 |

| Year 8 - Annual Revenue Calculations | | | | | | | | |
|--------------------------------------|-------------------------------------|---|---------------------------|----------------------------|----------------------|--|-----------------------------------|----------------------------------|
| Item | Description | Existing Consumption at 100% Accuracy (HCF) | Existing Meter Accuracy % | Existing Consumption (HCF) | New Meter Accuracy % | Consumption Billed with New Meters (HCF) | Annual Consumption Increase (HCF) | Annual Consumption Increase (\$) |
| 1 | Water - Residential - 5/8" - Tier 1 | 661,337 | 72.50% | 479,469 | 96.64% | 639,133 | 159,663 | \$ 70,145.26 |
| 2 | Water - Residential - 5/8" - Tier 2 | 993,178 | 72.50% | 720,054 | 96.64% | 959,832 | 239,778 | \$ 132,353.08 |
| 3 | Water - Residential - 5/8" - Tier 3 | 412,417 | 72.50% | 299,002 | 96.64% | 398,570 | 99,568 | \$ 66,175.88 |
| 4 | Water - Residential - 3/4" - Tier 1 | 520,372 | 90.90% | 473,018 | 96.64% | 502,900 | 29,882 | \$ 13,128.33 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,176,732 | 90.90% | 1,069,649 | 96.64% | 1,137,224 | 67,574 | \$ 37,299.66 |
| 6 | Water - Residential - 3/4" - Tier 3 | 772,823 | 90.90% | 702,496 | 96.64% | 746,876 | 44,380 | \$ 29,496.01 |
| 7 | Water - Residential - 1" - Tier 1 | 450,131 | 84.20% | 379,010 | 96.64% | 435,018 | 56,008 | \$ 24,605.97 |
| 8 | Water - Residential - 1" - Tier 2 | 1,175,803 | 84.20% | 990,026 | 96.64% | 1,136,325 | 146,300 | \$ 80,754.63 |
| 9 | Water - Residential - 1" - Tier 3 | 1,218,674 | 84.20% | 1,026,123 | 96.64% | 1,177,757 | 151,634 | \$ 100,780.47 |
| 10 | Water - Residential - 1.5" - Tier 1 | 971 | 93.30% | 906 | 95.78% | 930 | 24 | \$ 10.56 |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,460 | 93.30% | 2,295 | 95.78% | 2,356 | 61 | \$ 33.61 |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,274 | 93.30% | 2,121 | 95.78% | 2,178 | 56 | \$ 37.41 |
| 13 | Water - Residential - 2" - Tier 1 | 1,184 | 90.40% | 1,071 | 95.78% | 1,134 | 64 | \$ 27.97 |
| 14 | Water - Residential - 2" - Tier 2 | 2,142 | 90.40% | 1,936 | 95.78% | 2,051 | 115 | \$ 63.54 |
| 15 | Water - Residential - 2" - Tier 3 | 354 | 90.40% | 320 | 95.78% | 339 | 19 | \$ 12.63 |
| 16 | Non-Residential - 5/8" - Tier 1 | 69,284 | 72.50% | 50,231 | 96.64% | 66,958 | 16,727 | \$ 9,704.04 |
| 17 | Non-Residential - 5/8" - Tier 2 | 621 | 72.50% | 450 | 96.64% | 600 | 150 | \$ 99.65 |
| 18 | Non-Residential - 3/4" - Tier 1 | 39,369 | 90.90% | 35,786 | 96.64% | 38,047 | 2,261 | \$ 1,311.56 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 | 90.90% | 0 | 96.64% | 0 | 0 | \$ - |
| 20 | Non-Residential - 1" - Tier 1 | 193,169 | 84.20% | 162,648 | 96.64% | 186,683 | 24,035 | \$ 13,943.79 |
| 21 | Non-Residential - 1" - Tier 2 | 54,571 | 84.20% | 45,949 | 96.64% | 52,739 | 6,790 | \$ 4,512.87 |
| 22 | Non-Residential - 1.5" - Tier 1 | 32,158 | 93.30% | 30,003 | 95.78% | 30,799 | 796 | \$ 461.81 |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,447 | 93.30% | 11,613 | 95.78% | 11,921 | 308 | \$ 204.78 |
| 24 | Non-Residential - 2" - Tier 1 | 221,649 | 90.40% | 200,370 | 95.78% | 212,285 | 11,914 | \$ 6,912.05 |
| 25 | Non-Residential - 2" - Tier 2 | 131,760 | 90.40% | 119,111 | 95.78% | 126,194 | 7,083 | \$ 4,707.30 |
| 26 | Sprinkler - 5/8" - Tier 1 | 205,095 | 72.50% | 148,694 | 96.64% | 198,209 | 49,515 | \$ 19,522.42 |
| 27 | Sprinkler - 5/8" - Tier 2 | 967 | 72.50% | 701 | 96.64% | 935 | 233 | \$ 105.21 |
| 28 | Sprinkler - 3/4" - Tier 1 | 579,989 | 90.90% | 527,210 | 96.64% | 560,516 | 33,306 | \$ 13,131.65 |
| 29 | Sprinkler - 3/4" - Tier 2 | 8,112 | 90.90% | 7,374 | 96.64% | 7,840 | 466 | \$ 209.91 |
| 30 | Sprinkler - 1" - Tier 1 | 412,587 | 84.20% | 347,398 | 96.64% | 398,735 | 51,336 | \$ 20,240.47 |
| 31 | Sprinkler - 1" - Tier 2 | 11,751 | 84.20% | 9,895 | 96.64% | 11,357 | 1,462 | \$ 658.85 |
| 32 | Sprinkler - 1.5" - Tier 1 | 61,159 | 93.30% | 57,061 | 95.78% | 58,575 | 1,514 | \$ 596.89 |
| 33 | Sprinkler - 1.5" - Tier 2 | 58,387 | 93.30% | 54,475 | 95.78% | 55,921 | 1,445 | \$ 651.24 |
| 34 | Sprinkler - 2" - Tier 1 | 84,745 | 90.40% | 76,610 | 95.78% | 81,165 | 4,555 | \$ 1,796.05 |
| 35 | Sprinkler - 2" - Tier 2 | 87,121 | 90.40% | 78,758 | 95.78% | 83,441 | 4,683 | \$ 2,110.18 |
| TOTALS | | 9,655,794 | | 8,111,837 | | 9,325,543 | 1,213,706 | \$ 655,805.76 |

| Year 9- Annual Revenue Calculations | | | | | | | | |
|-------------------------------------|-------------------------------------|---|---------------------------|----------------------------|----------------------|--|-----------------------------------|----------------------------------|
| Item | Description | Existing Consumption at 100% Accuracy (HCF) | Existing Meter Accuracy % | Existing Consumption (HCF) | New Meter Accuracy % | Consumption Billed with New Meters (HCF) | Annual Consumption Increase (HCF) | Annual Consumption Increase (\$) |
| 1 | Water - Residential - 5/8" - Tier 1 | 661,337 | 72.00% | 476,163 | 96.35% | 637,215 | 161,053 | \$ 71,816.96 |
| 2 | Water - Residential - 5/8" - Tier 2 | 993,178 | 72.00% | 715,088 | 96.35% | 956,952 | 241,865 | \$ 135,507.30 |
| 3 | Water - Residential - 5/8" - Tier 3 | 412,417 | 72.00% | 296,940 | 96.35% | 397,375 | 100,434 | \$ 67,752.97 |
| 4 | Water - Residential - 3/4" - Tier 1 | 520,372 | 90.40% | 470,416 | 96.35% | 501,392 | 30,976 | \$ 13,812.72 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,176,732 | 90.40% | 1,063,766 | 96.35% | 1,133,812 | 70,046 | \$ 39,244.11 |
| 6 | Water - Residential - 3/4" - Tier 3 | 772,823 | 90.40% | 698,632 | 96.35% | 744,635 | 46,003 | \$ 31,033.66 |
| 7 | Water - Residential - 1" - Tier 1 | 450,131 | 83.70% | 376,760 | 96.35% | 433,713 | 56,953 | \$ 25,396.73 |
| 8 | Water - Residential - 1" - Tier 2 | 1,175,803 | 83.70% | 984,147 | 96.35% | 1,132,916 | 148,770 | \$ 83,349.81 |
| 9 | Water - Residential - 1" - Tier 3 | 1,218,674 | 83.70% | 1,020,030 | 96.35% | 1,174,224 | 154,194 | \$ 104,019.22 |
| 10 | Water - Residential - 1.5" - Tier 1 | 971 | 92.80% | 901 | 95.49% | 927 | 26 | \$ 11.64 |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,460 | 92.80% | 2,283 | 95.49% | 2,349 | 66 | \$ 37.04 |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,274 | 92.80% | 2,110 | 95.49% | 2,171 | 61 | \$ 41.23 |
| 13 | Water - Residential - 2" - Tier 1 | 1,184 | 89.90% | 1,065 | 95.49% | 1,131 | 66 | \$ 29.51 |
| 14 | Water - Residential - 2" - Tier 2 | 2,142 | 89.90% | 1,925 | 95.49% | 2,045 | 120 | \$ 67.05 |
| 15 | Water - Residential - 2" - Tier 3 | 354 | 89.90% | 318 | 95.49% | 338 | 20 | \$ 13.33 |
| 16 | Non-Residential - 5/8" - Tier 1 | 69,284 | 72.00% | 49,885 | 96.35% | 66,757 | 16,873 | \$ 9,935.30 |
| 17 | Non-Residential - 5/8" - Tier 2 | 621 | 72.00% | 447 | 96.35% | 598 | 151 | \$ 102.03 |
| 18 | Non-Residential - 3/4" - Tier 1 | 39,369 | 90.40% | 35,589 | 96.35% | 37,933 | 2,343 | \$ 1,379.93 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 | 90.40% | 0 | 96.35% | 0 | 0 | \$ - |
| 20 | Non-Residential - 1" - Tier 1 | 193,169 | 83.70% | 161,682 | 96.35% | 186,123 | 24,441 | \$ 14,391.90 |
| 21 | Non-Residential - 1" - Tier 2 | 54,571 | 83.70% | 45,676 | 96.35% | 52,581 | 6,905 | \$ 4,657.90 |
| 22 | Non-Residential - 1.5" - Tier 1 | 32,158 | 92.80% | 29,843 | 95.49% | 30,707 | 864 | \$ 509.01 |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,447 | 92.80% | 11,551 | 95.49% | 11,886 | 335 | \$ 225.71 |
| 24 | Non-Residential - 2" - Tier 1 | 221,649 | 89.90% | 199,262 | 95.49% | 211,648 | 12,386 | \$ 7,293.31 |
| 25 | Non-Residential - 2" - Tier 2 | 131,760 | 89.90% | 118,453 | 95.49% | 125,815 | 7,363 | \$ 4,966.95 |
| 26 | Sprinkler - 5/8" - Tier 1 | 205,095 | 72.00% | 147,668 | 96.35% | 197,614 | 49,946 | \$ 19,987.67 |
| 27 | Sprinkler - 5/8" - Tier 2 | 967 | 72.00% | 696 | 96.35% | 932 | 236 | \$ 107.71 |
| 28 | Sprinkler - 3/4" - Tier 1 | 579,989 | 90.40% | 524,310 | 96.35% | 558,835 | 34,524 | \$ 13,816.21 |
| 29 | Sprinkler - 3/4" - Tier 2 | 8,112 | 90.40% | 7,334 | 96.35% | 7,816 | 483 | \$ 220.85 |
| 30 | Sprinkler - 1" - Tier 1 | 412,587 | 83.70% | 345,336 | 96.35% | 397,539 | 52,203 | \$ 20,890.94 |
| 31 | Sprinkler - 1" - Tier 2 | 11,751 | 83.70% | 9,836 | 96.35% | 11,323 | 1,487 | \$ 680.02 |
| 32 | Sprinkler - 1.5" - Tier 1 | 61,159 | 92.80% | 56,756 | 95.49% | 58,400 | 1,644 | \$ 657.89 |
| 33 | Sprinkler - 1.5" - Tier 2 | 58,387 | 92.80% | 54,184 | 95.49% | 55,753 | 1,569 | \$ 717.80 |
| 34 | Sprinkler - 2" - Tier 1 | 84,745 | 89.90% | 76,186 | 95.49% | 80,922 | 4,736 | \$ 1,895.12 |
| 35 | Sprinkler - 2" - Tier 2 | 87,121 | 89.90% | 78,322 | 95.49% | 83,191 | 4,868 | \$ 2,226.58 |
| TOTALS | | 9,655,794 | | 8,063,558 | | 9,297,567 | 1,234,008 | \$ 676,796.13 |

| Year 10 - Annual Revenue Calculations | | | | | | | | |
|---------------------------------------|-------------------------------------|---|---------------------------|----------------------------|----------------------|--|-----------------------------------|----------------------------------|
| Item | Description | Existing Consumption at 100% Accuracy (HCF) | Existing Meter Accuracy % | Existing Consumption (HCF) | New Meter Accuracy % | Consumption Billed with New Meters (HCF) | Annual Consumption Increase (HCF) | Annual Consumption Increase (\$) |
| 1 | Water - Residential - 5/8" - Tier 1 | 661,337 | 71.50% | 472,856 | 96.06% | 635,304 | 162,448 | \$ 73,525.62 |
| 2 | Water - Residential - 5/8" - Tier 2 | 993,178 | 71.50% | 710,122 | 96.06% | 954,082 | 243,960 | \$ 138,731.28 |
| 3 | Water - Residential - 5/8" - Tier 3 | 412,417 | 71.50% | 294,878 | 96.06% | 396,182 | 101,304 | \$ 69,364.95 |
| 4 | Water - Residential - 3/4" - Tier 1 | 520,372 | 89.90% | 467,814 | 96.06% | 499,888 | 32,073 | \$ 14,516.74 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,176,732 | 89.90% | 1,057,882 | 96.06% | 1,130,410 | 72,528 | \$ 41,244.33 |
| 6 | Water - Residential - 3/4" - Tier 3 | 772,823 | 89.90% | 694,768 | 96.06% | 742,401 | 47,633 | \$ 32,615.40 |
| 7 | Water - Residential - 1" - Tier 1 | 450,131 | 83.20% | 374,509 | 96.06% | 432,412 | 57,903 | \$ 26,207.44 |
| 8 | Water - Residential - 1" - Tier 2 | 1,175,803 | 83.20% | 978,268 | 96.06% | 1,129,518 | 151,250 | \$ 86,010.50 |
| 9 | Water - Residential - 1" - Tier 3 | 1,218,674 | 83.20% | 1,013,937 | 96.06% | 1,170,701 | 156,765 | \$ 107,339.71 |
| 10 | Water - Residential - 1.5" - Tier 1 | 971 | 92.30% | 896 | 95.20% | 924 | 28 | \$ 12.75 |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,460 | 92.30% | 2,270 | 95.20% | 2,342 | 71 | \$ 40.59 |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,274 | 92.30% | 2,099 | 95.20% | 2,165 | 66 | \$ 45.17 |
| 13 | Water - Residential - 2" - Tier 1 | 1,184 | 89.40% | 1,059 | 95.20% | 1,127 | 69 | \$ 31.10 |
| 14 | Water - Residential - 2" - Tier 2 | 2,142 | 89.40% | 1,915 | 95.20% | 2,039 | 124 | \$ 70.66 |
| 15 | Water - Residential - 2" - Tier 3 | 354 | 89.40% | 316 | 95.20% | 337 | 21 | \$ 14.05 |
| 16 | Non-Residential - 5/8" - Tier 1 | 69,284 | 71.50% | 49,538 | 96.06% | 66,557 | 17,019 | \$ 10,171.68 |
| 17 | Non-Residential - 5/8" - Tier 2 | 621 | 71.50% | 444 | 96.06% | 597 | 153 | \$ 104.46 |
| 18 | Non-Residential - 3/4" - Tier 1 | 39,369 | 89.90% | 35,392 | 96.06% | 37,819 | 2,427 | \$ 1,450.27 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 | 89.90% | 0 | 96.06% | 0 | 0 | \$ - |
| 20 | Non-Residential - 1" - Tier 1 | 193,169 | 83.20% | 160,716 | 96.06% | 185,565 | 24,848 | \$ 14,851.32 |
| 21 | Non-Residential - 1" - Tier 2 | 54,571 | 83.20% | 45,403 | 96.06% | 52,423 | 7,020 | \$ 4,806.59 |
| 22 | Non-Residential - 1.5" - Tier 1 | 32,158 | 92.30% | 29,682 | 95.20% | 30,615 | 933 | \$ 557.68 |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,447 | 92.30% | 11,489 | 95.20% | 11,850 | 361 | \$ 247.30 |
| 24 | Non-Residential - 2" - Tier 1 | 221,649 | 89.40% | 198,154 | 95.20% | 211,013 | 12,859 | \$ 7,685.59 |
| 25 | Non-Residential - 2" - Tier 2 | 131,760 | 89.40% | 117,794 | 95.20% | 125,438 | 7,644 | \$ 5,234.10 |
| 26 | Sprinkler - 5/8" - Tier 1 | 205,095 | 71.50% | 146,643 | 96.06% | 197,021 | 50,379 | \$ 20,463.22 |
| 27 | Sprinkler - 5/8" - Tier 2 | 967 | 71.50% | 691 | 96.06% | 929 | 238 | \$ 110.28 |
| 28 | Sprinkler - 3/4" - Tier 1 | 579,989 | 89.90% | 521,410 | 96.06% | 557,158 | 35,748 | \$ 14,520.40 |
| 29 | Sprinkler - 3/4" - Tier 2 | 8,112 | 89.90% | 7,293 | 96.06% | 7,793 | 500 | \$ 232.11 |
| 30 | Sprinkler - 1" - Tier 1 | 412,587 | 83.20% | 343,273 | 96.06% | 396,346 | 53,073 | \$ 21,557.81 |
| 31 | Sprinkler - 1" - Tier 2 | 11,751 | 83.20% | 9,777 | 96.06% | 11,289 | 1,512 | \$ 701.73 |
| 32 | Sprinkler - 1.5" - Tier 1 | 61,159 | 92.30% | 56,450 | 95.20% | 58,224 | 1,775 | \$ 720.81 |
| 33 | Sprinkler - 1.5" - Tier 2 | 58,387 | 92.30% | 53,892 | 95.20% | 55,586 | 1,694 | \$ 786.45 |
| 34 | Sprinkler - 2" - Tier 1 | 84,745 | 89.40% | 75,762 | 95.20% | 80,679 | 4,917 | \$ 1,997.05 |
| 35 | Sprinkler - 2" - Tier 2 | 87,121 | 89.40% | 77,887 | 95.20% | 82,941 | 5,054 | \$ 2,346.33 |
| TOTALS | | 9,655,794 | | 8,015,279 | | 9,269,674 | 1,254,395 | \$ 698,315.46 |

| Year 11 - Annual Revenue Calculations | | | | | | | | |
|---------------------------------------|-------------------------------------|---|---------------------------|----------------------------|----------------------|--|-----------------------------------|----------------------------------|
| Item | Description | Existing Consumption at 100% Accuracy (HCF) | Existing Meter Accuracy % | Existing Consumption (HCF) | New Meter Accuracy % | Consumption Billed with New Meters (HCF) | Annual Consumption Increase (HCF) | Annual Consumption Increase (\$) |
| 1 | Water - Residential - 5/8" - Tier 1 | 661,337 | 71.00% | 469,549 | 95.78% | 633,398 | 163,849 | \$ 75,272.02 |
| 2 | Water - Residential - 5/8" - Tier 2 | 993,178 | 71.00% | 705,156 | 95.78% | 951,219 | 246,063 | \$ 142,026.46 |
| 3 | Water - Residential - 5/8" - Tier 3 | 412,417 | 71.00% | 292,816 | 95.78% | 394,994 | 102,178 | \$ 71,012.52 |
| 4 | Water - Residential - 3/4" - Tier 1 | 520,372 | 89.40% | 465,212 | 95.78% | 498,388 | 33,176 | \$ 15,240.84 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,176,732 | 89.40% | 1,051,998 | 95.78% | 1,127,019 | 75,021 | \$ 43,301.61 |
| 6 | Water - Residential - 3/4" - Tier 3 | 772,823 | 89.40% | 690,904 | 95.78% | 740,174 | 49,270 | \$ 34,242.27 |
| 7 | Water - Residential - 1" - Tier 1 | 450,131 | 82.70% | 372,258 | 95.78% | 431,115 | 58,856 | \$ 27,038.55 |
| 8 | Water - Residential - 1" - Tier 2 | 1,175,803 | 82.70% | 972,389 | 95.78% | 1,126,129 | 153,740 | \$ 88,738.14 |
| 9 | Water - Residential - 1" - Tier 3 | 1,218,674 | 82.70% | 1,007,843 | 95.78% | 1,167,189 | 159,346 | \$ 110,743.76 |
| 10 | Water - Residential - 1.5" - Tier 1 | 971 | 91.80% | 891 | 94.92% | 922 | 30 | \$ 13.90 |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,460 | 91.80% | 2,258 | 94.92% | 2,335 | 77 | \$ 44.24 |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,274 | 91.80% | 2,087 | 94.92% | 2,158 | 71 | \$ 49.24 |
| 13 | Water - Residential - 2" - Tier 1 | 1,184 | 88.90% | 1,053 | 94.92% | 1,124 | 71 | \$ 32.73 |
| 14 | Water - Residential - 2" - Tier 2 | 2,142 | 88.90% | 1,904 | 94.92% | 2,033 | 129 | \$ 74.37 |
| 15 | Water - Residential - 2" - Tier 3 | 354 | 88.90% | 314 | 94.92% | 336 | 21 | \$ 14.78 |
| 16 | Non-Residential - 5/8" - Tier 1 | 69,284 | 71.00% | 49,192 | 95.78% | 66,357 | 17,165 | \$ 10,413.28 |
| 17 | Non-Residential - 5/8" - Tier 2 | 621 | 71.00% | 441 | 95.78% | 595 | 154 | \$ 106.94 |
| 18 | Non-Residential - 3/4" - Tier 1 | 39,369 | 89.40% | 35,196 | 95.78% | 37,705 | 2,510 | \$ 1,522.61 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 | 89.40% | 0 | 95.78% | 0 | 0 | \$ - |
| 20 | Non-Residential - 1" - Tier 1 | 193,169 | 82.70% | 159,751 | 95.78% | 185,008 | 25,257 | \$ 15,322.30 |
| 21 | Non-Residential - 1" - Tier 2 | 54,571 | 82.70% | 45,130 | 95.78% | 52,266 | 7,135 | \$ 4,959.02 |
| 22 | Non-Residential - 1.5" - Tier 1 | 32,158 | 91.80% | 29,521 | 94.92% | 30,523 | 1,002 | \$ 607.88 |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,447 | 91.80% | 11,427 | 94.92% | 11,814 | 388 | \$ 269.55 |
| 24 | Non-Residential - 2" - Tier 1 | 221,649 | 88.90% | 197,046 | 94.92% | 210,380 | 13,334 | \$ 8,089.15 |
| 25 | Non-Residential - 2" - Tier 2 | 131,760 | 88.90% | 117,135 | 94.92% | 125,062 | 7,927 | \$ 5,508.94 |
| 26 | Sprinkler - 5/8" - Tier 1 | 205,095 | 71.00% | 145,617 | 95.78% | 196,430 | 50,813 | \$ 20,949.27 |
| 27 | Sprinkler - 5/8" - Tier 2 | 967 | 71.00% | 687 | 95.78% | 926 | 240 | \$ 112.90 |
| 28 | Sprinkler - 3/4" - Tier 1 | 579,989 | 89.40% | 518,511 | 95.78% | 555,487 | 36,976 | \$ 15,244.69 |
| 29 | Sprinkler - 3/4" - Tier 2 | 8,112 | 89.40% | 7,252 | 95.78% | 7,770 | 517 | \$ 243.69 |
| 30 | Sprinkler - 1" - Tier 1 | 412,587 | 82.70% | 341,210 | 95.78% | 395,157 | 53,947 | \$ 22,241.47 |
| 31 | Sprinkler - 1" - Tier 2 | 11,751 | 82.70% | 9,718 | 95.78% | 11,255 | 1,537 | \$ 723.99 |
| 32 | Sprinkler - 1.5" - Tier 1 | 61,159 | 91.80% | 56,144 | 94.92% | 58,050 | 1,906 | \$ 785.68 |
| 33 | Sprinkler - 1.5" - Tier 2 | 58,387 | 91.80% | 53,600 | 94.92% | 55,419 | 1,819 | \$ 857.23 |
| 34 | Sprinkler - 2" - Tier 1 | 84,745 | 88.90% | 75,339 | 94.92% | 80,437 | 5,098 | \$ 2,101.92 |
| 35 | Sprinkler - 2" - Tier 2 | 87,121 | 88.90% | 77,451 | 94.92% | 82,692 | 5,241 | \$ 2,469.54 |
| TOTALS | | 9,655,794 | | 7,967,000 | | 9,241,865 | 1,274,865 | \$ 720,375.45 |

| Year 12 - Annual Revenue Calculations | | | | | | | | |
|---------------------------------------|-------------------------------------|---|---------------------------|----------------------------|----------------------|--|-----------------------------------|----------------------------------|
| Item | Description | Existing Consumption at 100% Accuracy (HCF) | Existing Meter Accuracy % | Existing Consumption (HCF) | New Meter Accuracy % | Consumption Billed with New Meters (HCF) | Annual Consumption Increase (HCF) | Annual Consumption Increase (\$) |
| 1 | Water - Residential - 5/8" - Tier 1 | 661,337 | 70.50% | 466,242 | 95.49% | 631,497 | 165,255 | \$ 77,056.93 |
| 2 | Water - Residential - 5/8" - Tier 2 | 993,178 | 70.50% | 700,190 | 95.49% | 948,366 | 248,175 | \$ 145,394.31 |
| 3 | Water - Residential - 5/8" - Tier 3 | 412,417 | 70.50% | 290,754 | 95.49% | 393,809 | 103,055 | \$ 72,696.43 |
| 4 | Water - Residential - 3/4" - Tier 1 | 520,372 | 88.90% | 462,611 | 95.49% | 496,893 | 34,282 | \$ 15,985.49 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,176,732 | 88.90% | 1,046,115 | 95.49% | 1,123,638 | 77,523 | \$ 45,417.29 |
| 6 | Water - Residential - 3/4" - Tier 3 | 772,823 | 88.90% | 687,040 | 95.49% | 737,953 | 50,914 | \$ 35,915.32 |
| 7 | Water - Residential - 1" - Tier 1 | 450,131 | 82.20% | 370,008 | 95.49% | 429,821 | 59,814 | \$ 27,890.51 |
| 8 | Water - Residential - 1" - Tier 2 | 1,175,803 | 82.20% | 966,510 | 95.49% | 1,122,751 | 156,241 | \$ 91,534.21 |
| 9 | Water - Residential - 1" - Tier 3 | 1,218,674 | 82.20% | 1,001,750 | 95.49% | 1,163,688 | 161,938 | \$ 114,233.21 |
| 10 | Water - Residential - 1.5" - Tier 1 | 971 | 91.30% | 887 | 94.63% | 919 | 32 | \$ 15.08 |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,460 | 91.30% | 2,246 | 94.63% | 2,328 | 82 | \$ 48.00 |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,274 | 91.30% | 2,076 | 94.63% | 2,152 | 76 | \$ 53.43 |
| 13 | Water - Residential - 2" - Tier 1 | 1,184 | 88.40% | 1,047 | 94.63% | 1,121 | 74 | \$ 34.41 |
| 14 | Water - Residential - 2" - Tier 2 | 2,142 | 88.40% | 1,893 | 94.63% | 2,027 | 133 | \$ 78.18 |
| 15 | Water - Residential - 2" - Tier 3 | 354 | 88.40% | 313 | 94.63% | 335 | 22 | \$ 15.54 |
| 16 | Non-Residential - 5/8" - Tier 1 | 69,284 | 70.50% | 48,845 | 95.49% | 66,158 | 17,313 | \$ 10,660.21 |
| 17 | Non-Residential - 5/8" - Tier 2 | 621 | 70.50% | 438 | 95.49% | 593 | 155 | \$ 109.47 |
| 18 | Non-Residential - 3/4" - Tier 1 | 39,369 | 88.90% | 34,999 | 95.49% | 37,592 | 2,594 | \$ 1,597.00 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 | 88.90% | 0 | 95.49% | 0 | 0 | \$ - |
| 20 | Non-Residential - 1" - Tier 1 | 193,169 | 82.20% | 158,785 | 95.49% | 184,453 | 25,668 | \$ 15,805.09 |
| 21 | Non-Residential - 1" - Tier 2 | 54,571 | 82.20% | 44,858 | 95.49% | 52,109 | 7,251 | \$ 5,115.27 |
| 22 | Non-Residential - 1.5" - Tier 1 | 32,158 | 91.30% | 29,360 | 94.63% | 30,432 | 1,071 | \$ 659.62 |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,447 | 91.30% | 11,364 | 94.63% | 11,779 | 415 | \$ 292.50 |
| 24 | Non-Residential - 2" - Tier 1 | 221,649 | 88.40% | 195,937 | 94.63% | 209,749 | 13,811 | \$ 8,504.27 |
| 25 | Non-Residential - 2" - Tier 2 | 131,760 | 88.40% | 116,476 | 94.63% | 124,686 | 8,210 | \$ 5,791.64 |
| 26 | Sprinkler - 5/8" - Tier 1 | 205,095 | 70.50% | 144,592 | 95.49% | 195,841 | 51,249 | \$ 21,446.03 |
| 27 | Sprinkler - 5/8" - Tier 2 | 967 | 70.50% | 682 | 95.49% | 923 | 242 | \$ 115.57 |
| 28 | Sprinkler - 3/4" - Tier 1 | 579,989 | 88.90% | 515,611 | 95.49% | 553,820 | 38,210 | \$ 15,989.53 |
| 29 | Sprinkler - 3/4" - Tier 2 | 8,112 | 88.90% | 7,212 | 95.49% | 7,746 | 534 | \$ 255.59 |
| 30 | Sprinkler - 1" - Tier 1 | 412,587 | 82.20% | 339,147 | 95.49% | 393,971 | 54,825 | \$ 22,942.29 |
| 31 | Sprinkler - 1" - Tier 2 | 11,751 | 82.20% | 9,660 | 95.49% | 11,221 | 1,562 | \$ 746.80 |
| 32 | Sprinkler - 1.5" - Tier 1 | 61,159 | 91.30% | 55,838 | 94.63% | 57,876 | 2,037 | \$ 852.56 |
| 33 | Sprinkler - 1.5" - Tier 2 | 58,387 | 91.30% | 53,308 | 94.63% | 55,253 | 1,945 | \$ 930.19 |
| 34 | Sprinkler - 2" - Tier 1 | 84,745 | 88.40% | 74,915 | 94.63% | 80,196 | 5,281 | \$ 2,209.78 |
| 35 | Sprinkler - 2" - Tier 2 | 87,121 | 88.40% | 77,015 | 94.63% | 82,444 | 5,429 | \$ 2,596.27 |
| TOTALS | | 9,655,794 | | 7,918,721 | | 9,214,139 | 1,295,418 | \$ 742,988.05 |

| Year 13 - Annual Revenue Calculations | | | | | | | | |
|---------------------------------------|-------------------------------------|---|---------------------------|----------------------------|----------------------|--|-----------------------------------|----------------------------------|
| Item | Description | Existing Consumption at 100% Accuracy (HCF) | Existing Meter Accuracy % | Existing Consumption (HCF) | New Meter Accuracy % | Consumption Billed with New Meters (HCF) | Annual Consumption Increase (HCF) | Annual Consumption Increase (\$) |
| 1 | Water - Residential - 5/8" - Tier 1 | 661,337 | 70.00% | 462,936 | 95.20% | 629,603 | 166,667 | \$ 78,881.16 |
| 2 | Water - Residential - 5/8" - Tier 2 | 993,178 | 70.00% | 695,224 | 95.20% | 945,521 | 250,296 | \$ 148,836.33 |
| 3 | Water - Residential - 5/8" - Tier 3 | 412,417 | 70.00% | 288,692 | 95.20% | 392,628 | 103,936 | \$ 74,417.42 |
| 4 | Water - Residential - 3/4" - Tier 1 | 520,372 | 88.40% | 460,009 | 95.20% | 495,402 | 35,393 | \$ 16,751.18 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,176,732 | 88.40% | 1,040,231 | 95.20% | 1,120,267 | 80,036 | \$ 47,592.73 |
| 6 | Water - Residential - 3/4" - Tier 3 | 772,823 | 88.40% | 683,176 | 95.20% | 735,740 | 52,564 | \$ 37,635.62 |
| 7 | Water - Residential - 1" - Tier 1 | 450,131 | 81.70% | 367,757 | 95.20% | 428,532 | 60,775 | \$ 28,763.79 |
| 8 | Water - Residential - 1" - Tier 2 | 1,175,803 | 81.70% | 960,631 | 95.20% | 1,119,383 | 158,752 | \$ 94,400.22 |
| 9 | Water - Residential - 1" - Tier 3 | 1,218,674 | 81.70% | 995,657 | 95.20% | 1,160,197 | 164,540 | \$ 117,809.95 |
| 10 | Water - Residential - 1.5" - Tier 1 | 971 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,460 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,274 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 13 | Water - Residential - 2" - Tier 1 | 1,184 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 14 | Water - Residential - 2" - Tier 2 | 2,142 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 15 | Water - Residential - 2" - Tier 3 | 354 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 16 | Non-Residential - 5/8" - Tier 1 | 69,284 | 70.00% | 48,499 | 95.20% | 65,960 | 17,461 | \$ 10,912.58 |
| 17 | Non-Residential - 5/8" - Tier 2 | 621 | 70.00% | 435 | 95.20% | 591 | 157 | \$ 112.06 |
| 18 | Non-Residential - 3/4" - Tier 1 | 39,369 | 88.40% | 34,802 | 95.20% | 37,480 | 2,678 | \$ 1,673.50 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 | 88.40% | 0 | 95.20% | 0 | 0 | \$ - |
| 20 | Non-Residential - 1" - Tier 1 | 193,169 | 81.70% | 157,819 | 95.20% | 183,900 | 26,081 | \$ 16,299.96 |
| 21 | Non-Residential - 1" - Tier 2 | 54,571 | 81.70% | 44,585 | 95.20% | 51,953 | 7,368 | \$ 5,275.44 |
| 22 | Non-Residential - 1.5" - Tier 1 | 32,158 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,447 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 24 | Non-Residential - 2" - Tier 1 | 221,649 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 25 | Non-Residential - 2" - Tier 2 | 131,760 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 26 | Sprinkler - 5/8" - Tier 1 | 205,095 | 70.00% | 143,566 | 95.20% | 195,253 | 51,687 | \$ 21,953.74 |
| 27 | Sprinkler - 5/8" - Tier 2 | 967 | 70.00% | 677 | 95.20% | 921 | 244 | \$ 118.31 |
| 28 | Sprinkler - 3/4" - Tier 1 | 579,989 | 88.40% | 512,711 | 95.20% | 552,159 | 39,448 | \$ 16,755.41 |
| 29 | Sprinkler - 3/4" - Tier 2 | 8,112 | 88.40% | 7,171 | 95.20% | 7,723 | 552 | \$ 267.84 |
| 30 | Sprinkler - 1" - Tier 1 | 412,587 | 81.70% | 337,084 | 95.20% | 392,789 | 55,706 | \$ 23,660.63 |
| 31 | Sprinkler - 1" - Tier 2 | 11,751 | 81.70% | 9,601 | 95.20% | 11,188 | 1,587 | \$ 770.18 |
| 32 | Sprinkler - 1.5" - Tier 1 | 61,159 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 33 | Sprinkler - 1.5" - Tier 2 | 58,387 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 34 | Sprinkler - 2" - Tier 1 | 84,745 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 35 | Sprinkler - 2" - Tier 2 | 87,121 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| TOTALS | | 9,655,794 | | 7,251,261 | | 8,527,187 | 1,275,926 | \$ 742,888.07 |

| Year 14 - Annual Revenue Calculations | | | | | | | | |
|---------------------------------------|-------------------------------------|---|---------------------------|----------------------------|----------------------|--|-----------------------------------|----------------------------------|
| Item | Description | Existing Consumption at 100% Accuracy (HCF) | Existing Meter Accuracy % | Existing Consumption (HCF) | New Meter Accuracy % | Consumption Billed with New Meters (HCF) | Annual Consumption Increase (HCF) | Annual Consumption Increase (\$) |
| 1 | Water - Residential - 5/8" - Tier 1 | 661,337 | 69.50% | 459,629 | 94.92% | 627,714 | 168,085 | \$ 80,745.50 |
| 2 | Water - Residential - 5/8" - Tier 2 | 993,178 | 69.50% | 690,258 | 94.92% | 942,684 | 252,426 | \$ 152,354.06 |
| 3 | Water - Residential - 5/8" - Tier 3 | 412,417 | 69.50% | 286,630 | 94.92% | 391,450 | 104,820 | \$ 76,176.27 |
| 4 | Water - Residential - 3/4" - Tier 1 | 520,372 | 87.90% | 457,407 | 94.92% | 493,916 | 36,509 | \$ 17,538.39 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,176,732 | 87.90% | 1,034,347 | 94.92% | 1,116,906 | 82,559 | \$ 49,829.32 |
| 6 | Water - Residential - 3/4" - Tier 3 | 772,823 | 87.90% | 679,311 | 94.92% | 733,532 | 54,221 | \$ 39,404.28 |
| 7 | Water - Residential - 1" - Tier 1 | 450,131 | 81.20% | 365,506 | 94.92% | 427,246 | 61,740 | \$ 29,658.85 |
| 8 | Water - Residential - 1" - Tier 2 | 1,175,803 | 81.20% | 954,752 | 94.92% | 1,116,024 | 161,273 | \$ 97,337.72 |
| 9 | Water - Residential - 1" - Tier 3 | 1,218,674 | 81.20% | 989,563 | 94.92% | 1,156,716 | 167,153 | \$ 121,475.90 |
| 10 | Water - Residential - 1.5" - Tier 1 | 971 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,460 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,274 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 13 | Water - Residential - 2" - Tier 1 | 1,184 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 14 | Water - Residential - 2" - Tier 2 | 2,142 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 15 | Water - Residential - 2" - Tier 3 | 354 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 16 | Non-Residential - 5/8" - Tier 1 | 69,284 | 69.50% | 48,153 | 94.92% | 65,762 | 17,609 | \$ 11,170.50 |
| 17 | Non-Residential - 5/8" - Tier 2 | 621 | 69.50% | 432 | 94.92% | 589 | 158 | \$ 114.71 |
| 18 | Non-Residential - 3/4" - Tier 1 | 39,369 | 87.90% | 34,605 | 94.92% | 37,367 | 2,762 | \$ 1,752.14 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 | 87.90% | 0 | 94.92% | 0 | 0 | \$ - |
| 20 | Non-Residential - 1" - Tier 1 | 193,169 | 81.20% | 156,853 | 94.92% | 183,348 | 26,495 | \$ 16,807.18 |
| 21 | Non-Residential - 1" - Tier 2 | 54,571 | 81.20% | 44,312 | 94.92% | 51,797 | 7,485 | \$ 5,439.60 |
| 22 | Non-Residential - 1.5" - Tier 1 | 32,158 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,447 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 24 | Non-Residential - 2" - Tier 1 | 221,649 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 25 | Non-Residential - 2" - Tier 2 | 131,760 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 26 | Sprinkler - 5/8" - Tier 1 | 205,095 | 69.50% | 142,541 | 94.92% | 194,668 | 52,127 | \$ 22,472.61 |
| 27 | Sprinkler - 5/8" - Tier 2 | 967 | 69.50% | 672 | 94.92% | 918 | 246 | \$ 121.11 |
| 28 | Sprinkler - 3/4" - Tier 1 | 579,989 | 87.90% | 509,811 | 94.92% | 550,502 | 40,692 | \$ 17,542.82 |
| 29 | Sprinkler - 3/4" - Tier 2 | 8,112 | 87.90% | 7,131 | 94.92% | 7,700 | 569 | \$ 280.42 |
| 30 | Sprinkler - 1" - Tier 1 | 412,587 | 81.20% | 335,021 | 94.92% | 391,611 | 56,590 | \$ 24,396.89 |
| 31 | Sprinkler - 1" - Tier 2 | 11,751 | 81.20% | 9,542 | 94.92% | 11,154 | 1,612 | \$ 794.15 |
| 32 | Sprinkler - 1.5" - Tier 1 | 61,159 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 33 | Sprinkler - 1.5" - Tier 2 | 58,387 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 34 | Sprinkler - 2" - Tier 1 | 84,745 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 35 | Sprinkler - 2" - Tier 2 | 87,121 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| TOTALS | | 9,655,794 | | 7,206,476 | | 8,501,605 | 1,295,129 | \$ 765,412.41 |

| Year 15 - Annual Revenue Calculations | | | | | | | | |
|---------------------------------------|-------------------------------------|---|---------------------------|----------------------------|----------------------|--|-----------------------------------|----------------------------------|
| Item | Description | Existing Consumption at 100% Accuracy (HCF) | Existing Meter Accuracy % | Existing Consumption (HCF) | New Meter Accuracy % | Consumption Billed with New Meters (HCF) | Annual Consumption Increase (HCF) | Annual Consumption Increase (\$) |
| 1 | Water - Residential - 5/8" - Tier 1 | 661,337 | 69.00% | 456,322 | 94.63% | 625,831 | 169,509 | \$ 82,650.79 |
| 2 | Water - Residential - 5/8" - Tier 2 | 993,178 | 69.00% | 685,293 | 94.63% | 939,856 | 254,563 | \$ 155,949.03 |
| 3 | Water - Residential - 5/8" - Tier 3 | 412,417 | 69.00% | 284,568 | 94.63% | 390,275 | 105,707 | \$ 77,973.74 |
| 4 | Water - Residential - 3/4" - Tier 1 | 520,372 | 87.40% | 454,805 | 94.63% | 492,434 | 37,629 | \$ 18,347.62 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,176,732 | 87.40% | 1,028,464 | 94.63% | 1,113,556 | 85,092 | \$ 52,128.48 |
| 6 | Water - Residential - 3/4" - Tier 3 | 772,823 | 87.40% | 675,447 | 94.63% | 731,332 | 55,884 | \$ 41,222.42 |
| 7 | Water - Residential - 1" - Tier 1 | 450,131 | 80.70% | 363,256 | 94.63% | 425,965 | 62,709 | \$ 30,576.17 |
| 8 | Water - Residential - 1" - Tier 2 | 1,175,803 | 80.70% | 948,873 | 94.63% | 1,112,676 | 163,804 | \$ 100,348.27 |
| 9 | Water - Residential - 1" - Tier 3 | 1,218,674 | 80.70% | 983,470 | 94.63% | 1,153,246 | 169,776 | \$ 125,233.03 |
| 10 | Water - Residential - 1.5" - Tier 1 | 971 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,460 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,274 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 13 | Water - Residential - 2" - Tier 1 | 1,184 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 14 | Water - Residential - 2" - Tier 2 | 2,142 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 15 | Water - Residential - 2" - Tier 3 | 354 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 16 | Non-Residential - 5/8" - Tier 1 | 69,284 | 69.00% | 47,806 | 94.63% | 65,564 | 17,758 | \$ 11,434.08 |
| 17 | Non-Residential - 5/8" - Tier 2 | 621 | 69.00% | 429 | 94.63% | 588 | 159 | \$ 117.42 |
| 18 | Non-Residential - 3/4" - Tier 1 | 39,369 | 87.40% | 34,408 | 94.63% | 37,255 | 2,847 | \$ 1,832.99 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 | 87.40% | 0 | 94.63% | 0 | 0 | \$ - |
| 20 | Non-Residential - 1" - Tier 1 | 193,169 | 80.70% | 155,887 | 94.63% | 182,798 | 26,911 | \$ 17,327.00 |
| 21 | Non-Residential - 1" - Tier 2 | 54,571 | 80.70% | 44,039 | 94.63% | 51,641 | 7,602 | \$ 5,607.84 |
| 22 | Non-Residential - 1.5" - Tier 1 | 32,158 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,447 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 24 | Non-Residential - 2" - Tier 1 | 221,649 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 25 | Non-Residential - 2" - Tier 2 | 131,760 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 26 | Sprinkler - 5/8" - Tier 1 | 205,095 | 69.00% | 141,515 | 94.63% | 194,084 | 52,568 | \$ 23,002.88 |
| 27 | Sprinkler - 5/8" - Tier 2 | 967 | 69.00% | 667 | 94.63% | 915 | 248 | \$ 123.96 |
| 28 | Sprinkler - 3/4" - Tier 1 | 579,989 | 87.40% | 506,911 | 94.63% | 548,851 | 41,940 | \$ 18,352.26 |
| 29 | Sprinkler - 3/4" - Tier 2 | 8,112 | 87.40% | 7,090 | 94.63% | 7,677 | 587 | \$ 293.36 |
| 30 | Sprinkler - 1" - Tier 1 | 412,587 | 80.70% | 332,958 | 94.63% | 390,436 | 57,478 | \$ 25,151.46 |
| 31 | Sprinkler - 1" - Tier 2 | 11,751 | 80.70% | 9,483 | 94.63% | 11,121 | 1,637 | \$ 818.71 |
| 32 | Sprinkler - 1.5" - Tier 1 | 61,159 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 33 | Sprinkler - 1.5" - Tier 2 | 58,387 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 34 | Sprinkler - 2" - Tier 1 | 84,745 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 35 | Sprinkler - 2" - Tier 2 | 87,121 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| TOTALS | | 9,655,794 | | 7,161,691 | | 8,476,100 | 1,314,409 | \$ 788,491.51 |

| Year 16 - Annual Revenue Calculations - Possible Revenue Beyond 15 Year Guarantee Period | | | | | | | | |
|--|-------------------------------------|---|---------------------------|----------------------------|----------------------|--|-----------------------------------|----------------------------------|
| Item | Description | Existing Consumption at 100% Accuracy (HCF) | Existing Meter Accuracy % | Existing Consumption (HCF) | New Meter Accuracy % | Consumption Billed with New Meters (HCF) | Annual Consumption Increase (HCF) | Annual Consumption Increase (\$) |
| 1 | Water - Residential - 5/8" - Tier 1 | 661,337 | 68.50% | 453,016 | 94.35% | 623,954 | 170,938 | \$ 84,597.86 |
| 2 | Water - Residential - 5/8" - Tier 2 | 993,178 | 68.50% | 680,327 | 94.35% | 937,036 | 256,710 | \$ 159,622.86 |
| 3 | Water - Residential - 5/8" - Tier 3 | 412,417 | 68.50% | 282,506 | 94.35% | 389,104 | 106,599 | \$ 79,810.63 |
| 4 | Water - Residential - 3/4" - Tier 1 | 520,372 | 86.90% | 452,203 | 94.35% | 490,957 | 38,754 | \$ 19,179.38 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,176,732 | 86.90% | 1,022,580 | 94.35% | 1,110,215 | 87,635 | \$ 54,491.64 |
| 6 | Water - Residential - 3/4" - Tier 3 | 772,823 | 86.90% | 671,583 | 94.35% | 729,138 | 57,555 | \$ 43,091.18 |
| 7 | Water - Residential - 1" - Tier 1 | 450,131 | 80.20% | 361,005 | 94.35% | 424,687 | 63,681 | \$ 31,516.23 |
| 8 | Water - Residential - 1" - Tier 2 | 1,175,803 | 80.20% | 942,994 | 94.35% | 1,109,338 | 166,344 | \$ 103,433.49 |
| 9 | Water - Residential - 1" - Tier 3 | 1,218,674 | 80.20% | 977,376 | 94.35% | 1,149,786 | 172,410 | \$ 129,083.33 |
| 10 | Water - Residential - 1.5" - Tier 1 | 971 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,460 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,274 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 13 | Water - Residential - 2" - Tier 1 | 1,184 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 14 | Water - Residential - 2" - Tier 2 | 2,142 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 15 | Water - Residential - 2" - Tier 3 | 354 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 16 | Non-Residential - 5/8" - Tier 1 | 69,284 | 68.50% | 47,460 | 94.35% | 65,368 | 17,908 | \$ 11,703.44 |
| 17 | Non-Residential - 5/8" - Tier 2 | 621 | 68.50% | 425 | 94.35% | 586 | 161 | \$ 120.19 |
| 18 | Non-Residential - 3/4" - Tier 1 | 39,369 | 86.90% | 34,211 | 94.35% | 37,143 | 2,932 | \$ 1,916.08 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 | 86.90% | 0 | 94.35% | 0 | 0 | \$ - |
| 20 | Non-Residential - 1" - Tier 1 | 193,169 | 80.20% | 154,921 | 94.35% | 182,250 | 27,328 | \$ 17,859.72 |
| 21 | Non-Residential - 1" - Tier 2 | 54,571 | 80.20% | 43,766 | 94.35% | 51,487 | 7,720 | \$ 5,780.25 |
| 22 | Non-Residential - 1.5" - Tier 1 | 32,158 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,447 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 24 | Non-Residential - 2" - Tier 1 | 221,649 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 25 | Non-Residential - 2" - Tier 2 | 131,760 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 26 | Sprinkler - 5/8" - Tier 1 | 205,095 | 68.50% | 140,490 | 94.35% | 193,501 | 53,011 | \$ 23,544.78 |
| 27 | Sprinkler - 5/8" - Tier 2 | 967 | 68.50% | 662 | 94.35% | 912 | 250 | \$ 126.88 |
| 28 | Sprinkler - 3/4" - Tier 1 | 579,989 | 86.90% | 504,011 | 94.35% | 547,204 | 43,194 | \$ 19,184.23 |
| 29 | Sprinkler - 3/4" - Tier 2 | 8,112 | 86.90% | 7,050 | 94.35% | 7,654 | 604 | \$ 306.66 |
| 30 | Sprinkler - 1" - Tier 1 | 412,587 | 80.20% | 330,895 | 94.35% | 389,265 | 58,370 | \$ 25,924.74 |
| 31 | Sprinkler - 1" - Tier 2 | 11,751 | 80.20% | 9,425 | 94.35% | 11,087 | 1,663 | \$ 843.88 |
| 32 | Sprinkler - 1.5" - Tier 1 | 61,159 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 33 | Sprinkler - 1.5" - Tier 2 | 58,387 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 34 | Sprinkler - 2" - Tier 1 | 84,745 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 35 | Sprinkler - 2" - Tier 2 | 87,121 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| TOTALS | | 9,655,794 | | 7,116,906 | | 8,450,672 | 1,333,766 | \$ 812,137.47 |

| Year 17 - Annual Revenue Calculations - Possible Revenue Beyond 15 Year Guarantee Period | | | | | | | | |
|--|-------------------------------------|---|---------------------------|----------------------------|----------------------|--|-----------------------------------|----------------------------------|
| Item | Description | Existing Consumption at 100% Accuracy (HCF) | Existing Meter Accuracy % | Existing Consumption (HCF) | New Meter Accuracy % | Consumption Billed with New Meters (HCF) | Annual Consumption Increase (HCF) | Annual Consumption Increase (\$) |
| 1 | Water - Residential - 5/8" - Tier 1 | 661,337 | 68.00% | 449,709 | 94.06% | 622,082 | 172,373 | \$ 86,587.58 |
| 2 | Water - Residential - 5/8" - Tier 2 | 993,178 | 68.00% | 675,361 | 94.06% | 934,225 | 258,865 | \$ 163,377.15 |
| 3 | Water - Residential - 5/8" - Tier 3 | 412,417 | 68.00% | 280,444 | 94.06% | 387,937 | 107,494 | \$ 81,687.76 |
| 4 | Water - Residential - 3/4" - Tier 1 | 520,372 | 86.40% | 449,601 | 94.06% | 489,484 | 39,883 | \$ 20,034.20 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,176,732 | 86.40% | 1,016,696 | 94.06% | 1,106,884 | 90,188 | \$ 56,920.30 |
| 6 | Water - Residential - 3/4" - Tier 3 | 772,823 | 86.40% | 667,719 | 94.06% | 726,950 | 59,231 | \$ 45,011.73 |
| 7 | Water - Residential - 1" - Tier 1 | 450,131 | 79.70% | 358,755 | 94.06% | 423,413 | 64,658 | \$ 32,479.55 |
| 8 | Water - Residential - 1" - Tier 2 | 1,175,803 | 79.70% | 937,115 | 94.06% | 1,106,010 | 168,895 | \$ 106,595.00 |
| 9 | Water - Residential - 1" - Tier 3 | 1,218,674 | 79.70% | 971,283 | 94.06% | 1,146,337 | 175,054 | \$ 133,028.85 |
| 10 | Water - Residential - 1.5" - Tier 1 | 971 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,460 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,274 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 13 | Water - Residential - 2" - Tier 1 | 1,184 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 14 | Water - Residential - 2" - Tier 2 | 2,142 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 15 | Water - Residential - 2" - Tier 3 | 354 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 16 | Non-Residential - 5/8" - Tier 1 | 69,284 | 68.00% | 47,113 | 94.06% | 65,172 | 18,058 | \$ 11,978.70 |
| 17 | Non-Residential - 5/8" - Tier 2 | 621 | 68.00% | 422 | 94.06% | 584 | 162 | \$ 123.01 |
| 18 | Non-Residential - 3/4" - Tier 1 | 39,369 | 86.40% | 34,015 | 94.06% | 37,032 | 3,017 | \$ 2,001.48 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 | 86.40% | 0 | 94.06% | 0 | 0 | \$ - |
| 20 | Non-Residential - 1" - Tier 1 | 193,169 | 79.70% | 153,955 | 94.06% | 181,703 | 27,747 | \$ 18,405.62 |
| 21 | Non-Residential - 1" - Tier 2 | 54,571 | 79.70% | 43,493 | 94.06% | 51,332 | 7,839 | \$ 5,956.93 |
| 22 | Non-Residential - 1.5" - Tier 1 | 32,158 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,447 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 24 | Non-Residential - 2" - Tier 1 | 221,649 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 25 | Non-Residential - 2" - Tier 2 | 131,760 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 26 | Sprinkler - 5/8" - Tier 1 | 205,095 | 68.00% | 139,464 | 94.06% | 192,921 | 53,456 | \$ 24,098.55 |
| 27 | Sprinkler - 5/8" - Tier 2 | 967 | 68.00% | 658 | 94.06% | 910 | 252 | \$ 129.87 |
| 28 | Sprinkler - 3/4" - Tier 1 | 579,989 | 86.40% | 501,111 | 94.06% | 545,563 | 44,452 | \$ 20,039.26 |
| 29 | Sprinkler - 3/4" - Tier 2 | 8,112 | 86.40% | 7,009 | 94.06% | 7,631 | 622 | \$ 320.33 |
| 30 | Sprinkler - 1" - Tier 1 | 412,587 | 79.70% | 328,832 | 94.06% | 388,097 | 59,265 | \$ 26,717.15 |
| 31 | Sprinkler - 1" - Tier 2 | 11,751 | 79.70% | 9,366 | 94.06% | 11,054 | 1,688 | \$ 869.67 |
| 32 | Sprinkler - 1.5" - Tier 1 | 61,159 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 33 | Sprinkler - 1.5" - Tier 2 | 58,387 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 34 | Sprinkler - 2" - Tier 1 | 84,745 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 35 | Sprinkler - 2" - Tier 2 | 87,121 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| TOTALS | | 9,655,794 | | 7,072,121 | | 8,425,320 | 1,353,199 | \$ 836,362.68 |

| Year 18 - Annual Revenue Calculations - Possible Revenue Beyond 15 Year Guarantee Period | | | | | | | | |
|--|-------------------------------------|---|---------------------------|----------------------------|----------------------|--|-----------------------------------|----------------------------------|
| Item | Description | Existing Consumption at 100% Accuracy (HCF) | Existing Meter Accuracy % | Existing Consumption (HCF) | New Meter Accuracy % | Consumption Billed with New Meters (HCF) | Annual Consumption Increase (HCF) | Annual Consumption Increase (\$) |
| 1 | Water - Residential - 5/8" - Tier 1 | 661,337 | 67.50% | 446,402 | 93.78% | 620,215 | 173,813 | \$ 88,620.82 |
| 2 | Water - Residential - 5/8" - Tier 2 | 993,178 | 67.50% | 670,395 | 93.78% | 931,423 | 261,028 | \$ 167,213.55 |
| 3 | Water - Residential - 5/8" - Tier 3 | 412,417 | 67.50% | 278,382 | 93.78% | 386,773 | 108,392 | \$ 83,605.94 |
| 4 | Water - Residential - 3/4" - Tier 1 | 520,372 | 85.90% | 446,999 | 93.78% | 488,016 | 41,016 | \$ 20,912.59 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,176,732 | 85.90% | 1,010,813 | 93.78% | 1,103,564 | 92,751 | \$ 59,415.96 |
| 6 | Water - Residential - 3/4" - Tier 3 | 772,823 | 85.90% | 663,855 | 93.78% | 724,770 | 60,915 | \$ 46,985.26 |
| 7 | Water - Residential - 1" - Tier 1 | 450,131 | 79.20% | 356,504 | 93.78% | 422,142 | 65,638 | \$ 33,466.62 |
| 8 | Water - Residential - 1" - Tier 2 | 1,175,803 | 79.20% | 931,236 | 93.78% | 1,102,692 | 171,456 | \$ 109,834.49 |
| 9 | Water - Residential - 1" - Tier 3 | 1,218,674 | 79.20% | 965,190 | 93.78% | 1,142,898 | 177,708 | \$ 137,071.67 |
| 10 | Water - Residential - 1.5" - Tier 1 | 971 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,460 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,274 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 13 | Water - Residential - 2" - Tier 1 | 1,184 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 14 | Water - Residential - 2" - Tier 2 | 2,142 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 15 | Water - Residential - 2" - Tier 3 | 354 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 16 | Non-Residential - 5/8" - Tier 1 | 69,284 | 67.50% | 46,767 | 93.78% | 64,976 | 18,209 | \$ 12,259.99 |
| 17 | Non-Residential - 5/8" - Tier 2 | 621 | 67.50% | 419 | 93.78% | 582 | 163 | \$ 125.90 |
| 18 | Non-Residential - 3/4" - Tier 1 | 39,369 | 85.90% | 33,818 | 93.78% | 36,921 | 3,103 | \$ 2,089.23 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 | 85.90% | 0 | 93.78% | 0 | 0 | \$ - |
| 20 | Non-Residential - 1" - Tier 1 | 193,169 | 79.20% | 152,990 | 93.78% | 181,158 | 28,168 | \$ 18,964.98 |
| 21 | Non-Residential - 1" - Tier 2 | 54,571 | 79.20% | 43,220 | 93.78% | 51,178 | 7,958 | \$ 6,137.96 |
| 22 | Non-Residential - 1.5" - Tier 1 | 32,158 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,447 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 24 | Non-Residential - 2" - Tier 1 | 221,649 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 25 | Non-Residential - 2" - Tier 2 | 131,760 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 26 | Sprinkler - 5/8" - Tier 1 | 205,095 | 67.50% | 138,439 | 93.78% | 192,342 | 53,903 | \$ 24,664.43 |
| 27 | Sprinkler - 5/8" - Tier 2 | 967 | 67.50% | 653 | 93.78% | 907 | 254 | \$ 132.92 |
| 28 | Sprinkler - 3/4" - Tier 1 | 579,989 | 85.90% | 498,211 | 93.78% | 543,926 | 45,715 | \$ 20,917.88 |
| 29 | Sprinkler - 3/4" - Tier 2 | 8,112 | 85.90% | 6,968 | 93.78% | 7,608 | 639 | \$ 334.37 |
| 30 | Sprinkler - 1" - Tier 1 | 412,587 | 79.20% | 326,769 | 93.78% | 386,933 | 60,164 | \$ 27,529.10 |
| 31 | Sprinkler - 1" - Tier 2 | 11,751 | 79.20% | 9,307 | 93.78% | 11,021 | 1,714 | \$ 896.10 |
| 32 | Sprinkler - 1.5" - Tier 1 | 61,159 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 33 | Sprinkler - 1.5" - Tier 2 | 58,387 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 34 | Sprinkler - 2" - Tier 1 | 84,745 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 35 | Sprinkler - 2" - Tier 2 | 87,121 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| TOTALS | | 9,655,794 | | 7,027,336 | | 8,400,044 | 1,372,708 | \$ 861,179.76 |

| Year 19 - Annual Revenue Calculations - Possible Revenue Beyond 15 Year Guarantee Period | | | | | | | | |
|--|-------------------------------------|---|---------------------------|----------------------------|----------------------|--|-----------------------------------|----------------------------------|
| Item | Description | Existing Consumption at 100% Accuracy (HCF) | Existing Meter Accuracy % | Existing Consumption (HCF) | New Meter Accuracy % | Consumption Billed with New Meters (HCF) | Annual Consumption Increase (HCF) | Annual Consumption Increase (\$) |
| 1 | Water - Residential - 5/8" - Tier 1 | 661,337 | 67.00% | 443,096 | 93.50% | 618,355 | 175,259 | \$ 90,698.48 |
| 2 | Water - Residential - 5/8" - Tier 2 | 993,178 | 67.00% | 665,429 | 93.50% | 928,628 | 263,199 | \$ 171,133.75 |
| 3 | Water - Residential - 5/8" - Tier 3 | 412,417 | 67.00% | 276,319 | 93.50% | 385,613 | 109,294 | \$ 85,566.02 |
| 4 | Water - Residential - 3/4" - Tier 1 | 520,372 | 85.40% | 444,398 | 93.50% | 486,551 | 42,154 | \$ 21,815.11 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,176,732 | 85.40% | 1,004,929 | 93.50% | 1,100,253 | 95,324 | \$ 61,980.16 |
| 6 | Water - Residential - 3/4" - Tier 3 | 772,823 | 85.40% | 659,991 | 93.50% | 722,595 | 62,604 | \$ 49,012.99 |
| 7 | Water - Residential - 1" - Tier 1 | 450,131 | 78.70% | 354,253 | 93.50% | 420,876 | 66,623 | \$ 34,477.97 |
| 8 | Water - Residential - 1" - Tier 2 | 1,175,803 | 78.70% | 925,357 | 93.50% | 1,099,384 | 174,027 | \$ 113,153.64 |
| 9 | Water - Residential - 1" - Tier 3 | 1,218,674 | 78.70% | 959,096 | 93.50% | 1,139,469 | 180,373 | \$ 141,213.92 |
| 10 | Water - Residential - 1.5" - Tier 1 | 971 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,460 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,274 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 13 | Water - Residential - 2" - Tier 1 | 1,184 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 14 | Water - Residential - 2" - Tier 2 | 2,142 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 15 | Water - Residential - 2" - Tier 3 | 354 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 16 | Non-Residential - 5/8" - Tier 1 | 69,284 | 67.00% | 46,420 | 93.50% | 64,781 | 18,361 | \$ 12,547.41 |
| 17 | Non-Residential - 5/8" - Tier 2 | 621 | 67.00% | 416 | 93.50% | 581 | 165 | \$ 128.85 |
| 18 | Non-Residential - 3/4" - Tier 1 | 39,369 | 85.40% | 33,621 | 93.50% | 36,810 | 3,189 | \$ 2,179.40 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 | 85.40% | 0 | 93.50% | 0 | 0 | \$ - |
| 20 | Non-Residential - 1" - Tier 1 | 193,169 | 78.70% | 152,024 | 93.50% | 180,614 | 28,590 | \$ 19,538.09 |
| 21 | Non-Residential - 1" - Tier 2 | 54,571 | 78.70% | 42,948 | 93.50% | 51,025 | 8,077 | \$ 6,323.45 |
| 22 | Non-Residential - 1.5" - Tier 1 | 32,158 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,447 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 24 | Non-Residential - 2" - Tier 1 | 221,649 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 25 | Non-Residential - 2" - Tier 2 | 131,760 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 26 | Sprinkler - 5/8" - Tier 1 | 205,095 | 67.00% | 137,413 | 93.50% | 191,765 | 54,352 | \$ 25,242.67 |
| 27 | Sprinkler - 5/8" - Tier 2 | 967 | 67.00% | 648 | 93.50% | 904 | 256 | \$ 136.03 |
| 28 | Sprinkler - 3/4" - Tier 1 | 579,989 | 85.40% | 495,311 | 93.50% | 542,294 | 46,983 | \$ 21,820.62 |
| 29 | Sprinkler - 3/4" - Tier 2 | 8,112 | 85.40% | 6,928 | 93.50% | 7,585 | 657 | \$ 348.80 |
| 30 | Sprinkler - 1" - Tier 1 | 412,587 | 78.70% | 324,706 | 93.50% | 385,772 | 61,066 | \$ 28,361.02 |
| 31 | Sprinkler - 1" - Tier 2 | 11,751 | 78.70% | 9,248 | 93.50% | 10,988 | 1,739 | \$ 923.18 |
| 32 | Sprinkler - 1.5" - Tier 1 | 61,159 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 33 | Sprinkler - 1.5" - Tier 2 | 58,387 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 34 | Sprinkler - 2" - Tier 1 | 84,745 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 35 | Sprinkler - 2" - Tier 2 | 87,121 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| TOTALS | | 9,655,794 | | 6,982,552 | | 8,374,844 | 1,392,292 | \$ 886,601.58 |

| Year 20 - Annual Revenue Calculations - Possible Revenue Beyond 15 Year Guarantee Period | | | | | | | | |
|--|-------------------------------------|---|---------------------------|----------------------------|----------------------|--|-----------------------------------|----------------------------------|
| Item | Description | Existing Consumption at 100% Accuracy (HCF) | Existing Meter Accuracy % | Existing Consumption (HCF) | New Meter Accuracy % | Consumption Billed with New Meters (HCF) | Annual Consumption Increase (HCF) | Annual Consumption Increase (\$) |
| 1 | Water - Residential - 5/8" - Tier 1 | 661,337 | 66.50% | 439,789 | 93.22% | 616,500 | 176,711 | \$ 92,821.45 |
| 2 | Water - Residential - 5/8" - Tier 2 | 993,178 | 66.50% | 660,463 | 93.22% | 925,842 | 265,379 | \$ 175,139.47 |
| 3 | Water - Residential - 5/8" - Tier 3 | 412,417 | 66.50% | 274,257 | 93.22% | 384,456 | 110,199 | \$ 87,568.86 |
| 4 | Water - Residential - 3/4" - Tier 1 | 520,372 | 84.90% | 441,796 | 93.22% | 485,092 | 43,296 | \$ 22,742.31 |
| 5 | Water - Residential - 3/4" - Tier 2 | 1,176,732 | 84.90% | 999,045 | 93.22% | 1,096,952 | 97,907 | \$ 64,614.47 |
| 6 | Water - Residential - 3/4" - Tier 3 | 772,823 | 84.90% | 656,127 | 93.22% | 720,427 | 64,301 | \$ 51,096.16 |
| 7 | Water - Residential - 1" - Tier 1 | 450,131 | 78.20% | 352,003 | 93.22% | 419,613 | 67,611 | \$ 35,514.12 |
| 8 | Water - Residential - 1" - Tier 2 | 1,175,803 | 78.20% | 919,478 | 93.22% | 1,096,086 | 176,608 | \$ 116,554.21 |
| 9 | Water - Residential - 1" - Tier 3 | 1,218,674 | 78.20% | 953,003 | 93.22% | 1,136,051 | 183,048 | \$ 145,457.77 |
| 10 | Water - Residential - 1.5" - Tier 1 | 971 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 11 | Water - Residential - 1.5" - Tier 2 | 2,460 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 12 | Water - Residential - 1.5" - Tier 3 | 2,274 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 13 | Water - Residential - 2" - Tier 1 | 1,184 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 14 | Water - Residential - 2" - Tier 2 | 2,142 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 15 | Water - Residential - 2" - Tier 3 | 354 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 16 | Non-Residential - 5/8" - Tier 1 | 69,284 | 66.50% | 46,074 | 93.22% | 64,587 | 18,513 | \$ 12,841.11 |
| 17 | Non-Residential - 5/8" - Tier 2 | 621 | 66.50% | 413 | 93.22% | 579 | 166 | \$ 131.87 |
| 18 | Non-Residential - 3/4" - Tier 1 | 39,369 | 84.90% | 33,424 | 93.22% | 36,700 | 3,276 | \$ 2,272.03 |
| 19 | Non-Residential - 3/4" - Tier 2 | 0 | 84.90% | 0 | 93.22% | 0 | 0 | \$ - |
| 20 | Non-Residential - 1" - Tier 1 | 193,169 | 78.20% | 151,058 | 93.22% | 180,072 | 29,014 | \$ 20,125.26 |
| 21 | Non-Residential - 1" - Tier 2 | 54,571 | 78.20% | 42,675 | 93.22% | 50,871 | 8,197 | \$ 6,513.49 |
| 22 | Non-Residential - 1.5" - Tier 1 | 32,158 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 23 | Non-Residential - 1.5" - Tier 2 | 12,447 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 24 | Non-Residential - 2" - Tier 1 | 221,649 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 25 | Non-Residential - 2" - Tier 2 | 131,760 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 26 | Sprinkler - 5/8" - Tier 1 | 205,095 | 66.50% | 136,388 | 93.22% | 191,190 | 54,802 | \$ 25,833.52 |
| 27 | Sprinkler - 5/8" - Tier 2 | 967 | 66.50% | 643 | 93.22% | 902 | 258 | \$ 139.22 |
| 28 | Sprinkler - 3/4" - Tier 1 | 579,989 | 84.90% | 492,411 | 93.22% | 540,667 | 48,256 | \$ 22,748.05 |
| 29 | Sprinkler - 3/4" - Tier 2 | 8,112 | 84.90% | 6,887 | 93.22% | 7,562 | 675 | \$ 363.63 |
| 30 | Sprinkler - 1" - Tier 1 | 412,587 | 78.20% | 322,643 | 93.22% | 384,615 | 61,972 | \$ 29,213.34 |
| 31 | Sprinkler - 1" - Tier 2 | 11,751 | 78.20% | 9,190 | 93.22% | 10,955 | 1,765 | \$ 950.93 |
| 32 | Sprinkler - 1.5" - Tier 1 | 61,159 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 33 | Sprinkler - 1.5" - Tier 2 | 58,387 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 34 | Sprinkler - 2" - Tier 1 | 84,745 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| 35 | Sprinkler - 2" - Tier 2 | 87,121 | 0.00% | 0 | 0.00% | 0 | 0 | \$ - |
| TOTALS | | 9,655,794 | | 6,937,767 | | 8,349,720 | 1,411,953 | \$ 912,641.28 |

| Ref # | Meter Size | Manufacturer | Serial # | Reading (kgal) | Minimum Flow | | Intermediate Flow | | High Flow | | Weighted Average Accuracy (%) |
|-------|------------|--------------|----------|----------------|--------------|--------------|-------------------|--------------|------------|--------------|-------------------------------|
| | | | | | Rate (gpm) | Accuracy (%) | Rate (gpm) | Accuracy (%) | Rate (gpm) | Accuracy (%) | |
| 1 | 5/8" | ROCKWELL | 45417861 | 1,782,370 | 0.25 | 0.0% | 2.00 | 86.0% | 15.00 | 93.0% | 74.2% |
| 2 | 5/8" | SENSUS | 53530301 | 1,328,880 | 0.25 | 88.0% | 2.00 | 99.0% | 15.00 | 98.0% | 97.2% |
| 3 | 5/8" | SENSUS | 55119995 | 1,276,720 | 0.25 | 76.0% | 2.00 | 100.0% | 15.00 | 98.0% | 96.1% |
| 4 | 5/8" | ROCKWELL | 45417819 | 853,320 | 0.25 | 0.0% | 2.00 | 92.0% | 15.00 | 92.0% | 78.2% |
| 5 | 5/8" | SENSUS | 42190677 | 327,810 | 0.25 | 0.0% | 2.00 | 101.0% | 15.00 | 98.0% | 85.4% |
| 6 | 5/8" | SENSUS | 36796563 | 306,190 | 0.25 | 0.0% | 2.00 | 87.0% | 15.00 | 98.0% | 75.6% |
| 7 | 5/8" | ROCKWELL | 43045770 | 4,011,690 | 0.25 | 0.0% | 2.00 | 80.0% | 15.00 | 94.0% | 70.1% |
| 8 | 5/8" | ROCKWELL | 35458464 | 1,140,510 | 0.25 | 0.0% | 2.00 | 0.0% | 15.00 | 92.0% | 13.8% |
| 9 | 5/8" | ROCKWELL | 37736787 | 1,787,670 | 0.25 | 0.0% | 2.00 | 88.0% | 15.00 | 95.0% | 75.9% |
| 10 | 5/8" | ROCKWELL | 35016849 | 725,380 | 0.25 | 0.0% | 2.00 | 92.0% | 15.00 | 97.0% | 79.0% |
| 11 | 5/8" | ROCKWELL | 33172484 | 2,377,590 | 0.25 | 0.0% | 2.00 | 94.0% | 15.00 | 95.0% | 80.1% |
| 12 | 5/8" | ROCKWELL | 39153054 | 2,358,220 | 0.25 | 0.0% | 2.00 | 80.0% | 15.00 | 86.0% | 68.9% |
| 13 | 5/8" | ROCKWELL | 44784670 | 169,500 | 0.25 | 0.0% | 2.00 | 95.0% | 15.00 | 98.0% | 81.2% |
| 14 | 5/8" | SENSUS | 49855540 | 2,496,640 | 0.25 | 0.0% | 2.00 | 97.0% | 15.00 | 98.0% | 82.6% |
| 15 | 5/8" | SENSUS | 29160436 | 636,330 | 0.25 | 0.0% | 2.00 | 97.0% | 15.00 | 98.0% | 82.6% |
| 16 | 3/4" | SENSUS | 46356326 | 2,672,830 | 0.50 | 70.0% | 3.00 | 96.0% | 25.00 | 96.0% | 92.1% |
| 17 | 3/4" | SENSUS | 54534574 | 1,501,040 | 0.50 | 82.0% | 3.00 | 100.0% | 25.00 | 97.0% | 96.9% |
| 18 | 3/4" | SENSUS | 54534539 | 1,117,740 | 0.50 | 0.0% | 3.00 | 99.0% | 25.00 | 99.0% | 84.2% |
| 19 | 3/4" | SENSUS | 55406354 | 1,282,460 | 0.50 | 96.0% | 3.00 | 99.0% | 25.00 | 99.0% | 98.6% |
| 20 | 3/4" | SENSUS | 53498532 | 1,157,690 | 0.50 | 80.0% | 3.00 | 100.0% | 25.00 | 98.0% | 96.7% |
| 21 | 3/4" | SENSUS | 45613196 | 5,752,790 | 0.50 | 0.0% | 3.00 | 92.0% | 25.00 | 95.0% | 78.7% |
| 22 | 3/4" | SENSUS | 57160923 | 1,629,780 | 0.50 | 91.0% | 3.00 | 101.0% | 25.00 | 99.0% | 99.2% |
| 23 | 3/4" | SENSUS | 47608668 | 2,004,500 | 0.50 | 83.0% | 3.00 | 92.0% | 25.00 | 98.0% | 91.6% |
| 24 | 3/4" | SENSUS | 52182784 | 1,338,350 | 0.50 | 85.0% | 3.00 | 100.0% | 25.00 | 98.0% | 97.5% |
| 25 | 3/4" | SENSUS | 47608634 | 3,331,960 | 0.50 | 76.0% | 3.00 | 90.0% | 25.00 | 98.0% | 89.1% |
| 26 | 3/4" | SENSUS | 53863015 | 1,238,240 | 0.50 | 93.0% | 3.00 | 100.0% | 25.00 | 99.0% | 98.8% |
| 27 | 3/4" | SENSUS | 52182826 | 2,455,540 | 0.50 | 0.0% | 3.00 | 90.0% | 25.00 | 96.0% | 77.4% |
| 28 | 3/4" | SENSUS | 53498553 | 3,988,440 | 0.50 | 98.0% | 3.00 | 97.0% | 25.00 | 99.0% | 97.5% |
| 29 | 3/4" | SENSUS | 53498543 | 2,248,820 | 0.50 | 92.0% | 3.00 | 100.0% | 25.00 | 97.0% | 98.4% |
| 30 | 3/4" | SENSUS | 55753041 | 1,668,510 | 0.50 | 94.0% | 3.00 | 101.0% | 25.00 | 98.0% | 99.5% |
| 31 | 3/4" | SENSUS | 45055649 | 3,865,550 | 0.50 | 0.0% | 3.00 | 91.0% | 25.00 | 94.0% | 77.8% |
| 32 | 3/4" | SENSUS | 52273638 | 1,908,860 | 0.50 | 85.0% | 3.00 | 97.0% | 25.00 | 97.0% | 95.2% |
| 33 | 3/4" | SENSUS | 52182816 | 1,955,990 | 0.50 | 80.0% | 3.00 | 100.0% | 25.00 | 97.0% | 96.6% |
| 34 | 3/4" | SENSUS | 46356329 | 5,639,240 | 0.50 | 0.0% | 3.00 | 92.0% | 25.00 | 93.0% | 78.4% |
| 35 | 3/4" | BADGER | 18946038 | 184,580 | 0.50 | 98.0% | 3.00 | 100.0% | 25.00 | 99.0% | 99.6% |
| 36 | 3/4" | BADGER | 18945565 | 444,850 | 0.50 | 98.0% | 3.00 | 100.0% | 25.00 | 99.0% | 99.6% |
| 37 | 3/4" | BADGER | 18946036 | 769,020 | 0.50 | 94.0% | 3.00 | 101.0% | 25.00 | 99.0% | 99.7% |
| 38 | 3/4" | BADGER | 29697152 | 675,080 | 0.50 | 93.0% | 3.00 | 98.0% | 25.00 | 99.0% | 97.4% |
| 39 | 3/4" | BADGER | 18945788 | 1,815,030 | 0.50 | 95.0% | 3.00 | 96.0% | 25.00 | 99.0% | 96.3% |
| 40 | 3/4" | BADGER | 18945090 | 251,780 | 0.50 | 97.0% | 3.00 | 100.0% | 25.00 | 99.0% | 99.4% |
| 41 | 3/4" | BADGER | 18945644 | 1,504,930 | 0.50 | 96.0% | 3.00 | 99.0% | 25.00 | 99.0% | 98.6% |
| 42 | 3/4" | BADGER | 18945867 | 1,492,910 | 0.50 | 94.0% | 3.00 | 99.0% | 25.00 | 99.0% | 98.3% |
| 43 | 3/4" | BADGER | 18945249 | 1,693,890 | 0.50 | 95.0% | 3.00 | 97.0% | 25.00 | 99.0% | 97.0% |
| 44 | 3/4" | BADGER | 18945596 | 1,543,400 | 0.50 | 93.0% | 3.00 | 101.0% | 25.00 | 99.0% | 99.5% |
| 45 | 3/4" | BADGER | 43303525 | 857,190 | 0.50 | 94.0% | 3.00 | 100.0% | 25.00 | 98.0% | 98.8% |
| 46 | 3/4" | BADGER | 18945229 | 1,636,780 | 0.50 | 96.0% | 3.00 | 98.0% | 25.00 | 99.0% | 97.9% |
| 47 | 1" | BADGER | 18959843 | 1,670,560 | 0.75 | 90.0% | 4.00 | 97.0% | 40.00 | 97.0% | 96.0% |
| 48 | 1" | BADGER | 33675808 | 981,900 | 0.75 | 95.0% | 4.00 | 96.0% | 40.00 | 99.0% | 96.3% |
| 49 | 1" | BADGER | 18959787 | 1,992,390 | 0.75 | 0.0% | 4.00 | 0.0% | 40.00 | 98.0% | 14.7% |
| 50 | 1" | BADGER | 29692265 | 915,600 | 0.75 | 84.0% | 4.00 | 101.0% | 40.00 | 99.0% | 98.2% |
| 51 | 1" | BADGER | 33675629 | 1,277,400 | 0.75 | 90.0% | 4.00 | 100.0% | 40.00 | 99.0% | 98.4% |
| 52 | 1" | BADGER | 29692173 | 962,090 | 0.75 | 91.0% | 4.00 | 98.0% | 40.00 | 99.0% | 97.1% |
| 53 | 1" | BADGER | 18959840 | 2,395,890 | 0.75 | 88.0% | 4.00 | 101.0% | 40.00 | 98.0% | 98.6% |
| 54 | 1" | BADGER | 36043265 | 55,000 | 0.75 | 0.0% | 4.00 | 0.0% | 40.00 | 0.0% | 0.0% |
| 55 | 1" | BADGER | 33675620 | 789,290 | 0.75 | 99.0% | 4.00 | 100.0% | 40.00 | 99.0% | 99.7% |
| 56 | 1" | BADGER | 43303627 | 286,020 | 0.75 | 94.0% | 4.00 | 101.0% | 40.00 | 99.0% | 99.7% |
| 57 | 1" | BADGER | 43303572 | 63,550 | 0.75 | 98.0% | 4.00 | 99.0% | 40.00 | 99.0% | 98.9% |
| 58 | 1" | SENSUS | 56741742 | 2,401,380 | 0.75 | 92.0% | 4.00 | 100.0% | 40.00 | 99.0% | 98.7% |
| 59 | 1" | SENSUS | 58888766 | 1,647,630 | 0.75 | 87.0% | 4.00 | 96.0% | 40.00 | 98.0% | 95.0% |
| 60 | 1" | SENSUS | 57421388 | 2,633,850 | 0.75 | 90.0% | 4.00 | 100.0% | 40.00 | 99.0% | 98.4% |
| 61 | 1" | SENSUS | 57502637 | 3,901,770 | 0.75 | 88.0% | 4.00 | 99.0% | 40.00 | 98.0% | 97.2% |
| 62 | 1" | SENSUS | 59321116 | 1,142,340 | 0.75 | 99.0% | 4.00 | 98.0% | 40.00 | 100.0% | 98.5% |
| 63 | 1" | SENSUS | 59321087 | 2,393,770 | 0.75 | 92.0% | 4.00 | 100.0% | 40.00 | 99.0% | 98.7% |
| 64 | 1" | SENSUS | 56741764 | 3,038,510 | 0.75 | 90.0% | 4.00 | 98.0% | 40.00 | 99.0% | 97.0% |
| 65 | 1" | ROCKWELL | 19639079 | 3,351,780 | 0.75 | 36.0% | 4.00 | 94.0% | 40.00 | 94.0% | 85.3% |
| 66 | 1.5" | BADGER | 32339932 | 321,300 | 1.50 | 100.0% | 8.00 | 98.0% | 50.00 | 101.0% | 85.4% |
| 67 | 1.5" | SENSUS | 51313006 | 6,941,200 | 1.50 | 81.0% | 8.00 | 97.0% | 50.00 | 98.0% | 83.2% |
| 68 | 2" | SENSUS | 56023772 | 51,185,300 | 2.00 | 78.0% | 15.00 | 98.0% | 100.00 | 101.0% | 85.4% |
| 69 | 2" | ROCKWELL | 38847351 | 36,913,800 | 2.00 | 70.0% | 15.00 | 96.0% | 100.00 | 98.0% | 83.0% |

Neptune T-10, HP Turbine, TRU/FLO® Compound Cold Water Meters Warranty

PRB® UTILITY
MANAGEMENT
SYSTEMS™

1. Terms of Limited Warranty.

With respect to its Neptune T-10, HP TURBINE, TRU/FLO® Compound Water Meters (collectively the "Water Meters"), Neptune Technology Group, Inc. ("Neptune") warrants the following on meters sold on or after 11/1/92:

The Water Meters will be, at the later of (i) the date of original purchase from Neptune or (ii) the date of original shipment from Neptune-authorized distributor of Water Meters (that later date is referred to as the "Date of Shipment") and will remain for a period of eighteen (18) months from the Date of Shipment, or twelve (12) months from date of installation, whichever comes first, free from manufacturing defects in workmanship and material.

(a) **Maincase.** The no-lead high copper alloy or Brass maincase of the Water Meters will be at the Date of Shipment free from manufacturing defects in workmanship and material for the life of the Water Meter.

(b) **Frost Protection.** All Neptune T-10 Cold Water Meters shipped with a synthetic polymer or cast iron bottom cap will, commencing upon the Date of Shipment, be warranted against chamber damage for a period of ten (10) years.

(c) **Registers.** Standard, roll sealed registers of the Water Meters will be at the Date of Shipment, and shall remain for the following periods, free from manufacturing defects in workmanship and material for a period of ten (10) years. The ARB®, ProRead® (ARB VI), and E-Coder® (ARB VII) system registers are warranted for ten (10) years from Date of Shipment. All ProRead encoder receptacles shipped after January 1, 2001 shall be warranted for five years from the Date of Shipment. All other components and parts are covered under Neptune's standard one-year material and workmanship guarantee.

(d) **Meter Accuracy for Neptune T-10.** Neptune T-10 Meters and Neptune T-10 rotating disc chambers in TRU/FLO Compound Water Meters are warranted to meet or exceed, as listed herein, accuracy standards of the AWWA Standard C700-95 for a period of: (i) five (5) years from Date of Shipment for 5/8", 3/4" and 1" meters; (ii) for a period of two (2) years from the Date of Shipment for 1 1/2" and 2" meters; or (iii) the applicable registration shown below, whichever occurs first. Neptune further guarantees that the Neptune T-10 and Neptune T-10 rotating disc chambers in TRU/FLO Compound Water Meters will perform to at least Repaired Meter Accuracy Standards, according to AWWA Manual M-6 Chapter 5 (1999) Table 5.3 for an additional ten (10) years or the registration shown below, whichever occurs first.

(e) **Meter Accuracy for HP Turbine and TRU/FLO.** The HP Turbine and TRU/FLO Compound Cold Water Meters will perform, for a period of one (1) year from the Date of Shipment, to American Water Works Association ("AWWA") accuracy standards for new water meters.

| SIZE | EXTENDED LOW FLOW ACCURACY | NEW METER ACCURACY | REPAIRED METER ACCURACY |
|-------------|--|--------------------|----------------------------|
| 5/8" x 3/4" | 1/2 US gpm @ 95% 5 years or 500,000 gallons | 500,000 gallons | 1,500,000 gallons |
| 3/4" | 1/2 US gpm @ 95% 5 years or 750,000 gallons | 750,000 gallons | 2,250,000 gallons |
| 1" | 1/2 US gpm @ 95% 5 years or 1,000,000 gallons | 1,000,000 gallons | 3,000,000 gallons |
| 1 1/2" | 1/2 US gpm @ 95% 2 years or 1,600,000 gallons | 1,600,000 gallons | 5,000,000 gallons |
| 2" | 1 US gpm @ 95% 2 years or 2,700,000 gallons | 2,700,000 gallons | 8,000,000 gallons |

WMETER 08/11



NEPTUNE
TECHNOLOGY GROUP INC.



2. Warranty Return.

If a Neptune Water Meter fails an accuracy test during an applicable warranty period, it may be returned to Neptune for repair or replacement at Neptune's option. An accuracy test shall be conducted by the customer according to AWWA standards. Any meter being returned for repair to Neptune under this performance guarantee must be returned with a copy of the customer's test results. If the meter is returned to Neptune without a copy of the test results or if Neptune's factory test shows the meter to meet current AWWA standards, the customer will be charged a nominal testing fee by Neptune in such cases. Neptune will repair or replace the meter at Neptune's option after the meter has been tested by Neptune. Meters repaired or replaced under the performance guarantee will be guaranteed to perform to AWWA repaired meter accuracy standards.

3. Warranties are exclusive.

The warranties set forth in this certificate of warranty are in lieu of any other warranty, guarantee, or representation, whether expressed or implied, including without limitation, the warranty of merchantability and the warranty of fitness for a particular purpose.

4. Damages limited to costs of replacement and repair.

If the Water Meter fails to meet the warranties set forth in Paragraph 1 of this Certificate of Warranty, Neptune, at its option shall, without charge of labor or materials, repair or replace the Water Meter or part thereof, provided that (a) the Water Meter is delivered to a Neptune representative, (b) the Water Meter is accompanied by a Return Material Authorization (RMA), and (c) all costs of delivery to Neptune are assumed by the purchaser of the Water Meter. Neptune's liability is limited to its costs of replacement and repair of the defective water meter. Damages resulting from miscalculation of water usage or lost revenue or profit are not recoverable from Neptune. It is the responsibility of the customer to periodically verify the operation and accuracy of its meters.

5. Warranties are inapplicable under certain conditions.

The warranties set forth in this Certificate of Warranty do not apply to any Water Meter that has been damaged by, or subjected to, conditions which, in the opinion of Neptune, have affected the Water Meter's ability of performance, including but not limited to: misuse, improper handling, application or installation, excessive operating conditions, foreign materials in the water, aggressive water conditions, tampering or unauthorized repairs or modifications, accidental or intentional damage, acts of God. This Certificate of Warranty shall not apply if product is placed in non-recommended installation, is connected or altered by other than Neptune recommended procedures, is used with other than genuine Neptune meter registers and components, or read by equipment not approved or licensed by Neptune. Neptune makes no claims concerning operability and/or compatibility or third party reading systems. In addition, this Certificate of Warranty shall not apply if third party reading equipment is believed to have caused damage to the meter or register. In order to determine its liability, if any, under this Certificate of Warranty, Neptune shall have the right to inspect any Water Meter or part thereof that is claimed to be defective at Neptune or other location designated by Neptune.

NEPTUNE'S LIABILITY WITH RESPECT TO BREACHES OF THE FOREGOING LIMITED WARRANTY SHALL BE LIMITED AS STATED HEREIN. NEPTUNE'S LIABILITY SHALL IN NO EVENT EXCEED THE PURCHASE PRICE. NEPTUNE SHALL NOT BE SUBJECT TO AND DISCLAIMS THE FOLLOWING: (1) ANY OTHER OBLIGATIONS OR LIABILITIES ARISING OUT OF BREACH OF CONTRACT OR OF WARRANTY (2) ANY OBLIGATIONS WHATSOEVER ARISING FROM TORT CLAIMS (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR ARISING UNDER OTHER THEORIES OF LAW WITH RESPECT TO PRODUCTS SOLD OR SERVICES RENDERED BY NEPTUNE, OR ANY UNDERTAKINGS, ACT OR OMISSIONS RELATING THERETO, AND (3) ALL CONSEQUENTIAL, INCIDENTAL, SPECIAL, MULTIPLE, EXEMPLARY, AND PUNITIVE DAMAGES WHATSOEVER.

W-METER 03.11



NEPTUNE
TECHNOLOGY GROUP INC.



E-Coder®/R900i™ Warranty Statement

PRB® UTILITY MANAGEMENT SYSTEMS™

I. Warranty Effective Date

This warranty will be effective for any E-Coder®/R900i™ that has shipped since product introduction.

II. E-Coder/R900i

Neptune Technology Group Inc. warrants that the E-Coder/R900i (which includes a Neptune-supplied battery that is not intended to be removable or replaceable) shall be free from defects in manufacture and design for a period of twenty (20) years from the "date of shipment" (such period being the "Warranty Period"). Neptune shall not be responsible for any defects in the E-Coder/R900i (whether due to design, materials, manufacture, or otherwise) which manifest themselves after the expiration of the Warranty Period. Neptune will repair or replace a non-performing E-Coder/R900i free of charge for the first ten (10) years and at a discount off of the then-current contract price or the then-current list price, whichever is less, during the remaining ten (10) years according to the discount schedule at the right.

III. Warranties are inapplicable under certain conditions.

This warranty does not include field replacement labor or materials costs, which are the responsibility of the utility. This warranty does not apply if product is placed in non-recommended installations, may have been repaired with parts not recommended by Neptune; was converted, altered, or connected by other than Neptune recommended procedures; is used with other than genuine Neptune meter registers and components or read by equipment not approved or licensed by Neptune; or damaged due to improper care or maintenance, or improper periodic testing (please refer to E-Coder/R900i Installation and Maintenance Guide). This warranty does not apply to any E-Coder/R900i that has been damaged by, or subjected to, conditions which, in the opinion of Neptune, have affected the E-Coder/R900i register's ability of performance, including but not limited to: misuse; improper handling; application or installation; excessive operating conditions; tampering or unauthorized repairs and modifications; accidental or intentional damage; or acts of God. In no event shall Neptune be liable for special, incidental, indirect, or consequential damages, including, without limitation, lost revenue.

THE ABOVE WARRANTY FOR THE E-Coder/R900i IS THE SOLE AND EXCLUSIVE WARRANTY GIVEN BY NEPTUNE WITH RESPECT TO THE E-Coder/R900i. ALL OTHER WARRANTIES, CONDITIONS, TERMS, REPRESENTATIONS, OR OTHER LEGALLY OPERATIVE PROVISIONS CONCERNING THE E-Coder/R900i ARE HEREBY EXPRESSLY EXCLUDED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY, CONDITION, TERM, AND REPRESENTATION OR OTHER LEGALLY OPERATIVE PROVISION AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THIS PARAGRAPH IS EXPRESSLY INTENDED TO EXCLUDE FROM THIS CONTRACT ALL STATUTORY AND COMMON LAW WARRANTIES TO THE MAXIMUM EXTENT PERMITTED BY LAW, TO AVOID ANY AMBIGUITY OR MISUNDERSTANDING, ALL PROBLEMS ARISING WITH AN E-Coder/R900i AFTER THIS POINT ARE BUYER'S RESPONSIBILITY. NEPTUNE'S LIABILITY SHALL IN NO EVENT EXCEED THE PURCHASE PRICE OF THE E-Coder/R900i. NEPTUNE SHALL NOT BE SUBJECT TO AND DISCLAIMS THE FOLLOWING: (1) ANY OTHER OBLIGATIONS OR LIABILITIES ARISING OUT OF BREACH OF CONTRACT OR OF WARRANTY; (2) ANY OBLIGATIONS WHATSOEVER ARISING FROM TORT CLAIMS (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR ARISING UNDER OTHER THEORIES OF LAW WITH RESPECT TO PRODUCTS SOLD OR SERVICES RENDERED BY NEPTUNE, OR ANY UNDERTAKINGS, ACTS, OR OMISSIONS RELATING THERETO, AND (3) ALL CONSEQUENTIAL, INCIDENTAL, SPECIAL.

| Year of Failure | E-Coder®/R900i™ Replacement Price Discount* |
|-----------------|---|
| 1-10 | Full replacement: 100% |
| 11 | 50% |
| 12 | 50% |
| 13 | 40% |
| 14 | 40% |
| 15 | 30% |
| 16 | 30% |
| 17 | 20% |
| 18 | 20% |
| 19 | 10% |
| 20 | 10% |

*Replacement price discount percentages will be applied towards then-current contract prices or then-current list prices, whichever is less, in effect for the year product is accepted by Neptune under warranty conditions. Replacement E-Coder/R900i registers are warranted for one (1) year after date of shipment, or balance of original E-Coder/R900i warranty, whichever is greater.

W-E-Coder/R900i DS-16



NEPTUNE
TECHNOLOGY GROUP INC.





Certificate of Substantial Completion

| | |
|---------------------------------------|--|
| PROJECT NAME: | |
| CLIENT: | |
| CERTIFICATE DATE (mm/dd/yyyy): | |
| CERTIFICATE NUMBER: | |
| PROJECT NUMBER: | |

The following portions of the Work are at Substantial Completion in accordance with the Agreement.
(Insert unique Work item such as Facility Improvement Measure title, system name, building, etc.)

| | |
|--|--|
| Work Item: | |
| Warranty Start Date (mm/dd/yyyy): | |
| Work Item: | |
| Warranty Start Date (mm/dd/yyyy): | |
| Work Item: | |
| Warranty Start Date (mm/dd/yyyy): | |

The Building Technologies Division of Siemens Industry, Inc. guarantees the workmanship and materials of the above Substantially Complete Work in accordance with the Agreement.

The Work indicated above has been reviewed by the CLIENT and has been found, to the best of the CLIENT's knowledge, to be Substantially Complete. Substantial Completion is the milestone in the progress of the Work at which time the Work is sufficiently complete and available for the CLIENT to have beneficial use of the Work for its intended purpose. A list of items to be completed and corrected (if any) shall be identified as the Outstanding Items List, attached to this form, and indicated by checking the appropriate box below:

Outstanding Items List Attached: ☐ **No Outstanding Items Noted:** ☐

The failure of the CLIENT to note items requiring completion or correction does not relieve the contractual responsibility of Building Technologies Division of Siemens Industry, Inc. to complete or correct the Work. Work found to require completion or correction after the Certificate Date of this

Certificate, but within the warranty period shall be corrected in accordance with the Agreement's warranty provisions.

Building Technologies Division of Siemens Industry, Inc. agrees to complete or correct all items indicated on the Outstanding Items in a timely manner.

Building Technologies Division of Siemens Industry, Inc. Representative: _____

Signature: _____ Date: _____

The CLIENT accepts the Work indicated above as Substantially Complete and assumes possession and beneficial use of the Work on the Warranty Start Date indicated above.

CLIENT: _____

CLIENT Representative: _____

Signature: _____ Date: _____

Note: The CLIENT shall, upon execution of this Certificate of Substantial Completion, assume all contractual responsibilities for maintenance, insurance, operation, and protection of the Substantially Complete Work in accordance with the Agreement.



Certificate of Final Completion

| | |
|---------------------------------------|--|
| PROJECT NAME: | |
| CLIENT: | |
| CERTIFICATE DATE (mm/dd/yyyy): | |
| PROJECT NUMBER: | |

All elements of the project Work have been reviewed by the CLIENT and have been found, to the best of the CLIENT's knowledge, to be at Final Completion. All items noted in the Outstanding Items Lists associated with Certificate(s) of Substantial Completion have been resolved, and all Work as defined in Exhibit A of the Agreement is complete.

The failure of the CLIENT to note items requiring completion or correction does not relieve the contractual responsibility of Building Technologies Division of Siemens Industry, Inc. to complete or correct the Work. Work found to require completion or correction after the date of this Certificate, but within the warranty period shall be promptly corrected in accordance with the Agreement's warranty provisions.

Building Technologies Division of Siemens Industry, Inc. has reviewed the project Work, as well as all contractual requirements, and the requirements for Final Completion have been met.

Building Technologies Division of Siemens Industry, Inc. Representative: _____

Signature: _____ Date: _____

The CLIENT accepts the project Work as meeting the requirements for Final Completion.

CLIENT: _____

CLIENT Representative: _____

Signature: _____ Date: _____

Attachment: Performance Contracting Agreement (1979 : Performance Contract Project Approval)

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 08/15/16 06:00 PM
Department: Public Works
Category: Resolution
Department Head: Brant Gary
DOC ID: 1986

SCHEDULED**ACTION ITEM (ID # 1986)****Item Title:**

Consideration of and possible action on the adoption of a resolution of the City Council of the City of Bellaire, Texas, to publish a notice of intent to issue Certificates of Obligation - Submitted by Paul A. Hofmann, City Manager.

Background/Summary:

Before Council is a Resolution to publish the City's intent to issue Certificates of Obligation (CO's) for an amount not to exceed \$24,380,000.00 for the purpose of funding the following projects:

| <u>Project</u> | <u>Budget</u> |
|---|----------------------|
| Performance Contracting Project for Utility System Improvements | - \$12,800,000 |
| Water Line Replacement Program | - \$11,000,000 |
| Wastewater Line Replacement Program | - \$580,000 |

If approved, the notice would be published on Tuesday, August 23, 2016 and again on Tuesday, August 30, 2016. Once published, the CO's would be eligible for issuance on September 26, 2016.

Previous Council Action Summary:

At its August 2, Workshop, Council heard a presentation from the Director of Public Works and Siemens concerning the Performance Contract Agreement and the issuance of CO's. No action was taken at that meeting.

Fiscal Impact:

Funding for the Certificates of Obligation will come from the Enterprise fund. Included in the proposed FY 2017 budget are projected water and waste water revenues that will cover the annual debt payment.

Funding for the Performance Contract portion of the proposed debt will be cost neutral due to a guarantee contract executed between the City and Siemens.

There will be no impact to the property tax rate.

Recommendation:

[Insert Recommendation here]

ATTACHMENTS:

- Resolution Auth Public of Notice of Intent to Issue COs (DOC)

RESOLUTION NO. 2016-_____**RESOLUTION DIRECTING PUBLICATION OF NOTICE OF INTENTION TO ISSUE
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION**

WHEREAS, the City Council of the City of Bellaire, Texas (the "City"), deems it advisable to give notice of intention to issue Combination Tax and Revenue Certificates of Obligation, in one or more series, in the total aggregate amount not to exceed \$24,380,000 for paying all or a portion of the City's contractual obligations for the purpose of paying for the purchasing, constructing, legal, fiscal, engineering, project administration/management, and related necessary fees in connection with improvements to the City's water supply and distribution system and wastewater treatment and collection system; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Resolution was passed, was open to the public and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE
CITY OF BELLAIRE, TEXAS:**

1. That attached hereto as Exhibit "A" is a form of the Notice of Intention to Issue Certificates of Obligation, the form and substance of which is hereby adopted and approved.
2. That the City Clerk shall cause said notice to be published in substantially the form attached hereto, in a newspaper of general circulation in said City, and published in said City, on the same day in each of two consecutive weeks, the date of the first publication thereof to be at least 30 days prior to the time set for the issuance of such certificates of obligation as shown in said notice.
3. That this Resolution shall become effective immediately upon adoption.

PASSED, APPROVED, and ADOPTED this 15th day of August, 2016.

(SEAL)

ATTEST:

SIGNED:

Tracy L. Dutton, TRMC
City Clerk

Andrew S. Friedberg
Mayor

APPROVED AS TO FORM:

Alan P. Petrov
City Attorney

**NOTICE OF INTENTION TO ISSUE
COMBINATION TAX AND REVENUE CERTIFICATES
OF OBLIGATION**

The City of Bellaire, Texas (the "City"), does hereby give notice of intention to issue Combination Tax and Revenue Certificates of Obligation, in one or more series, in the maximum aggregate principal amount not to exceed \$24,380,000, for paying all or a portion of the City's contractual obligations incurred for the purpose of paying for the purchasing, constructing, legal, fiscal, engineering, project administration/management, and related necessary fees in connection with improvements to the City's water supply and distribution system and wastewater treatment and collection system.

The City proposes to provide for the payment of such Certificates of Obligation from the levy and collection of ad valorem taxes in the City as provided by law, and from a limited pledge on the net revenues of the City's water and wastewater system. The City Council intends to consider for passage, an Ordinance authorizing the issuance of City of Bellaire, Texas, Certificates of Obligation, at a Regular City Council Meeting to be held at 7:00 P.M. on October 3, 2016, at Bellaire City Hall, Council Chamber, 7008 South Rice Avenue, Bellaire, Texas.

Tracy L. Dutton
City Clerk
City of Bellaire, Texas

Attachment: Resolution Auth Public of Notice of Intent to Issue COs (1986 : Resolution for Intent to Issue CO's)

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 08/15/16 06:00 PM
Department: City Clerk
Category: Ordinance
Department Head: Tracy L. Dutton
DOC ID: 1846

SCHEDULED**ACTION ITEM (ID # 1846)****Item Title:**

Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, calling a bond election within the City of Bellaire, Texas, for the purpose of providing funds for: 1) street and drainage facility improvements, 2) the construction of new municipal buildings (City Hall/Civic Center and Police/Courts Building), 3) water line improvements, and 4) sidewalk improvements; establishing the date of the bond election on the uniform election date designated by the State of Texas as the first Tuesday after the first Monday in November or November 8, 2016; establishing election precincts, polling places, and appointing election officials; and setting forth certain guidelines - Submitted by Tracy L. Dutton, City Clerk. Attached to this agenda is an additional copy with the information relating to this item translated into Spanish, Vietnamese, and Mandarin Chinese.

Background/Summary:

On August 1, 2016, the Bellaire City Council held discussions and provided feedback to City Manager Paul A. Hofmann related to a November 2016 proposed bond election. Based on that discussion and feedback, an ordinance was prepared by City Attorney Alan P. Petrov for the purpose of calling a bond election within the City of Bellaire, Texas, to provide funds for: 1) street and drainage facility improvements, 2) the construction of new municipal buildings (City Hall/Civic Center and Police/Courts Building), 3) water line improvements, and 4) sidewalk improvements, said projects to be collectively known as the "Bonds for a Better Bellaire Program."

Proposed dollar amounts associated with each of the four projects are as follows:

| | |
|--|---------------|
| Street and Drainage Facility Improvements: | \$20,000,000 |
| Construction of New Municipal Buildings: | \$ 5,600,000 |
| Water Line Improvements: | \$ 11,000,000 |
| Sidewalk Improvements: | \$ 4,000,000 |
| Total | \$40,600,000 |

Previous Council Action Summary:

As noted above, City Council was presented with an informational packet describing the projects included in the "Bonds for a Better Bellaire Program" at the August 1, 2016, Council Meeting.

Fiscal Impact:

Costs associated with the bond election would include joint election services costs, legal fees, and translation fees.

Recommendation:

Based on feedback provided by the City Council, the City Clerk recommends adoption of the proposed bond election ordinance.

ATTACHMENTS:

- Calling Bond Election Ordinance - November 8 2016 (00181960-3xD8318) (DOC)



ORDINANCE NO. 16-_____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, CALLING A BOND ELECTION WITHIN THE CITY OF BELLAIRE, TEXAS, FOR THE PURPOSE OF PROVIDING FUNDS FOR: 1) STREET AND DRAINAGE FACILITY IMPROVEMENTS; 2) THE CONSTRUCTION OF NEW MUNICIPAL BUILDINGS (CITY HALL/CIVIC CENTER AND POLICE/COURTS BUILDING); 3) WATER LINE IMPROVEMENTS; AND 4) SIDEWALK IMPROVEMENTS; ESTABLISHING THE DATE OF THE BOND ELECTION ON THE UNIFORM ELECTION DATE DESIGNATED BY THE STATE OF TEXAS AS THE FIRST TUESDAY AFTER THE FIRST MONDAY IN NOVEMBER OR NOVEMBER 8, 2016; ESTABLISHING ELECTION PRECINCTS, POLLING PLACES, AND APPOINTING ELECTION OFFICIALS; AND SETTING FORTH CERTAIN GUIDELINES.

WHEREAS, the City Council of the City of Bellaire, Texas (the "City Council") deems it advisable to hold an election to ascertain whether the City Council shall be authorized to issue bonds of the City of Bellaire, Texas in the amounts and for the purposes hereinafter stated; and

WHEREAS, the City Council wishes to adopt this ordinance in order to provide for the conduct of such election on the uniform election date designated by the State of Texas as the first Tuesday after the first Monday in November or on November 8, 2016; establishing precincts, polling places, and appointing election officials; and setting forth certain guidelines, all in accordance with the requirements of the Texas Election Code; **NOW, THEREFORE**,

**BE IT ORDAINED BY THE CITY COUNCIL OF THE
CITY OF BELLAIRE, TEXAS:**

- 1. THAT** the recitals contained herein are true and correct.
- 2. THAT** on the 8th day of November, 2016, a bond election shall be held in the City of Bellaire, Texas, in which all qualified electors of the City of Bellaire, Texas, shall be entitled to vote, and the City Council hereby finds that holding the bond election on such date is in the public interest.
- 3. THAT** said bond election shall be held in conjunction with elections to be administered by Harris County, Texas ("County") for the City of Bellaire, Texas, and multiple entities.
- 4. THAT** at the bond election, the following PROPOSITIONS shall be submitted in accordance with law:

PROPOSITION ONE

SHALL THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, BE AUTHORIZED TO ISSUE AND SELL AT ANY PRICE OR PRICES THE BONDS OF THE CITY IN THE AMOUNT OF \$20,000,000, MATURING SERIALY OR OTHERWISE WITHIN 30 YEARS FROM THEIR DATE OR DATES, AND BEARING INTEREST AT SUCH RATE OR RATES, NOT TO EXCEED THE MAXIMUM INTEREST RATE NOW OR HEREAFTER AUTHORIZED BY LAW, AS SHALL BE DETERMINED WITHIN THE DISCRETION OF THE CITY COUNCIL AT THE TIME OF ISSUANCE, CONTINUING THE REBUILD BELLAIRE PROJECT, FOR THE PURPOSE OF CONSTRUCTING, IMPROVING, REPAIRING, REPLACING OR EXTENDING THE CITY'S STREETS AND DRAINAGE FACILITIES, AND TO LEVY TAXES UPON ALL TAXABLE PROPERTY WITHIN THE CITY ANNUALLY SUFFICIENT TO PAY THE INTEREST ON THE BONDS AS IT ACCRUES AND TO CREATE A SINKING FUND TO PAY THE PRINCIPAL OF THE BONDS AS IT MATURES?

PROPOSITION TWO

SHALL THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, BE AUTHORIZED TO ISSUE AND SELL AT ANY PRICE OR PRICES THE BONDS OF THE CITY IN THE AMOUNT OF \$5,600,000, MATURING SERIALY OR

OTHERWISE WITHIN 30 YEARS FROM THEIR DATE OR DATES, AND BEARING INTEREST AT SUCH RATE OR RATES, NOT TO EXCEED THE MAXIMUM INTEREST RATE NOW OR HEREAFTER AUTHORIZED BY LAW, AS SHALL BE DETERMINED WITHIN THE DISCRETION OF THE CITY COUNCIL AT THE TIME OF ISSUANCE, CONTINUING THE REBUILD BELLAIRE PROJECT FOR THE PURPOSE OF IMPROVING, REPAIRING, CONSTRUCTING OR REPLACING CERTAIN MUNICIPAL BUILDINGS AND FACILITIES, TO WIT, CITY HALL/CIVIC CENTER AND POLICE/COURTS BUILDING, AND TO LEVY TAXES UPON ALL TAXABLE PROPERTY WITHIN THE CITY ANNUALLY SUFFICIENT TO PAY THE INTEREST ON THE BONDS AS IT ACCRUES AND TO CREATE A SINKING FUND TO PAY THE PRINCIPAL OF THE BONDS AS IT MATURES?

PROPOSITION THREE

SHALL THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, BE AUTHORIZED TO ISSUE AND SELL AT ANY PRICE OR PRICES THE BONDS OF THE CITY IN THE AMOUNT OF \$11,000,000, MATURING SERIALY OR OTHERWISE WITHIN 30 YEARS FROM THEIR DATE OR DATES, AND BEARING INTEREST AT SUCH RATE OR RATES, NOT TO EXCEED THE MAXIMUM INTEREST RATE NOW OR HEREAFTER AUTHORIZED BY LAW, AS SHALL BE DETERMINED WITHIN THE DISCRETION OF THE CITY COUNCIL AT THE TIME OF ISSUANCE, FOR THE PURPOSE OF IMPROVING, REPAIRING, REPLACING OR EXTENDING THE CITY'S WATER DISTRIBUTION LINES AND RELATED WATER SYSTEM FACILITIES, AND TO LEVY TAXES UPON ALL TAXABLE PROPERTY WITHIN THE CITY ANNUALLY SUFFICIENT TO PAY THE INTEREST ON THE BONDS AS IT ACCRUES AND TO CREATE A SINKING FUND TO PAY THE PRINCIPAL OF THE BONDS AS IT MATURES?

PROPOSITION FOUR

SHALL THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, BE AUTHORIZED TO ISSUE AND SELL AT ANY PRICE OR PRICES THE BONDS OF THE CITY IN THE AMOUNT OF \$4,000,000, MATURING SERIALY OR OTHERWISE WITHIN 30 YEARS FROM THEIR DATE OR DATES, AND BEARING INTEREST AT SUCH RATE OR RATES, NOT TO EXCEED THE MAXIMUM INTEREST RATE NOW OR HEREAFTER AUTHORIZED BY LAW, AS SHALL BE DETERMINED WITHIN THE DISCRETION OF THE CITY COUNCIL AT THE TIME OF ISSUANCE, FOR THE PURPOSE OF CONSTRUCTING, IMPROVING, REPAIRING,

REPLACING OR EXTENDING THE CITY'S SIDEWALKS,
AND TO LEVY TAXES UPON ALL TAXABLE PROPERTY
WITHIN THE CITY ANNUALLY SUFFICIENT TO PAY THE
INTEREST ON THE BONDS AS IT ACCRUES AND TO
CREATE A SINKING FUND TO PAY THE PRINCIPAL OF
THE BONDS AS IT MATURES?

5. THAT the official ballots for the bond election shall conform to the requirements of the Texas Election Code so as to permit the qualified electors to vote "FOR" or "AGAINST" the aforesaid Propositions which shall be set forth on the ballots substantially in the following form:

PROPOSITION ONE

_____ FOR THE ISSUANCE OF \$ 20,000,000
IN BONDS FOR STREET AND
DRAINAGE FACILITY
IMPROVEMENTS

_____ AGAINST

PROPOSITION TWO

_____ FOR THE ISSUANCE OF \$ 5,600,000
IN BONDS FOR IMPROVEMENTS
TO MUNICIPAL BUILDINGS; TO
WIT, CITY HALL/CIVIC CENTER
AND POLICE/COURTS BUILDING

_____ AGAINST

PROPOSITION THREE

_____ FOR THE ISSUANCE OF \$ 11,000,000
IN BONDS FOR WATER
DISTRIBUTION SYSTEM
IMPROVEMENTS

_____ AGAINST

PROPOSITION FOUR

_____ FOR THE ISSUANCE OF \$ 4,000,000
IN BONDS FOR SIDE WALK
IMPROVEMENTS

_____ AGAINST

6. THAT the City of Bellaire, Texas, consists of five (5) voting precincts and polling places (i.e., 128, 182, 214, 215, and 268), the polling places of which are those designated by the County. Voting on election day shall be conducted at said polling places designated by the County between the hours of 7:00 a.m. and 7:00 p.m.

7. THAT each of the referenced five (5) voting precincts are regular County election precincts and, therefore, the City of Bellaire, Texas, hereby appoints the County election officials as its special officials for the purpose of this bond election.

8. THAT the following special officials are hereby appointed to operate the counting station:

Presiding Judge Stan Stanart,

or such other person or persons as may be appointed by the County.

9. THAT Early Voting by Mail for the bond election may be conducted by making application for an early voting ballot with Stan Stanart, Harris County Clerk, Attn: Elections Division, P.O. Box 1148, Houston, Texas 77251-1148. Voters qualified to vote early by mail may begin applying for a ballot by mail at any time of the year of the election for which a ballot is requested, but not later than the close of regular business in the early voting clerk's office on October 28, 2016, for the bond election.

10. THAT Early Voting by Personal Appearance may be conducted by the Harris County Clerk's Office, Elections Division, 1001 Preston, 1st Floor, Houston, Texas 77002, or any of the other 45 early voting polling locations designated by the County. **Early Voting by Personal Appearance** will begin on Monday, October 24, 2016, and conclude on Friday, November 4, 2016.

11. THAT ballots shall be cast utilizing direct recording equipment during early voting and during election day.

12. THAT a special meeting of the City Council of the City of Bellaire, Texas, to canvass returns of the bond election shall be held on Monday, November 21, 2016, at 6:30 p.m.

13. THAT either a copy of this Ordinance or the form of notice prescribed by the Secretary of State of the State of Texas shall serve as proper notice of the bond election. Said notice, including a Spanish, Vietnamese, and Mandarin Chinese translation thereof, shall be given by publishing and posting it in accordance with the *Texas Election Code*.

14. THAT in accordance with the provisions of Section 3.009(b) of the *Texas Election Code*, it is hereby found and determined that:

(a) The proposition language that will appear on the ballot is set forth in Section 5 hereof.

(b) The purpose for which the bonds are to be authorized is set forth in Section 4 hereof.

(c) The principal amount of the bonds to be authorized is set forth in Sections 4 and 5 hereof.

(d) As set forth in Sections 4 and 5 hereof, if the bonds are approved by the voters, the City Council will be authorized to levy annual ad valorem taxes on all taxable property in the City, within the limits prescribed by law, sufficient to pay the annual principal of and interest on the bonds and provide a sinking fund to pay the bonds at maturity.

(e) Based upon the bond market conditions at the date of adoption of this Ordinance, the maximum interest rate for any series of the bonds is estimated

to be 3.00% as calculated in accordance with applicable law. Such estimate takes into account a number of factors, including the issuance schedule, maturity schedule and the expected bond ratings of the proposed bonds. Such estimated maximum interest rate is provided as a matter of information, but is not a limitation on the interest rate at which the bonds, or any series thereof, may be sold.

(f) As set forth in Section 4 hereof, if the bonds are approved, they may be issued in one or more series, to mature serially, over a period not to exceed 30 years.

(g) The aggregate amount of the outstanding principal of the City's debt obligations which are secured by ad valorem taxes as of the beginning of the City's 2016 fiscal year is \$77,310,000.

(h) The aggregate amount of the outstanding interest of the City's debt obligations which are secured by ad valorem taxes as of the beginning of the City's 2016 fiscal year is \$26,818,284.

(i) The ad valorem debt service tax rate for the City for the 2016 fiscal year is \$0.1304 per \$100 of taxable assessed valuation.

15. THAT if any word, phrase, clause, sentence, paragraph, section or other part of this Ordinance or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, neither the remainder of this ordinance, or the application of such word, phrase, clause, sentence, paragraph, section or other part of this Ordinance to any other persons or circumstances, shall not be affected thereby.

16. THAT all ordinances and parts of ordinances in conflict herewith are hereby repealed to the extent of conflict only.

17. THAT the City Council of the City of Bellaire, Texas, officially finds, determines, and declares that a sufficient written notice of the date, hour, place, and subject of the meeting at which this Ordinance was discussed, considered, or acted upon was given in the manner required by the *Texas Open Meetings Act*, as amended, and has been open to the public as required by law at all times during such discussion, consideration, and action. The City Council of the City of Bellaire, Texas, ratifies, approves, and confirms such notice and the contents and posting thereof.

18. THAT this Ordinance shall be effective immediately upon passage and shall be preserved in the permanent records of the City of Bellaire, Texas.

PASSED, APPROVED, and ADOPTED this 15th day of August, 2016.

(SEAL)

ATTEST:

SIGNED:

Tracy L. Dutton, TRMC
City Clerk

Andrew S. Friedberg
Mayor

APPROVED AS TO FORM:

Alan P. Petrov
City Attorney