

**THIRD AMENDMENT TO AGREEMENT FOR
PROFESSIONAL SERVICES
(Design Professional)**

THIS THIRD AMENDMENT TO AGREEMENT is made and entered into this 17TH day of APRIL, 2017, by and between the City of Merced, a California Charter Municipal Corporation ("City"), and Stantec Consulting Services, Inc., a New York Corporation, whose address of record is 200, 10160 – 112 Street, Edmonton AB, Canada T5K 2L6, ("Consultant").

WHEREAS, City is undertaking a project to prepare Sewer Master Plan for the City of Merced ("Project"); and

WHEREAS, City and Consultant have previously entered into an Agreement for Professional Services ("Agreement") dated April 1, 2013, a First Amendment to said Agreement dated June 16, 2014 ("First Amendment") and a Second Amendment to said Agreement dated April 20, 2015 (Second Amendment); and

WHEREAS, City and Consultant desire to amend said Agreement to provide for additional services in connection with said project.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants hereinafter recited, agree as follows:

1. Section 25, "ADDITIONAL SCOPE OF SERVICES," is hereby added to the Agreement to read as follows:

"25. ADDITIONAL SCOPE OF SERVICES. The Scope of Services is amended in accordance with the changes outlined in Exhibit 1 attached hereto."

2. Section 26, "ADDITIONAL COMPENSATION," is hereby added to the Agreement to read as follows:

"26. ADDITIONAL COMPENSATION. The City shall pay to Consultant the not to exceed additional sum of Two Hundred One Thousand Six Hundred Fifty Dollars (\$201,650.00) for the additional services described in

Exhibit 1 and in accordance with the fee schedule set forth on Exhibit 1, attached hereto.”

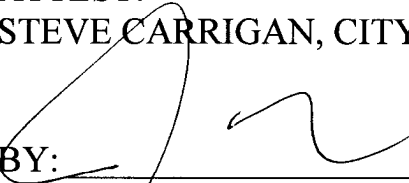
3. Except as herein amended, the Agreement dated April 1, 2013, First Amendment dated June 16, 2016 and Second Amendment dated April 20, 2015, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Third Amendment to Agreement to be executed on the date first above written.

CITY OF MERCED
A California Charter Municipal
Corporation

BY: 
City Manager

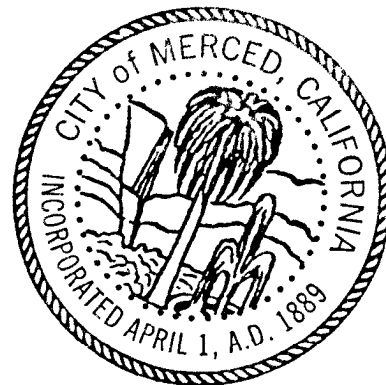
ATTEST:
STEVE CARRIGAN, CITY CLERK

BY: 
Assistant/Deputy City Clerk

APPROVED AS TO FORM:

BY: Kelly C. Fincher 3/29/17
City Attorney Date

213469 PO# 109009
ACCOUNT DATA:



BY: Stephani Hertz
Verified by Finance Officer

553-1107-532.12-00-113059

funds available 4/12/17 pld

4117117 FL

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\$ 201,650.00

CONSULTANT
STANTEC CONSULTING SERVICES,
INC., A New York Corporation

BY: David Price
(Signature)

David Price
(Typed Name)

Its: Senior Associate
(Title)

BY: Steven L. Beck
(Signature)

Steven L. Beck
(Typed Name)

Its: Senior Principal
(Title)

Taxpayer I.D. No. 68-0309852

ADDRESS: 3875 Atherton Road
Rocklin, CA 95765

TELEPHONE: (916) 773-8100

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E-MAIL: steven.beck@stantec.com

City of Merced
Sewer Master Plan Project Update
Scope of Services
Amendment No. 3

In April of 2013, the City of Merced (City) authorized Stantec Consulting Services, Inc. (Stantec) to prepare an update to the City's 2007 Draft Sewer Master Plan. The scope of this effort including Amendments No. 1 and No. 2, authorized subsequently, has the following major tasks:

- 1) Update New Land Use Assumptions (2030 Vision General Plan) and Wastewater Flows
- 2) Assess Available Capacity in Sewers
- 3) Determine Sewer System Needs at General Plan Buildout
- 4) Develop Interim Service Plan
- 5) Develop Sewer Repair and Replacement Program
- 6) Develop Industrial Waste Acceptance Decision Matrix
- 7) Project Meetings
- 8) Prepare Draft and Final Master Plan Report
- 9) Project Management and Administration
- 10) coordination and review of satellite pretreatment facilities engineering evaluation
- 11) Evaluate conveyance options for flows from University and Airport Satellite Industrial Pretreatment facilities
- 12) Expansion of the City WWTF
- 13) Estimate Cost of Handling waste streams from pretreatment facilities
- 14) Prepare Draft and Final Technical Memorandum
- 15) Project Definition and Organization (Environmental)
- 16) Preparation of the Environmental Checklist, Initial Study, and Notice of Preparation
- 17) Preparation of Draft EIR
- 18) Preparation of the Final EIR
- 19) Certification of the Final EIR and Project Approval
- 20) Environmental Documentation Project Management, Meetings and Quality Control
- 21) Asset Management Support

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Stantec has worked with City staff completing the tasks described above and in more detail in the attached Agreement for Professional Services dated April 1, 2013 (the Agreement), and subsequent Amendments Nos. 1 and 2.

In 2016 City staff requested an evaluation of the remaining capacity in the existing trunk sewer system in the context of the approved, or "entitled" projects/properties in the North Merced area. The additional effort associated with these Tasks is described herein.

In addition to this evaluation of the "entitled" projects/properties in North Merced, the City has also requested an evaluation of constructing a "satellite" treatment facility as an alternative to the recommended trunk sewer conveyances included in the Draft Sewer Master Plan (February 2016).

The modification of the Sewer Master Plan to include an evaluation of satellite treatment and the effect of the "entitled" projects/properties on the existing sewer trunk system necessitated the production of an additional draft version of the report, which was not anticipated in the Agreement or Amendment Nos. 1 and 2.

The City desires to further engage with stakeholders with interest in the final sewer master plan, and anticipates one additional workshop with the City Council to ensure the public is aware of the findings and recommendations contained in the sewer master plan. City staff has requested a workshop with the City Council to present the October 2016 Final Draft Sewer Master Plan. In addition to the material included in the October 2016 Sewer Master Plan, the City would like Stantec to provide supplemental information related to the concept of satellite treatment facilities within the SUDP.

The City has requested that the Sewer Master Plan include an evaluation of the potential expansion of the wastewater treatment facility (WWTF), including an opinion of potential cost. This assessment will address expansion of treatment and disposal capacity up to the average dry weather flow (ADWF) estimated to be delivered to the WWTF at build-out of the SUDP, which is approximately 42 Mgal/d.

The City would like to include a refined opinion of cost for the recommended sewer conveyance facilities (trunk sewers) described in the Final Draft Sewer Master Plan (October 2016).

The City has also requested a summary of financing options for implementation of the recommendations in the Final Draft Sewer Master Plan.

City staff and Stantec have agreed that the Agreement approved in April 2013 should be amended to include the additional effort summarized above and detailed in this Amendment No. 3 Scope of Services. To avoid the need to adjust the budget previously approved for public outreach efforts (Amendment No. 2), and to provide sufficient budget for Stantec to revise the draft sewer master plan, certain other tasks authorized with Amendment No. 2 are to be modified and budget shifted as appropriate.

This Amendment No. 3 proposes to modify the scope of services as follows:

TASK 1: UPDATE NEW LAND USE ASSUMPTIONS AND WASTEWATER FLOW

As described by the scope of services for Task 1 per the current Agreement.

Budget: No change. \$11,088

TASK 2: ASSESS AVAILABLE CAPACITY IN SEWERS

As described by the scope of services for Task 2 per the current Agreement.

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Budget: No change. \$8,512

TASK 3: DETERMINE SEWER SYSTEM NEEDS AT GENERAL PLAN BUILDOUT

As described by the scope of services for Task 3 per the current Agreement.

Budget: No change. \$29,300

TASK 4: DEVELOP INTERIM SERVICE PLAN

As described by the scope of services for Task 4 per the current Agreement.

Budget: No change. \$22,250

TASK 5: DEVELOP SEWER REPAIR AND REPLACEMENT PROGRAM

As described by the scope of services for Task 5 per the current Agreement.

Budget: No change. \$16,500

TASK 6: INDUSTRIAL WASTE ACCEPTANCE DECISION MATRIX

As described by the scope of services for Task 6 per the current Agreement.

Budget: No change. \$21,150

TASK 7: PROJECT MEETINGS

The scope of this task is amended to include additional effort including:

- Four (4) additional meetings with City staff at City offices in Merced,
- Two (2) additional meetings with the Stakeholder group to present the Final Draft Sewer Master Plan and discuss Financing options
- One (1) additional City Council Workshop to present the Final Draft Sewer Master Plan

Revised Budget: \$48,800 (\$15,300 additional)

TASK 8: PREPARE DRAFT AND FINAL MASTER PLAN REPORT

The scope of this task is amended to include additional effort including:

- Revisions to the sewer sub-shed population and development distribution for the Yosemite Avenue Trunk Sewer
- Revisions to the assumptions for school populations
- Revisions to the text of the preliminary draft sewer master plan to address comments provided by City staff
- Revisions to the text of the preliminary draft sewer master plan to address comments provided by stakeholders

- Revisions to figures in the preliminary draft sewer master plan to address modifications to the sewer model (e.g. population counts and distributions, as described above, and possible changed results) and comments provided by City staff
- Analysis of an additional sewer model scenario considering the remaining capacity in the existing trunk sewers in North Merced and parcels entitled to connect (the interim scenario)
- Development of a new chapter addressing the option of satellite treatment.
- Preparation of a second draft report (Final Draft Master Plan).
- Upon finalization of the Sewer Master Plan, Stantec will provide the electronic files for the hydraulic model and any other electronic data related to development of the report.

Revised Budget: \$61,000 (\$35,500 additional)

TASK 9: PROJECT MANAGEMENT AND ADMINISTRATION

The scope of this task is amended to include additional effort related to managing the expanded Master Planning scope.

Revised Budget: \$14,500 (\$6,500 additional)

TASK 10: COORDINATION AND REVIEW OF SATELLITE PRETREATMENT FACILITIES ENGINEERING EVALUATION

The scope of this task is amended to remove the below task effort:

Task 10.1: Coordination with Pretreatment Engineering Evaluation Team and the City

Task 10.2: Comprehensive Review of Draft Pretreatment Evaluation Report to be Developed by Others

The scope of this task is amended to remove this task effort:

Revised Budget: \$0 (\$9,000 removed)

TASK 11: EVALUATE CONVEYANCE OPTIONS FOR FLOWS FROM UNIVERSITY AND AIRPORT SATELLITE INDUSTRIAL PRETREATMENT FACILITIES

The scope of this task is amended to remove this task effort:

Revised Budget: \$0 (\$5,000 removed)

TASK 12: EXPANSION OF THE CITY WWTF

As described by the scope of services for Task 12 per the current Agreement, as well as an additional evaluation of the facility needs to support expansion of the WWTF beyond the most recently planned capacity of 20 Mgal/d up to 40 Mgal/d (ADWF).

Task 12.3: Opinion of Probable Cost and Facility Needs for City WWTF Expansion to 40 Mgal/d

Stantec will develop an opinion of probable cost to expand the City WWTF to 40 Mgal/d, ADWF. This includes construction costs, no life cycle cost analysis. Stantec will also summarize flow projections developed with the Final Draft Master Plan and provided estimates of anticipated loading at the 40 Mgal/d target, which is estimated by the hydraulic sewer model to be the ADW influent flow at the WWTF at build-out of the City's SUDP.

Note that the previously approved budget for Task 12 (approved with Amendment No. 2) was utilized to allow completion of a portion, or all of Tasks 7.8, 8.3, 8.4, and 9.3 as described in this Amendment No. 3. This effort has been invoiced to the City, therefore Stantec is requesting the amount of the budget authorized with Amendment No. 2 (\$13,250) be authorized in addition to the previous authorization, as well as the proposed budget for new Task 12.3.

Revised Budget: \$30,000 (\$16,750 additional)

TASK 13: ESTIMATE COST OF HANDLING WASTE STREAMS FROM PRETREATMENT FACILITIES

The scope of this task is amended to remove this task effort:

Revised Budget: \$0 (\$10,700 removed)

TASK 14: PREPARE DRAFT AND FINAL TECHNICAL MEMORANDUM

As described by the scope of services for Task 14 per the current Agreement.

Note that the previously approved budget for Task 14 (approved with Amendment No. 2) was utilized to allow completion of a portion, or all of Tasks 7.8, 8.3, 8.4, and 9.3 as described in this Amendment No. 3. This effort has been invoiced to the City, therefore Stantec is requesting the amount of the budget authorized with Amendment No. 2 (\$10,200) be authorized in addition to the previous authorization.

Revised Budget: \$20,400 (\$10,200 additional)

TASK 15: PROJECT DEFINITION AND ORGANIZATION (ENVIRONMENTAL)

The scope of this task is amended to include additional effort including:

- Revisions to the draft Project Description resulting from modifications to the preliminary draft sewer master plan described in this Amendment No. 3, including modifications to the project alternatives presented in the master plan.

Revised Budget: \$15,100 (\$4,900 additional)

TASK 16: PREPARATION OF THE ENVIRONMENTAL CHECKLIST, INITIAL STUDY, AND NOTICE OF PREPARATION

The scope of this task is amended to include additional effort including:

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- Revisions to the draft NOP resulting from modifications to the preliminary draft sewer master plan described in this Amendment No. 3, including modifications to the project alternatives presented in the master plan, satellite treatment and addition of discussion of WWTF expansion to be added to the final master plan.
- Effort associated with the draft of and revising the NOP in addition to the original effort described in Amendment No. 2.

Revised Budget: \$10,000 (\$4,400 additional)

TASK 17: PREPARATION OF THE DRAFT EIR

As described by the scope of services for Task 17 per the current Agreement, with the addition of a programmatic evaluation of an expansion of WWTF to include sufficient capacity to serve the estimated flow and loading at build-out of the SUDP (40 Mgal/d, ADWF).

Revised Budget: \$143,000 (\$8,400 additional)

TASK 18: PREPARATION OF THE FINAL EIR

As described by the scope of services for Task 18 per the current Agreement.

Budget: No change. \$20,250

TASK 19: CERTIFICATION OF THE FINAL EIR AND PROJECT APPROVAL

This task is as described by the scope of services for Task 19 per the current Agreement.

Budget: No change. \$4,600

TASK 20: ENVIRONMENTAL DOCUMENTATION PROJECT MANAGEMENT, MEETINGS AND QUALITY CONTROL

As described by the scope of services for Task 20 per the current Agreement, with the addition of one additional meeting, to re-initiate kick-off of the environmental review portion of this project, in particular since City planning staff have retired. Also, a small adjustment to account for the project management of the environmental review portion of the project.

Revised Budget: \$29,000 (\$4,500 additional)

TASK 21: ASSET MANAGEMENT SUPPORT

The scope of this task is amended to remove this task effort:

Revised Budget: \$0 (\$12,500 removed)

TASK 22: SATELLITE TREATMENT INFORMATION

Stantec will gather and summarize information on options proposed by members of the development community for multiple, small satellite treatment facilities. Stantec will contact up to three other municipalities in California and evaluate what they have implemented in this regard, describing the possible advantages and limitations of utilizing satellite treatment for both a short term and long term alternative to constructing the new trunk sewers recommended in the Final Draft Sewer Master Plan. We will also assess State policies regarding the satellite approach. Stantec will summarize this information in memo format.

Budget: \$8,200

TASK 23: FINANCING OPTIONS

As governed by Proposition 218, property owners within special assessment districts agree to pay an assessment to fund specific improvements or services within the boundaries of the designated district. An Engineers Report is necessary to substantiate the fees because the law dictates that the amount that each property owner pays must be directly proportional to the benefit the property will receive from the proposed improvement. The assessment district needs to be approved by a majority vote of the property owners, with votes being weighted based on the amount owed by each respective property owner.

Stantec will develop a memorandum which will describe the following:

- 1) The mechanics behind the formation of Assessment Districts in California;
- 2) The City's financial strategy in using an Assessment District to fund the sewer improvements and the benefits conferred on stakeholders, including details in how property owners can be made whole for their near-term contribution to the Assessment District;
- 3) Potential debt financing strategies;
- 4) The required content of the Prop. 218 Engineers Report;
- 5) Recommended outreach and stakeholder coordination;
- 6) The Assessment District formation voting process;
- 7) The potential timeline for the above.

We will submit a draft memorandum of the above for the City's review, which will then be finalized based on the City's review and comments.

Budget: \$11,500

TASK 24: ASSESSMENT DISTRICT FORMATION ASSISTANCE

Task 24.1 - Project Delineation

Stantec will work with City staff to identify the parcels which will benefit from the Assessment District. It is assumed these will be identified based on their inclusion in the GIS database used to develop the sewer model and scenarios which were exercised to size the future trunk sewers. It is likely additional refinement will be necessary. Stantec assumes one meeting with the City at City Hall to go over the initial area of benefit parcel information and to discuss clarification that will be required to identify parcels not included in the area of benefit, for any reason, but which should be, as well as

parcels which are included, but which should not. It is expected any investigation of specific parcels will be undertaken by City staff and the conclusions of those investigations will be provided to Stantec as direction to include or remove parcels from the area of benefit.

It should be noted that the areas of benefit are expected to be different for the two primary trunk sewers. Parcels north of Bear Creek (generally) and west of the existing City Limits, but south of Bear Creek served by the new trunk sewers in those areas will comprise one area of benefit. Parcels in the southern and eastern portions of the SUDP south of Bear Creek would be included in a separate area of benefit.

Project delineation will also result in a description of the “project” included in the assessment district in narrative form with figures similar to those developed for the Sewer Master Plan.

If outreach efforts with affected property owners indicates a need to revise the boundaries of the areas of benefit, Stantec will generate a revised GIS database based on that revised boundary.

Note that the effort included in Amendment No. 3 does not include any effort necessary to hydraulically re-model the system if the boundaries of the areas of benefit change. If the City desires changes to the trunk sewer sizing or alignments, Stantec can work to develop a scope and budget for authorization at that time.

Task 24.1 Deliverables:

- Initial GIS database of parcels included in the areas of benefit
- Project Delineation Meeting with City staff
- Final GIS database of parcels included in the areas of benefit to serve as the basis for mailing of petitions (Task 24.7)
- Revised GIS database based on input from property owners

Task 24.2 – Cost Estimate

Stantec will develop a detailed cost estimate using commercial estimating software. The Opinion of Probable Construction Cost (OPCC) will be compatible with AACE Class 3 estimating criteria. This will rely on the project definition including sizing, location, approximate dimensions and quantity take-offs of the main project features including the excavation, reinforced concrete volumes, etc. for the gravity trunk sewer civil works, pump station structures, force main pipelines (including creek crossings), wastewater treatment plant process and site civil improvements, etc. The cost estimating team will use Stantec’s internal estimating system, which is frequently updated with actual data from recent and ongoing comparable projects. In addition, we will obtain budget quotes for major materials and special construction equipment, if required. We will incorporate BOP Electrical and Mechanical costs into the estimate as lump sum line items. Vendor technical data and pricing will be critically reviewed and checked against Stantec’s proprietary technical and commercial in-house database for plausibility.

Stantec will use information from the Final Draft Sewer Master Plan and the OPCC to develop an annual operations and maintenance cost estimate for the new facilities.

Stantec will provide a Basis of Estimate Report that highlights key estimate assumptions and qualifications for review by the client. The costs generated in Task C will be used to develop the Engineer’s Report and assign benefits

Stantec will hold one meeting with City staff to obtain any relevant information on proposed pipe alignments for new facilities and to obtain input on expected operations and maintenance costs.

Task 24.2 Deliverables:

- Basis of Estimate Report (draft and final) for review by City staff.
- Meeting with City staff to discuss new information on proposed pipe alignments and obtain City input on O&M costs

Task 24.3 – Petition

Stantec will assist in the preparation of petition forms for affected property owners, designed to gauge support for the project. The City will be responsible for distributing the petitions by mail and collecting the responses. The petitions will include basic information regarding the project, including the scope of the work, project delineation, general methodology for assigning cost responsibilities, and preliminary cost ranges for properties.

Stantec will review the responses to the petition and summarize the level of support, including analysis of where the support is strongest (geographically) and whether the project boundaries should take into consideration the areas of support. Stantec will prepare a presentation that will summarize the findings of the petition results.

Note that the budget provided for Stantec's assistance with the petition forms is an allowance. It may be that the City desires additional assistance from Stantec, or less. Prior to authorization, the City and Stantec will come to agreement as to the level of effort desired.

If outreach efforts with affected property owners indicates a need to revise the boundaries of the areas of benefit, Stantec will discuss with the City an approach (and scope/budget) to generate a revised GIS database based on that revised boundary.

Task 24.3 Deliverables

- Stantec will hold conference calls as needed with the City to discuss the design of the petition.
- Draft and Final Petition to gauge support for Assessment District formation
- Memorandum to summarize the petition results

Task 24.4 – Engineer's Report

The Assessment District will require an Engineer's Report to serve as the basis for the charges to be assessed to properties which benefit from the improvements proposed. The Final Draft Sewer Master Plan (October 2016, Stantec) will serve as the starting point for development of the Engineer's Report.

Stantec will complete an Engineer's Report that documents the assessment methodology in support of a ballot measure to approve funding of the trunk sewers. The Engineer's Report will use a transparent methodology to clearly and equitably measure the special benefits conferred upon each affected parcel within the Assessment District. The Engineer's Report will comply with the special benefit and proportionality requirements of Proposition 218.

It is anticipated that the special benefit created by the Assessment District will depend heavily on the sewer impact fees charged by the City. In order for the assessment to be properly calculated, the City's impact fees should be up-to-date and applicable to the costs of the trunk project. Updating the City's impact fees is not included in the current scope of work.

The Engineer's Report will, at a minimum, include:

1. Definition of proposed sewer improvements;
2. Location of proposed improvements;
3. Cost estimate for completion of proposed improvements;
4. Description of general and special benefits provided by proposed improvements;
5. Methodology used to allocate the *special* benefits to each parcel; and
6. Assessment diagram showing locations of the benefitting parcels.

In addition to meeting compliance with Proposition 218, the Engineer's Report should be used as an outreach tool to demonstrate that the basis of the assessment is equitable, transparent, and appropriate. An effective outreach strategy that clearly explains the methodology applied in determining the special assessment will improve public perception of the process and increase the likelihood of successful adoption.

Task 24.4 Deliverables:

- Draft Engineer's Report
- Meeting with City staff to discuss draft Engineer's Report
- Final Engineer's Report

Task 24.5 – Council Recommendation

Stantec will present the findings of the Engineer's Report to the City Council, with a motion to approve the mailing of the ballots and schedule the required public hearing.

If desired, Stantec will assist the City in drafting a "resolution of intention" for consideration by the City Council. The resolution would (i) propose and set forth the details of the assessment, (ii) set the date and time for the public hearing, (iii) direct staff to mail notice of the public hearing, and (iv) adopt procedures for the tabulation of votes

Task 24.5 Deliverables:

- Council presentation of Engineer's Report to City Council
- Draft Resolution of Intent

Task 24.6 – Outreach

Stantec will support the City's public outreach efforts associated with development of the Assessment District. We assume the City will lead these outreach efforts, but we anticipate that Stantec will help prepare for, and participate in, property owner information meetings, develop additional materials for informational mailers and for petitions (in addition to those developed in Task 2), and participation in two (2) City Council presentations.

Task 24.6 Deliverables:

- Participation in two (2) property owner informational meetings.
- Participation in two (2) City Council presentations.
- Informational and petition mailer materials

Task 24.7 – Ballot Mailing

Stantec will assist in drafting a ballot to be sent to each record owner of each parcel whereby the owner may indicate his or her support or opposition to the proposed assessment. It is anticipated that ballots will be created (custom for each respective parcel), printed, addressed, and mailed by the City.

The ballot will be accompanied by a written notice with the following information:

- a. The reason for the assessment;
- b. The proposed assessment for owner's particular parcel (including details of payments and duration) and the total amount chargeable to the entire Assessment District;
- c. Basis used in calculating the proposed assessment;
- d. The date, time, and location of the public hearing for the proposed assessment;
- e. A summary of the procedures applicable to the completion, return, and tabulation of the ballots; and
- f. A disclosure statement indicating majority protest will result the in assessment not being imposed.

Task 24.7 Deliverables:

- Conference calls with City as needed
- Draft and Final ballot for Assessment District formation

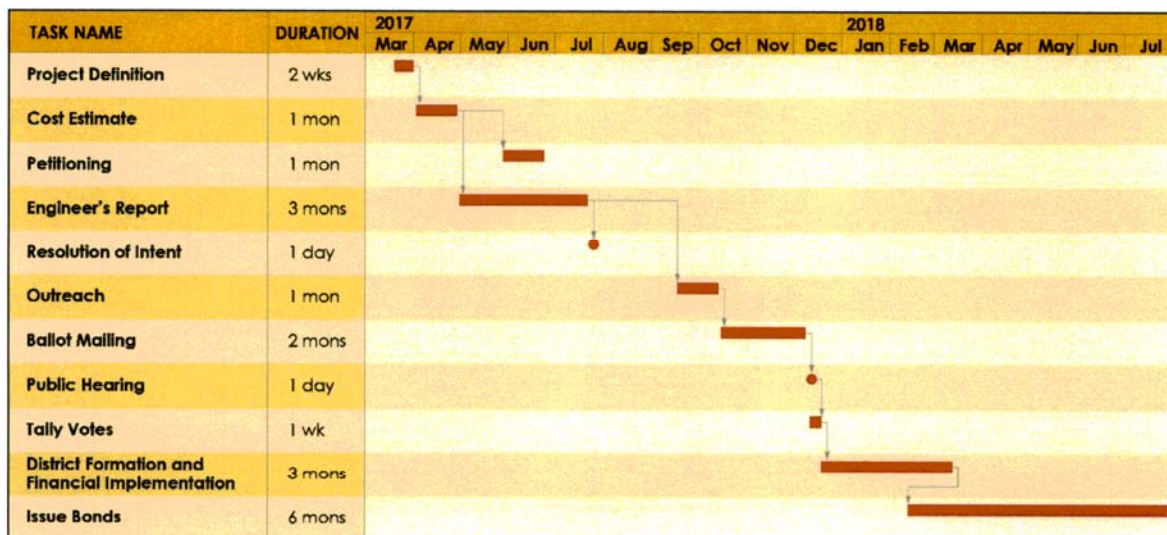
Task 24.8 – Public Hearing and Vote Tabulation

Stantec will support City staff in holding a Public Hearing to consider protests against the assessment and to accept any ballots that weren't previously received. Stantec will receive and assist in tabulating the ballots received and developing a report of the results.

Disclaimer: Stantec does not provide legal advice nor are we a Financial Advisor. The above services do not include services such as bond counsel, bond underwriter, or Financial Advisory services.

Task 24.8 Deliverables:

- Prepare for, and assist during, the Public Hearing

Schedule

Budget: \$112,700

One potential option for accelerating the financing and construction of the trunk sewers is for the developers within the District (or perhaps elsewhere as well) to provide short-term bridge funding. Under this approach, the developers would secure private financing – either debt or equity – to pay for construction of the trunk sewers. Once the Assessment District is formed, the City would issue Improvement Bonds as described above with a portion of the proceeds going to refund the developers (for the bridge financing provided). The property owners would then be faced with the options, as described above, to either pay their individual assessments in full or by annual assessment. The bridge financing option is not required. The Assessment Districts can be formed with or without this optional approach. However, the bridge financing is a means that would allow developers to commence their own housing projects a number of months sooner than otherwise while

waiting for the Assessment District process to unfold. Of course, if the developers are unwilling to provide the private bridge funding, they can always wait until the Assessment District process is complete. Importantly, the City need not provide any advanced funding of the trunk sewers under this approach.

There is currently no effort included in Stantec's proposed scope of services for Amendment No. 3 for this bridge funding option. A scope and fee to provide assistance can provided if desired.

SUMMARY

Stantec will work with City staff throughout the process to ensure that the City's expectations and objectives are met, and that the City is informed of the status of the work under each task.

Stantec will invoice the City for charges incurred on a time and material basis. The overall budget authorization for this effort is increased to \$637,850.

Stantec is ready to proceed upon receipt of written authorization from the City. Please feel free to contact the Project Manager, Dave Price, with any questions you have regarding this proposal at 530-470-0515.