

Mr. Mark Wilson
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Subject:
Engineering Services for Asset Management Plan

WATER

Dear Mr. Wilson:

Date:
March 29, 2019

As per your request, Arcadis U.S., Inc. (Arcadis) is pleased to provide this proposal for further assistance with professional engineering services associated with the City of Evert's (City's) Asset Management Plan (AMP) for the water distribution system. MDEQ recently reviewed the AMP and indicated some elements which need to be improved. MDEQ has requested the updates be in place by April 5, 2019.

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TECHNICAL APPROACH

The State of Michigan's Department of Environmental Quality (MDEQ) requires an AMP for all community water suppliers that serve greater than 1,000 people. MDEQ issued guidance in 2013 for developing an asset management plan. The following sections need to be present:

Our ref:
60024839.0017

- Asset Inventory
- Level of Service
- Critical Assets
- Revenue Structure
- Capital Improvement Project Plan

Arcadis and the City developed an AMP in 2017 using the MDEQ spreadsheet template and guidance documents. The information was based on the City's previous AMP from 2014. MDEQ recently reviewed the AMP and determined that three elements needed improvement, as per the MDEQ review checklist: Level of Service, Capital Improvement Plans, and Funding Structure. In addition, MDEQ is asking for additional narrative regarding the number of service line replacement planned.

We propose to execute this work by implementing the following tasks:

Task 1 Project Management and Meetings

This task includes a kick-off meeting with the City to discuss the gaps between the current 2017 Asset Management Plan and the MDEQ checklist findings. This work does not constitute a complete update to the AMP document, thus we will not be requesting a complete set of documentation. However, we do anticipate needing the following documents to complete the update:

- A copy of the most recent CIP spreadsheet.
- Any strategic planning documents, mission/vision statements, etc.
- Any documentation regarding the City's service line replacement program.

Prior to the April 5, 2019 deadline, an asset management plan review meeting is proposed with the City and the DEQ. Arcadis will present the revised elements of the Asset Management Plan and discuss any comments or concerns the MDEQ may have with the revised AMP.

Task 2 Updates to Element D: Capital Improvement Plan Tab

The MDEQ indicated that it wanted to see both a 5-year and 20-year plan in this section of the AMP, with an emphasis on the near-term plan. The spreadsheet template included a list of planned projects, years until they are planned to begin, cost, and reserve required each year. However, MDEQ wants to see the plan laid out by year showing yearly investment expected for the 5-year and 20-year plans. We will make these updates to the Capital Improvement Plan tab and ensure they meet the MDEQ's expectations.

Task 3 Updates to Element E: Ten-Year Budget Tab

The MDEQ review indicated that budget was missing fiscal year labels. In addition, there is a deficit shown in every year of the ten-year budget and MDEQ wants an explanation of how user rates/borrowing will provide sufficient revenue to close the funding gaps. We will make these updates to the Ten-Year Budget tab and ensure they meet the MDEQ's expectations.

Task 4 Updates to Element C: Level of Service Tab

The MDEQ review checklist indicated that the LOS statement needs to be a statement by the community stating the goals with regards to operational integrity of the water system. Arcadis will review the City's strategic planning documents and/or mission and vision statements to develop a mission statement for the water system. We will assist the City in seeking buy-in from the council on this statement.

Task 5 Addition of Service Line Replacement Estimate and Legal Authority Statement

Lastly, the MDEQ noted that it is necessary to provide documentation of the City's legal authority to set user rates as part of the AMP. MDEQ also requested that the City provide an estimate of how many service line replacements will need to be addressed so that budgeting for them can be appropriately anticipated. We will prepare a cover letter, to accompany the MDEQ spreadsheet, which outlines how each of the gaps were closed and includes this additional information requested.

Use or disclosure of information contained on this sheet is subject to the restriction and disclaimer located on the signature page of this document.

Mr. Mark Wilson
City of Ewart
March 29, 2019

BUSINESS PROPOSAL

Arcadis proposes to provide the above-mentioned services on a time and material basis, in accordance with our existing Summary of Standard Charges with the City. Total costs to complete the services in this proposal are **\$11,200**. We do not intend to use any subcontractor to perform these services. A breakdown of these services is shown as follows:

Service	Cost
Task 1: Project Management and Meetings	\$3,400
Task 2: Updates to Element D	\$2,000
Task 3: Updates to Element C	\$2,700
Task 4: Updates to Element E	\$800
Task 5: Service Line Replacement Estimate	\$2,300
Travel Expenses	NONE
Total	\$11,200

We appreciate this opportunity to continue our long-term relationship with the City of Ewart and to assist the City with this important project. If you have any questions, regarding this proposal or if you require any additional information, please do not hesitate to contact us.

Sincerely,

Arcadis of Michigan, LLC



Greg Foote
Principal Hydrogeologist

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