



March 16, 2020

**Via Electronic Delivery Only**

Michael Spinks, Town Council President  
Town of Spencer  
90 North West Street  
Spencer, Indiana 47460

RE: Wastewater Operational, Rate and Financing Sufficiency Analysis – Engagement Letter

Dear Mr. Spinks:

LWG CPA's & Advisors ("LWG") is pleased to provide this engagement letter to serve and assist the Town of Spencer (the "Town") by preparing an individual Operational, Rate and Financing Analysis (the "Analysis") for the Town's Wastewater Utility (the "Utility") as it relates to the acceptance of the Utility's waste from McCormick Creek State Park (the "Park").

As you are aware, municipal Utility are required to have just and equitable fees for services that are necessary to maintain the utility in a sound physical and financial condition necessary to render adequate and efficient service. The purpose of this letter is to provide for a basic outline of the services to be offered, a timeline and an estimation of the costs for these services.

**Scope of Service:**

This engagement would begin with a comprehensive analysis of the Park's current wastewater flow and the impact on the Utility of accepting the wastewater flow including but not limited to: operations and maintenance costs; taxes other than income taxes; annual capital extension and improvement costs not financed through long term debt; working capital requirements; and debt coverage requirements, if any.

Our analysis would include written recommendations pertaining to the amount of rates and charges to the Park and options and alternatives for implementation.

The overall scope of our services will include, but not be limited to, the following:

- Procurement of financial and consumption/usage/billing (where applicable) records for the Park for the twelve months ending December 31, 2019.
- Meetings, as needed, with the appropriate Town and Park officials in order to review the results of the Analysis and the impacts of the results on the Park.
- Comparison of the Park's proposed rates to similar agreements in other communities in the surrounding area.

Mr. Michael Spinks  
Town of Spencer, Indiana  
March 16, 2020  
Page 2

- Preparation and presentation of final written findings and recommendations to the Town Council for their consideration and action.
- Assist the Town Council's legal representative with the drafting of the required rate ordinances and related items.
- Assist Town Officials and Town Engineer in the development of the financial portion of the Town's Asset Management Plan in compliance with the Indiana Finance Authority's –State Revolving Fund requirements.

As part of the Analyses, we may propose for the Town Council to consider as they have previously done, the inclusion of annual rate adjustments (based on inflationary factors) to be included in the proposed ordinances to provide for revenue adjustments between now and any future analyses that would be undertaken.

#### **Timeline:**

We will make every effort to complete the Analyses in the most efficient manner possible. It is anticipated that results of the Analyses would be available for the Town Council's consideration within 60-90 days after receipt of the required 2019 financial and operational information.

#### **Compensation and the Engagement Team:**

Our fees for the services to be provided will be based upon the hourly billing rates for the actual time expended by the staff members assigned to this engagement.

It is a practice of LWG to staff each engagement with the individuals that will provide the best service in the most efficient and economical fashion for the client. Pamela Sue Sargent Haase will be primarily involved in this engagement. Staff accountants will be used where appropriate and their work will be directly supervised by Ms. Haase.

Based upon our experience, we are willing to propose that our fees associated with the preparation of the three individual Analyses will not exceed **\$25,000**.

#### **Invoicing:**

LWG's billings will be provided on a monthly basis and based upon hourly rates currently in effect at that time. LWG hourly rates are normally adjusted at the beginning of each calendar year and the rate currently in effect are shown in the attached Appendix A. The invoice will include the date, staff member, work description and time expended/cost incurred.

We appreciate this opportunity to offer our assistance to the Town and its ratepayers. If you should have any questions or need additional information, please do not hesitate to contact me.

Mr. Michael Spinks  
Town of Spencer, Indiana  
March 16, 2020  
Page 3

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Swintz', with a long horizontal line extending to the right.

Robert L. Swintz

**ACKNOWLEDGED AND AGREED** to  
this \_\_\_\_\_ day of March, 2020

**TOWN OF SPENCER, INDIANA**

---