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Witness: Todd Thomas
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Date: December 21, 2022

Missouri Public Service Commission

Direct Testimony

of

Todd Thomas

On Behalf of

Confluence Rivers Utility Operating Company, Inc.

December 21, 2022

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**DIRECT TESTIMONY OF
TODD THOMAS
CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.**

I. WITNESS INTRODUCTION

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Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Todd Thomas. My business address is 1630 Des Peres Road, Suite 140, St. Louis Missouri, 63131.

Q. PLEASE DESCRIBE CSWR, LLC AND CONFLUENCE RIVERS UTILITY OPERATING COMPANY.

A. CSWR, LLC (“CSWR”) is a holding company that, as of June 30, 2022, operated utility operating companies in 10 states. Confluence Rivers Utility Operating Company (“Confluence Rivers” or “Company”) is the CSWR utility operating company in the State of Missouri.

Q. WHAT IS YOUR POSITION WITH CSWR?

A. I am Senior Vice President of CSWR, the affiliated company that has operational/managerial oversight over the CSWR operating companies including Confluence Rivers. At CSWR, my responsibilities include the acquisition, development, and operation of CSWR-affiliated utilities. Among other duties, and relevant to this testimony, I am responsible for engaging and overseeing operations and maintenance (“O&M”) service providers including those contractors responsible for day-to-day operations of CSWR operating affiliates like Confluence Rivers. In addition, I am responsible for engaging and overseeing customer service providers. At the present time, I oversee such activities for affiliated operating companies providing water or wastewater

1 utility services to over 131,000 connections in Kentucky, Missouri, Arkansas, Tennessee,
2 Louisiana, Texas, Missouri, North Carolina, Arizona, and Florida. As Mr. Cox mentions
3 in his direct testimony, CSWR has additional applications pending in most of these states,
4 as well as South Carolina, which, if granted, would authorize the acquisition of even
5 more systems and customers. If those applications are approved, my oversight
6 responsibilities will extend to those additional systems and customers as well.

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
8 **EXPERIENCE.**

9 A. My education includes a Bachelor of Science in Civil Engineering from the Missouri
10 University of Science and Technology, and a Master of Business Administration from
11 Washington University in St. Louis.

12 Before joining CSWR, I was President of Brotcke Well and Pump (the 2nd largest
13 well driller and service provider in the Midwest); Vice President of Operations and
14 Business Development of the Midwest for American Water Contract Operations; and
15 General Manager of Midwest Operations for Environmental Management Corporation. I
16 currently serve on the East Central Missouri Board of Directors and am an Advisory
17 Board member for the Public Water Supply District 2 of St. Charles County, Missouri
18 which is the largest water and sewer district in the State of Missouri serving
19 approximately 60,000 connections.

20 Brotcke Well and Pump serves municipal potable, regulated potable, and
21 industrial ground water suppliers in the states of Missouri, Illinois, Kansas, Tennessee,
22 Kentucky, and Arkansas. Its total number of clients exceeds 200 and they range in size
23 from the City of Bloomington, Illinois, with 31,000 water customers, to 230 customers in

1 the City of Eminence, Missouri. Brotcke Well and Pump drills wells, cleans and treats
2 wells, installs pumps, services pumps, rebuilds pumps, tests wells for regulatory
3 compliance, and installs and services well controls. As President of Brotcke Well and
4 Pump, I was involved in the design, maintenance, and repair of all clients well systems. I
5 have firsthand experience with how much damage can be done by lack of maintenance on
6 a well system and how much money and effort is required to restore a well system after
7 neglect.

8 As Vice President of Operations and Business Development of the Midwest for
9 American Water Contract Operations, I was responsible for the water and wastewater
10 operations and maintenance contracts for municipal and industrial clients. These clients
11 included wastewater systems owned and operated by the City of St. Charles, in Missouri,
12 and the cities of Godfrey, Mount Vernon, Quincy, Litchfield, Lincoln, Pittsfield, and
13 Elwood in Illinois. These clients also included water and wastewater systems owned and
14 operated by the City of Foristell, Missouri, and the Illinois cities of Brighton, and
15 Monmouth. At one time I had responsibility for operating water and wastewater systems
16 serving approximately 64,000 residential connections. My responsibilities included the
17 direction and management of annual budgeting for each plant's operations and
18 maintenance, design and planning of plant upgrades and maintenance projects, regulatory
19 reporting, plant operations, and regulatory compliance of these systems.

20 My position as General Manager of Midwest Operations for Environmental
21 Management Corporation was similar to my position with American Water Contract
22 Operations with regard to the size and scope of the systems the company managed.

23 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS CASE?**

1 A. The purpose of my testimony is:

2 ▶ To explain the process CSWR uses to identify and engage qualified third-party
3 contractors to provide day-to-day O&M functions for its operating companies like
4 Confluence Rivers, and why using third parties to perform these functions is in the best
5 interests of both Confluence Rivers and its customers. I will also discuss Confluence
6 Rivers' compliance with a condition in the last Elm Hills rate case regarding the O&M
7 bidding process.

8 ▶ To discuss the O&M contractors that Confluence Rivers currently engages for
9 its Missouri systems as well as the roles and responsibilities of Confluence Rivers'
10 Missouri Regional Manager. I will further describe some of the measures that
11 Confluence Rivers has implemented in order to improve the effectiveness of its O&M
12 partners and the ability to provide safe and adequate service.

13 ▶ To explain the process CSWR uses to engage qualified third-party contractors
14 to provide customer service functions for its operating companies like Confluence Rivers,
15 and why using third parties to perform these customer service functions is in the best
16 interests of both Confluence Rivers and its customers.

17 ▶ To discuss Confluence Rivers' compliance with meter installation /
18 replacement conditions imposed in previous rate cases.

19 ▶ To set forth Confluence Rivers' position with regard to the maintenance and
20 replacement of STEP pumps in the pressurized system at its Terre du Lac service area.

21 ▶ To explain Confluence Rivers' decision not to include the financial effects of
22 its acquisition of the Margaritaville system within the context of this rate case.

23

1 **II. OPERATION AND MAINTENANCE FUNCTIONS**

2 **Q. WHY DOES CONFLUENCE RIVERS USE THIRD-PARTY CONTRACTORS TO**
3 **PERFORM O&M FUNCTIONS INSTEAD OF HIRING EMPLOYEES TO**
4 **PERFORM THOSE FUNCTIONS?**

5 A. As with all water/wastewater systems, there is a need for licensed, experienced operators.
6 Where systems and connections are concentrated, utilities may be able to cost-effectively
7 employ such operators. In contrast, however, Confluence Rivers' water and wastewater
8 systems in Missouri are geographically dispersed across the state. A map showing the
9 location of the systems that Confluence Rivers serves in Missouri is attached to my
10 testimony as **Schedule TT-1**. Given that systems currently owned by Confluence Rivers
11 are geographically dispersed and, given the number of connections served in Missouri at
12 this time, it would be difficult for Confluence Rivers to cost-effectively employ an in-
13 house workforce of sufficient size to perform all required O&M functions necessary to
14 fulfill the objective of providing customers safe, reliable, and timely utility service at
15 reasonable rates.

16 **Q. IS WORKFORCE SIZE THE ONLY CONSIDERATION?**

17 A. No. Operators of our facilities – those performing the O&M function I mentioned in
18 some of my previous responses – must be highly trained, experienced, and have all state
19 licenses required to operate water and wastewater systems and do so in a manner that
20 complies with federal, state, and local laws and regulations. CSWR's experience has
21 shown it is most economical to identify and retain third-party contractors who have
22 required state licenses than to hire, train and retain individual employees to reach the
23 same level of qualifications and experience.

1 **Q. IN OTHER STATES, DO CSWR-AFFILIATED COMPANIES ALSO USE THIRD**
2 **PARTIES TO PERFORM O&M AND CUSTOMER SERVICE FUNCTIONS?**

3 A. Yes. Using third-party contractors is the method all CSWR utility affiliates use to
4 perform O&M functions. Taken together, CSWR's experience in Missouri, and in other
5 states where its affiliates operate, has shown that using third parties is the most cost-
6 effective and best available option for fulfilling these O&M responsibilities.

7 **Q. PLEASE DESCRIBE THE PROCESS CSWR USES TO IDENTIFY AND**
8 **ENGAGE THIRD-PARTY O&M CONTRACTORS FOR CONFLUENCE**
9 **RIVERS.**

10 A. As the question suggests, the process CSWR uses has two distinct parts: identifying
11 qualified contractors and then, after evaluating competitive bids, engaging one or more
12 contractors to provide required O&M services. There is a third aspect as well:
13 management and oversight of the O&M contractors that CSWR engages on Confluence
14 Rivers' behalf. However, for the next few questions, I want to focus on the identification
15 and engagement aspects of this process.

16 **Q. HOW DOES CSWR GO ABOUT IDENTIFYING QUALIFIED CONTRACTORS**
17 **TO PERFORM THE O&M FUNCTIONS THAT CONFLUENCE RIVERS**
18 **REQUIRES?**

19 A. CSWR's contractor identification process begins with the evaluation of the qualifications
20 of prospective contractors. CSWR begins the process with a written "Request for
21 Qualification" ("RFQ"). CSWR disseminates information about contracting
22 opportunities (including information about how to obtain an RFQ) as broadly as possible
23 in hopes of identifying as many potential contractors as possible to bid on available work.

1 CSWR utilizes several avenues to identify potential contractors. These include, but are
2 not limited to, web searches, contacting local Rural Water Associations, word of mouth,
3 and local contacts in the area. The goal is to contact as many potential contractors as
4 possible to ensure that CSWR can identify firms that are capable of providing the level of
5 service necessary for CSWR to deliver safe and reliable water resources to the
6 communities it serves. A copy of the RFQ form that CSWR uses for Confluence Rivers
7 is attached to my testimony as **Schedule TT-2**.

8 The RFQ asks prospective contractors to provide basic information about
9 themselves and their experience in performing the kinds of work CSWR requires. The
10 RFQ also includes a list of contractor insurance requirements, because making sure
11 contractors have appropriate types and amounts of insurance insulates the Company and
12 its customers from liability for acts that result in damages to others. Not surprisingly,
13 activities related to water and wastewater can involve significant risk of damage to
14 property, public health, and the environment.

15 As I mentioned in my response to a previous question, the contractors that CSWR
16 seeks must be highly trained, experienced, and have all state licenses required to operate
17 the relevant water and wastewater systems. Consequently, CSWR's RFQ requires
18 interested parties to provide information and documentation sufficient to ensure that they
19 satisfy those requirements. But over and above what the law requires, CSWR insists that
20 its contractors commit themselves to respond to customer service emergencies within a
21 specified time period – usually within two hours – regardless of when those emergencies
22 arise. CSWR includes such requirements in the RFQ so that contractors that ultimately
23 consider bidding on any subsequent RFPs are fully informed of these expectations.

1 **Q. WHAT IS THE NEXT STEP IN THE O&M CONTRACTOR SELECTION**
2 **PROCESS?**

3 A. The next step in the O&M contractor selection process is to evaluate the RFQ responses
4 to determine which respondents are qualified to go to the next step in the process. CSWR
5 believes that pre-qualifying prospective contractors via their RFQ responses is critical in
6 that it saves time by eliminating unqualified bidders. Ultimately, it makes no sense to
7 send a bid package to an interested contractor if it cannot satisfy all the qualifications and
8 requirements stated in the RFQ. The RFQ process provides CSWR the opportunity to
9 determine which potential contractors actually satisfy these requirements.

10 **Q. AFTER CSWR HAS EVALUATED THE RFQ RESPONSES AND IDENTIFIED**
11 **QUALIFIED CONTRACTORS, WHAT HAPPENS NEXT?**

12 A. After CSWR eliminates unqualified contractors from the list of RFQ respondents, the
13 next step is to send a formal "Request for Proposal" ("RFP") to the remaining qualified
14 contractors. Generally, the RFP includes a proposal letter specifically identifying the
15 contractor's tasks, duties, and responsibilities (sometimes referred to as a "Statement of
16 Work"); a list of all facilities for which Confluence Rivers is seeking proposals; the
17 permit numbers of those facilities; a draft of the contract the successful bidder would be
18 required to sign (which includes the Statement of Work); and the date the RFP response
19 is due. Also included in the package is a bid response page, which requires the contractor
20 to provide key cost information about its bid. CSWR considers all of these documents to
21 be a critical part of the response in that it allows CSWR to compare the RFP responses on
22 a consistent basis relative to both cost and service levels. I have included a typical RFP
23 package as **Schedule TT-3** to my direct testimony.

1 These RFPs contain multiple service areas/projects in order to best utilize
2 economies of scale and yield cost-savings to the customers. As new firms are identified
3 and become qualified, CSWR will receive more bids thereby increasing the possibility of
4 finding the best and most cost-effective firm to provide a particular service. For purposes
5 of soliciting bids, CSWR will divide up projects regionally. This is done to lower the
6 operational costs and make the projects more manageable for CSWR and the selected
7 contractor. Another benefit to the regional break up is that it gives the opportunity for
8 local operations firms to compete with the nationwide firms. However, firms are free to
9 bid on as many regional projects as they see fit, or to bid on all systems Confluence
10 Rivers operates in Missouri. A larger contract may allow a bidder to offer a lower per
11 unit price for O&M services.

12 **Q. WHAT PROCESS DOES CSWR USE TO COMPARE RFP RESPONSES AND**
13 **PICK THE WINNING BID?**

14 A. The RFP bid evaluation process initially focuses on whether a contractor's bid deviates in
15 any way from the specifications in the RFP. CSWR also looks at the scope of the bid –
16 *i.e.*, does it include all facilities identified in the RFP or only a portion of the identified
17 facilities. Obviously, CSWR looks at the contractor's proposed price, but the ultimate
18 decision is based on what CSWR refers to as the "lowest and best qualified bid," which
19 considers price in context with an evaluation of the overall quality of the bidder's
20 proposal. Once CSWR has made a preliminary choice of a winning bidder, it schedules a
21 follow-up meeting to confirm the accuracy of the bid documents and to make sure that
22 the contractor understands all our requirements and appreciates their importance.

1 Following that meeting, the winning bidder is confirmed and is asked to enter into a
2 signed agreement.

3 **Q. ARE YOU FAMILIAR WITH THE CONDITION FROM THE LAST ELM HILLS**
4 **RATE CASE REGARDING THE O&M BIDDING PROCESS?**

5 A. Yes. In Case Nos. WR-2020-0275/SR-2020-0274, Elm Hills Utility Operating Company,
6 Inc. (now part of Confluence Rivers) executed a stipulation with Staff that provided for
7 the following:

8 The Company will modify its Operations and Maintenance (O&M) contractor
9 bidding process, as necessary, to reflect the following principles agreed to by the
10 parties to this Disposition Agreement:

11 (a) The Company will send a single RFP to prospective contractors meeting
12 pre-qualification requirements, including necessary licensing from the Missouri
13 Department of Natural Resources, that lists all the systems that the Company
14 seeks bids for and then requests separate bids for the operation of each system
15 followed by an aggregate bid where the bidder lists all systems the bidder is
16 willing to bid on and provides the total combined bid for that aggregate;

17 (b) The Company will expand the bidding pool to reach as many prospective
18 bidders as possible, which may include contacting contract operators registered
19 with the Missouri Department of Natural Resources for the county where the
20 system sits and adjacent counties as well as posting requests for bids to the
21 websites for such organizations as the Missouri Section of the American Water
22 Works Association and the Missouri Rural Water Association;

23 (c) The Company will provide a place on the RFP response for bidders to
24 include services outside the scope requested and estimates for the same;

25 (d) The Company will provide a place on the RFP response for bidders to
26 indicate any point where the bid does not include items otherwise required by the
27 RFP along with an explanation for their omission and an estimate of the cost to
28 include those items; and

29 (e) The Company will request bidders provide references and evaluate those
30 references as needed.

31 **Q. WHAT IS THE STATUS OF CONFLUENCE RIVERS' COMPLIANCE WITH**
32 **THIS CONDITION?**
33

1 A. As discussed in my previous testimony regarding the CSWR bidding process, as well as
2 reflected in the documents provided in Schedules TT-2 and TT-3, CSWR believes that it
3 is meeting this condition.
4

5 **III. MISSOURI O&M PARTNERS AND STATE MANAGER**

6 **Q. WHAT O&M CONTRACTORS DOES CONFLUENCE RIVERS CURRENTLY**
7 **USE TO OPERATE AND MAINTAIN ITS MISSOURI WATER AND**
8 **WASTEWATER SYSTEMS?**

9 A. Confluence Rivers currently uses Midwest Water Operations, LLC (“Midwest”) and
10 Strickland Engineering (“Strickland”) to operate and maintain the Company’s water and
11 wastewater systems in Missouri. Both Midwest and Strickland are headquartered in
12 Missouri and provide a highly experienced, dedicated, professional team of onsite and
13 bench strength resources for expert, compliant operations of water / wastewater systems.
14 Midwest and Strickland’s dedicated operations team brings decades of experience in the
15 utility industry managing clients’ utility operations and offers expertise and best practices
16 for effective, efficient, and compliant operations and maintenance.

17 **Q. WHAT IS THE CURRENT STATUS OF THE O&M CONTRACTS THAT**
18 **CONFLUENCE RIVERS HAS IN PLACE IN MISSOURI?**

19 A. Recognizing that the contracts with Midwest and Strickland recently expired, Confluence
20 Rivers recently issued an RFP. That RFP, which covered all of the Confluence Rivers
21 water and sewer facilities except Glenmeadows and Margaritaville, sought bids from
22 qualified entities to provide O&M services. Based upon the responses, Confluence
23 Rivers has again executed O&M contracts with both Midwest and Strickland.

1 Subsequently, after receiving Commission approval to acquire the Glenmeadows and
2 Margaritaville systems, Confluence Rivers issued another RFP seeking a qualified entity
3 to provide O&M services to those two service areas. Responses for that subsequent RFP
4 were received on November 28 and Confluence Rivers expects to execute contract(s) for
5 those two service areas in the near future.

6 **Q. HOW HAVE O&M COSTS CHANGED AS A RESULT OF THE RECENT O&M**
7 **RFP?**

8 A. Given that Confluence Rivers' operations (i.e., number of systems) change rapidly during
9 the course of a year, it is difficult to make a strict apples-to-apples comparison. That
10 said, however, on a per-system basis, Confluence Rivers believes that monthly O&M
11 expense per system has decreased by 5.53% as a result of the recent RFP.

12 **Q. HOW DOES CONFLUENCE RIVERS WORK WITH ITS CONTRACTORS TO**
13 **CONFIRM AND ENHANCE THE PROVISION OF SAFE AND ADEQUATE**
14 **SERVICE?**

15 A. CSWR utilizes several off-the-shelf technologies to cost-effectively enhance work
16 performed by its O&M contractors, help minimize costs, and improve the quality of
17 service provided to Confluence Rivers' customers. For example, CSWR has
18 implemented a computerized maintenance management system called Utility Cloud to
19 benefit its affiliated utility operating companies. Utility Cloud is a work order-based
20 system used to: (1) catalog all equipment employed in each Confluence Rivers system;
21 (2) host distribution and collection system mapping; (3) automatically schedule
22 preventive maintenance; (4) schedule necessary repairs, and (5) schedule and record
23 responses to customer complaints and service calls. The Utility Cloud system operates

1 via smartphones and handheld devices, so it is easily utilized by all CSWR O&M
2 contractors. Utility Cloud ensures that Confluence Rivers systems are well-maintained;
3 property, plant, and equipment records are maintained; and customer service needs are
4 systematically and expeditiously addressed with appropriate record keeping of customer
5 service needs. Further, CSWR is able to monitor its Missouri O&M contractors to ensure
6 that the contractors are doing work for which they were hired; are doing that work on a
7 timely and competent basis; and are meeting the needs of the Company and its customers.

8 Another cost-effective technology CSWR employs is a remote monitoring
9 platform. The remote monitoring sensors on each system are set to provide ongoing
10 utility system operational performance monitoring and early warnings to Confluence
11 Rivers and its O&M contractors in the event there are operational issues. In most cases,
12 those warnings are broadcast before the issue adversely affects customer service.
13 Examples of the types of problems the remote monitoring system is designed to detect
14 include power outages at water wells and sewage lift stations, chlorine residual readings
15 on water distribution systems, low pressure issues on water distribution systems, high
16 level alarms on sewage system lift stations, and low levels in water storage tanks. When
17 these alarms activate, the remote monitoring system immediately sends information to
18 Confluence Rivers and our O&M contractors, which allows the Company and its
19 contractor to react and act before customers are even aware of the problem and before the
20 problem can affect customer service.

21 **Q. WHAT IS THE STATUS OF CONFLUENCE RIVERS' DEPLOYMENT OF**
22 **REMOTE MONITORING?**

1 A. As of November 21, 2022, Confluence Rivers has installed remote monitoring on 92% of
2 its facilities. The remote terminals for the remaining 8% have been received and shall be
3 installed in the very near future.

4 **Q. YOU CHARACTERIZED THE REMOTE MONITORING SYSTEM AS “COST-
5 EFFECTIVE.” PLEASE EXPLAIN.**

6 A. Let me illustrate that remark with an example of how the remote monitoring system helps
7 CSWR to cost-effectively operate and maintain the Confluence Rivers’ wastewater
8 systems. As I mentioned in my previous answer, the remote monitoring system is
9 programmed to monitor high level alarms at sewage lift stations. Absent remote
10 monitoring, prudent operation would require contractors to check levels in sewage lift
11 stations daily. So, absent the remote monitoring system, the O&M contractor would have
12 to dispatch an employee each day to check lift station levels. These daily visits are costly
13 and would lead to higher rates. With the remote monitoring system, however, daily visits
14 are not needed unless the system detects a problem. The remote monitoring system also
15 archives these daily readings so that they can be accessed in case the systems are
16 subjected to a compliance audit or subsequently develop operational problems. In the
17 latter circumstance, historical data likely would prove extremely helpful in determining
18 the start and duration of the problem, which should aid in promptly resolving the
19 problem.

20 **Q. AT THE BEGINNING OF YOUR TESTIMONY, YOU MENTIONED
21 CONFLUENCE RIVERS HAS EMPLOYED A MISSOURI STATE MANAGER
22 WHO SUPPORTS THESE OPERATIONS AND MAINTENANCE FUNCTIONS.
23 PLEASE PROVIDE ADDITIONAL INFORMATION ABOUT THE TASKS THIS**

1 **EMPLOYEE PERFORMS AND HOW THEY BENEFIT CONFLUENCE**
2 **RIVERS' CUSTOMERS.**

3 A. CSWR has a Regional Manager that is responsible for overseeing and assisting third-
4 party O&M functions in Missouri. CSWR's decision to take that step was based on two
5 factors. First, the size of the operations in Missouri made it prudent and reasonable from
6 a cost standpoint to add an employee devoted exclusively to Confluence Rivers. Second,
7 having an employee exclusively responsible for Missouri helps CSWR to ensure that
8 Confluence Rivers is fulfilling its commitment to providing safe and reliable water and
9 wastewater service to its customers.

10 In addition to other corporate operational duties, Arthur Faiello is the Regional
11 Manager in Missouri who is responsible for the Confluence Rivers' systems. In this role,
12 Mr. Faiello oversees the operations of the Confluence Rivers' third-party O&M
13 contractors to ensure:

- 14 • Each of Confluence Rivers' systems complies with all federal, state, and local
15 public health and environmental regulations;
- 16 • The Company's third-party O&M contractors operate consistent with all federal,
17 state, and local safety regulations;
- 18 • Confluence Rivers' third-party O&M contractors fulfill all their contractual
19 obligations; and
- 20 • All necessary preventive and corrective maintenance is timely and competently
21 performed on the Confluence Rivers' systems to keep them functioning and to
22 avoid outages that adversely affect customers.

1 In addition, Mr. Faiello serves as the Confluence Rivers’ primary “in person”
2 customer representative. While customers are encouraged to bring issues to the customer
3 experience department; to the extent the matters require an in person visit from a
4 Confluence Rivers’ representative, Mr. Faiello fills this responsibility.

5 Finally, Mr. Faiello serves as Confluence Rivers’ representative and liaison to
6 state and local water and wastewater organizations to share information and promote
7 cooperation among industry participants. Similarly, Mr. Faiello serves as Confluence
8 Rivers’ primary, local point of contact for state and local government officials having
9 regulatory responsibility for Confluence Rivers’ operations to ensure the Company timely
10 addresses any questions or concerns that may arise regarding our Missouri operations.

11 **IV. CUSTOMER SERVICE FUNCTIONS**

12 **Q. WHAT IS THE PURPOSE OF THIS PORTION OF YOUR TESTIMONY?**

13 A. In this portion of my testimony, I will explain the rationale behind CSWR’s decision to
14 engage qualified third-party contractors to provide customer service functions for
15 Confluence Rivers, and why using third parties to perform these functions is in the best
16 interests of both Confluence Rivers and its customers.

17 **Q. WHY DOES CONFLUENCE RIVERS USE THIRD-PARTY CONTRACTORS TO**
18 **PERFORM CUSTOMER SERVICE FUNCTIONS INSTEAD OF HIRING**
19 **EMPLOYEES TO PERFORM THOSE FUNCTIONS?**

20 A. Insofar as our customer service function is concerned, CSWR believes that it is critical
21 for its customers to have 24x7 access to personnel who can answer service and billing
22 questions and competently deal with facilities and equipment problems adversely
23 affecting service whenever they arise. CSWR also seeks to ensure that Confluence

1 Rivers' customers have access to an array of services, like online account information
2 access and bill payment, not usually available from systems the size that Confluence
3 Rivers commonly acquires.

4 **Q. IN OTHER STATES, DO CSWR-AFFILIATED COMPANIES ALSO USE THIRD**
5 **PARTIES TO PERFORM CUSTOMER SERVICE FUNCTIONS?**

6 A. Yes. CSWR's experience in Missouri and in the other states has shown time and again
7 that using third parties for customer service functions is the most cost-effective and best
8 available option for a company like Confluence Rivers.

9 **Q. WHY IS THAT?**

10 A. Using a single, third-party contractor for customer service company-wide has allowed
11 CSWR to systematize this function, develop and implement processes and services not
12 generally available to small water/wastewater utilities, and achieve economies of scale
13 that lower customer costs and rates.

14 **Q. WHAT CUSTOMER SERVICE CONTRACTOR DOES CONFLUENCE RIVERS**
15 **UTILIZE?**

16 A. Confluence Rivers, like all CSWR-affiliated utility operating companies, uses Nitor
17 Billing Services, LLC ("Nitor") to provide a wide range of services to customers. The
18 services Nitor provides include responding to customer billing questions, processing
19 service initiation requests, processing service termination requests, processing customer
20 bill payments, handling involuntary service shut-offs including generating and mailing all
21 required notices, providing information to builders wanting to connect dwellings under
22 construction to our wastewater or water systems, and accumulating and archiving data
23 regarding the activities I previously identified.

1 **Q. WHY HAS CONFLUENCE RIVERS ELECTED TO USE NITOR TO PERFORM**
2 **THE CUSTOMER SERVICE FUNCTIONS YOU JUST DESCRIBED INSTEAD**
3 **OF HIRING EMPLOYEES TO PERFORM THOSE TASKS?**

4 A. The primary consideration for CSWR's decision to use Nitor was the desire to provide
5 customers an array of first-class customer services and service event recording
6 capabilities that systems the size that Confluence Rivers typically acquires would not be
7 able to provide at a reasonable per-customer cost. Nitor has developed and deployed a
8 host of state-of-the-art systems and practices that generally are not available to utilities
9 like Confluence Rivers. Since Nitor can spread the cost of these systems across all of its
10 clients, Confluence Rivers and its CSWR affiliates are able to enjoy the benefits of
11 Nitor's economies of scale. And as customer service technologies improve and expand, a
12 company like Nitor can adopt and deploy these improvements much more quickly and
13 cost-effectively than could Confluence Rivers on a stand-alone basis or even as part of
14 the CSWR-affiliated group of utilities.

15 **Q. PLEASE PROVIDE EXAMPLES OF BENEFITS THAT NITOR HAS BROUGHT**
16 **TO CONFLUENCE RIVERS AND ITS CUSTOMERS.**

17 A. There are many examples, but I will mention only a few. Nitor provides live answering
18 service – *i.e.*, a live human being answers the call – for all customer emergency service
19 calls twenty-four hours a day. If the subject of the call truly is an emergency, Nitor
20 personnel contacts an emergency service responder designated by Confluence Rivers'
21 O&M contractor for that service area, who dispatches personnel to address the problem.

22 In addition to the around the clock emergency response services, Nitor also has a
23 staff dedicated and trained to answer customer service and billing questions from 7:00

1 a.m. – 7:00 p.m.¹ Nitor’s staff has access to and is knowledgeable about Confluence
2 Rivers’ tariff, so it can successfully address most billing questions. If Nitor is unable to
3 answer the question or if the customer wants to escalate, the customer is referred to a
4 CSWR employee who is designated to address such issues. All customer contacts with
5 Nitor are thoroughly documented in the event that questions later arise about when calls
6 were made, how many calls were made, and what information the customer received.
7 Customer calls are also recorded and stored to ensure professional conduct toward
8 customers and ensure questions or disputes about customer interactions can quickly be
9 resolved.²

10 Through Nitor, Confluence Rivers’ customers also have access to a wide range of
11 payment options including payment by mail, online payment by check or credit card, or
12 electronic withdrawals from the customer’s checking account (with customer
13 authorization).

14 **Q. DO YOU BELIEVE THE SERVICES PROVIDED BY NITOR BENEFIT**
15 **CONFLUENCE RIVERS’ CUSTOMERS?**

16 A. There is no question that Confluence Rivers’ customers benefit from the CSWR’s
17 relationship with Nitor. Without that relationship, Confluence Rivers could not provide
18 many of the services currently available and could not expand or improve services as
19 technology evolves. And even if Confluence Rivers could provide such services, it could
20 not do so cost-effectively.

¹ Confluence Rivers’ customers also have the ability to self-serve through an Interactive Voice Response (“IVR”) system.

² CSWR has recently worked with Nitor to increase storage to allow these calls to be retained for 12 months.

1 **Q. HAS CONFLUENCE RIVERS RECENTLY MADE ANY CUSTOMER SERVICE**
2 **IMPROVEMENTS?**

3 A. Yes. Very recently, Confluence Rivers, along with all CSWR-affiliated utility operating
4 companies, has implemented a Customer Information System called Muni-Link. Muni-
5 Link is a cloud-based utility billing solution designed for municipalities, cities,
6 townships, private utility companies, and authorities who bill customers for water and
7 sewer service. The software includes electronic billing, online payment processing, built-
8 in Coding Accuracy Support System (“CASS”) certification, customer work order
9 management, and a customer portal.

10 Muni-Link’s customer portal allows customers to receive bills electronically,
11 make payments, and view their usage, amounts due, and payment histories online. The
12 billing software can be processed by users from any web browser, and users can also
13 manage interest, penalties, payments, notices, liens, and more. Customers can sign up for
14 e-billing to only receive electronic statements, and for paper billing, Muni-Link’s built-in
15 CASS certification can help organizations to qualify for USPS automation prices.

16 Muni-Link provides users with access to full account information on a single page
17 with Account Central that allows customer service representatives to easily access all
18 relevant customer information quickly to provide expedited customer service.
19 Integrations with multiple metering, asset management, and accounting systems are
20 supported, and all data is backed up automatically.

21 **V. METER CONDITIONS**

22 **Q. ARE YOU AWARE OF ANY CURRENT OBLIGATIONS RELATED TO THE**
23 **INSTALLATION OF WATER METERS?**

1 A. Yes. In the same Elm Hills rate case stipulation that was previously referenced (WR-
2 2020-0275/SR-2020-0274), the Company was required to install water meters at the Elm
3 Hills Mobile Home Park. This condition was required to be completed by July 29, 2021.
4 In addition, the Company was to “provide Staff and OPC a diagram/illustration of the
5 suspected location of main(s) running through the Elm Hills Mobile Home Park and
6 proposed metering locations for that facility.”

7 **Q. WHAT IS THE STATUS OF THE METER INSTALLATION AT THE ELM**
8 **HILLS MOBILE HOME PARK?**

9 A. Confluence Rivers has completed the meter installation at the Elm Hills Mobile Home
10 park. That said, however, the project was slightly delayed due to resources issues.
11 Specifically, this project was completed in January 2022.

12 **Q. IS THERE ANOTHER ELM HILLS OBLIGATION RELATED TO METER**
13 **INSTALLATION?**

14 A. Yes. In the same Elm Hills rate case stipulation, the Company was required to make
15 “necessary repairs and installations such that all other water customers are served by
16 functioning meters, with the exception of those commercial customers for which the
17 installation of meters is infeasible.” This condition is required to be completed by
18 January 29, 2024.

19 **Q. WHAT IS THE STATUS OF THE BROADER METER**
20 **REPAIR/INSTALLATION CONDITION FOR THE ELM HILLS SYSTEM?**

21 A. Confluence Rivers completed a study in 2022 to find the most value for the customers in
22 its selection of the Elm Hills meter installation. Actual installation was delayed due to

1 supply chain and labor issues. Nevertheless, the actual meter installation will commence
2 in the first quarter of 2023.

3 **Q. ARE YOU AWARE OF A METER REPLACEMENT CONDITION REGARDING**
4 **THE SMITHVIEW SUBDIVISION?**

5 A. Yes. In the last Confluence Rivers rate case (WR-2020-0053), the Company agreed to
6 the following:

7 Within three (3) years of the effective date of an order approving this
8 Disposition Agreement, the Company shall have replaced all nonfunctioning
9 meters in the Smithview subdivision. All customers with a nonfunctioning
10 meter will be placed on a flat, unmetered, rate. Once a customer's meter is
11 replaced, that customer will transition to the metered rate.

12
13 The Order approving that disposition agreement became effective on July 1, 2020.

14
15 **Q. WHAT IS THE STATUS OF THE COMPANY'S EFFORTS WITH REGARD TO**
16 **THIS CONDITION?**

17 A. Pending no supply chain or labor issues, the Company anticipates this requirement being
18 completed in the second quarter of 2023.

19 **VI. TERRE DU LAC STEP PUMP MAINTENANCE / REPLACEMENT**

20 **Q. PLEASE DESCRIBE THE TERRE DU LAC WASTEWATER SERVICE AREA?**

21 A. As described more fully in Mr. Freeman's testimony, the Terre du Lac wastewater
22 service area consists of three separate wastewater treatment plants: (1) the north lagoon;
23 (2) the south lagoon; and (3) the oxidation ditch. The sewer collection systems consist of
24 two distinct systems: (1) a gravity system and (2) a low-pressure Septic Tank Effluent
25 Pumping ("STEP") System. As designed, the Terre du Lac oxidation ditch treatment
26 plant and the STEP collection system are mutually dedicated to each other. That is, the

1 oxidation ditch plant provides treatment only to the STEP collection system and the
2 STEP collection system is served only by the oxidation ditch.

3 **Q. PLEASE COMPARE A GRAVITY COLLECTION SYSTEM WITH A LOW-**
4 **PRESSURE STEP SYSTEM.**

5 A. As the name implies, a gravity collection system relies exclusively on gravity to move
6 wastewater from individual residences. At some point, the wastewater may be assisted
7 by a utility lift station, but the initial movement of wastewater away from the residence is
8 done entirely with gravity.

9 In some cases, however, (i.e., a residence being located in a valley), the sewer
10 utility cannot rely exclusively on gravity to move wastewater away from a residence. In
11 such a case, gravity must actually be overcome, and wastewater pumped out of a valley
12 and up a hillside. In such a situation, a STEP pumping system is initially used to
13 overcome gravity and move wastewater away from a residence. Oftentimes, the STEP
14 system is subsequently paired with a utility lift station to further move the wastewater to
15 the treatment plant.

16 **Q. DOES THE TERRE DU LAC PRESSURIZED STEP SYSTEM WORK IN THIS**
17 **WAY?**

18 A. Not entirely. In the example just given, the STEP system is paired with utility lift
19 stations. In this way, the STEP system is responsible simply for moving wastewater
20 away from the residence. At this point, the utility lift stations assume responsibility for
21 pumping the wastewater to the treatment plant. The Terre du Lac pressurized system is
22 different, however, in that there are no lift stations. In such a situation, the movement of

1 wastewater to the treatment plant is done by the action of numerous customer STEP
2 systems working in tandem.

3 **Q. DESCRIBE THE COMPONENTS OF AN INDIVIDUAL STEP SYSTEM AT**
4 **TERRE DU LAC?**

5 A. In general, a STEP unit at Terre du Lac consists of a waste storage tank. The waste
6 storage tank has a separate tank which houses the STEP grinder pump. This tank will
7 keep the grinder pump separate from the solids and the graywater. Thus, while the STEP
8 grinder pump sits in the waste storage tank, it is separate and apart from the solids and
9 wastewater.

10 **Q. WHO IS RESPONSIBLE FOR THE OWNERSHIP OF VARIOUS**
11 **COMPONENTS OF THE TERRE DU LAC STEP UNIT?**

12 A. The Confluence River tariff applicable to the Pressure Collecting Sewers at Terre du Lac
13 (which was in place at the time Confluence Rivers acquired the Terre Du Lac systems)
14 states that a customer “shall install at his own expense within the lot, one pump unit of
15 suitable capacity.” The tariff further provides that the pump unit must be purchased from
16 the Company or meet Company specifications. The customer is also responsible for
17 installation costs; electrical wiring and components; collecting sewers between the
18 dwelling unit and pump unit as well as on to the Company collecting sewer; and
19 electricity costs.

20 While the burden of ownership remains with the customer, the tariff also provides
21 that Confluence Rivers shall perform one preventative maintenance call per year at no
22 cost to the customer. Further, Confluence River is responsible for “maintenance and
23 replacement of the repairable parts, and shall perform emergency repairs on said parts.”

1 **Q. DOES CONFLUENCE RIVERS SEEK TO CHANGE THE RESPONSIBILITY**
2 **FOR OWNERSHIP OF THE STEP PUMPS?**

3 A. Yes. Going forward, Confluence Rivers wants to not only continue its preventative
4 maintenance responsibilities, it also seeks to assume ownership of the STEP pumps as
5 they fail and need to be replaced. Thus, the extent of the customer's responsibility will
6 be limited to the tank in which the STEP pump is placed.

7 **Q. WHY DOES CONFLUENCE RIVERS SEEK TO ASSUME OWNERSHIP OF**
8 **THE STEP PUMPS AT TERRE DU LAC GOING FORWARD?**

9 A. Confluence Rivers proposes this change to avoid a potential environmental spill of
10 wastewater. As mentioned, unlike other collection systems, the Terre du Lac system does
11 not include utility lift stations to move wastewater to the treatment plant. Instead, the
12 movement of wastewater is dependent on all of the STEP pumps working in tandem. In
13 the event that a single customer's STEP pump and its internal check valve fails, then the
14 pressure from all the other system STEP pumps will cause wastewater to no longer be
15 moved to the treatment plant. Instead, the wastewater will flow towards the failed STEP
16 pump eventually causing the tank to overflow and spill into the Terre du Lac lake.
17 Absent Confluence Rivers taking responsibility for the ownership of the STEP pumps, it
18 can not be assured that the individual pumps will be in fully operational condition and
19 such a sewage overflow avoided.

20 **VII. MARGARITAVILLE SERVICE AREA**

21 **Q. PLEASE DESCRIBE THE MARGARITAVILLE SERVICE AREA?**

1 A. Margaritaville is a water system located in Camden County which serves approximately
2 400 residential and 6 non-residential customers. The acquisition was only recently
3 approved and is scheduled to close before the end of the year.

4 The system is unlike other Confluence Rivers' service areas in that it is a
5 distribution-only system. Specifically, while Confluence Rivers purchased the
6 distribution assets used to transport water to the affected customers, the previous owner
7 (Tan Tar A State Road, LLC) retained Tan Tar A resort as a customer as well as the three
8 wells used to produce water. Lacking its own water production assets, Confluence Rivers
9 then executed a wholesale water agreement to purchase water which it then distributes to
10 customers through the purchased assets.

11 The system is also unusual in that none of the customers have water meters.
12 Instead, under previous ownership, meters were unnecessary as customers were provided
13 free water service. In the context of the Commission's acquisition approval process, the
14 Commission approved tariffs that provide for flat monthly rates based upon estimated
15 meter size as dictated by the size of the customer's service line.

16 **Q. DOES THE LACK OF CUSTOMER METERS AT MARGARITAVILLE**
17 **PROVIDE A RATEMAKING CHALLENGE?**

18 A. Definitely. Because no meters have ever been installed at Margaritaville, there is a lack
19 of data regarding overall system usage, but also a lack of class (residential vs.
20 commercial) usage data. Absent system metered usage, it is difficult to estimate the
21 operating expenses associated with water purchased under the wholesale water
22 agreement. In addition, absent class usage data, it is difficult to set consolidated rates

1 which can properly consider the impact of the Margaritaville residential and commercial
2 customers.

3 **Q. HOW DOES CONFLUENCE RIVERS SEEK TO TREAT THE**
4 **MARGARITAVILLE SERVICE AREA WITHIN THE CONTEXT OF THIS**
5 **CASE?**

6 A. Confluence Rivers proposes to exclude the impact of Margaritaville from the
7 establishment of revenue requirement and rates in this case. Instead, Confluence Rivers
8 would continue to charge the flat monthly rates that were recently established in the
9 acquisition docket (WA-2023-0003). Specifically, for customers served through a 5/8”
10 service line, the monthly flat charge would be \$24.76.

11 **Q. DO YOU HAVE AN ESTIMATE OF WHETHER THE FLAT MONTHLY**
12 **CHARGES RECOVER THE ACTUAL COST OF SERVING THE**
13 **MARGARITAVILLE SERVICE AREA?**

14 A. I believe that the flat monthly charges, as approved by the Commission in WA-2023-
15 0003, do not fully recover cost of service. Following is an analysis that shows, by simply
16 considering two categories of costs (O&M and purchased water), the \$24.76 monthly flat
17 rate approved by the Commission does not recover cost of service. Specifically, based
18 upon an estimate of 3,000 gallons per connection, the total system purchase water costs
19 will be \$6,900 / month. In addition, based upon a recent request for proposal, the
20 monthly O&M cost for this system will be \$3,500. Therefore, simply considering these
21 two costs, the monthly cost per connection per month is \$26.00 – which exceeds the
22 current monthly flat rate.

23

1

Cost Category	Cost per Month
Operations & Standard Maintenance	\$3,500.00
Water Purchase Flat Rate	\$4,000.00
Water Purchase Usage Rate (assumes 3,000 gallons per connection)	\$2,900.00
Total Operations Cost	\$10,400.00
Number of Connections	400
Cost per Connection / Month	\$26.00

2

3

4

5

6

7

Importantly, this analysis simply looks at two cost components. As such, it does not include billing costs, customer service costs, overhead allocations, property taxes, or return / depreciation on any investment associated with system upgrades. If included, the \$24.76 flat monthly charge approved by the Commission would prove to be further below cost of service.

8

9

10

Q. WHAT IS THE IMPORTANCE OF THE FACT THAT THE MARGARITAVILLE FLAT MONTHLY CHARGE IS BELOW COST OF SERVICE?

11

12

13

14

15

16

17

A. I simply provide this analysis to show that Confluence River does not have a financial interest in excluding Margaritaville from this case and maintaining the current flat monthly rates. Rather, from a purely financial standpoint, Confluence Rivers would prefer to include Margaritaville in this case as it is likely that such rates would be increased. Confluence Rivers seeks to exclude Margaritaville from this case simply because of the lack of operational history, the absence of any system or customer meters and the resulting lack of system / customer usage data.

1 **Q. WHAT PLAN DOES CONFLUENCE RIVERS PROPOSE TO IMPLEMENT IN**
2 **ORDER TO ENSURE THAT THIS SAME PROBLEM DOES NOT ARISE IN ITS**
3 **NEXT RATE CASE.**

4 A. The fundamental problems precluding the inclusion of Margaritaville in a Confluence
5 Rivers rate case are: (1) the lack of system usage data and (2) lack of customer specific
6 usage data. As part of the wholesale water agreement, four master meters will be
7 installed in order to quantify the amount of water sold by Tan Tar A State Road to
8 Confluence Rivers to serve the Margaritaville service area. As such, through these
9 master meters, system usage data will be available for the next rate case for the
10 Margaritaville service area.

11 The other problem preventing the inclusion of Margaritaville in this rate case is
12 the lack of customer usage data resulting from the absence of individual customer meters.
13 The installation of individual customer meters is cost prohibitive. Specifically, in the
14 engineering memo provided in the acquisition docket (WA-2023-0003), 21 Design
15 estimated that the cost to install meters to all customers would be \$313,600. Rather than
16 incur the capital investment associated with a universal meter installation program,
17 Confluence Rivers proposes to randomly install two meters at residential units in the
18 Margaritaville service area. (See Schedule TT-4). Based upon the assumption that
19 residential customers are homogenous, these two meters will provide residential customer
20 usage data that will then be applied to the entire Margaritaville residential customer base.
21 The total usage for the 6 non-residential customers will then be the total system usage, as
22 determined by the master meters, less than residential usage, as determined by the
23 random residential meters. Confluence Rivers believes that this plan can be

1 accomplished in advance of the next rate case and will allow for informed ratemaking for
2 Margaritaville while avoiding the significant capital investment associated with a more
3 widespread meter installation program.

4 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

5 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Confluence Rivers Utility)
Operating Company, Inc.'s Request for Authority)
to Implement a General Rate Increase for Water) **File No. WR-2023-0006**
Service and Sewer Service Provided in Missouri) **File No. SR-2023-0007**
Service Areas.)

AFFIDAVIT OF TODD THOMAS

STATE OF MISSOURI)
) ss
COUNTY OF ST. LOUIS)

Todd Thomas, of lawful age and being first duly sworn, deposes and states:

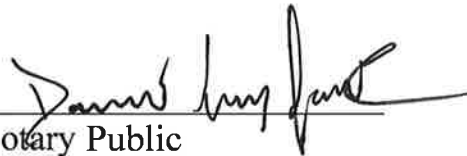
1. My name is Todd Thomas. I am the Sr. Vice-President of CSWR, LLC.
2. Attached hereto and made a part hereof for all purposes is my direct testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.



Todd Thomas

Subscribed and sworn to me this 16th day of December, 2022





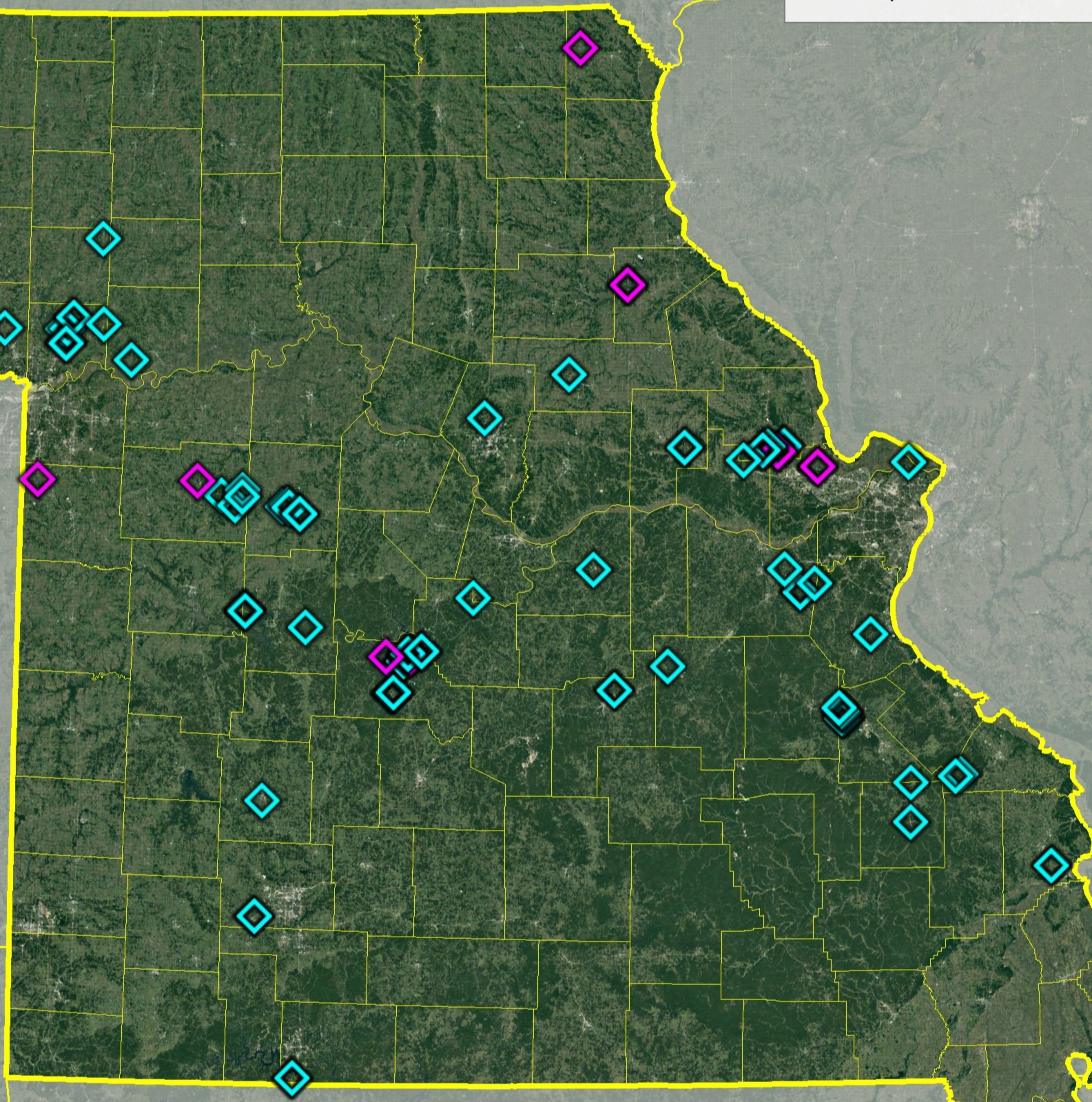
Notary Public

My commission expires 5/4/24.

Confluence Rivers Facilities

Legend

- ◆ Confluence Rivers Owned Facility
- ◆ Facility Under Contract



TT-1



We Need You

Central States Water Resources, LLC (CSWR), and its affiliates, are looking to work with qualified and experienced water and wastewater operations and management (O&M) firms to bring safe, reliable and environmentally responsible water resources to every community in the U.S.

CSWR, Inc. owns and operates several private, regulated water and wastewater utility companies across the nation. We provide professional and managerial services to make sure the communities we serve have access to clean, safe and reliable water resources, 24/7. We work with outside firms like yours to make sure our utility operating companies have professional operation, maintenance and construction services. Our goal at CSWR, Inc. is to transform local water and wastewater treatment facilities across the United States, improving both the quality of water and the quality of life for our customers.

Benefits of Working with Us

CSWR is transforming how water utilities work by using technology and innovation to quickly assess and invest in reliable infrastructure that meets or exceeds stringent state and federal safety standards, while protecting the aquifers, lakes, rivers and streams that are essential to our world.

Our O&M partners get the benefits of access to working with industry-leading technology, a growing network of water and wastewater professionals and the opportunity to grow your business.

CSWR also provides:

- Training vouchers pending state approval
- Opportunity to learn how to use a computer-based training monitoring system (CMMS)
- Professional, 24/7 customer service

We Need You

We're building our database for all current and future projects for construction and water and wastewater O&M. This Qualification Application is solely a request for information. It does not represent an offer, nor does it confer any rights on any respondent. CSWR is not responsible under any circumstances for any costs incurred by responding to this Qualification Application.

Questions? Please contact us at operations@cswrgroup.com.

QUALIFICATION APPLICATION

Please fill out the information below to be notified of any current or future CSWR projects.

Firm Name:

1. Address:
2. Company Headquarters (if different from above):

Number of years in business under current business name:

List all other business names firm has operated under and the time frames for each:

List any Disadvantaged Business Enterprise (DBE) certifications:

Please mark which types of projects you are interested in:

	Water	Wastewater
Operation & Maintenance		
Construction		

If firm is a corporation, LLC or partnership, provide the following information:

Type of organization:	
State of incorporation:	
Date of Incorporation:	
Name of President:	
Name of Vice President:	
Name of Secretary:	
Name of Treasurer:	

SERVICES PROVIDED

Please mark each box for services that your firm provides. Do not include services which are subcontracted to other firms.

Operations & Maintenance (O&M)

Service	Water	Wastewater
System O&M		
Engineering		
Laboratory Testing		
Grounds Maintenance/Landscaping		
Discharge Reporting		
Permitting		
Other (specify):		
Other (specify):		

Construction

Service	Water	Wastewater
General Contracting		
Engineering/Design		
Structural		
Plumbing/Piping		
Electrical		
Cement/Foundations		
Other (specify):		
Other (specify):		

PERSONNEL

Management Personnel

Please list all personnel that may have management responsibilities on potential projects, along with their title, years of experience, years with the firm, a brief description of their potential project role and any certifications or licenses they may have. Use additional sheets if necessary. Please include a management organization chart and resumes of management personnel.

Name	Title	Years of Experience	Years with Firm	Project Role	Certifications/Licenses

Operating Personnel

Please list all personnel that may have operation & maintenance responsibilities on potential projects, along with their certification and/or licenses (please include the state of licensure), years of experience, years with the firm, and all the types of systems and/or processes they have experience operating and maintaining. Use additional sheets if necessary.

Name	Certification/ License	Years of Experience	Years with Firm	Types of Systems

PROJECT EXPERIENCE

Please list similar projects your firm has operated or managed in the past five (5) years. For each project, include the type of system operated and maintained, location, designed flow capacity, length on contract, scope of work and the total number of permit violations. A narrative must be attached to explain any permit violations and should describe the violation, why it occurred, the resulting penalty and the corrective action taken.

System Type	Location	Designed Flow	Length of Contract	Scope of Work	# of Permit Violations

INSURANCE REQUIREMENTS

For all of our O&M projects, we require the insurance coverage listed below. The following Certificates of Insurance (“COI”), as outlined here, must be furnished to CSWR **upon receipt of approval of the award of the contract**. COI shall provide a minimum of a thirty (30) day notice of cancellation to CCPS and shall name CSWR as an additional insured as follows:

Comprehensive General Liability Insurance

Comprehensive General liability insurance on an "occurrence basis," in the amount of at least \$1,000,000.00 per occurrence, with at least a \$2,000,000.00 annual aggregate limit, including broad form property damage, blanket contractual and personal injuries (including death resulting therefrom) coverage.

Automobile Liability Insurance

Automobile Liability insurance in the amount of \$500,000.00 per person and \$1,000,000.00 per occurrence for bodily injury and \$500,000.00 per occurrence for property damage or \$1,000,000.00 combined single limit. Coverage should extend to any auto or owned, hired or non-owned autos.

Worker’s Compensation and Employers Liability Insurance

Worker’s Compensation and Employers Liability in the amount required by law.

Commercial Umbrella Coverage

Commercial Umbrella Coverage on all of the foregoing coverage in the amount of \$5,000,000.00 per occurrence and \$5,000,000.00 aggregate.

Pollution Legal Liability

Operator shall maintain in force Pollution Legal Liability policy with limits of \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Pollution Liability Coverage is discontinued for any reason by Operator after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years from the date of the termination of this Agreement.

Professional Liability Error and Omissions

Professional Liability Error and Omissions coverage of not less than \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Professional Liability Errors and Omissions coverage is discontinued for any reason after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years from the date of the termination of this Agreement.

Duration of Insurance Policies

Except as otherwise expressly required, all insurance policies herein specified shall be in force for the term of the contract and contain a Rider that the insurance policies cannot be cancelled without a thirty (30) day prior written notice to the parties insured.

SAFETY RECORD

Please provide your firm’s Workers’ Compensation Experience Modifier and OSHA Recordable Rate for the past three years.

Please provide your Days Away, Restricted, or Transferred (DART) Incident Rate calculated from OSHA’s Form 300 and Experience Modifier Rate (EMR) for the last three years in the table below.

Year	DART	EMR

Please provide a copy of any Drug and Alcohol policies including testing programs. Also, provide a brief narrative summarizing any health and safety programs and/or processes

References

Provide three trade references below include name of reference, current contact person, telephone number and address:

- 1.
- 2.
- 3.

Provide two bank references below, include name of reference, current contact person, telephone number and address:

- 1.
- 2.

The person undersigned affirms that all information contained within this Qualifications Application is true and accurate. Providing false or misleading or omitting relevant information may result in the Respondent's firm being disqualified for any current or future work for Central States Water Resources.

Affirmed by (signature): _____

Name: _____

Title: _____

Date: _____



Your firm is invited to submit a proposal on project outlined below related to community water and wastewater treatment plants.

Great River UOC

Is made up of facilities known as:

#	Facility Name	Type	Permit #	County

Additional information is available upon request.

Sincerely,

Jo Anna McMahon

Director of EH&S

Enclosure

INTRODUCTION & BACKGROUND

Central States Water Resources (“CSWR,LLC”) owns and provides professional and managerial services to several private, regulated water and wastewater utility companies that the services of one or more outside firms capable of providing operation and maintenance services and or managing construction projects related to the company’s water and wastewater treatment plants. Therefore, CSWR is accepting proposals in response to this Request for Proposal (“RFP”) in order to find firms willing and qualified to provide these services. Our goal with operating and maintaining water and wastewater treatment facilities is to serve local communities with modern, EPA-compliant water and wastewater treatment facilities that ensure our customers receive reliable and safe service.

The objective of this RFP is to identify one or more firms that will provide the best overall value to CSWR. While price is a significant factor, other criteria will form the basis of our award decision, as more fully described in the Evaluation Factors section of this RFP below.

SUBMISSION GUIDELINES & REQUIREMENTS

The following submission guidelines and requirements apply to this RFP:

- First and foremost, only qualified individuals or firms with prior experience on projects such as this should submit proposals in response to this RFP.
- **Bidders intent on submitting a proposal should so notify CSWR staff no later than 06/12/2020**
- Bidders may complete a “Company Narrative”, providing up to a 4-page narrative listing their companies experience with similar projects, expertise, and why they should be selected by CSWR. Please include references for each example provided. This narrative is optional.
- Bidders must complete the “RFP Response Page” at the end of this RFP that outline the require submittal documents and pricing.
- Proposals must be signed by a representative that is authorized to commit bidder’s company.
- **Proposals must be received prior to 11/13/2020 to be considered.**
- Proposals must remain valid for a period of 60 days.
- CSWR anticipates selecting at least two individuals or firms to have more in-depth discussions with and will make an award to one of these “down-selected” individuals or firms.
- Each bidder must read the “Agreement Regarding Operation of Utility Treatment Facilities Water/Wastewater” presented in **Attachment A**.
- Each bidder must provide proof of insurance coverage, including all inclusions and exclusions to the policy. For information regarding insurance requirements, please refer to **Insurance Requirements** below.
- Each bidder must provide a staffing plan for each of the facilities and include the key personnel’s biography, resume and certifications.

PROJECT DESCRIPTION

CSWR seeks to transform local water and wastewater treatment facilities across the central United States to improve the quality of water and therefore the quality of life in the region.

Project Purpose

To transform how water utilities, work by using technology and innovation to quickly assess and invest in reliable infrastructure that meets or exceeds stringent state and federal safety standards. By restoring communities water infrastructure to applicable regulatory standards, we ensure all CSWR's serviced communities have access to safe, clean, and reliable water resources while protecting the aquifers, lakes, rivers, and streams that are essential to our world. In addition, restoring water infrastructure to applicable regulatory standards will foster new investment into the communities leading to community revitalization in desperate regions.

Project Description

CSWR is looking to procure a qualified group to operate and maintain CSWR's water and wastewater treatment facilities across the United States. This includes all maintenance and construction projects needed to guarantee the highest quality product to CSWR's serviced communities while maintaining safe policies and best practices to comply with regulatory standards.

SITE VISIT (OPTIONAL)

CSWR will conduct an optional site visit at for prospective bidder, **upon request**, to examine the system. The site visit[s] will be schedule for the date[s] and time[s] below:

Site	Date	Time
Site 1		
Site 2		

PROJECT SCOPE

Provided below is CSWR's Project Scope focused on administrative duties and field operations which are comprised of both operator services for the water treatment facilities and wastewater treatment facilities. In addition to the scope of the above noted duties, requirements are provided for each.

Scope and Requirements:

Bidder shall provide a monthly fee in its response to this RFP to maintain the system(s), as described below. No additional charges will be allowed for the routine testing, reporting, operations and maintenance of the Facilities. All costs including, but not limited to, routine labor, materials, profit, meter reading and travel shall be included in the monthly fee. Costs for items such as equipment replacement, emergencies, or other non-routine repairs are not included in this scope item.

Administrative

The successful bidder shall maintain all required certificates, licenses and approvals required by the governing authorities to operate the Facilities and provide copies of such to the Owner. Each bidder must provide a staffing plan for each of the facilities and include the key personnel's biography, resume and certifications.

The successful bidder shall maintain insurance meeting or exceeding the requirements listed below. Certificates of insurance showing that the Bidder meets the minimum requirements must be provided with the Bidder's response to this Request for Proposal (RFP). Failure to include the necessary certificates will result in the Bidder's proposal being disqualified from consideration.

Customer Service Requirement

The successful bidder shall be responsible for the accurate and timely reading of customer meters, including rereads at CSWR's request. Each bidder must identify a single point of contact who will be responsible for communications between CSWR Customer Service Staff and the bidder's field staff.

Insurance Requirement

Certificates of Insurance ("COI"), as outlined herein, shall be furnished to CSWR upon receipt of approval of the award of the contract. COI shall provide a minimum of a thirty (30) day notice of cancellation to CCPS and shall name CSWR as an additional insured as follows:

Comprehensive General Liability Insurance

Comprehensive General liability insurance on an "occurrence basis," in the amount of at least \$1,000,000.00 per occurrence, with at least a \$2,000,000.00 annual aggregate limit, including broad form property damage, blanket contractual and personal injuries (including death resulting therefrom) coverage.

Automobile Liability Insurance

Automobile Liability insurance in the amount of \$500,000.00 per person and \$1,000,000.00 per occurrence for bodily injury and \$500,000.00 per occurrence for property damage or \$1,000,000.00 combined single limit. Coverage should extend to any auto or owned, hired or non-owned autos.

Worker's Compensation and Employers Liability Insurance

Worker's Compensation and Employers Liability in the amount required by law.

Commercial Umbrella Coverage

Commercial Umbrella Coverage on all of the foregoing coverage in the amount of \$5,000,000.00 per occurrence and \$5,000,000.00 aggregate.

Pollution Legal Liability

Operator shall maintain in force Pollution Legal Liability policy with limits of \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Pollution Liability Coverage is

discontinued for any reason by Operator after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years from the date of the termination of this Agreement.

Professional Liability Error and Omissions

Professional Liability Error and Omissions coverage of not less than \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Professional Liability Errors and Omissions coverage is discontinued for any reason after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years from the date of the termination of this Agreement.

Duration of Insurance Policies

All insurance policies herein specified shall be in force for the term of the contract and contain a Rider that the insurance policies cannot be cancelled without a thirty (30) day prior written notice to the parties insured.

Insurance Policy Review

Insurance policies may be submitted for review to CSWR. Said policies shall be in form and content satisfactory to CSWR's said representatives. Said policies shall also name CSWR as an additional insured party where specified herein.

Wastewater Field Operations – Included in Monthly Fee

Tasks listed below are routine tasks expected for the operation of a wastewater facility and shall be included in the monthly fee. The monthly fee shall include all labor, materials, and costs to complete the following tasks.

- Make minimum of 3 (for mechanical plants) or 1 (for lagoons) weekly visits to the treatment facility to monitor the operation of the Facilities in order to assure the Facilities are in compliance with all required standards of the governing authorities and those set forth in this Agreement or any attachments hereto.
- Perform weekly inspections of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
- Perform monthly, quarterly, semiannual, annual duties of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
- Create and perform all routine scheduled work orders generated through CMMS.
- Prepare and file the necessary reports to government regulators to maintain regulatory compliance and provide copy of same to Owner.
- Utilize owner provided regulatory results database. Maintain/upload certified test results into the database by the last business day of each month.
- Obtain the sampling requirements for testing by the government regulators and/or the Owner and perform the necessary sampling.
- Maintain all facility records included in CMMS.

- Contact appropriate laboratories to provide adequate testing and reporting services for Owner.
- Provide all test results to the Owner as early as possible.
- Notify the Owner immediately via Email and Phone of any test results that are outside of regulatory or permit limits, represent a potential for a Notice of Violation, could result in a fine from a Regulatory agency, or could cause a negative impact on the public. Any fee or fines resulting from a delay in notifying the Owner will be the responsibility of the successful Bidder.
- Contact and direct appropriate contractors to make repairs to the system as needed for operation.
- Monitor all of the Facilities' system alarms and remote controls and contact Owner in the event of an alarm.
- Maintain a 24-Hour 7 day per week maintenance and emergency service phone line for customer utility service disruption events.
- Must respond to all customer calls and notifications within a 2-hr period of receiving call or notification.
- Provide a 24-Hour on-call emergency utility service response for operations.
- Perform Utility Locates.

Wastewater Field Operations – Additional Work

Tasks listed below are non-routine tasks expected for the operation of a wastewater facility and shall be billed in addition to the monthly fee. The Bidder shall provide a list of labor rates and cost markup that will be charged.

- Sewer main, or manhole repair and maintenance
- Service and utility construction inspections
- Sewer main flushing, rodding, or jetting
- Lift station maintenance and repair
- Cleaning and vacuuming of manholes
- Lagoon repair/maintenance requiring excavating equipment (e.g. backhoe, loader, etc.)
- Mowing and trimming of plant, lagoon and right of way areas
- Chemical application to lagoon cells
- Fence repair & upkeep
- Sewer main video inspection and recording
- Sewer main repair and/or replacement
- Customer service issues requiring action on behalf of the utility
- Pavement repairs
- Items identified during start-up by Operator as inoperable or concerning conditions of the facility that would affect treatment performance. Owner to review items and grant approval prior to repair work beginning.
- Electrical Repair Services
- Tree trimming/brush removal services
- Mechanical repair services

- Structural repair services

Water Field Operations – Included in Monthly Fee

Tasks listed below are routine tasks expected for the operation of a water facility and shall be included in the monthly fee. The monthly fee shall include all labor, materials and costs to complete the following tasks.

- Make weekly or more frequent visits, as required by regulatory requirements, to the treatment facility to monitor the operation of the Facilities in order to assure the Facilities are in compliance with all required standards of the governing authorities and those set forth in this Agreement or any attachments hereto;
- Perform weekly inspections of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
- Perform monthly, quarterly, semiannual, annual duties of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
- Maintain all facility records included in CMMS.
- Create and perform all routine scheduled work orders generated through CMMS.
- Prepare and file the necessary reports to government regulators to maintain regulatory compliance and provide copy of same to Owner.
- Utilize owner provided regulatory results database. Maintain/upload certified test results into the database by the last business day of each month.
- Obtain the sampling requirements for testing by the government regulators and/or the Owner and perform the necessary sampling.
- Contact appropriate laboratories to provide adequate testing and reporting services for Owner.
- Provide all test results to the Owner as early as possible.
- Notify the Owner immediately via Email and Phone of any test results that are outside of regulatory or permit limits, represent a potential for a Notice of Violation, could result in a fine from a Regulatory agency, or could cause a negative impact on the public. Any fee or fines resulting from a delay in notifying the Owner will be the responsibility of the successful Bidder.
- Additionally, provide the Owner immediate notification of any situation or activity that would require a precautionary boil order or other interruption to normal service to customers.
- Contact and direct appropriate contractors to make repairs to the system as needed for operation.
- Provide monthly water bac-T results.
- Provide all test results to the Owner as early as possible.
- Notify the Owner immediately via Email and Phone of any test results that are outside of regulatory or permit limits, represent a potential for a Notice of Violation, could result in a fine from a Regulatory agency, or could cause a negative impact on the public.

- Additionally, provide the Owner immediate notification of any situation or activity that would require a precautionary boil order or other interruption to normal service to customers.
- Meter readings.
- Monitor all of the Facilities' system alarms and remote controls and contact Owner in the event of an alarm.
- Maintain a 24-Hour 7 day per week maintenance and emergency service phone line for customer utility service disruption events.
- Must respond to all customer calls and notifications within a 2-hr period of receiving call or notification.
- Provide a 24-Hour on-call emergency utility service response for operations including 2-Hour emergency service per month.
- Perform Utility Locates.

Water Field Operations – Additional Work

Tasks listed below are non-routine tasks expected for the operation of a wastewater facility and shall be billed in addition to the monthly fee. The Bidder shall provide a list of labor rates and cost markup that will be charged.

- Water main repair and maintenance
- Service and utility construction inspections
- Water main flushing
- Booster station maintenance and repair
- Mowing and trimming of plant and right of way areas
- Fence repair & upkeep
- Customer service issues requiring action on behalf of the utility
- Pavement repairs

RFP & PROJECT TIMELINES

The estimated RFP timeline is as follows

RFP Issuance	10/08/2020
Selection of Top Bidders/Notification to Unsuccessful Bidder	11/17/2020
Start of Negotiation	11/18/2020
Contract Award/Notification to Unsuccessful Bidder	11/30/2020

EVALUATION FACTORS

CSWR will rate proposals based on the following factors, with cost being the most important factor:

1. Responsiveness to the requirements set forth in this RFP.
2. Relevant past performance/experience.

3. Samples of work.
4. Cost, including an assessment of total cost of ownership
5. Technical expertise/experience of bidder and bidder's staff.
6. Response to CSWR's "RFP Response Page."

CSWR reserves the right to award to the bidder that presents the best value to CSWR as determined solely by CSWR in its absolute discretion.

RFP RESPONSE SHEET

Please complete each part of the Central States Water Resources RFP Response Sheet presented below by _____ no later than 11:59 PM CST.

Please complete each part in its entirety either electronically or with an ink pen with the exception of the affirmed by portion at the bottom of the sheet. The RFP Response sheet affirmed by portion must be signed by an ink.

Firm Name:		Firm Address	
Contact Phone:		Contact Email:	

Monthly Cost

Standard operations include all basic maintenance needed to operate and maintain the facility including all scheduled and/or annual repairs and replacement of consumables (i.e. lightbulbs, air filters, flex couplings, and other ancillary components that assist with safe and compliant operations) and minor products necessary for proper operation of equipment. Basic maintenance also includes any maintenance recommended by the manufacturer, general housekeeping, and administrative work.

Monthly Cost – Wastewater Field Operations	\$	
Monthly Cost – Water Field Operations	\$	

Additional and Emergency Services

Additional services include all major repairs, replacements, and failures that are unanticipated and unscheduled. Emergency services will be for major materials that need repair or replacement due to a potential threat to public/worker safety, health, and welfare. The labor rate should include all ancillary tools and materials necessary to perform the emergency service. This cost should account for any perceived or expected overtime that may be required due to required emergency services.

Additional Services – Hourly Rate	\$	
Emergency Services – Hourly Rate	\$	
Cost Markup		%

Company Narrative (Optional)

Respondent must attach Company Narrative here. Please discuss the firm’s experience with similar projects, expertise, and why they should be selected by CSWR. Must include references for each example provided. The company narrative may be up to 4 pages in length.

Staffing Plan

Respondent must provide a staffing plan for each of the facilities and include the key personnel’s biography, resume and certifications.

Insurance

Respondent must attach a copy of the Certificate of Insurance showing evidence of meeting the required insurance limits.

Affirmation

The person undersigned affirms that all information contained within this Statement of Qualifications is true and accurate. Providing false or misleading or omitting relevant information may result in the Respondent’s firm being disqualified for any current or future work for Central States Water Resources.

Affirmed by (signature): _____

Name: _____

Title: _____

Date: _____

ATTACHMENT A – SAMPLE AGREEMENT

**AGREEMENT REGARDING OPERATION OF
UTILITY TREATMENT FACILITIES
WASTEWATER**

This Agreement Regarding Operation of Utility Treatment Facilities (“Agreement”) is entered into and shall be effective as of the 15th day of May 2019 (“Effective Date”), by and between **UTILITY OPERATING COMPANY, LLC.**, a limited liability company (“Owner”) and **Contracting Firm**, a [State] limited liability company (“Operator”), collectively the “Parties”.

RECITALS

WHEREAS, UTILITY OPERATING COMPANY, LLC., or its affiliate, is the Owner for the operation, maintenance, and modernization of the water and wastewater treatment facilities, located in [State] known as, and as more particularly identified under wastewater, and water facilities identified under (Facilities).

WHEREAS, Contracting Firm, provides the services of an Operator, certified by the appropriate regulatory authority, as required, for utility treatment facilities; and

WHEREAS, the Owner, wishes to retain Operator, and Operator desires to provide services to the Owner related to the operation of the Facilities.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein and other good and valuable consideration, the Parties agree as follows:

ENGAGEMENT; TERM; TERMINATION

1. **Engagement.** The Owner hereby engages Operator to provide services to the Owner related to the operation of the Facilities, as more particularly described herein, subject to the terms and conditions of this Agreement. Operator hereby accepts such engagement and agrees (i) to perform all services, including, without being limited to, those services specifically set forth in this Agreement and any attachment hereto; and (ii) to use reasonable and diligent efforts and to exercise the highest degree of professional competence in the performance of such services, in all cases, subject to the terms of this Agreement and any requirements of the Owner with regard to the operation of the Facilities.

ATTACHMENT A

2. Term. The term of this Agreement shall be effective as of the Effective Date and shall continue in full force and effect, unless sooner terminated as provided for herein, for a period of two (2) years.

3. Termination of Agreement Without Cause. The Owner or Operator may terminate this Agreement for any reason upon thirty (30) day prior written notice to the other Party of their desire to terminate the relationship and this Agreement.

4. Termination of Agreement With Cause. The Owner or Operator may terminate this Agreement upon written notice in the event of the failure by the other Party to perform in accordance with the terms of this Agreement. The nonperforming Party shall have ten (10) days from the date of the termination notice to cure or submit a plan for cure acceptable to the other Party.

5. Delay in Performance. Neither Owner nor Operator shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the nonperforming Party. For purposes of this Agreement, such circumstances include, but are not limited to, abnormal weather conditions, floods, earthquakes, fire, epidemics, war, riot, and other civil disturbances, strikes, lockouts, work slowdowns, and other labor disturbances, sabotage, judicial restraint, and inability to procure permits, licenses, or authorizations from any local, state or federal agency for any of the permissions, supplies, materials, accesses, or services required to be provided by either Owner or Operator under this Agreement. Should such circumstances occur, the nonperforming Party shall, within a reasonable time of being prevented from performing, give written notice to the other Party describing the circumstances preventing continued performance of this Agreement.

6. Termination Duties. Upon the termination of this Agreement, Operator shall render to the Owner a final accounting which shall cover the period from the date of the last statement rendered to the Owner. The Operator shall also forthwith (i) deliver copies of all records and reporting documents not already provided to the Owner, as well as, all materials, supplies, contracts, documents, accountings, papers and any and all other reports pertaining to the operation of the Facilities or this Agreement in the possession or under the control of Operator, and (ii) assign to the Owner, or its designee, existing contracts (previously approved by the Owner) in Operator's name, if any, relating to the operation of the Facilities. Within ten (10) days of the effective date of termination of this Agreement, the Owner shall forthwith pay to Operator all compensation then due Operator.

COMPENSATION TO OPERATOR

7. Operator Fee for Basic Services. In connection with Operator providing those services to the Owner related to the operation of the Facilities, and as more particularly described hereinbelow, and incorporated herein by this reference, the Owner shall pay to Operator a monthly fee of \$\$\$\$\$.

8. Additional Fee Charged for Services Outside of Basic Scope of Services. In the event the Owner requests Operator to provide additional services not included under the Scope of Services as described herein below, Operator shall be compensated for such additional services in accordance with Operator's Prevailing Fee Schedule as follows:

Engineer Fee	\$110.00/Hour
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Technician Fee

\$60.00/Hour

9. Reimbursement of Out-of-Pocket Expenses. Operator shall be eligible for reimbursement for any and all documented costs paid by Operator associated with the testing services, electrical, mechanical and/or other parts purchased to repair and/or maintain the Facilities, chemicals required to operate the Facilities, and other out-of-pocket expenses required for the operation of the Facilities that are outside of the scope of the services for which the Operator is being paid the Fee for Basic Services. Prior approval by the Owner is required for all reimbursable expenses. Operator agrees there will be no mark-up, handling charge or other such service fee(s), related to out-of-pocket expenditures and that a copy of the original receipt(s) or other proof of purchase acceptable to Owner will be furnished with the reimbursement invoice. Reimbursement requests that were not approved in advance or are not accompanied by suitable proof of purchase may not be honored by Owner.

10. Payment of Fee and Reimbursable Costs. Operator shall submit to the Owner invoices for all Operator fees and claimed reimbursable costs on a monthly basis. All such invoices shall be due and payable to Operator by the Owner within thirty (30) days of the date of the invoice. Operator agrees that payment for claims for reimbursable expenses not received by Owner within sixty (60) days of the date incurred are at the discretion of the Owner. Invoices will be delivered to: ap@cswrgroup.com, or as provided in Section 20.

11. Collection Costs. If the Owner fails to make payments when due, Operator shall provide written notice to the Owner allowing the Owner fifteen (15) days to cure the default in payment. However, if after the fifteen (15) day cure period the Owner continues to fail to make payment to Operator, and Operator incurs any costs in order to collect the overdue sums from the Owner, the Owner agrees that all such documented collection costs incurred by Operator shall immediately become due and payable to Operator.

RESPONSIBILITIES - OWNER

12. Maintaining Permits. Owner shall keep all required permits up to date for the Facilities.

13. Payment of Fees Required by Government Authorities. Owner shall pay the annual operating fees, permit renewal fees, construction fees, testing fees, and any and all other fees as required by the governmental authorities for the operation of the Facilities.

14. Damages Caused by Bypass. Owner shall be responsible for and shall hold Operator harmless from liability for damages caused by a bypass of the Facilities or failure of the Facilities to meet the required effluent limits.

15. Maintenance of Records. Owner shall maintain all records on the operation and maintenance of the Facilities for a period of five (5) years or such additional period of time required by [State] State law.

RESPONSIBILITIES - OPERATOR

16. Basic Services. Operator shall provide to Owner the services set forth on the attached **EXHIBIT A**, which by this reference is incorporated herein.

17. Additional or Emergency Services. Any services not listed above shall be considered additional or emergency services. Additional Services are not included as part of the Basic Services and shall be paid for by Owner in accordance with the Operator's fee schedule set forth hereinabove.

18. Standard of Care. The standard of care of all services performed or furnished by Operator under this Agreement will be the care and skill ordinarily used by operators practicing under similar conditions at the same time and in the same locality.

19. Insurance. Operator shall procure and maintain in effect throughout the duration of the term of this Agreement insurance coverage not less than the types and amounts specified below. The Operator also agrees to furnish the Owner, from time to time and on demand, with suitable evidence that such insurance is in force. In the event that additional insurance, not specified herein, is required by Owner during the course of the services covered by this Agreement, Operator shall supply such insurance and all additional costs shall be borne by Owner. Policies containing a self-insured retention will not be acceptable to Owner. A company with an A- or better rating must issue all insurance policies. All coverage required herein shall list Owner as an additional insured including ongoing operations and completed operations on a primary and non-contributory basis using form CG 20 10 11 85 or its equivalent, and Operator shall maintain all coverage in force continuously without interruption for a period of three (3) years after the term of this Agreement. In addition, each coverage required herein shall include a waiver of subrogation (where allowable by law).

- (a) Comprehensive General liability insurance on an "occurrence basis," in the amount of at least \$1,000,000.00 per occurrence, with at least a \$2,000,000.00 annual aggregate limit, including broad form property damage, blanket contractual and personal injuries (including death resulting therefrom) coverage.
- (b) Automobile Liability insurance in the amount of \$500,000.00 per person and \$1,000,000.00 per occurrence for bodily injury and \$500,000.00 per occurrence for property damage or \$1,000,000.00 combined single limit. Coverage should extend to any auto or owned, hired or non-owned autos.
- (c) Worker's Compensation and Employers Liability in the amount required by law.
- (d) Commercial Umbrella Coverage on all of the foregoing coverage in the amount of \$5,000,000.00 per occurrence and \$5,000,000.00 aggregate.
- (e) Operator shall maintain in force Pollution Legal Liability policy with limits of \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Pollution Liability Coverage is discontinued for any reason by Operator after the termination of

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this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years.

- (f) Professional Liability Error and Omissions coverage of not less than \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Professional Liability Errors and Omissions coverage is discontinued for any reason after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years.

In addition, Operator is required and shall require any contractors, subcontractors, vendors or any other party performing work or providing services at or for the operation of the facilities to carry the above insurance.

The policies listed above shall include within their certificate an endorsement that the policy may not be canceled until sixty (60) days prior written notice of cancellation has been served upon Owner by registered or certified mail.

Indemnification: Operator shall to the fullest extent of the law defend, indemnify and hold harmless Owner and all of its parent companies, subsidiaries, affiliates and subcontractors, including their respective officers, directors, employees, principals, partners, agents, successors and assigns, (collectively "Indemnitees") from and against any and all actions, suits, arbitrations, administrative proceedings, demands and claims for any and all damages, injunctive or any other relief based on any cause of action whatsoever (sometimes individually "Claim" and sometimes collectively "Claims"), that may be brought or made against, or incurred by, Indemnitees on account of liabilities, damages, losses, cost, expenses, settlements, judgments, awards, and governmental penalties and sanctions, including reasonable attorneys' fees and experts' fees, including those attributable to bodily injury (including death), personal injury and property damage (sometimes individually "Liability" and sometimes collectively "Liabilities"), caused by, arising out of, or contributed to by any negligence, acts, errors, omissions or conduct of Operator, its employees, subcontractors, or agents, related in any way to the performance of any and all services described herein, except to the extent the Claims or Liabilities are determined to have been caused by the negligent or the willful misconduct of the Owner. Such obligation shall not be construed to negate, abridge, or reduce other rights or obligations of indemnity that would otherwise exist as to a party or person described in this Agreement.

Operator shall provide to Owner at execution of this Agreement a certificate of insurance showing all required endorsements and additional insureds.

It is further mutually agreed between the parties hereto, that no payment made under this Agreement shall be deemed as conclusive evidence of the performance of this Agreement, either in whole or in part, and that no payment shall be construed to be an acceptance of defective work or improper performance or materials. The Operator is to insure its own risk in and about the property, unless special agreement is made to the contrary, said risk to be considered as the unpaid balance due at any time.

NOTICES

20. Notices. Any notice, demand, consent, approval, request or other communication, required or permitted to be given hereunder, shall be in writing and shall be deemed to have been delivered (i) on the day personally delivered, (ii) upon receipt if sent by overnight courier, (iii) on the third business day following its mailing by registered or certified mail (return receipt requested), postage prepaid, by deposit in the United States mail, or (iv) on the day received (if received by 5:00 p.m. local time on a business day at the location of the recipient [i.e., any day other than a Saturday or Sunday or [State] state (depending on the recipient's location) or federal holiday] and if not so received then on the next business day) if sent by facsimile or electronic transmission with proof of successful transmission.

Owner: CONFLUENCE RIVER UTILITY
OPERATING COMPANY, LLC.
500 Northwest Plaza Dr., Suite 500
St. Ann, MO 63074
Attn: Josiah Cox, President
Phone: (314) 736-4672
Facsimile: (314) 736-4743
Email: jcox@cswrgroup.com

Operator: Contractor
1351 Jefferson St,
Washington, MO 63090
Phone:
Email:

Either party may, by notice given as aforesaid, designate a different address or addresses for notices to be given to it.

GENERAL PROVISIONS

21. Information Provided by Others. Owner shall furnish, at Owner's expense, all information, requirements, reports, data, surveys and instructions required by this Agreement. Operator may use such information, requirements, reports, data, surveys and instructions in performing its services and is entitled to rely upon the accuracy and completeness thereof.

22. Relationship of Parties. The Operator is and will remain for the term of this Agreement an independent contractor completely responsible for its own acts and for the manner in which, and the form by which, it performs this Agreement, and as such shall set its own hours and means and methods and shall not be subject to the supervision and control of the Owner except as to the results obtained. In no event shall the relationship created by this Agreement constitute a joint venture or partnership between the Owner and the Operator. Neither Party is authorized to assume or create any obligation or responsibility on behalf of, or in the name of, the other or bind the other in any manner whatsoever whether as agent, legal representative or otherwise.

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23. Third Party Rights. Nothing contained in this Agreement shall be construed to give any rights or benefits to anyone other than Owner and Operator.

24. Waiver. A waiver by either Owner or Operator of any breach of this Agreement shall be in writing. Such a waiver shall not affect the waiving party's rights with respect to any other or further breach.

25. Severability. The invalidity, illegality, or unenforceability of any provision of this Agreement or the occurrence of any event rendering any portion or provision of this Agreement void shall in no way affect the validity or enforceability of any other portion or provision of this Agreement. Any void provision shall be deemed severed from this Agreement, and the balance of this agreement shall be construed and enforced as if this Agreement did not contain the particular portion or provision held to be void. The parties further agree to amend this Agreement to replace any stricken provision with a valid provision that comes as close as possible to the intent of the stricken provision. The provisions of this Section shall not prevent this entire Agreement from being void should a provision, which is of the essence of this Agreement, be determined void.

26. Survival. Notwithstanding completion or termination of this Agreement for any reason, all rights, duties and obligations of the parties to this Agreement shall survive such completion or termination and remain in full force and effect until fulfilled.

27. Successors and Assigns. Owner and Operator each binds itself and its successors, assigns, and legal representatives to the other party to this Agreement and to the successors, assigns, and legal representatives of such other party in respect to all provisions of this Agreement.

28. Assignment. The Operator shall assign any rights or duties under this Agreement without the prior written consent of the Owner, which shall not be unreasonably withheld. However, the Owner shall be free to assign the rights and/or duties under this Agreement to any successor in interest by providing written notice to the Operator setting forth the name and contact information for the assignee and the date that the assignment will become effective. Nothing contained in this Section shall prevent Operator from employing independent Operators, associates, and subcontractors to assist in the performance of the Services.

29. Controlling Law. The laws of the State of [State] shall govern this Agreement.

30. Anti-bribery, Anti-corruption and OFAC Compliance. The Owner takes a zero-tolerance approach to bribery and corruption. By executing this Agreement the Operator expressly acknowledges that all employees, agents, contractors and sub-contractors of the Company must at all times comply with all applicable anti-bribery and anti-corruption laws and Company policies and related procedures in relation to anti bribery and anti-corruption as set out herein or as may be implemented or amended from time to time and which will be made available for review upon request. Operator agrees to comply with the following policies:

- Operator may not provide or receive anything of value to obtain or retain business or favored treatment from public officials; candidates for office; employees of state-owned enterprises; employees or officers of counterparties, clients/customers, or suppliers; any agent of

ATTACHMENT A

the aforementioned parties; or any other person with whom the Company or Operator does or anticipates doing business.

- The prohibition against providing “anything of value” to obtain or retain business or favored treatment includes improper payments, such as cash bribes or kickbacks, but also may include other direct or indirect benefits and advantages, such as inappropriate gifts, meals, entertainment, charitable contributions, and offers of employment or internships.

In addition, the Company is committed to combating money laundering, terrorist financing, securities fraud and other financial crimes (collectively “money laundering”) and complying fully with all applicable laws and regulations relating to combating money laundering. The Company is also committed to complying with economic and trade sanctions administered and enforced by governments and supranational bodies, including, among others, the sanctions programs and designated sanctions lists administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), the United Nations Security Council, the European Union and Her Majesty’s Treasury. Compliance by employees, agents, contractors and sub-contractors of the Company with all applicable anti-money laundering laws and regulations and sanctions programs and lists (collectively, “AML”) is strictly required as a condition of this Agreement. Operator’s participation with any employee, agent, contractor and/or sub-contractor of the Company to engage in money laundering, or to fail to comply with all applicable AML laws, regulations, and Company’s AML policies, will be a breach of this Agreement, and will be cause for immediate termination of this Agreement by the Company.

31. Executed Counterparts/Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document. This Agreement may be executed by a Party’s signature transmitted by facsimile or electronic transmission, and copies of this Agreement executed and delivered with facsimile signatures shall have the same force and effect as copies hereof executed and delivered with original signatures. The Parties hereto may rely upon facsimile signatures as if such signatures were originals. The Parties hereto agree that a facsimile signature page may be introduced into evidence in any proceeding arising out of or related to this Agreement as if it were an original signature page.

32. Further Assurances. From time to time, each Party shall execute and deliver such further documents and shall take such other action as the other Party reasonably may request in order to discharge and perform their obligations and agreements hereunder.

33. Time. Time is of the essence of each provision of this Agreement in which time is an element. Time in which any act provided by this Agreement is to be done shall be computed by excluding the first day and including the last, unless the last day is a Saturday, Sunday or legal holiday under the laws of the States of [State] or the United States of America, and then it is also excluded. Unless the context otherwise requires, all periods terminating on a given day, period of days, or date shall terminate at 5:00 p.m. Central Time on that day or date and references to “days” shall refer to calendar days.

ATTACHMENT A

34. Attorneys' Fees. In the event of any legal proceeding between the Parties arising out of the subject matter of this Agreement, in addition to any other award to which it shall be entitled, the prevailing party shall be entitled to an award for the reasonable attorneys' fees and costs incurred by its in connection with such proceedings.

35. Entire Agreement. This Agreement, and all attachments hereto, is the entire Agreement between Owner and Operator. It supersedes all prior communications, understandings and agreements, whether oral or written. The paragraph titles used in this Agreement are for general reference only and are not part of the Agreement. Amendments to this Agreement must be in writing and signed by both the Owner and the Operator.

IN WITNESS WHEREOF, Owner and Operator have executed this Agreement, effective on the date first above written.

OWNER:

OPERATOR:

UTILITY

OPERATIONS, LLC

OPERATING COMPANY, LLC

By _____

By _____

Title: _____

Title: Managing Member _____

EXHIBIT A**Operator Services – Wastewater**

1. Maintain all required certificates, licenses and approvals required by the governing authorities to operate the Facilities;
2. Make weekly or more frequent visits to the treatment facility to monitor the operation of the Facilities in order to assure the Facilities are in compliance with all required standards of the governing authorities and those set forth in this Agreement or any attachments hereto;
3. Perform weekly inspections of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
4. Perform monthly, quarterly, semiannual, annual duties of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
5. Maintain all facility records included in CMMS;
6. Perform all routine scheduled work orders generated through CMMS;
7. Prepare and file the necessary reports to government regulators to maintain regulatory compliance and provide copy of same to Owner;
8. Obtain the sampling requirements for testing by the government regulators and/or the Owner;
9. Contact appropriate laboratories to provide adequate testing and reporting services for Owner;
 - a. Provide all test results to the Owner as early as possible.
 - b. Notify the Owner immediately via Email and Phone of any test results that are outside of regulatory or permit limits, represent a potential for a Notice of Violation, could result in a fine from a Regulatory agency, or could cause a negative impact on the public.
 - c. Additionally, provide the Owner immediate notification of any situation or activity that would require a precautionary boil order or other interruption to normal service to customers.
10. Contact and direct appropriate contractors to make repairs to the system as needed for operation;
11. Meter readings;
12. Monitor all of the Facilities' system alarms and remote controls and contact Owner in the event of an alarm;
13. Maintain a 24-Hour 7 day per week maintenance and emergency service phone line for customer utility service disruption events;
14. Must respond to all customer calls and notifications within a 2-hr period of receiving call or notification;
15. Provide a 24-Hour on-call emergency utility service response for operations including 2-Hour emergency service per month;
16. Perform Utility Locates.
17. Perform Operation and Maintenance Tasks (tracked via work orders in the CMMS system), for time and material, which may include but are not limited to:
 - a. Sewer main, or manhole repair and maintenance
 - b. Service and utility construction inspections
 - c. Sewer main flushing, rodding, or jetting
 - d. Lift station maintenance and repair
 - e. Cleaning and vaccing of manholes
 - f. Lagoon repair/maintenance requiring excavating equipment (e.g. backhoe, loader, etc.)
 - g. Mowing and trimming of plant, lagoon and right of way areas
 - h. Chemical application to lagoon cells
 - i. Fence repair & upkeep

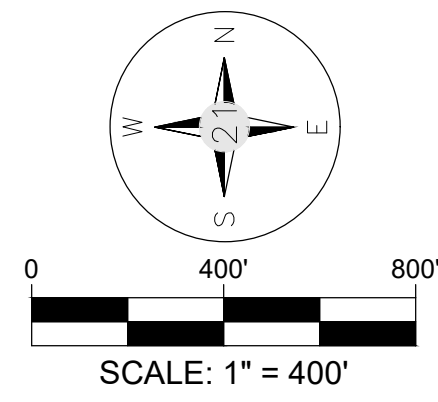
- j. Sewer main video inspection and recording
- k. Sewer main repair and/or replacement
- l. Customer service issues requiring action on behalf of the utility
- m. Pavement repairs

Operator Services – Water

1. Maintain all required certificates, licenses and approvals required by the governing authorities to operate the Facilities;
2. Make weekly or more frequent visits to the treatment facility to monitor the operation of the Facilities in order to assure the Facilities are in compliance with all required standards of the governing authorities and those set forth in this Agreement or any attachments hereto;
3. Perform weekly inspections of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
4. Perform monthly, quarterly, semiannual, annual duties of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
5. Maintain all facility records included in CMMS;
6. Perform all routine scheduled work orders generated through CMMS;
7. Prepare and file the necessary reports to government regulators to maintain regulatory compliance and provide copy of same to Owner;
8. Obtain the sampling requirements for testing by the government regulators and/or the Owner;
9. Contact appropriate laboratories to provide adequate testing and reporting services for Owner;
 - a. Provide all test results to the Owner as early as possible.
 - b. Notify the Owner immediately via Email and Phone of any test results that are outside of regulatory or permit limits, represent a potential for a Notice of Violation, could result in a fine from a Regulatory agency, or could cause a negative impact on the public.
 - c. Additionally, provide the Owner immediate notification of any situation or activity that would require a precautionary boil order or other interruption to normal service to customers.
10. Contact and direct appropriate contractors to make repairs to the system as needed for operation;
11. Provide monthly water bac-T results;
 - a. Provide all test results to the Owner as early as possible.
 - b. Notify the Owner immediately via Email and Phone of any test results that are outside of regulatory or permit limits, represent a potential for a Notice of Violation, could result in a fine from a Regulatory agency, or could cause a negative impact on the public.
 - c. Additionally, provide the Owner immediate notification of any situation or activity that would require a precautionary boil order or other interruption to normal service to customers.
12. Meter readings;
13. Monitor all of the Facilities' system alarms and remote controls and contact Owner in the event of an alarm;
14. Maintain a 24-Hour 7 day per week maintenance and emergency service phone line for customer utility service disruption events;
15. Must respond to all customer calls and notifications within a 2-hr period of receiving call or notification;
16. Provide a 24-Hour on-call emergency utility service response for operations including 2-Hour emergency service per month;

17. Perform Utility Locates.
18. Perform Operation and Maintenance Tasks (tracked via work orders in the CMMS system), for time and material which may include but are not limited to:
 - a. Water main repair and maintenance
 - b. Service and utility construction inspections
 - c. Water main flushing
 - d. Booster station maintenance and repair
 - e. Mowing and trimming of plant and right of way areas
 - f. Fence repair & upkeep
 - g. Customer service issues requiring action on behalf of the utility
 - h. Pavement repairs

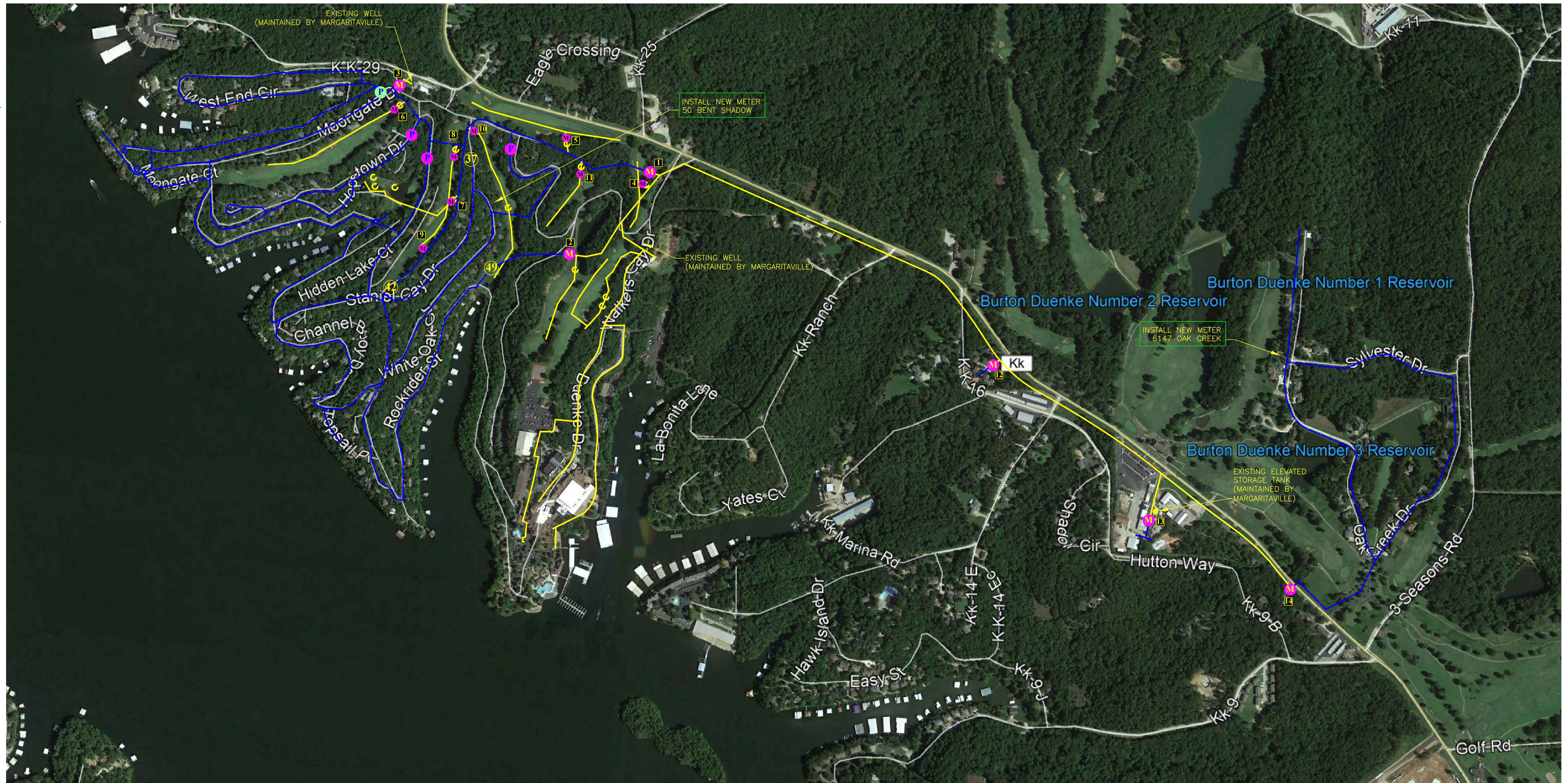
SAMPLE



DRAWING LEGEND

- CSWR TO ASSUME OWNERSHIP (40,349 FEET OF PIPE) —
- MASTER METER TO MONITOR CSWR USAGE (RESORT OWNED) ●
- IRRIGATION METER TO MONITOR RESORT USAGE (CSWR OWNED) ●
- NEW PRESSURE REDUCING VALVE (CSWR OWNED) ●
- EXISTING PRESSURE REDUCING VALVE (CSWR OWNED) ●
- RESORT OWNERSHIP —
- CSWR OWNERSHIP & EASEMENT (BUILT BY CSWR) —
- EXISTING INLINE GATE VALVE TO REMAIN CLOSED (RESORT OWNED) 37
- METER NUMBER 1

PRELIMINARY EXHIBIT A
SERVICE AREA MAP
AGREEMENT FOR SALE OF UTILITY SYSTEM (MARGARITAVILLE)



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ENGINEERING & SURVEYING
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Washington, MO 63090
P: 636-452-8229
moll@21designgroup.net

**WATERLINE PLAN
OVERALL PLAN**
MARGARITAVILLE RESORT
OSAGE BEACH, MO 65065

ENGINEERING CERTIFICATE OF AUTHORITY NO. E-2013005879
SURVEYING CERTIFICATE OF AUTHORITY NO. LS-2013008264

PRELIMINARY
NOT FOR CONSTRUCTION

SEAL DATE	NA
DRAWN BY	KAR
PROJ NUMBER	048-18
DATE	11/28/2022
DRAWING NO.	C01

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