



Certified Public Accountants  
& Consultants

January 29, 2019

Mrs. Michelle Hatcher, P. E.  
Director, Water Management Dept.  
City of Franklin Utilities  
P.O. Box 305  
Franklin, TN 37065

Re: Proposal to Evaluate Tap Fees and Sewer Basin Capacity Fee Initiative Consulting

Dear Michelle:

Thank you for this opportunity to provide professional services to the City of Franklin Utilities Department. As I understand, you would like for us to assist the Utilities Department in determining the fairness of the existing tap fees charged by the Utility. We have performed similar services for many other of our utility clients and would very much appreciate assisting you with this service.

The procedures that will be employed by us for this project will be based on the M-1 Manual ("Principles of Water Rates, Fees and Charges") as prescribed by the American Water Works Association. We will follow these industry prescribed analyses so as to support the recommended fees that we believe should be charged by the Utilities Department for the City of Franklin. Doing so will allow the Utilities Department and us to defend those charges should any challenges occur.

We feel that we can complete this service for the Franklin Utilities Department for a cost not to exceed \$17,000. I am hopeful that by using some of the previous information that we have obtained by working with you on cost of service/rate studies that we might be capable of completing this work for less than that stated amount. Since we believe that the Board will want to review these results, we are allowing for two (2) meetings with management and the Board to review and discuss the results of the study and therefore, are allowing flexibility for such time necessary for presenting. Should additional presentations or meetings be required, we reserve the right to estimate how much time and effort will be required and will offer such as a change order to meet the needs and desires of your management team and the Board.

In addition to the above, it is our understanding that the Utilities Department would like us to consult on a sewer basin capacity fee initiative discussion. We anticipate, based on discussions with management and our hourly fees, that this service can be completed for a cost not to exceed \$4,500. Should additional consulting or meetings be required, we reserve the right to estimate how much time and effort will be required and will offer such as a change order to meet the needs and desires of your management team and the Board.

Total fees for the engagement as outlined above shall not exceed \$21,500.

Jackson Thornton Certified Public Accountants & Consultants

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Professional rules concerning auditor independence require that we confirm your overall responsibility for evaluating our nonaudit services, and a failure to confirm your management responsibility could affect our independence. Before we agree to provide a nonaudit service to Franklin Utilities Department, we must determine whether providing such a service would create a significant threat to our independence for audit purposes, either by itself or in aggregate with other nonaudit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the nonaudit service to be performed. You have designated Michelle Hatcher, Water Management Department Director, a senior member of management, to oversee our services, and you have indicated that they possess suitable skill, knowledge, and experience to understand the services to be performed sufficiently to oversee them. You have also agreed that they will assume all management responsibilities for subject matter and scope of the services under this arrangement letter. You have agreed to evaluate the adequacy and results of our services performed and you accept responsibility for the results and ultimate use of the services.

Auditing standards further require that we establish an understanding with the management (and those charged with governance) of Franklin Utilities Department of the objectives of the nonaudit service, the services to be performed, the entity's acceptance of its responsibilities, our responsibilities, and any limitations of the nonaudit service. We believe this letter documents that understanding.

Please call me if you have any questions related to the above proposal or if I can be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Marshall", written over a horizontal line.

Jim Marshall  
Principal  
Jackson Thornton Utilities Consultants

A handwritten signature in black ink, appearing to read "Sarah V. Chandler", written over a horizontal line.

Sarah V. Chandler  
Senior Manager  
Jackson Thornton Utilities Consultants

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our services.

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Signature