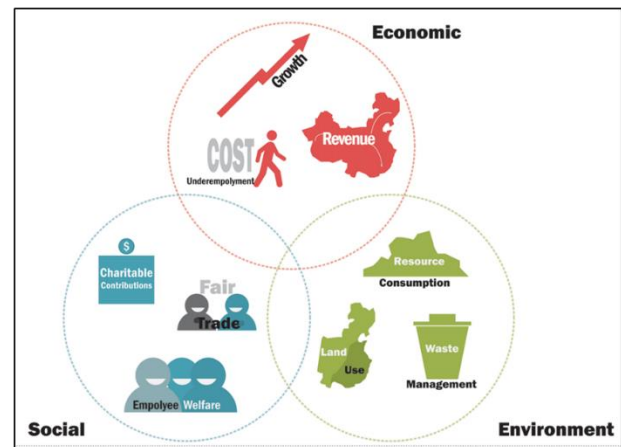


CITY OF REDMOND, WA

TRIPLE BOTTOM LINE BUSINESS CASE ANALYSIS

The term ‘triple bottom line’ was coined by John Elkington, an author, advisor and entrepreneur known for promoting corporate responsibility and sustainable development. Traditionally business decisions have been evaluated primarily on the basis of financial returns. Over the years, it has been recognized that business decisions must also account for its impact to the environment and to the community. For example, take an enterprise that may be in the business of recycling and seeking markets overseas for the purchase of recycled materials in the United States. Its economic bottom line would be measured by profitability and sufficiency of revenue to meet its operations and, assuming it is a for-profit organization, its return on investment for its shareholders. On a broader level, its environmental bottom line may be measured by protection of the environment by diverting materials from the general waste stream. Finally, its program to provide gainful employment for homeless individuals or ex-offenders may serve to meet its social bottom line.

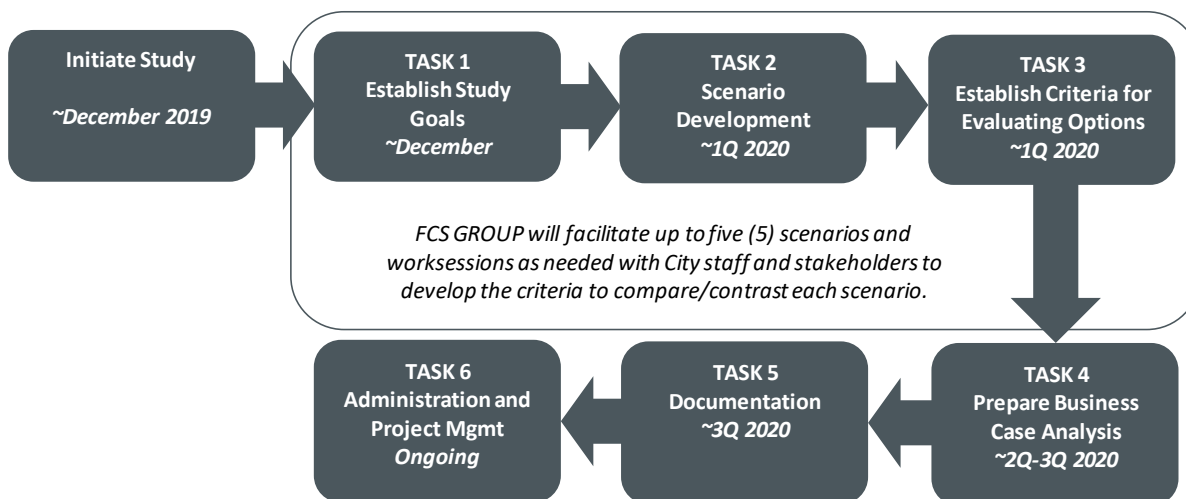


The City of Redmond’s Comprehensive Plan provides a vision for development within the City by focusing development near existing infrastructure. This vision is anchored by the principles of:

- Reducing urban sprawl by providing urban hubs where residents can live, work, and play.
- Protecting the natural environment, preserving the City’s rich natural diversity and its shallow aquifers which serve as a source of drinking water for City residents. The City uses its wells to meet approximately 40% of its drinking water needs, purchasing regional supply from Cascade Water Alliance (CWA) to meet its remaining demands.

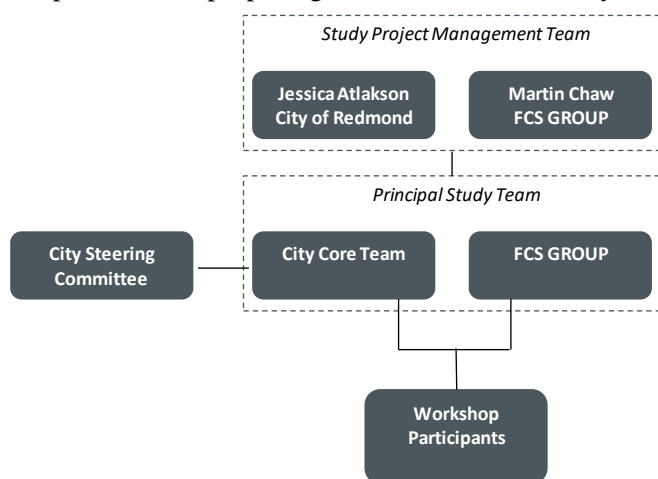
The City is seeking the assistance of a consultant to help with developing a business case analysis, applying the Triple Bottom Line framework to its Temporary Construction Dewatering (TCD) policy. TCD is a common method used to build compact multi-use development that often includes underground facilities such as parking garages, fitness facilities, and other amenities. It involves the pumping of groundwater out of the planned excavation area to allow for dry working conditions. Recent construction in downtown Redmond has used TCD with an average excavation depth of approximately four feet below the seasonal high groundwater level. The City faces the challenge of determining an appropriate level of regulation on TCD in the downtown area and must balance the economic benefits of development against the potential impacts that TCD may have on the quantity (and possibly the quality) of the drinking water produced from its wells. TCD may increase the City’s exposure to risks associated with water shortages and increased reliance on regional supply.

The following tasks have been developed to complete a Triple Bottom Line business case analysis of the City's TCD policy. As specified by the City, our proposed workplan includes the following six (6) tasks as illustrated in the following diagram and as discussed in detail below.



Study Governance Structure

Based upon discussions with the City's study manager (Jessica Atlakson), we envision the following governance structure. The **Principal Study Team** would include the **City Core Team** and **FCS GROUP**. The principal study team will be responsible for developing the study goals and scenarios (tasks #1 and #2). The principal study team along with **workshop participants** (which will be comprised of internal and external stakeholders) will be responsible for developing the evaluation criteria (task #3). FCS GROUP would be responsible for preparing the business case analysis and study documentation (tasks #4 and #5). The **City Steering Committee** would be responsible for providing overall policy guidance, direction, and study oversight and will periodically receive updates from the Principal Study Team and/or the City Core Team. Overall **project management** would be provided by the City and FCS GROUP project managers, Jessica Atlakson and Martin Chaw, respectively.



The proposed budget to complete this study is \$74,070.

To the extent possible, we will utilize and update materials previously developed through our initial work on this project which was undertaken in 2014, including preliminary analysis, ground rules, etc.

Task 1 | Establish Study Goals

We recognize that well-executed workshops will be vital to this project's success and plan to work closely with the City's project team in advance of initiating these workshops to clearly outline the process and establish the goals and objectives of each workshop.

We will meet with the City's project team to develop the study goals. This will include:

- Confirming a comprehensive understanding of the City's TCD policy. This will include interviewing key City staff, reviewing City engineering and planning documents, and meeting with the City's project team to test assumptions and to crystallize the proposed study framework.
- Working closely with the City's project team, we will review and finalize the study framework. This will include:
 - Identifying the internal and external stakeholders
 - Establishing the goals and objectives of each of the three (3) study workshops, including developing draft materials for each workshop
 - Establishing ground rules and expectations for each workshop, including roles and responsibilities for participants
 - Establishing reporting expectations at the conclusion of each workshop

Task 2 | Scenario Development

FCS GROUP will facilitate development of up to five (5) scenarios for the Business Case Analysis. These scenarios will be developed collaboratively with City stakeholders during each of the three aforementioned workshops. During each workshop and for each of the five scenarios, FCS GROUP will facilitate development and identification of the key factors that will be used in the Triple Bottom Line Business Case Analysis. As per the City's direction, each of the five scenarios will focus on the following initial objectives:

- Economic/Financial Objective. Evaluate how each scenario will affect or change:
 - The City's current development standards for impacts on the City's groundwater sources
 - The City's development and water resource protection strategies and assess how the change is consistent with the City Comprehensive Plan and the state's Growth Management Act
 - The City's Comprehensive Plan to determine boundary conditions for the triple bottom line analysis
- Social Objective. Evaluate how each scenario will affect or change:
 - Affordability. This will be evaluated in terms of water utility rates and housing options
 - Infrastructure investment strategies and optimizing these strategies upon transportation needs and the production rate of the City's wells

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- Environmental Objective. Evaluate how each scenario will affect or change:
 - Production rates of the City’s wells and the City’s ability to utilize its water rights
 - The City’s ability to meet independent supply production requirements as outlined in its contract with CWA
 - The community’s resilience during emergency conditions
 - The City’s ability to operate a robust system in preparation for climate change
 - The City’s aquifer levels and changes to its water quality conditions, including identifying acceptable tolerance levels of change as a result of TCD activities with a focus on preserving the long-term health of its aquifer

Task 3 | Establish Criteria for Evaluating Options

FCS GROUP will facilitate development of a diverse, comprehensive, and measurable set of criteria that will be used to evaluate each of the five options within the three areas of economic/financial, social, and environmental areas identified above. The criteria that will be developed should be simply and elegantly stated and support/enhance or augment the City’s Comprehensive Plan and policies,

We recognize that development of criteria can be subjective and difficult to quantify. To the extent possible, we will frame the evaluative criteria as a goal or objective and will establish S.M.A.R.T. (specific, measurable, attainable, relevant, and timely) metrics to measure how responsive each option may be to these criteria. Upon conclusion of this task, FCS GROUP will begin the process of collating, processing and analyzing the information gathered to begin constructing the business case analysis.

Task 4 | Prepare Business Case Analysis

Utilizing the information gathered during the previous three tasks, FCS GROUP will prepare a business case analysis. As the City recognized, some parts of the business case analysis will have “known unknowns” and may therefore require additional information. We will identify the additional knowledge necessary to complete the analysis, working with the City’s project team to develop the business case reporting template. As a suggestion, the template’s organization may include:

- Introduction and study context and goals
- Study methodology and analytic approach
- Evaluative criteria:
 - Presentation of criteria, methodology for selection and relevance to project goals, regulatory, policy and operational constraints
- Comparison of scenarios
- Discussion of the “known unknowns” and the additional technical information needed
- Recommendations

We anticipate preparing a financial analysis that will include estimating the financial impacts of each scenario upon the City, including:

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- Community Impacts:
 - Changes to GMA goals
 - Changes to population and business activities
 - Impacts upon the City's General and Utility CIP
 - Changes to well production levels and water consumption levels
 - Changes to City's assessed valuation and revenue tax bases
 - Changes to City's utility operations
 - Impacts to the City's water emergency and resiliency plans
 - Ability to meet independent supply production requirements established by CWA
 - Legislative and Administrative Impacts:
 - Identify administrative and legislative policy changes that may be necessary to maintain the level of service that the City's residents have come to expect
 - Revenues:
 - Changes to City general fund (e.g. development-related fees, sales taxes, utility taxes, business licensing fees) and other fund revenues (e.g. utility revenues) as a result of different development alternatives
 - Expenses:
 - Changes to general fund and other expenses based upon current service standards

Task 5 | Documentation

Task 5 includes preparation of an executive-level report documenting the process, key assumptions, results and recommendations. We will prepare a draft report for review by the City project team, incorporating feedback received from the City into a final version. The City will receive the model developed for this analysis as a project deliverable.

Task 6 | Administration and Project Management

This task includes administrative activities such as contract management, preparing monthly invoices, and general administrative support.

During the course of the study, we will plan to meet bi-weekly (once every two weeks) for a project check-in. The purpose of these meetings will be to review project status, discuss and identify a path to resolving any issues that may affect the project schedule and/or deliverables, and discuss and receive direction from the City project team as needed.

SCHEDULE

As directed by the City, we plan to:

- Initiate this project in December 2019
- Establish study goals by December 2019 – January 2020
- Develop up to five (5) scenarios during the first quarter 2020
- Identify and crystallize evaluative criteria and facilitate up to three (3) City stakeholder workshops during the first quarter 2020
- Complete the business case analysis by second quarter 2020
- Complete a draft and final study report by third quarter 2020, respectively

Note that these dates are approximate and can change depending upon how the analysis, workshops and discussions evolve.

BUDGET

Our estimate to complete this project is \$74,070, as outlined in the proposed budget below.

	Estimated Hours					Total Budget
	Principal	Project Manager	Technical Advisor	Technical Advisor	Admin. Support	
	Ghilarducci	Chaw	Gonzalez	Gabbard		
<i>Hourly Billing Rates:</i>	\$260	\$185	\$195	\$185	\$85	
Task 1 Establish Study Goals						
1.1 Kickoff and Discuss Study Goals (1 Meeting @ 2 hrs)	2	2	2			\$ 1,280
1.2 Develop Workshop Framework, Meeting Materials	2	16	4	4		5,000
1.3 Finalize Goals (1 Meeting @ 2 hrs)	2	2	2			1,280
Task 2 Scenario Development						
2.1 Develop Scenarios and Proposed Evaluation Criteria (2 Meetings @ 3 hrs ea)	6	6	6			3,840
2.2 Finalize Scenarios and Establish Foundation for Task 3 (1 Meeting @ 2 hrs)	2	2	2	2		1,650
Task 3 Establish Criteria for Evaluating Options	12	12	12			7,680
Task 4 Prepare Business Case Analysis						
4.1 Business Case for Scenario #1	2	24	6	2		6,500
4.2 Business Case for Scenario #2	2	24	6	2		6,500
4.3 Business Case for Scenario #3	2	24	6	2		6,500
4.4 Business Case for Scenario #4	2	24	6	2		6,500
4.5 Business Case for Scenario #5	2	24	6	2		6,500
4.6 Review Business Cases with City Project Team (1 Meeting @ 2 hrs)	2	2	2			1,280
4.7 Review Business Cases with Workshop Participants (1 Meeting @ 3 hrs)	3	3	3			1,920
Task 5 Documentation						
5.1 Prepare Draft Report	2	24	16		1	8,165
5.2 Review Draft Report with City Project Team (1 Meeting @ 2 hrs)	2	2	2			1,280
5.3 Prepare Final Report	2	16	8		1	5,125
Task 6 Administration and Project Management	2	6	2	2	8	3,070
TOTAL LABOR BUDGET	49	213	91	18	10	\$ 74,070

Our normal billing practice is to bill based on time and materials actually expended, not to exceed the total budget. We would be happy to negotiate the appropriate level of effort for this project if we have scaled our approach out of line with the City's needs and/or expectations.