

**CITY OF CORONA
PROFESSIONAL SERVICES AGREEMENT
WITH ROBERT D. NIEHAUS, INC.
(ECONOMIC AND FINANCIAL CONSULTING SERVICES – UTILITY RATE STUDY
FOR THE CITY OF CORONA, RFP 24-051AS)**

1. PARTIES AND DATE.

This Agreement is made and entered into this 3rd day of April, 2024 (“Effective Date”), by and between the City of Corona, a municipal corporation organized under the laws of the State of California with its principal place of business at 400 South Vicentia Avenue, Corona, California 92882 (“City”) and Robert D. Niehaus, Inc., a California corporation with its principal place of business at 140 East Carrillo Street, Santa Barbara, CA 93101 (“Consultant”). City and Consultant are sometimes individually referred to as “Party” and collectively as “Parties” in this Agreement.

2. RECITALS.

2.1 Consultant.

Consultant desires to perform and assume responsibility for the provision of certain professional services required by the City on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing economic and financial consulting services to public clients, is licensed in the State of California, and is familiar with the plans of City.

2.2 Project.

City desires to engage Consultant to render such services for the Utility Rate Study for the City of Corona, RFP 24-051AS (“Project”) as set forth in this Agreement.

2.3 Corona Utility Authority.

Consultant understands that the City has entered into a Water Enterprise Management Agreement and a Wastewater Enterprise Management Agreement, both dated as of February 6, 2002, with the Corona Utility Authority (“CUA”) for the maintenance, management and operation of those utility systems (collectively, the “CUA Management Agreements”). To the extent that this Agreement is deemed to be a "material contract" under either of the CUA Management Agreements, City enters into this Agreement on behalf of the CUA and subject to the terms of the applicable CUA Management Agreement(s).

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to the City all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the professional economic and financial consulting

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(CITY ATTY: 05-19)

services necessary for the Project (“Services”). The Services are more particularly described in Exhibit “A” attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules, and regulations.

3.1.2 Term. The term of this Agreement shall be from April 3, 2024 to June 30, 2025 (“Term”), unless earlier terminated as provided herein. Consultant shall complete the Services within the Term of this Agreement, and shall meet any other established schedules and deadlines. The Parties may, by mutual, written consent, extend the Term of this Agreement one or more times by executing a written amendment pursuant to Section 3.6.8 below (each a “Renewal Term”). The terms “Term” and “Renewal Term” may sometimes be generally and collectively referred to as “Term” in this Agreement.

3.2 Responsibilities of Consultant.

3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. City retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the Term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of City and shall at all times be under Consultant’s exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers’ compensation insurance.

3.2.2 Schedule of Services. Consultant shall perform the Services within the Term of this Agreement, in accordance with the Schedule of Services set forth in Exhibit “B” attached hereto and incorporated herein by reference, and in accordance with any other completion schedule or milestones which may be separately agreed upon in writing by the Parties. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant’s conformance with the Schedule, City shall respond to Consultant’s submittals in a timely manner. Upon request of City, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.3 Conformance to Applicable Requirements. All Services performed by Consultant shall be subject to the approval of City.

3.2.4 Substitution of Key Personnel. Consultant has represented to City that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of City. In the event that City and Consultant cannot agree as to the substitution of key personnel, City shall be entitled to terminate this Agreement for

cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to the City, or who are determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the City. The key personnel for performance of this Agreement are as follows: Robert D. Niehaus, Sanjay Gaur, Jacob Thomas, Ichiko Kido, Anthony Elowsky, and Amber Gschwend.

3.2.5 City's Representative. The City hereby designates Tom Moody, Director of Utilities, or his or her designee, to act as its representative for the performance of this Agreement ("City's Representative"). City's Representative shall have the power to act on behalf of the City for all purposes under this Contract. Consultant shall not accept direction or orders from any person other than the City's Representative or his or her designee.

3.2.6 Consultant's Representative. Consultant hereby designates Robert D. Niehaus, or his or her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences, and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.2.7 Coordination of Services. Consultant agrees to work closely with City staff in the performance of Services and shall be available to City's staff, consultants and other staff at all reasonable times.

3.2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant agrees that all employees and subconsultants shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subconsultants shall have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, including a City Business License, and that such licenses and approvals shall be maintained throughout the Term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the City, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the City, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.9 Laws and Regulations; Employee/Labor Certifications. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all

Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work or Services knowing them to be contrary to such laws, rules and regulations and without giving written notice to the City, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold City, its officials, directors, officers, employees, and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.9.1 Employment Eligibility; Consultant. By executing this Agreement, Consultant verifies that it fully complies with all requirements and restrictions of state and federal law respecting the employment of undocumented aliens, including, but not limited to, the Immigration Reform and Control Act of 1986, as may be amended from time to time. Such requirements and restrictions include, but are not limited to, examination and retention of documentation confirming the identity and immigration status of each employee of the Consultant. Consultant also verifies that it has not committed a violation of any such law within the five (5) years immediately preceding the date of execution of this Agreement, and shall not violate any such law at any time during the Term of the Agreement. Consultant shall avoid any violation of any such law during the Term of this Agreement by participating in an electronic verification of work authorization program operated by the United States Department of Homeland Security, by participating in an equivalent federal work authorization program operated by the United States Department of Homeland Security to verify information of newly hired employees, or by some other legally acceptable method. Consultant shall maintain records of each such verification, and shall make them available to the City or its representatives for inspection and copy at any time during normal business hours. The City shall not be responsible for any costs or expenses related to Consultant's compliance with the requirements provided for in Section 3.2.9 or any of its subsections.

3.2.9.2 Employment Eligibility; Subcontractors, Consultants, Sub-subcontractors and Subconsultants. To the same extent and under the same conditions as Consultant, Consultant shall require all of its subcontractors, consultants, sub-subcontractors and subconsultants performing any work or Services relating to the Project or this Agreement to make the same verifications and comply with all requirements and restrictions provided for in Section 3.2.9.1.

3.2.9.3 Employment Eligibility; Failure to Comply. Each person executing this Agreement on behalf of Consultant verifies that they are a duly authorized officer of Consultant, and understands that any of the following shall be grounds for the City to terminate the Agreement for cause: (1) failure of Consultant or its subcontractors, consultants, sub-subcontractors or subconsultants to meet any of the requirements provided for in Sections 3.2.9.1 or 3.2.9.2; (2) any misrepresentation or material omission concerning compliance with such requirements (including in those verifications provided to the Consultant under Section 3.2.9.2); or (3) failure to immediately remove from the Project any person found not to be in compliance with such requirements.

3.2.9.4 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every

employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.2.9.5 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Consultant shall also comply with all relevant provisions of City's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.2.9.6 Air Quality. To the extent applicable, Consultant must fully comply with all applicable laws, rules and regulations in furnishing or using equipment and/or providing services, including, but not limited to, emissions limits and permitting requirements imposed by the South Coast Air Quality Management District (SCAQMD) and/or California Air Resources Board (CARB). Although the SCAQMD and CARB limits and requirements are more broad, Consultant shall specifically be aware of their application to "portable equipment", which definition is considered by SCAQMD and CARB to include any item of equipment with a fuel-powered engine. Consultant shall indemnify City against any fines or penalties imposed by SCAQMD, CARB, or any other governmental or regulatory agency for violations of applicable laws, rules and/or regulations by Consultant, its subconsultants, or others for whom Consultant is responsible under its indemnity obligations provided for in this Agreement.

3.2.10 Insurance.

3.2.10.1 Time for Compliance. Promptly following the Effective Date of this Agreement, but in no event before Consultant commences any Services under this Agreement, Consultant shall provide evidence satisfactory to the City that it has secured all insurance required under this section. Failure to provide and maintain all required insurance shall be grounds for the City to terminate this Agreement for cause.

3.2.10.2 Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its agents, representatives, employees or subconsultants. Consultant shall also require all of its subconsultants to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(A) Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001); (2) *Automobile Liability*: Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto), or if Consultant has no owned autos, Code 8 (hired) and 9 (non-owned); and (3) *Workers'*

Compensation and Employer's Liability: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(B) Minimum Limits of Insurance. Consultant shall maintain limits no less than: (1) *General Liability*: **\$1,000,000** minimum; per occurrence for bodily injury, personal injury, advertising injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used including, but not limited to, form CG 2503, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability*: **\$1,000,000** minimum; per accident for bodily injury and property damage; and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of **\$1,000,000** minimum; per accident for bodily injury or disease.

3.2.10.3 Professional Liability. Consultant shall procure and maintain, and require its sub-consultants to procure and maintain, for a period of five (5) years following completion of the Project, errors and omissions liability insurance appropriate to their profession. Such insurance shall be in an amount not less than **\$1,000,000** per occurrence or claim, **\$2,000,000** aggregate.

3.2.10.4 Insurance Endorsements. The insurance policies shall contain or be endorsed (amended) to include the following provisions:

(A) General Liability. The general liability policy shall state that: (1) the City, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insured with respect to liability arising out of work or operations performed by or on behalf of the Consultant, including materials, parts or equipment furnished in connection therewith (the endorsement form shall be at least as broad as ISO Form CG 20 10 11 85 or both CG 20 37 and one of the following: CG 20 10, CG 20 26, CG 20 33 or CG 20 38); and (2) the insurance coverage shall be primary insurance coverage as respects the City, its directors, officials, officers, employees, agents, and volunteers (the endorsement form shall be at least as broad as ISO CG 20 01 04 13). Any insurance or self-insurance maintained by the City, its directors, officials, officers, employees, agents, and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.

(B) Waiver of Subrogation – Workers' Compensation and Employer's Liability Coverage. The insurer shall agree to waive all rights of subrogation against the City, its directors, officials, officers, employees, agents, and volunteers for losses paid under the terms of the insurance policy which arise from work or Services performed by the Consultant.

(C) All Coverages. If Consultant maintains broader coverage and/or higher limits than the minimums shown above, the City is entitled to the broader coverage and/or higher limits maintained by Consultant. Thus, any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

3.2.10.5 Other Provisions; Endorsements Preferred. Consultant shall

endeavor to provide endorsements regarding the following provisions, but nonetheless understands, acknowledges and agrees that the following provisions shall apply and that failure to comply shall be considered to be a breach of this Agreement by Consultant:

(A) Waiver of Subrogation – All Other Policies. Consultant hereby waives all rights of subrogation any insurer of Consultant's may acquire against the City, its directors, officials, officers, employees, agents, and volunteers for losses paid under the terms of any insurance policy which arise from work or Services performed by the Consultant. Consultant understands, acknowledges and agrees that this provision is in full force and effect even if the City does not receive a waiver of subrogation endorsement from the insurer.

(B) Notice. Consultant shall either: (1) require its insurer to provide thirty (30) days prior written notice to the City before coverage is suspended, voided, or canceled; or (2) notify City in writing that such notice is not available and forward any notice of such actions to the City within two (2) business days from date of receipt by Consultant. Consultant understands, acknowledges and agrees that this provision is in full force and effect even if the City does not receive a waiver of subrogation endorsement from the insurer.

3.2.10.6 Claims Made Policies. The following provisions shall apply to all policies that provide coverage on a claims-made basis: (A) the retroactive date must be shown and must be before the date on which any Services under this Agreement commence; (B) the insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the Project; and (C) if coverage is canceled or not renewed and is not replaced with another claims-made policy with a retroactive date prior to the date on which any Services under this Agreement commence, Consultant must purchase "extended reporting" coverage for a minimum of five (5) years after completion of Project.

3.2.10.7 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City. The City may require the Consultant to provide proof of ability to pay losses and related investigation, claims administration and defense expenses within the deductible or self-insured retention. The deductible or self-insured retention may be satisfied by either the named insured or the City.

3.2.10.8 Acceptability of Insurers. Unless under the circumstances a different rating is otherwise acceptable to the City in its sole and absolute discretion, insurance is to be placed with insurers which are satisfactory to the City and which meet either of the following criteria : (1) an insurer with a current A.M. Best's rating no less than A-:VII and licensed as an admitted insurance carrier in California; or (2) an insurer with a current A.M. Best's rating no less than A-:X and authorized to issue the required policies in California.

3.2.10.9 Verification of Coverage. Consultant shall furnish City with original certificates of insurance, as well as amendatory endorsements or copies of the applicable policy language effecting coverage required by this Agreement. All documents must be received and approved by the City before any Services commence; provided, however, that failure to obtain the required documents prior to the commencement of Services shall not waive Consultant's obligation to provide them. The City reserves the right to require complete, certified copies of all required insurance policies, at any time.

3.2.10.10 Reporting of Claims. Consultant shall report to the City, in addition to Consultant's insurer, any and all insurance claims submitted by Consultant in connection with the Services under this Agreement.

3.2.10.11 Sub-Consultants. All sub-consultants shall comply with each and every insurance provision of this Section 3.2.10. Consultant shall therefore not allow any sub-consultant to commence work on any subcontract to perform any part of the Services until it has provided evidence satisfactory to the City that the sub-consultant has secured all insurance required under this Agreement.

3.2.10.12 Special Risk or Circumstances. The City reserves the right, in its sole and absolute discretion, to modify the requirements of this Section 3.2.10, including limits, based on any of the following: (A) the nature of the risk of the Services; (B) the prior experience of the insured; (C) the rating or other quality or characteristic of the insurer; (D) any special or unique coverage issues; and (E) any other special or unique circumstances.

3.2.11 Safety. Consultant shall execute and maintain its work and Services so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the Services and the conditions under which the Services are to be performed.

3.2.12 Payment Bond. The California Department of Industrial Relations ("DIR") has communicated to the City that there is a possibility that a payment bond may be required for certain services provided in connection with a public works project. Since such a requirement is currently contrary to the industry standard for the services provided by Consultant under this Agreement and since there is no direct legal authority for this position, the City is not requiring Consultant to provide a payment bond at this time. However, the City hereby reserves the right to require the Consultant to obtain and provide a payment bond for some or all of the Services provided by the Consultant under this Agreement.

If the City determines that a payment bond is required for the Services pursuant to Civil Code Section 9550 or any other applicable law, rule or regulation, Consultant shall execute and provide to City a payment bond in an amount required by the City and in a form provided or approved by the City. In the event a payment bond is required, the City agrees to compensate Consultant for all documented direct costs incurred by Consultant for such payment bond. The Parties shall memorialize the terms of such additional compensation and any other terms and conditions associated with the payment bond in an amendment to this Agreement.

3.2.13 Accounting Records. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of City during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.3 Fees and Payments.

3.3.1 Rates & Total Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "C" attached hereto and incorporated herein by reference. The total compensation, including authorized reimbursements, shall not exceed One Hundred Fifty-Seven Thousand Nine Hundred Forty Dollars (\$157,940) ("Total Compensation"), without written approval of City's Representative. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.3.2 Payment of Compensation. Consultant shall submit to City a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. City shall, within 30 days of receiving such statement, review the statement and pay all approved charges thereon.

3.3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by City.

3.3.4 Extra Work. At any time during the Term of this Agreement, City may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by City to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from City's Representative.

3.3.5 Prevailing Wages. Consultant is aware of the requirements of Chapter 1 (beginning at Section 1720 et seq.) of Part 7 of Division 2 of the California Labor Code, as well as Title 8, Section 16000 et seq. of the California Code of Regulations ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the Total Compensation is \$1,000 or more, Consultant and its subconsultants shall fully comply with the Prevailing Wage Laws for their employees and any others to whom such laws are applicable. Consultant and its subconsultants shall also be responsible for any and all violations and fines imposed on them pursuant to the Prevailing Wage Laws. Pursuant to SB 854, which amended the Prevailing Wage Laws, this Agreement would also be subject to compliance monitoring and enforcement by the California Department of Industrial Relations ("DIR"). Beginning April 1, 2015, no consultant or subconsultant may be awarded this Agreement unless registered with the DIR pursuant to Labor Code Section 1725.5. The City will report all necessary agreements to the DIR as required by the Prevailing Wage Laws. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant's principal place of business and at the Project site. It is most efficient for the Consultant to obtain a copy of the prevailing wages in effect at the commencement of this

Agreement from the website of the Division of Labor Statistics and Research of the DIR located at www.dir.ca.gov/dlsr/. In the alternative, Consultant may obtain a copy of the prevailing wages from the City's Representative. Consultant shall defend, indemnify and hold the City, its elected officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

3.3.6 Apprenticeable Crafts. If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, Consultant shall comply with the provisions of Section 1777.5 of the California Labor Code with respect to the employment of properly registered apprentices upon public works when Consultant employs workmen in an apprenticeable craft or trade. The primary responsibility for compliance with said section for all apprenticeable occupations shall be with Consultant.

3.4 Termination of Agreement.

3.4.1 Grounds for Termination. City may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those Services which have been adequately rendered to City, as well as any authorized reimbursable expenses, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

3.4.2 Effect of Termination. If this Agreement is terminated as provided herein, City may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such document and other information within fifteen (15) days of the request.

3.4.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, City may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.5 Ownership of Materials and Confidentiality.

3.5.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for City to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically, electronically or otherwise recorded or stored, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). All Documents & Data shall be and remain the property of City, and shall not be used in whole or in substantial part by Consultant on other projects without the City's express written permission. Within thirty (30) days following the completion, suspension, abandonment or termination of this Agreement, Consultant shall provide to City reproducible copies of all Documents & Data, in a form and amount required by City. City

reserves the right to select the method of document reproduction and to establish where the reproduction will be accomplished. The reproduction expense shall be borne by City at the actual cost of duplication. In the event of a dispute regarding the amount of compensation to which the Consultant is entitled under the termination provisions of this Agreement, Consultant shall provide all Documents & Data to City upon payment of the undisputed amount. Consultant shall have no right to retain or fail to provide to City any such documents pending resolution of the dispute. In addition, Consultant shall retain copies of all Documents & Data on file for a minimum of five (5) years following completion of the Project, and shall make copies available to City upon the payment of actual reasonable duplication costs. In addition, before destroying the Documents & Data following this retention period, Consultant shall make a reasonable effort to notify City and provide City with the opportunity to obtain the documents.

3.5.2 Subconsultants. Consultant shall require all subconsultants to agree in writing that City is granted a non-exclusive and perpetual license for any Documents & Data the subconsultant prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or its subconsultants, or those provided to Consultant by the City.

3.5.3 Right to Use. City shall not be limited in any way in its use or reuse of the Documents and Data or any part of them at any time for purposes of this Project or another project, provided that any such use not within the purposes intended by this Agreement or on a project other than this Project without employing the services of Consultant shall be at City's sole risk. If City uses or reuses the Documents & Data on any project other than this Project, it shall remove the Consultant's seal from the Documents & Data and indemnify and hold harmless Consultant and its officers, directors, agents and employees from claims arising out of the negligent use or reuse of the Documents & Data on such other project. Consultant shall be responsible and liable for its Documents & Data, pursuant to the terms of this Agreement, only with respect to the condition of the Documents & Data at the time they are provided to the City upon completion, suspension, abandonment or termination. Consultant shall not be responsible or liable for any revisions to the Documents & Data made by any party other than Consultant, a party for whom the Consultant is legally responsible or liable, or anyone approved by the Consultant.

3.5.4 Indemnification. Consultant shall defend, indemnify and hold the City, its directors, officials, officers, employees, volunteers and agents free and harmless, pursuant to the indemnification provisions of this Agreement, for any alleged infringement of any patent, copyright, trade secret, trade name, trademark, or any other proprietary right of any person or entity in consequence of the use on the Project by City of the Documents & Data, including any method, process, product, or concept specified or depicted.

3.5.5 Confidentiality. All Documents & Data, either created by or provided to Consultant in connection with the performance of this Agreement, shall be held confidential by Consultant. All Documents & Data shall not, without the prior written consent of City, be used or reproduced by Consultant for any purposes other than the performance of the Services. Consultant shall not disclose, cause or facilitate the disclosure of the Documents & Data to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to

Consultant that is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use City's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of City.

3.6 General Provisions.

3.6.1 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective Parties may provide in writing for this purpose:

Consultant:

Robert D. Neihaus, Inc.
140 E. Carrillo Street
Santa Barbara, CA 93101
Attn: Jack Lyon or Robert D. Niehaus

City:

City of Corona
400 South Vicentia Avenue
Corona, CA 92882
Attn: Tom Moody, Utilities Department

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.6.2 Indemnification. To the fullest extent permitted by law, Consultant shall defend (with counsel of City's choosing), indemnify and hold the City, its directors, officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, to the extent arising out of, pertaining to, or incident to any alleged willful misconduct or negligent acts, errors or omissions of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's Services, the Project or this Agreement, including without limitation the payment of all settlement amounts, expert witness fees and attorneys fees and other related costs and expenses. Notwithstanding the foregoing, to the extent Consultant's Services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant. Consultant's obligation to indemnify shall survive expiration or termination of this Agreement, and shall not be restricted to insurance proceeds, if any, received by the City, its directors, officials officers, employees, agents, or volunteers.

3.6.3 Governing Law; Government Code Claim Compliance. This Agreement shall be governed by the laws of the State of California. Venue shall be in Riverside County. In

addition to any and all contract requirements pertaining to notices of and requests for compensation or payment for extra work, disputed work, claims and/or changed conditions, Consultant must comply with the claim procedures set forth in Government Code Sections 900 et seq. prior to filing any lawsuit against the City. Such Government Code claims and any subsequent lawsuit based upon the Government Code claims shall be limited to those matters that remain unresolved after all procedures pertaining to extra work, disputed work, claims, and/or changed conditions have been followed by Consultant. If no such Government Code claim is submitted, or if any prerequisite contractual requirements are not otherwise satisfied as specified herein, Consultant shall be barred from bringing and maintaining a valid lawsuit against the City.

3.6.4 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.6.5 City's Right to Employ Other Consultants. City reserves right to employ other consultants in connection with this Project.

3.6.6 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the Parties.

3.6.6.1 Subconsultants; Assignment or Transfer. Consultant shall not subcontract any portion of the Services required under this Agreement, except as expressly authorized herein, without the prior written approval of the City. Subcontracts, if any, shall include a provision making them subject to all provisions of this Agreement. Consultant shall also not assign, hypothecate or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the City. Any attempt to subcontract or take any other action not authorized herein shall be null and void, and any subconsultants, assignees, hypothecates or transferees shall acquire no right or interest by reason of such action.

3.6.6.2 Corona Utility Authority. To the extent that this Agreement is deemed to be a "material contract" under either of the CUA Management Agreements, Consultant has no right to terminate this Agreement, either with or without cause, based upon the existence or non-existence of either or both of the CUA Management Agreements. Therefore, if an applicable CUA Management Agreement expires or terminates for any reason, Consultant shall remain fully obligated to perform under this Agreement with the CUA or another third party contracted by the CUA for the maintenance, management and operation of the applicable utility system.

3.6.7 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subconsultants of Consultant, except as otherwise specified in this Agreement. All references to City include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content or intent of this Agreement.

3.6.8 Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.6.9 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel or otherwise.

3.6.10 No Third Party Beneficiaries. Except to the extent expressly provided for in Section 3.6.6, there are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.6.11 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.6.12 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. Consultant further agrees to file, or shall cause its employees or subconsultants to file, a Statement of Economic Interest with the City's Filing Officer as required under state law in the performance of the Services. For breach or violation of this warranty, City shall have the right to rescind this Agreement without liability. For the Term of this Agreement, no member, officer or employee of City, during the term of his or her service with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.6.13 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.6.14 Attorney's Fees. If either Party commences an action against the other Party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing Party in such litigation shall be entitled to have and recover from the losing Party reasonable attorney's fees and all other costs of such action.

3.6.15 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.6.16 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.6.17 Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both Parties.

[SIGNATURES ON NEXT 2 PAGES]

CITY'S SIGNATURE PAGE FOR
CITY OF CORONA
PROFESSIONAL SERVICES AGREEMENT
WITH ROBERT D. NIEHAUS, INC.
(ECONOMIC AND FINANCIAL CONSULTING SERVICES – UTILITY RATE STUDY
FOR THE CITY OF CORONA, RFP 24-051AS)

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first written above.

CITY OF CORONA

By: _____
Tom Moody
Director of Utilities

Reviewed By: 
FC64247E8E12465...
Katie Hockett
Assistant Director of Utilities

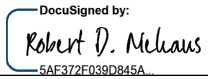
Reviewed By: 
F8EFBE3136B4492...
Yasmin Lopez
Purchasing Manager

Attest: _____
Sylvia Edwards
City Clerk, City of Corona, California

CONSULTANT’S SIGNATURE PAGE FOR
CITY OF CORONA
PROFESSIONAL SERVICES AGREEMENT
WITH ROBERT D. NIEHAUS, INC.
(ECONOMIC AND FINANCIAL CONSULTING SERVICES – UTILITY RATE STUDY
FOR THE CITY OF CORONA, RFP 24-051AS)

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first written above.

ROBERT D. NIEHAUS, INC.
a California corporation

By: 
5AF372F039D845A...
Robert D. Niehaus
President


By: 
2D8660FF81D4DE...
Margaret L. Niehaus
Treasurer

EXHIBIT “A” SCOPE OF SERVICES

Consultant promises and agrees to furnish to the City all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the Economic and Financial Consulting Services necessary for the Utility Rate Study Project. The Services are more particularly described herein.

A. PROJECT DESCRIPTION

The City of Corona Utilities Department provides water, sewer, reclaimed water, and bundled electric services in the City of Corona and surrounding unincorporated Riverside County areas. The City’s accounts are as follows as of June 30, 2023:

- Water Accounts: 45,996
- Sewer Accounts: 40,963
- Reclaimed Accounts: 406
- Bundled Electric Accounts: 1,851

The City’s customers include single family residential, multi-family residential, commercial, industrial, and governmental accounts.

The rate study should create a 10-year financial planning model to provide information to assist in the following:

- Determine the appropriate water budget calculation to ensure compliance with statewide regulations.
- Determine estimated future operations and maintenance costs as needed continue providing services and to comply with current and future regulatory requirements.
- Determine the cost of providing each of the four services.
- Rate impacts of capital projects and financing alternatives.
- Rate impacts of fully funding the Utilities Department reserves.
- Development of a long-term financial plan to ensure the utilities remain financially stable.
- Present options for a long-term rate track to smooth out large rate adjustments and minimize rate impact on customers.
- Comparison of the City of Corona’s rates to ten (10) neighboring agencies.
- Develop a rate model that allows for an annual review of the rates and a “true up” process for rate adjustments.

B. THE FOLLOWING PRESENTS THE SCOPE OF SERVICES

The scope of the project shall include the following:

1. KICKOFF & DATA COLLECTION:

a) Consultant shall provide a data request list for the City.

- i. **Data Collection/Review:**
 Consultant’s data request will include audits, budgets, general plans, capital improvement plans, customer billing records, debt service schedule, reserve policies, among other information. For data validation and quality assurance, the Consultant may request additional data throughout the study to reconcile any inconsistencies.

b) Conduct a kickoff meeting with City staff to discuss project priorities, data needs, and the project schedule.

- i. **Kickoff Meeting:**
 Consultant will host a remote kickoff meeting with the City to discuss project objectives, approach, work plan, schedule, and priorities. Staff will provide insight into which policy objectives are generally most important to the City. Consultant and staff will review available data and identify additional data needs if any.
- ii. **Project Management & QA/QC:**
 Consultant’s project manager, Sanjay Gaur, will prepare a Project Management Plan (PMP) to document all information necessary to execute a successful project. The PMP serves as a roadmap for the project team, defining project goals, scope, deliverables, budget, schedule, and administrative procedures. Sanjay will regularly meet with City staff and our consultant team to ensure full Rate Study transparency and success.

Consultant will apply their quality control process to ensure that all work will be accurate, precise, and of the highest quality. Consultant will apply quality control checks (Ichiko Kido for water, recycled water, and wastewater; Jacob Thomas for electric) at two key stages of the project: (1) after the financial plan and (2) after the cost of service analysis and rate design.

Table 1: Kickoff & Data Collection Summary

<u>Meetings:</u>	<ul style="list-style-type: none"> ▪ Remote kickoff meeting
Consultant Deliverables:	<ul style="list-style-type: none"> ▪ Data request ▪ Meeting agendas and minutes ▪ Monthly progress reports and invoices
City Deliverables	<ul style="list-style-type: none"> ▪ Respond to data request ▪ City policy objectives

2. TEN-YEAR FINANCIAL PLAN:

- a) **Consultant shall develop a 10-year financial planning model for the water, recycled water, sewer, bundled electric, services that determines the revenue requirements based on projected revenues, operating and maintenance expenditures including personnel costs, capital improvements, debt service coverage, and adequate reserve funding. The analysis should incorporate the Utilities reserves policy as well as any other policy considerations that the City determines are priorities.**

The City's rates are impacted by participation in neighboring joint powers authorities and wholesale water pricing. Consultant shall evaluate the relevant budgets and rates (including but not limited to the Western Riverside County Regional Wastewater Authority, Western Municipal Water District, Metropolitan Water District of Southern California, and the Bedford Coldwater Groundwater Sustainability Agency) and the impact on rates.

- i. Demand Projections/Revenue Analysis:
The consultant will conduct demand and growth projections to ensure the City's revenue forecast and cash flow analysis are accurate for each utility. Water consumption is influenced by price signals, weather/rainfall, high-efficiency technologies, and conservation programs. Consultant will first evaluate how the City's customers' water consumption patterns have changed historically, and then incorporate the City's growth trends and the elasticity of customer demand in response to various rate structure changes to project future water demand. The consultant will also forecast customer growth and load for the electric utility. Consultant will model potential drought scenarios and their impacts on rate revenues. Based on the demand projections, Consultant will forecast revenue using the existing rates for each utility. Consultant will also identify any changes to other revenues such as miscellaneous charges, property taxes, and investment income.
- ii. Operation and Maintenance Expenses:
Using the City's budgetary documents, the Consultant will project operating and maintenance (O&M) expenses and develop reasonable inflationary factors for relevant itemized expenses using reliable published sources or the City's historical data. Consultant will review neighboring joint powers authorities and wholesale water pricing (including but not limited to the Western Riverside County Regional Wastewater Authority, Western Municipal Water District, Metropolitan Water District of Southern California, and the Bedford Coldwater Groundwater Sustainability Agency). The consultant will compare costs against appropriate industry benchmarks. Consultant to also incorporate any known changes to personnel, level of service, or projected growth. Consultant will pay particular attention to how general fund overhead costs are allocated. Consultant will review projected wholesale power costs based on the City's

power contracts and agreements, and the consultant team's knowledge of likely wholesale rate levels during the 5-year test period. Projected wholesale transmission charges will also be determined for each year of the study period. Each expense item will be categorized as either fixed or variable and direct or indirect to ensure that costs are allocated to the correct rate structure components when designing rates.

- iii. **Capital Improvement Funding:**
Consultant will review the City's ten-year capital projects plan and explore financing options based on the timing of proposed revenue adjustments and scheduled repairs and replacements. Consultant will incorporate long-term replacement needs detailed in the City's Master Planning documents. Funding sources may include cash reserves, grant funding, debt proceeds, or PAYGO (pay as you go), each with different rate impacts.
- iv. **Reserve Funding:**
Consultant will review the City's reserve policies and develop an implementation plan that maintains recommended balances consistent with the City's financial goals, risk tolerance, and capital improvement projects.
- v. **Revenue Requirements:**
The cash flow analysis will project revenues, expenses, debt obligations, and future funding needs to determine necessary revenue adjustments for the study period. The total cost will be offset by other sources of revenue such as property taxes, investment earnings, rental income, and other water service charges. The consultant will assess if revenue adjustments are needed to eliminate cumulative revenue deficiency or surplus by the end of the study period. Revenue adjustments will also meet debt covenants by maintaining the required debt service coverage ratio. The objective is to minimize customer impacts while achieving a healthy cash flow mechanism for the next five years.
- vi. **Workshop 1 – Present Financial Plan / Determine City Rate Policy Objectives:**
Consultant will provide a policy workshop with the City Council to determine policy objectives for the study. First, the Consultant will present a high-level summary of the financial plan with an emphasis on the City's capital needs and financing options. Next, with the debt service coverage in mind and with assistance from City staff, the Consultant will ask City Council to rank policy objectives to inform the City's rate structure. Objectives may include rate and financial stability; equity and fairness in allocating water costs; water use efficiency and conservation; affordability for essential needs; customer understanding and ease of administration; among other considerations. The consultant will use the Council's policy objectives, as well as staff input, to inform rate structure alternatives as stated in the Rate Design section.

Table 2: Financial Plan Summary

Meetings:	<ul style="list-style-type: none"> ▪ Council Workshop 1 – present financial plan and set City rate structure policy objectives
Consultant Deliverables:	<ul style="list-style-type: none"> ▪ Financial plan results ▪ Council Workshop 1 – PowerPoint presentation
City Deliverables	<ul style="list-style-type: none"> ▪ Financial plan feedback ▪ Policy goals and objectives for rates

3. COST OF SERVICE ANALYSIS:

a) Consultant shall prepare a cost-of-service (COS) analysis for each service type. Each COS analysis needs to adequately fund revenue requirements including operations and maintenance, capital improvements, and debt service. The analyses must ensure that rates and charges are defensible and comply with the requirements of Proposition 218, Proposition 26, and other regulations as applicable.

i. Review Customer Classes:

Consultant will evaluate the City's customer classifications and recommend any necessary changes. Assigning costs to classes of customers based on their service requirements is critical to designing Proposition 218 and Proposition 26-compliant rates. Consultant will explore alternative cost allocations to find which best aligns with the City's goals.

ii. Cost Functionalization:

A utility system is composed of various facilities that serve a particular function. With input from City staff, each expense identified in the financial plan will be carefully allocated to the industry standardized functions of each system in our models. These functions can be customized based on the City's organizational structures and account for fixed and variable costs.

iii. Cost Allocation to Cost Causative Components:

Consultant will employ the base-extra capacity method from the AWWA M1. In this method, functionalized costs are allocated to appropriate cost causative components for each customer class. The water utility cost causative components include peaking components such as base, maximum day demand (MDD), and peaking hourly demand (PHD). For wastewater utilities, cost causative components include flow, strength (BOD and TSS), and customer-related services. Both utilities also have non-peaking components such as meter services and customer billing services. For electrical services, customer load factors, coincident factors and demand

data will be reviewed and used on the cost allocation methodology of the cost of service.

iv. **Cost Allocation to Customer Classes:**

As a final step of the cost of service analysis, the costs of each component are allocated back to each customer class commensurate with their service requirements. This analysis permits the City to adhere to the general principle of cost proportionality (particularly relevant under Proposition 218 and Proposition 26), under which the rates paid by customer classes are directly proportional to the costs each class imposes on the City as a whole. For electrical customers average unit costs by functional category will be provided based on the allocated costs and billing determinants developed for each rate class. Unit costs will be presented for energy (¢/kWh), demand (\$/kW), and customer related (\$/customer/month) charges for each customer class. The average unit costs represent cost of service rates and can be used as an input in the rate setting process.

Table 3: Cost of Service Analysis Summary

Meetings:	<ul style="list-style-type: none"> ▪ Remote meeting to discuss cost of service analysis
Consultant Deliverables:	<ul style="list-style-type: none"> ▪ Preliminary cost of service model in Excel
City Deliverables	<ul style="list-style-type: none"> ▪ None

4. RATE DESIGN:

a) Consultant shall ensure the City’s water budgets are structured to achieve compliance with statewide water conservation regulations.

i. **Evaluate the Current Rate Structures & Identify Rate Alternatives:**

Consultant will perform a comprehensive review of the City’s current rate structures to assess the advantages and disadvantages of the existing rates. This will include an evaluation of links between cost parameters, such as peaking, customer service/billing, fixed and variable costs, and the current charges. Consultant’s review will also identify whether the existing rates optimize fixed and variable rate recovery to enhance stability while ensuring affordability. Based on the financial planning and cost of service analyses, Consultant will evaluate rate adjustment alternatives designed to recover the revenue requirements identified in the financial plans. Consultant will provide up to three draft rate options for each utility that adequately fund revenue requirements, and the City can choose which option best achieves City objectives.

- ii. **Develop Recommended Rates:**
Consultant will recommend rate alternatives that best meet the City's objectives and are justified by the cost of service analysis.
- iii. **Fixed Ready-to-Serve Charges:**
Consultant will recommend appropriate changes to the proportion of rates recovered through ready-to-serve charges to ensure that fixed costs are sufficiently funded. Increasing fixed charges reduces revenue volatility and risk from reduced demand or conservation efforts and ensures predictable revenue to cover debt, operating costs, and capital plans. The consultant will also evaluate the changes in fixed charge rates to ensure the adjustments do not place an undue financial burden on customers. If fixed revenue adjustments are required, Consultant will create alternative five-year rate schedules where the fixed charge adjustments may be incrementally implemented over the five-year study period.
- iv. **Commodity Use Charge:**
Based on the financial plan and cost of service analysis, Consultant will recommend adjustments to commodity rates. The consultant will evaluate the potential for adjusting tiered rates based on the heterogeneous costs between the different water sources used by the City as well as customer peaking characteristics within each customer class. The consultant will also review water budgets to ensure that they align with the City's priorities as well as upcoming State mandates.
- v. **Wastewater Rates:**
The consultant will provide recommendations for any necessary updates to the City's sewer service rate levels. The consultant will work with City staff to identify if alternative rate structures would better serve the City's sewer utility and customers. For instance, different types of commercial customers produce different sewer strengths, such as restaurants which have a high BOD and TSS compared to office buildings which have relatively low sewer strengths. The consultant will evaluate the service requirement differences between commercial sewer customers to ensure that the unit cost reflects the variety of sewer strengths identified in the cost of service analysis. The consultant will explore this and other alternatives to recommend the rates that best meet the City's needs and objectives.
- vi. **Electricity Rates:**
Consultant will develop rate options using a variety of approaches, ranging from the current rate design to strict COSA based rates. While average unit costs provide the cost basis for setting rates, other criteria will also be considered in designing rate options. Rate options will include a review of time-of-use (TOU) rates and TOU rate periods. Proposed rates for energy (¢/kWh), demand (\$/kW), and customer related (\$/customer/month) charges will be provided for each customer class for each year of the study

period. Recommended retail rates will be cost-based, provide adequate revenue, be easy to administer as well as fair and non-discriminatory.

Alternative rate schedules may be developed by the consultant, if desired. For example, many utilities have recently developed separate rate schedules for industry-specific loads.

- vii. **Recommendations:**
 Consultant will use the policy objectives established in Workshop 1 to inform rate recommendations. Objectives may include rate and financial stability; equity and fairness in allocating water costs; water use efficiency and conservation; affordability for essential needs; customer understanding and ease of administration; among other considerations. Consultant will ensure that all recommended rates comply with Proposition 218 and Consultant will work with City legal counsel, if necessary. All data will be available for City review in Microsoft Excel or CSV.

Workshop 2 – Solidify Policy Objectives / Provide Rate Structure Options:
 The consultant will host a workshop with City Council and stakeholders to build consensus for the policy objectives established in the first workshop. It is well recognized that there are inherent tensions among policy objectives. Consultant will discuss these trade-offs so the City stakeholders can share a mutual understanding of the priorities of the study. The consultant will then walk the City through each potential rate option with a particular focus on policy objectives and the business case and costs for how each option may or may not make sense for the City. Consultant will discuss different rate structure options for fixed charges or other potential refinements as identified. Consultant will solicit feedback for preliminary rate refinement options.

Table 4: Rate Design Summary

Meetings:	<ul style="list-style-type: none"> ▪ Council Workshop 2 – Solidify Policy Objectives / Provide Rate Structure Options
Consultant Deliverables:	<ul style="list-style-type: none"> ▪ Rate options and recommendations
City Deliverables	<ul style="list-style-type: none"> ▪ Input on rate options

5. REPORT, MODELS & PRESENTATIONS:

- a) **Consultant shall prepare a comparative rate analysis with a minimum of ten (10) neighboring agencies providing similar services.**

- i. Rate Comparison Survey:

Consultant will prepare a rate comparison survey of at least ten comparable agencies to benchmark the City's current and proposed water rates. Comparisons will be made for users at high, average, and low consumption levels. Consultant will request City input on agencies to include in the survey and summarize the results for public outreach, presentations, and the report.

b) Consultant shall prepare draft and final reports that summarize the results and recommendations of the study and serve as a document of record in compliance with applicable regulations.

i. **Workshop 3 – Recommendations and Refinements:**

Consultant will present rate change recommendations and help the community understand the trade-offs that were made and why and build consensus for proposed recommendations. This meeting will also be a forum for the City Council to review the rate structure recommendations and make final refinements, if desired, to ensure consensus before moving into the Proposition 218 process. Consultant will present the impacts of each structure option for all customer groups.

c) Consultant shall conduct rate workshops with staff and City Council. This should include any presentations the Consultant believes necessary to ensure the City Council is well informed as to the status of the project and to discuss major milestones and decision points of the project. Consultant to note that all Power Point presentations are to be presented to the City's Leadership Team prior to presentation to the City Council. This can be done virtually or in person. A "dry run" in-person presentation is included in this agreement. (The City may, at its own discretion, request additional presentations from the Consultant to the City Council beyond those presented in the scope. The additional presentations are listed as "optional" services in the Compensation Exhibit "C" with no guaranteed usage.)

d) Consultant shall conduct a minimum of three in person community meetings and two virtual meetings to inform the public of any rate changes and the reasons for those rate changes prior to the Proposition 218 hearing.

i. **Three In-Person Public Meetings:**

Consultant will help build community consensus by engaging stakeholders throughout the study process, especially at the three in-person community meetings. Sanjay Gaur will lead public outreach initiatives assisted by Amber Gschwend and Anthony Elowsky. Public meetings will be an avenue for customers to increase their understanding of rate proposals. Additionally, the public will have the opportunity to voice any concerns with the rate study process, which can be incorporated in the final recommendations.

ii. **Two Remote Public Meetings:**

The two remote public meetings will focus on the technical portions of the rate study and be centered around a detailed presentation. All presentations and outreach materials will have prior review by City staff. Sanjay Gaur will lead the remote public meetings assisted by Amber Gschwend and Anthony Elowsky.

e) Consultant shall develop the Proposition 218 notice of public hearing and present the study to City Council and the public at the Proposition 218 public hearing.

- i. **Proposition 218 Notice:**
 Consultant will work with City staff and legal counsel to prepare a Proposition 218 notice within the 45-day noticing period. The notice will outline the proposed rate changes, the reasons for the changes, and the right for customers to challenge the rates. The City will print and mail the notices.
- ii. **Proposition 218 Public Hearing:**
 Consultant will present the results of the study and answer questions from the City Council and public at the Proposition 218 Hearing. In coordination with City legal counsel, Consultant will use clear, concise language and visual messaging to communicate the rate study process and why the recommended rate structure was selected.

Table 5: Reports, Models & Presentations Summary

Meetings:	<ul style="list-style-type: none"> ▪ Council Workshop 3 – Recommendations and Refinements ▪ Three in-person public meetings ▪ Two remote public meetings ▪ Proposition 218 Hearing
Consultant Deliverables:	<ul style="list-style-type: none"> ▪ Draft & Final rate study reports in Word and PDF formats ▪ Microsoft Excel Financial and Rate Model ▪ Outreach materials ▪ Draft and final public meeting presentations
City Deliverables	<ul style="list-style-type: none"> ▪ Comments, responses, and recommendations to draft report ▪ Comments and recommendations to draft presentations ▪ Printing and mailing Proposition 218 Notices

f) Consultant to ensure draft and final deliverables shall be made available in Word, Excel, and PDF file formats. Word and Excel formats shall be editable by City staff. The City will retain ownership of all work products. At minimum Consultant deliverables shall include:

- **Draft cost of service report**
- **Final cost of service report**
- **Proposition 218 notice**
- **Rate model calculator/financial model**

i. Rate Models:

All models will be developed by Consultant in an easy-to-use Microsoft Excel format designed to allow City staff to conduct sensitivity scenarios by testing various assumptions through an interactive dashboard. Factors that may be adjusted in the rate models include staff levels and salaries, operating expense levels, CIP spending, capital equipment funding, impacts of rate increases, and pass-through charges. The models will be introduced to City staff early in the study process. Consultant will add worksheets gradually as they perform key analyses through the study and ask for the City's review. By the time the study is complete, City staff will be fully familiarized with the models and be able to use the models to make data-driven decisions. Any changes to the underlying models will appear instantly in a dashboard for quick executive evaluation.

ii. Rate Study Reports:

The draft rate study reports will contain an overview, study objectives, assumptions, regulatory requirements, and methodologies. The reports will discuss short- and long-term financial planning, capital planning, cost of services, rate-setting analysis, bill impacts, and comparison surveys. Key outputs of data, analysis, and rationale will be visualized in the reports. The tables and charts will be an effective tool to communicate conclusions to City Council, customers, and other stakeholders. The main sections of the draft report at a minimum will include:

Report Sections and Corresponding Contents:

Heading	Section Brief
Executive Summary	A narrative to summarize the scope of the study.
Introduction	A brief description of the City including organizational structure, population, and service area of the electric, water, and sewer systems.
Methodology Used	A description of the methodology used for analyzing the utility rates and how the study complies with Proposition 218 and other applicable laws.
Financial Plan	A review of O&M budget, overhead costs, capital plan, revenue analysis, needed revenue adjustments, inflation analysis, and customer growth/demand.
Cost of Service	A description of current/proposed customer classes, Prop 218 and Prop 26 compliant cost allocation to each class by function, and the total revenue requirements by each class.
Rate Design	A detail of the proposed rate structures, proposed inflationary adjustments, and a typical bill for different types of customers.
Rate Impact	A summary on the impacts rate changes will have on each customer and the community using RDN's Bill Impact Tool.
Sensitivity Analysis	A discussion of how conservation, drought, and future statutory regulations will affect the ability of rates to fund revenue requirements.
Rate Comparison	A comparison of monthly bills and of current and proposed rates with similar sized Cities within the surrounding area.

Consultant will incorporate City feedback into the final report and clearly demonstrate the nexus between costs and recommended rates in simple terms to fulfill Proposition 218 reporting requirements.

6. OPTIONAL SERVICES (As-Needed per City's Request):

- a) At City's request, Consultant may provide additional City Council presentations and/or workshops. Such optional services may include:**
- i. Preparation of the PowerPoint presentation,
 - ii. Dry run presentation for City staff (in-person, or virtual as determined by City), and
 - iii. Presentation to the City Council (in-person).

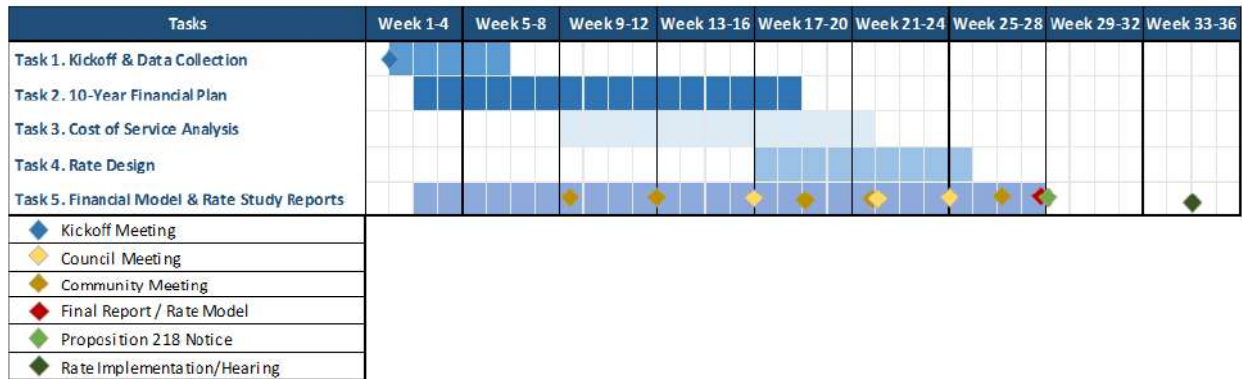
EXHIBIT “B” SCHEDULE OF SERVICES

Consultant shall complete the Services within the Term of this Agreement, and shall meet any other reasonable schedules and deadlines established by City’s Representative.

Upon approval by the City Council and Notice of Award to Consultant; The City’s project manager will coordinate with the Consultant’s project manager to start agreed scheduled services for the completion of the rate study and shall be effective on or about April 3, 2024, through June 30, 2025

Figure 2 presents the Consultant’s preliminary schedule for implementing the City’s Rate Study by January 1, 2025. The schedule assumes timely kickoff, City data, feedback, and availability for meetings.

Figure 2. Preliminary Project Schedule



SCHEDULED LABOR HOURS:

Tasks	Hours						Total Hours
	Niehaus	Gaur	Gschwend & Thomas	Kido	Elowsky	Staff Consultants	
1. Kickoff & Data Collection	2	6	6	0	6	4	24
2. Ten-Year Financial Plan	4	24	20	12	20	20	100
3. Cost of Service Analysis	6	24	34	16	24	28	132
4. Rate Design	4	24	20	12	20	44	124
5. Reports, Models, & Presentations	4	54	22	8	32	54	174
Total Hours	20	132	102	48	102	150	554

EXHIBIT "C"
COMPENSATION

Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth herein.

Consultant Rate Schedule:

<u>Title</u>	<u>Qty</u>	<u>Rate</u>	<u>Total</u>
Robert Niehaus, Ph.D. - Project Director	20	\$320	\$6,400
Sanjay Gaur, M.P.A. - Project Manager	132	\$310	\$40,920
Jacob Thomas, M.B.A. - Electric Rate QA/QC	22	\$300	\$6,600
Ichiko Kido, M.B.A - Water/Sewer Rate QA/QC	48	\$250	\$12,000
Amber Gschwend, M.A. - Electric Lead	80	\$300	\$24,000
Anthony Elowsky, M.A. - Water/Sewer Lead	102	\$220	\$22,440
Kallerud, Van Dinther, Janflone, Natarajan - Staff Consultants	150	\$200	\$30,000
Estimated Travel Expenses	1	\$1,000	\$1,000
Price Total			\$143,360

<u>Optional Items (As-Needed Per City's Request)</u>	<u>Max Qty</u>	<u>Rate</u>	<u>Total</u>
Presentation to City Council including:			
Meeting Preparing Powerpoint, responding to edits/comments, final draft	3	\$1,450	\$4,350
Conducting dry run presentation to City's Leadership Team (In-person)	3	\$1,550	\$4,650
Conducting presentation to City Council (In-person)	3	\$1,860	\$5,580
Optional Items Total			\$14,580