

AGREEMENT FOR SERVICES

This Agreement is made and entered into this 1st day of May, 2023, by and between **THE CITY OF LA HABRA UTILITY AUTHORITY**, (hereinafter referred to as the “**AUTHORITY**”), and Raftelis Financial Consultants, Inc., (hereinafter referred to as the “**CONSULTANT**”).

RECITALS

WHEREAS, **AUTHORITY** requires professional services for the development of water and sewer rates; and,

WHEREAS, the **CONSULTANT** represents that it is qualified and experienced to provide such services; and

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and conditions herein contained, **AUTHORITY** and **CONSULTANT** hereby agree as follows:

ARTICLE I **SCOPE OF SERVICES; TERM**

1.1 General Scope of Services.

A. **AUTHORITY** hereby engages **CONSULTANT**, and **CONSULTANT** hereby accepts such engagement, to perform the various services set forth in Attachment “A” (the documents contained in Attachment “A” shall be hereinafter referred to as the “Scope of Work”).

B. All professional services to be provided by **CONSULTANT** pursuant to this Agreement shall be provided by personnel experienced in their respective fields and in a manner consistent with the standards of care, diligence, and skill ordinarily exercised by professional consultants in similar circumstances in accordance with sound professional practices.

C. Warranty: **CONSULTANT** warrants that it shall perform the professional services required by this Agreement in compliance with the federal and California laws related to minimum hours and wages, including but not limited to, 40 U.S.C.A. §§ 3141, et seq., California Labor Code, §§ 1171, et seq. and California Labor Code, §§ 6300, et seq.; fair employment practices, including but not limited to, 29 U.S.C. 651, et seq.; and fair employment, including but not limited to, 29 U.S.C. 201, et seq., The California Fair Employment and Housing Act California Government Code, §§ 12900, et seq., Title VI of the Civil Rights Act of 1964, as amended, 49 CFR 21 through appendix H and 23 CFR 710.405

(b); and all other federal, state and local laws and ordinances applicable to the work required under this Agreement.

D. Non-exclusive Agreement. **CONSULTANT** acknowledges that **AUTHORITY** may enter into agreements similar to this Agreement with other consultants.

1.2 Term.

The term of this Agreement shall begin on May 1, 2023, and continue until completion of the work and its final acceptance by the **AUTHORITY**; or, until such time as it is terminated pursuant to the provisions in Article V of this Agreement.

ARTICLE II **RESPONSIBILITIES OF CONSULTANT**

2.1 Control and Payment of Subordinates.

AUTHORITY retains **CONSULTANT** as an independent contractor and not an employee of **AUTHORITY**. All personnel to be utilized by **CONSULTANT** in the performance of this Agreement 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 with respect to such personnel, including, but not limited to social security taxes, income tax withholding, unemployment insurance, and workers' compensation insurance.

2.2 Conformance to Applicable Requirements.

All services provided by **CONSULTANT** shall be subject to the approval of the **AUTHORITY**.

2.3 Standard of Care; Licenses.

All professional services to be provided by **CONSULTANT** pursuant to this Agreement shall be provided by personnel experienced in their respective fields and in a manner consistent with the standards of care, diligence and skill ordinarily exercised by professional consultants in similar circumstances in accordance with sound professional practices. **CONSULTANT** represents and warrants to **AUTHORITY** that it has all licenses, permits, qualifications and approvals that are legally required to practice its profession and to provide the services hereunder. **CONSULTANT** further represents and warrants that it shall keep in effect all such licenses, permits, and other approvals during the term of this Agreement.

2.4 Project Representatives.

The Executive Director or his designee shall be the Project Representative of **AUTHORITY** for purposes of this Agreement and may issue all consents, approvals, directives and agreement on behalf of **AUTHORITY**, called for by this Agreement except as otherwise expressly provided in this Agreement. Project representative shall coordinate all phases of this project and shall be available to **AUTHORITY** at all reasonable times.

2.5 Accounting Records.

CONSULTANT shall maintain complete and accurate records with respect to costs and expenses incurred in the performance of this Agreement. All such records shall be clearly identifiable as being associated with this Agreement. **CONSULTANT** shall allow an authorized representative of **AUTHORITY**, during normal business hours, to examine, audit, and make transcripts of copies of such records. **CONSULTANT** shall allow **AUTHORITY** to inspect all work, data, documents, proceedings, and activities related to this Agreement for a period of three (3) years from the date of final payment (or completion of work) under this Agreement.

ARTICLE III **COMPENSATION**

3.1 Compensation.

Except as provided in this section, **CONSULTANT** shall receive compensation for all Services rendered under this Agreement at the rates set forth in the Schedule of Hourly Billing Rates attached hereto as Exhibit "B", and incorporated herein by reference. Total compensation shall not exceed **\$72,425** without written approval of **AUTHORITY'S** Project Representative. **CONSULTANT** shall not receive compensation for any services provided outside the Scope of Work unless such additional services (hereinafter "Extra Work") are approved in writing by **AUTHORITY** or its appointed representative prior to **CONSULTANT** performing the "Extra Work".

3.2 Payment of Compensation.

CONSULTANT shall provide **AUTHORITY** an itemized monthly statement which indicates work completed, hours of service rendered and units of supplies provided to the Project by **CONSULTANT**, from May 1, 2023, or the start of the subsequent billing periods, as appropriate, through the date of the statement. **AUTHORITY** shall make any payment due within forty-five (45) days after approval of the invoice by **AUTHORITY**.

3.3 Extra Work.

At any time during the term of this Agreement, **AUTHORITY** may request that **CONSULTANT** perform Extra Work. As used herein, "Extra Work" means any work which is determined by **AUTHORITY** 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 Extra Work until receiving prior written authorization from **AUTHORITY'S** Project Representative. It is specifically understood and agreed that oral requests and/or approvals of "Extra Work" shall be barred and are unenforceable.

3.4 Amendment of Scope of Work.

AUTHORITY shall have the right to amend the Scope of Work within the Agreement by written notification to the **CONSULTANT**. In such event, the compensation and time of performance shall be subject to renegotiation upon written demand of either party to the Agreement. Failure of **CONSULTANT** to secure **AUTHORITY'S** written authorization for "Extra Work" or changed work shall constitute a waiver of any and all right to adjustment in the contract price or time due, whether by way of compensation, restitution, quantum meruit, etc. for work done without the appropriate **AUTHORITY** authorization.

3.5 Reimbursement for Expenses

CONSULTANT shall not be reimbursed for any expenses unless prior written authorization is obtained from **AUTHORITY**.

ARTICLE IV INSURANCE

4.1 Insurance Requirements.

CONSULTANT shall procure and maintain throughout the duration of this Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of this Agreement by **CONSULTANT**, its agents, representatives, employees or subconsultants. **CONSULTANT** shall provide current evidence of the required insurance in a form acceptable to the **AUTHORITY** and shall provide replacement evidence for any required insurance, which expires prior to the completion, expiration or termination of this Agreement.

Nothing in this Section shall be construed as limiting in any way, the Indemnification and Hold Harmless clause contained in Section 4.7 of this Agreement, or the extent to which **CONSULTANT** may be held responsible for payments of damages to persons or property.

A. Minimum Scope of Insurance.

1) Comprehensive General Liability Insurance to include products, completed operations, contractual liability, and independent contractors. **CONSULTANT** shall maintain comprehensive general liability insurance or an equivalent form with a limit of not less than \$1,000,000 combined single limit per occurrence for bodily injury, and property damage. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or shall be twice the required occurrence limit.

2) Business Automobile Liability Insurance. **CONSULTANT** shall maintain business automobile liability insurance or an equivalent form with a limit of not less than \$1,000,000 per accident for bodily injury and property damage. Such insurance shall include coverage for owned, hired and non-owned vehicles.

3) Workers' Compensation and Employers' Liability Insurance. **CONSULTANT** shall maintain workers' compensation insurance as required by the State of California and employers' liability insurance with limits of not less than \$1,000,000 per accident.

4) Professional Liability Insurance. **CONSULTANT** shall maintain professional liability insurance with limits of not less than \$1,000,000 combined single limit per claim/aggregate. Architects' and engineers' coverage shall not be endorsed to include contractual liability. If policy is written as a "claims made" policy, the retro date of the policy shall be prior to the start of the contract work.

4.2 Deductibles and Self-insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the **AUTHORITY**. At the option of the **AUTHORITY**, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the **AUTHORITY**, its officers, officials, employees, agents and volunteers, or the **CONSULTANT** shall provide a financial guarantee satisfactory to **AUTHORITY** guaranteeing payment of losses and related investigations, claims administration and defense expense.

4.3 Other Insurance Provisions.

A. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1) **AUTHORITY**, its officers, officials, employees, agents and volunteers are to be covered as additional insureds with respect to liability arising out of automobiles owned, leased hired or borrowed by or on behalf of the **CONSULTANT**; and with respect to liability arising out of work or operations performed by or on behalf of **CONSULTANT** including materials, parts or equipment furnished in connections with such work or operations. Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Civil Code §2782(b). General liability coverage can be provided in the form of an endorsement to **CONSULTANT'S** insurance, or as a separate owner's policy.

2) For any claims related to this project, **CONSULTANT'S** insurance coverage shall be primary insurance as respects to **AUTHORITY**, its officers, officials, employees, agents and volunteers. Any insurance or self-insurance maintained by **AUTHORITY**, its officers, officials, employees, agents or volunteers shall be excess to **CONSULTANT'S** insurance and shall not contribute with it.

3) Each insurance policy required by this clause shall be endorsed to state that **AUTHORITY** shall receive not less than thirty (30) days prior written notice of cancellation of any policies of insurance required hereunder.

B. Worker's Compensation and Employers' Liability Coverages. The workers compensation and employers' liability policies shall be endorsed to state that the insurer agrees to waive all rights of subrogation against **AUTHORITY**, its elected officials, officers, employees, and volunteers for losses arising from the operation of **CONSULTANT** in the performance of this Agreement.

4.4 Acceptability of Insurers

Insurance is to be placed with insurers authorized to do business by the insurance Commissioner in the State of California with a BEST's rating of no less the B+ Class X. All insurers shall be licensed by or holding admitted status in the State of California. At the sole discretion of the **AUTHORITY**, insurance provided by non-admitted or surplus carriers of proven reputation and minimum BEST's rating of no less the A- Class X may be accepted if **CONSULTANT** evidences the need to the sole satisfaction of **AUTHORITY**.

4.5 Verification of Coverage

CONSULTANT shall furnish **AUTHORITY** with original certificate and amendatory endorsements effecting coverage required by **AUTHORITY**. The endorsements should be on forms provided by **AUTHORITY** or on other than **AUTHORITY'S** forms, provided those endorsements or policies conform to the

requirements. All certificates and endorsements are to be received and approved by **AUTHORITY** before work commences. **AUTHORITY** reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

4.6 Sub-consultants

CONSULTANT shall include all sub-consultants as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverage for sub-consultants shall be subject to all requirements stated herein.

4.7 Indemnification and Hold Harmless

Notwithstanding the existence of insurance coverage required of **CONSULTANT** pursuant to this contract, **CONSULTANT** shall save, keep, indemnify, hold harmless, and defend **AUTHORITY**, and its appointed and elected officials, officers, employees, and agents, from every claim or demand made and every liability, loss, damage or expense of any nature whatsoever and all costs or expenses incurred in connection therewith, which arise at any time, by reason of damage to the property of, or personal injury to, any person, occurring, arising out of, or related to the negligence, reckless or willful misconduct of **CONSULTANT**, its officers, agents or employees, including, but not limited to, its subcontractors (herein collectively "**CONSULTANTS**"), in the performance of the work required pursuant to this contract, occasioned by any alleged or actual negligent acts or omissions by the **CONSULTANT**, including any such liability imposed by reason of any infringement or alleged infringement of rights of any person or persons, firm or corporation, in consequence of the use in the performance by **CONSULTANT** of the work hereunder of any article or material supplied or installed pursuant to this contract.

4.8 Additional Insurance.

Further, **CONSULTANT** shall obtain any additional kinds and amounts of insurance which, in its own judgment, may be necessary for the proper protection of any of its officers', employees', or authorized sub-consultants' own actions during the performance of this Agreement.

4.9 Notice of Policy Changes

A. All Coverages (exclusive of Professional Liability). Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to **AUTHORITY**.

Unless **CONSULTANT'S** insurer agrees to provide (30) days written notice of any changes or modifications to any policies as required by this clause, **CONSULTANT** shall provide copies of all required policies or certificates of insurance as may be requested by **AUTHORITY** to establish that such policies have not been modified or reduced in coverage or in limits.

B. Professional Liability. Each insurance policy required by this clause shall be endorsed to state the coverage shall not be canceled unless thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the **AUTHORITY**.

ARTICLE V **TERMINATION AND INDEMNIFICATION**

5.1 Notice of Termination.

AUTHORITY may terminate the whole or any part of this Agreement at any time and without cause by giving seven (7) days written notice to **CONSULTANT** of such termination, and specifying the effective date thereof. **CONSULTANT** shall discontinue all services affected by such termination within seven (7) days of receipt of such notice, unless otherwise instructed by **AUTHORITY** in writing. **CONSULTANT** shall not terminate this Agreement except for cause.

5.2 Termination Without Cause.

If **AUTHORITY** terminates this Agreement without cause, **CONSULTANT** shall be paid for services performed through the date of termination, upon receipt of written documentation of said services by **AUTHORITY**. Such payment shall include a pro-rated amount of profit, if applicable, but no amount shall be paid for anticipated profit on unperformed services.

5.3 Termination for Cause.

Should **CONSULTANT** default in the performance of any covenant, condition, or agreement contained in this Agreement and the default is not cured within thirty (30) days after written notice of the default is served on **CONSULTANT** by **AUTHORITY** then **AUTHORITY**, in addition to any other remedies at law or equity, may terminate this Agreement. **CONSULTANT** shall be compensated for services which have been completed and accepted by **AUTHORITY**. **CONSULTANT** shall be liable to **AUTHORITY** for any reasonable additional costs incurred to correct or cure unsatisfactory work performed by **CONSULTANT** which, at **AUTHORITY'S** discretion, must be revised, in part or in whole, to complete the Project.

5.4 Procurement of Similar Services.

In the event this Agreement is terminated as provided by this Article, with or without cause, in whole or in part, **AUTHORITY** may procure, any and all services as may be necessary to complete the Project.

5.5 Work Product.

In the event of termination of this Agreement, all finished or unfinished design, development and construction documents, data studies, drawings, maps and reports prepared by **CONSULTANT** shall be delivered to the **AUTHORITY** within seven (7) days of **CONSULTANT**'s receipt of termination notice, and at no additional cost to **AUTHORITY**. Any use of uncompleted documents without specific written authorization from **CONSULTANT** shall be at **AUTHORITY**'s sole risk and without liability or legal expense to **CONSULTANT**.

ARTICLE VI **GENERAL PROVISIONS**

6.1 Notices.

All notices and written communications sent by one party to the other shall be personally delivered or sent by registered or certified U.S. Mail postage prepaid, return receipt requested to the following addresses indicated below:

IF TO AUTHORITY: Eliás Saykali, Director of Public Works
621 W. Lambert Rd.
La Habra, CA 90631

TO CONSULTANT: Raftelis Financial Consultants, Inc.
Sudhir Pardiwala, Executive Vice President
445 S. Figueroa St.
Suite 1925
Los Angeles, CA 90631

The effective date of any notice or written communications sent by one party to the other shall be the date received if by personal service, or 48 hours after deposit in the U.S. Mail as reflected by the official U.S. postmark.

6.2 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 agreement whether verbal or written, concerning the same

subject matter. This Agreement may be modified only by a writing signed by both parties.

6.3 Successors and Assigns.

This Agreement shall be binding on the successors and assigns of the parties. This Agreement may not be sold, transferred or assigned by either party, or by operation of law, to any other person or persons or business entity, without the other party's written permission. Any such sale, transfer or assignment, or attempted sale, transfer or assignment without written permission, may be deemed by the other party to constitute a voluntary termination of this Agreement and this Agreement shall thereafter be deemed terminated and void.

6.4 Subcontracts.

CONSULTANT shall not subcontract any portion of the work required by this Agreement without prior written approval of **AUTHORITY**. All approved subcontracts, if any, shall be accomplished by a written instrument. Such instrument shall contain an expressed assumption by the subcontractor of all conditions and terms and covenants contained in this Agreement.

6.5 Equal Opportunity Employment.

CONSULTANT represents that it is an equal opportunity employer and shall not discriminate either directly or indirectly against an employee or applicant for employment with **CONSULTANT** on the basis of race, color, religion, national origin, ancestry, sexual preference, sex or age. **CONSULTANT** shall also take affirmative steps to ensure that applicants are employed and employees are treated during employment without regard to race, color, religion, national origin, ancestry, sexual preference, sex, age, or other prohibited grounds.

6.6 Attorney's Fees.

If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover reasonable attorney's fees and costs of suits.

6.7 Governing Law.

This Agreement shall be governed by and construed with the laws of the State of California. Any Action to enforce the terms of this Agreement or for the breach thereof shall be brought and tried in the County of Orange.

6.8 Time of Essence.

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

6.9 Right to Employ Other Consultants.

AUTHORITY reserves the right to employ other consultants in connection with this Project.

6.10 Covenant Against Contingent Fees.

CONSULTANT warrants that he/she/it has not employed or retained any company or person, other than a bona fide employee working with **CONSULTANT**, to solicit or secure this Agreement, and that he/she/it has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, **AUTHORITY** shall have the right to annul this Agreement without liability or, in its discretion to deduct from **CONSULTANT'S** compensation provided under this Agreement, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift, or contingent fee.

6.11 Conflict of Interest.

CONSULTANT covenants that he/she/it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of its Services hereunder. **CONSULTANT** further covenants that in the performance of this Agreement, no person having any such conflict of interest shall be employed by **CONSULTANT**.

6.12 Statement of Economic Interest.

If **AUTHORITY** determines **CONSULTANT** comes within the definition of **CONSULTANT** under the Political Reform Act (Government Code §87100 et. seq.), **CONSULTANT** shall complete and file and shall require any other person doing work under this Agreement, to complete and file a "Statement of Economic Interest" with the City Clerk of the **AUTHORITY** disclosing **CONSULTANT** and/or such other person's financial interests.

6.13 No Waiver of Breach; Time.

No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought referring expressly to this Paragraph. The waiver of any right or remedy in respect to any occurrence or event shall not be deemed a waiver of any right or remedy in respect to any other occurrence or event, nor shall any waiver constitute a continuing waiver.

6.14 Third Party Beneficiaries.

Nothing contained in this Agreement shall be construed to create and the parties do not intend to create any rights in third parties.

6.15 Taxes.

CONSULTANT agrees to file tax returns and pay all applicable taxes on amounts paid pursuant to this Agreement and shall be solely liable and responsible to pay such taxes and other obligations, including, but not limited to, state and federal income and FICA taxes. **CONSULTANT** agrees to indemnify and hold **AUTHORITY** harmless from any liability which it may incur to the United States or to the State of California as a consequence of **CONSULTANT'S** failure to pay, when due, all such taxes and obligations.

6.16 Compliance With Law.

CONSULTANT shall comply with applicable federal, state and local laws, rules and regulations affecting the **CONSULTANT** and his/her/its work hereunder.

6.17 Title to Documents.

Title to all plans, specifications, maps, estimates, reports, manuscripts, drawings, descriptions and other final work products compiled by **CONSULTANT** under the Agreement shall be vested in **AUTHORITY**, none of which shall be used in any manner whatsoever, by any person, firm, corporation, or agency without the expressed written consent of **AUTHORITY**. Basic survey notes and sketches, charts, computations, and other data prepared or obtained under the Agreement shall be made available, upon request, to **AUTHORITY** without restriction or limitations on their use. **CONSULTANT** may retain copies of the above described information but agrees not to disclose or discuss any information gathered, discussed or generated in any way through this Agreement without the written permission of **AUTHORITY** during the term of this Agreement or until ninety (90) days after receipt of final payment from **AUTHORITY**.

6.18 Validity.

The validity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provisions of this Agreement.

6.19 Headings.

Section and subsection headings are not to be considered part of this Agreement, are included solely for convenience, and are not intended to modify or explain or to be a full or accurate description of the content thereof.

6.20 Counterparts.

This Agreement may be executed in one or more counterparts by the parties hereto. All counterparts shall be construed together and shall constitute one agreement.

6.21 Corporate Authority.

The persons executing this Agreement on behalf of the Parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said Parties and that by doing so, the Parties hereto are formally bound to the provision of this Agreement.

6.22 Confidentiality.

All findings, reports, information and exhibits prepared or assembled by **CONSULTANT** in connection with the performance of its professional services pursuant to this Agreement are confidential and **CONSULTANT** agrees that they shall not be made available to any individual or organization without the prior consent of **AUTHORITY**. All findings, reports, information and exhibits shall become the property of **AUTHORITY**.

6.23 Responsibility for Errors.

CONSULTANT shall be responsible for its own work and results under this Agreement, and shall not be responsible for any work by **AUTHORITY** performed prior to the date of this Agreement or for any other acts or omissions directly attributable to **AUTHORITY**. **CONSULTANT**, when requested, shall furnish clarification and/or explanation as may be required by **AUTHORITY** regarding any services rendered under this Agreement at no additional cost to **AUTHORITY**. In the event that an error or omission attributable to **CONSULTANT** occurs, then **CONSULTANT** shall, at no cost to **AUTHORITY**, provide all necessary design drawings, estimates and other **CONSULTANT** professional services, as authorized by this Agreement necessary to rectify and correct the matter to the sole satisfaction of **AUTHORITY** and to participate in any meeting required with regard to the correction.

6.24 Independent Contractor.

The parties hereto acknowledge and agree that the relationship between **AUTHORITY** and **CONSULTANT** is one of principal and independent contractor and no other. Nothing contained in this Agreement shall create or be construed as creating a partnership, a joint venture, employment relations, or any other relationship except as set forth between the parties. The parties specifically acknowledge and agree that **CONSULTANT** is not a partner with **AUTHORITY**, whether general or limited, and no activities of **AUTHORITY** or **CONSULTANT** or

statements made by **AUTHORITY** or **CONSULTANT** shall be interpreted by any of the parties hereto as establishing any type of business relationship other than an independent contractor relationship.

NOTE: In the event the **CONSULTANT'S** personal services are required, the following shall apply:

This Agreement is made on the express condition and understanding that Sudhir Pardiwala's personal services are a substantial inducement to **AUTHORITY** for entering into this Agreement. If for any reason Sudhir Pardiwala should no longer be the responsible manager for **CONSULTANT**, this Agreement shall be subject to immediate termination on written notice from **AUTHORITY**.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the date and year first above written.

**CITY OF LA HABRA
UTILITY AUTHORITY:**

APPROVED AS TO FORM:

Jim Sadro
Executive Director

Legal Counsel

ATTEST:

**Raftelis Financial Consultants,
Inc.**

Rhonda J. Barone, CMC
Acting City Clerk

Sudhir Pardiwala
Executive Vice President

EXHIBIT "A"
SCOPE OF WORK AND SCHEDULE OF PERFORMANCE

SCOPE OF SERVICES

TASK 1: PROJECT MANAGEMENT, ADMINISTRATION, AND INITIATION

TASK 1.1: ONGOING PROJECT MANAGEMENT AND QUALITY ASSURANCE/QUALITY CONTROL PROCESS

Our project management approach stresses communication, teamwork, objectivity, and accountability to meet project objectives. Task 1.1 includes general administrative duties including client correspondence, billing, project documentation, and administration of the Study. We believe in a no-surprises approach and communicate with clients on a regular basis through face-to-face meetings, web meetings, and telephone conferences, so that the client is aware of project status at all times.

At the heart of Raftelis' core philosophy is our commitment to quality. The foundation of our Quality Assurance/Quality Control (QA/QC) program is based on the concept that QA/QC is a continuous process, not simply a mechanism to be incorporated at the end of an engagement. To ensure this level of quality control, our Technical Reviewer will be responsible for ensuring that the cost of service and rate model developed is functioning properly and is based on sound rate making principles and standard industry practice through periodic review of the issues and model throughout the course of the project. We have found that a well-defined QA/QC process ensures that all our work products will be of the highest quality and meet or exceed the standards that our clients have come to expect from Raftelis.

Meeting(s): None

Deliverable(s): None

TASK 1.2: PROJECT INITIATION, KICK-OFF MEETING, AND DATA COLLECTION

We believe that the execution of a productive kick-off meeting is the most effective way to begin a Study of this nature. Raftelis uses the kick-off meeting to perform our due diligence to ensure that project stakeholders agree to the project's goals, approach, work plan, schedule, and the Study's priorities. As part of the meeting, Raftelis will:

- Discern the major drivers for the Study
- Work with City staff to identify and prioritize pricing objectives
- Discuss reserves and reserve policies
- Discuss debt policies for capital funding and capital projects
- Review the data request list and pinpoint data gaps or questions

A detailed data request list will be provided prior to the kick-off meeting and will be reviewed and amended if necessary. The Project Team will study this data diligently to understand the City's revenue streams, operating and capital expenditures, water supply conditions, and customer base and usage patterns to perform the Study in line with the City's overall objectives.

Meeting(s): One (1) kick-off web meeting with City staff

Deliverable(s): Data request list, kick-off meeting agenda and minutes

TASK 2: FINANCIAL PLAN DEVELOPMENT

After the data has been compiled and analyzed, Raftelis will begin the process of developing a five-year financial plan which will involve projecting demand for accounts and consumption and forecasting revenue requirements. Raftelis will develop a detailed forecast model that will serve as the initial module of the Financial Plan and Rate Model (Model). Once completed, the Model will serve as a comprehensive yet flexible planning tool that will incorporate the City's capital improvement plan, capital financing plan, forecasted demand projections, revenue requirements, detailed cost and revenue projections, and reserve balances.

The Project Team will itemize costs from the City's budget into appropriate cost categories and determine a five-year cost forecast based on inflation assumptions provided by City staff. In addition, Raftelis will project non-rate revenues such as late fees, interest, miscellaneous fees, etc. that may be used to offset rate increases. Another important element of our financial plan is the development of reserves for operating, capital, rate stabilization, and emergency purposes. We will take into consideration the City's risk management and financial policies to recommend appropriate reserve targets.

Ultimately, the Project Team will project how much cash needs to be collected through water and sewer rates to meet projected revenue requirements while minimizing sharp rate fluctuations. The Model will determine the capability of the City's existing and scheduled water and sewer rates to support operations, and if necessary, propose revenue adjustments that will allow the City to effectively meet its financial obligations. Projecting revenue adjustments over a long planning horizon can illustrate future rate impacts and potential challenges to the City's financial situation in both the short-term and long-term. This will allow the City to plan expenses, reserve balances, and/or capital project schedules to smooth rate impacts and to maintain financial stability throughout the five-year planning horizon.

Raftelis will create a customized computer Model to develop revenue requirements, perform financial planning, and calculate water rates based on a standardized approach to meet the City's specific needs. Below is a sample model screenshot demonstrating key model features:

- Revenue adjustments required for the next five (or more) years to meet debt coverage and target reserve balance(s)
- Projected operating costs and revenue streams
- Reserve balances and target levels according to the City's fiscal policies
- Different funding sources of CIP (rate or debt financed)
- Spin buttons (dynamic selection options) for scenario analyses

This model is very useful for decision makers to review results of multiple scenarios and assess impacts so that they can agree on a solution that best meets the City's needs.

Meeting(s): Two (2) web meetings with City staff

Deliverable(s): Draft Financial Plan Model in Microsoft Excel

SAMPLE MODEL DASHBOARD

The Dashboard allows quick decision-making by visually displaying impacts of changes to selected variables.



TASK 3: COST OF SERVICE ANALYSIS

For the water system, the cost-of-service analysis is based on industry standards and methodologies approved by the American Water Works Association (AWWA) and described in the *Manual M1: Principles of Water Rates, Fees and Charges, 6th Edition (Manual M1)* (which was co-authored by Raftelis staff). Cost allocations among customer classes will be based on the AWWA-approved Base-Extra Capacity approach which focuses on the different usage patterns, or peaking factors, demonstrated by each customer class.

Based on the revenue requirement identified in the financial plan, water expenses are allocated to cost components, including capacity-related costs, commodity costs, conservation costs, and other direct and indirect costs consistent with industry standards. The end goal of this task is to distribute the cost components to customer classes based on the cost responsibility of each. The result is the total cost to serve each customer class which is used as the basis to develop rates.

For the sewer system, Raftelis will use the methodologies set forth by the Water Environment Federation (WEF) in their *Manual of Practice No. 27, Financing and Charges for Wastewater Systems* (which was co-authored by Raftelis staff, including Sudhir Pardiwala). Cost allocations among customer classes will be based on the flow of each class.

Meeting(s): None

Deliverable(s): Draft Cost-of-Service Analysis in Model in Microsoft Excel

TASK 4: RATE DEVELOPMENT AND CUSTOMER IMPACTS ANALYSIS

TASK 4.1: RATE CALCULATION AND DEVELOPMENT

After conducting the cost-of-service analysis, Raftelis will calculate water and sewer rates under the current rate structures. Providing affordability in the first tier will be one of the objectives of the rate structure. The Model will also have the built-in capability to conduct various scenario analyses to address different issues such as water usage reduction, sewer flows, etc. to calculate water and sewer rates under each scenario. The rate dashboard, which displays key variables and results instantaneously, will facilitate discussion to reach a consensus quickly. This has proven to be particularly useful when making presentations to elected officials, allowing them to instantly understand the impacts of their decisions.

Meeting(s): One (1) web meeting with City staff, one (1) in-person meeting with City staff

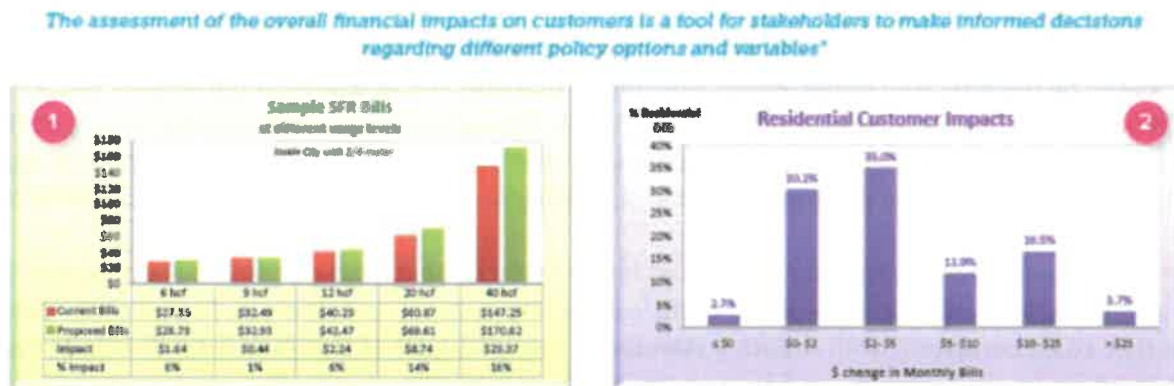
Deliverable(s): Draft Rate Model in Microsoft Excel

TASK 4.2: CUSTOMER IMPACTS ANALYSIS

Rate adjustments stem from a change in the revenue requirement; the total rate adjustment can sometimes cause “rate shock” to customers. Therefore, Raftelis will determine the potential financial impact on customers that result from the proposed rates. The customer impact analysis will include a series of tables and figures that show projected rate impacts by customer class at various levels of usage. As an example, the customer impact illustration shown below indicates that a typical customer with a ¾ inch meter using 12 hundred cubic feet (hcf) per month will see a \$2.24, or 6%, increase in the monthly bill.

Meeting(s): None

Deliverable(s): Draft Customer Impacts Analysis in Model in Microsoft Excel



TASK 5: DRAFT AND FINAL REPORT PREPARATION

Raftelis will prepare a detailed report explaining the nexus between costs and rates clearly identified step by step in an administrative record. Raftelis will prepare a Draft Report which will include an executive summary highlighting the major issues and decisions reached during previous meetings with City staff. The main body of the report will include a brief physical description of each utility system and service areas and an overview of operations and maintenance expenses, capital projects, financial plan, and a detailed description of the cost-of-service analysis and proposed rates. It will also contain a discussion on rate

structure selection, rate design assumptions, and analysis and methodologies used to develop the rates. The Report will clearly show the nexus between the City's costs and proposed rates.

City staff will provide comments for incorporation into the Final Report. Following the submission of the Draft Report and input from City staff, Raftelis will prepare the Final Report.

Meeting(s): One (1) web meeting with City staff

Deliverable(s): Draft Report and Final Report in Microsoft Word

TASK 6: CITY COUNCIL MEETING/PUBLIC HEARING (optional)

Raftelis will conduct up to two meetings with the City Council, including a Public Hearing. The meetings will present the proposed financial plan and resulting rates of the Study. Raftelis will prepare a presentation to accompany the Final Report, which will be presented at a Public Hearing.

Meeting(s): One (1) City Council meeting, one (1) Public Hearing

Deliverable(s): Final presentation for Public Hearing

EXHIBIT "B"
COMPENSATION RATES AND CHARGES

FEE SCHEDULE

The table below provides a breakdown of the estimated level of effort required for completing each task described and the hourly billing rates for the personnel scheduled to complete the project. Raftelis proposes to complete the scope of work outlined in our proposal on a time-and-materials basis with a not-to-exceed cost, including related expenses. Expenses include costs associated with travel, and a \$10 per hour technology charge covering computers, networks, telephones, postage, etc.

City of La Habra - Water and Sewer Rate Study

Proposed Hours

Task	Task Descriptions	Web Meetings	No of Meetings	Hours Requirements					Total Fees & Expenses	
				SP	TR	FC	Admin	Total		
HOURLY RATES				\$375	\$260	\$200	\$80			
1	Project Management, Administration, and Initiation	1		8	4	10	8	30	\$6,980	
2	Financial Plan Development	2		12	20	50		82	\$20,520	
3	Cost of Service Analysis			4	8	24		36	\$8,740	
4	Rates Development and Customer Impacts Analysis	1		6	12	32		50	\$12,270	
5	Draft and Final Report Preparation	2		6	16	50	2	74	\$17,310	
TOTAL ESTIMATED MEETINGS / HOURS		6	0	36	60	166	10	272		
PROFESSIONAL FEES				\$13,500	\$15,600	\$33,200	\$800	\$63,100		
SP - Sudhir Pardiwala (Executive Vice President), Project Manager									Total Fees	\$63,100
TR - Technical Reviewer									Total Expenses	\$2,720
FC - Financial Consultants									TOTAL FEES & EXPENSES	\$65,820
6	City Council Meeting/Public Hearing (optional)		2	8	4	10	2	24	\$6,605	

